

CITY OF INDUSTRY

CITY COUNCIL REGULAR MEETING AGENDA

FEBRUARY 14, 2019
9:00 AM



Mayor Mark Radecki
Mayor Pro Tem Cory Moss
Council Member Abraham Cruz
Council Member Catherine Marcucci
Council Member Newell Ruggles

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

Addressing the City Council:

- ▶ **Agenda Items:** Members of the public may address the City Council on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the City Council is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the City Council.
- ▶ **Public Comments (Non-Agenda Items):** Anyone wishing to address the City Council on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the City Council from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the City Council is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called by the City Clerk and prior to the individual being heard by the City Council.

Americans with Disabilities Act:

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

Agendas and other writings:

- ▶ In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Thursday 8:00 a.m. to 5:00 p.m., Fridays 8:00 a.m. to 4:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.

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

5. CONSENT CALENDAR

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

5.1 Consideration of the Register of Demands for February 14, 2019

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

5.2 Consideration of the minutes of November 30, 2017 special meeting, December 14, 2017 regular meeting, January 25, 2018 regular meeting, March 22, 2018 regular meeting, March 30, 2018 special meeting, January 24, 2019 joint special meeting, and January 24, 2019 regular meeting.

RECOMMENDED ACTION: Approve as submitted.

5.3 Consideration of Amendment No. 2 to the Maintenance Services Agreement with Janus Pest Management, Inc. for pest control services increasing compensation by \$75,000.00, in an amount not-to-exceed \$196,492.00. (Agreement No. DS-18-056-A)

RECOMMENDED ACTION: Approve Amendment No. 2.

5.4 Consideration of the City of Industry Year Ended June 30, 2018 Annual Financial Report

RECOMMENDED ACTION: Approve, receive and file the annual financial reports.

6. ACTION ITEMS

6.1 Consideration of Amendment No. 1 to the Agreement with Kleinfelder, Inc., to provide On-Call Geotechnical Engineering Services increasing compensation by \$100,000.00, in an amount not-to-exceed \$250,000.00. (Contract No. 2016-1002)

RECOMMENDED ACTION: Approve Amendment No. 1.

- 6.2 Consideration of a Supplemental Pipeline Crossing Agreement with the Union Pacific Railroad Company for underground sewer pipeline in conjunction with the Industry Business Center project. (IBC-0384/MP 99-31 #16)

RECOMMENDED ACTION: Approve the Agreement.

7. **CITY COUNCIL COMMITTEE REPORTS**

8. **AB 1234 REPORTS**

9. **CITY COUNCIL COMMUNICATIONS**

10. Adjournment. The next regular City Council Meeting will be Thursday, February 28, 2019 at 9:00 a.m.

CITY COUNCIL

ITEM NO. 5.1

**CITY OF INDUSTRY
AUTHORIZATION FOR PAYMENT OF BILLS
CITY COUNCIL MEETING OF FEBRAURY 14, 2019**

FUND RECAP:

<u>FUND</u>	<u>DESCRIPTION</u>	<u>DISBURSEMENTS</u>
100	GENERAL FUND	2,845,817.33
103	PROP A FUND	5,708.23
120	CAPITAL IMPROVEMENT FUND	1,134,194.80
TOTAL ALL FUNDS		3,985,720.36

BANK RECAP:

<u>BANK</u>	<u>NAME</u>	<u>DISBURSEMENTS</u>
BOFA	BANK OF AMERICA - CKING ACCOUNTS	64,196.47
PROP/A	PROP A - CKING ACCOUNT	5,708.23
REF	REFUSE - CKING ACCOUNT	1,356,255.99
WFBK	WELLS FARGO - CKING ACCOUNT	2,559,559.67
TOTAL ALL BANKS		3,985,720.36

APPROVED PER CITY MANAGER

CITY OF INDUSTRY

BANK OF AMERICA

February 14, 2019

Check	Date		Payee Name	Check Amount
CITYGEN.CHK - City General				
WT1102	01/22/2019		U.S. BANK	\$36,602.20
	Invoice	Date	Description	Amount
	1/22/19	01/22/2019	PFA-2010 REFUNDING LEASE REVENUE BOND	\$36,602.20
WT1103	01/23/2019		MIDAMERICA ADMINISTRATIVE &	\$27,594.27
	Invoice	Date	Description	Amount
	FEB-MAR2019	01/23/2019	MEDICAL PREMIUM REIMBURSEMENTS	\$27,594.27
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		Checks	Status	Count
				Transaction Amount
			Total	2
				\$64,196.47

CITY OF INDUSTRY

PROP A

February 14, 2019

Check	Date		Payee Name	Check Amount
PROPA.CHK - Prop A Checking				
90045	01/25/2019		SO CALIFORNIA EDISON COMPANY	\$208.24
	Invoice	Date	Description	Amount
	2019-00000994	01/18/2019	11/19-12/20/18 SVC-600 S BREA CYN B	\$208.24
90046	01/25/2019		WALNUT VALLEY WATER DISTRICT	\$142.48
	Invoice	Date	Description	Amount
	3216916	01/09/2019	12/4/18-1/2/19 SVC-PLATFORM METROLINK-BREA CYN	\$20.00
	3216026	01/08/2019	12/1-12/31/18 SVC-IRR METROLINK STA-SPANISH LN	\$122.48
90047	02/14/2019		INDUSTRY SECURITY SERVICES	\$5,357.51
	Invoice	Date	Description	Amount
	14-23531	01/08/2019	SECURITY SVC-METROLINK	\$1,729.73
	14-23558	01/25/2019	SECURITY SVC-METROLINK	\$1,898.05
	14-23586	01/31/2019	SECURITY SVC-METROLINK	\$1,729.73

Checks	Status	Count	Transaction Amount
	Total	3	\$5,708.23

**CITY OF INDUSTRY
WELLS FARGO REFUSE
February 14, 2019**

Check	Date		Payee Name	Check Amount
REFUSE - Refuse Account				
WT258	02/06/2019		CITY OF INDUSTRY DISPOSAL CO.	\$1,356,056.33
Invoice	Date	Description	Amount	
3520158	02/06/2019	REFUSE SVC 1/1-1/31/19	\$1,356,056.33	
80064	2/8/2019		FEEL LIFE C/O LARRY ZHU	(\$71.00)
Invoice	Date	Description	Amount	
01/09/18	01/09/2018	VOIDED CHECK-INCORRECT ADDRESS	(\$71.00)	
80071	2/8/2018		MJY GROUP INC.	(\$136.06)
Invoice	Date	Description	Amount	
01/09/18	01/09/2018	VOIDED CHECK-INCORRECT ADDRESS	(\$136.06)	
80115	02/14/2019		FEEL LIFE C/O SHEN JIAN	\$71.00
Invoice	Date	Description	Amount	
01/09/18	01/09/2018	REFUND-CID ACCOUNT #084941	\$71.00	
80116	02/14/2019		MJY GROUP INC.	\$136.06
Invoice	Date	Description	Amount	
01/09/18	01/09/2018	REFUND-CID ACCOUNT #082555	\$136.06	
80117	02/14/2019		CHINA TV MEDIA GROUP USA INC.	\$180.38
Invoice	Date	Description	Amount	
1/23/2019	01/23/2019	REFUND-CID ACCT #047032	\$180.38	
80118	02/14/2019		OHL-USA	\$19.28
Invoice	Date	Description	Amount	

**CITY OF INDUSTRY
WELLS FARGO REFUSE
February 14, 2019**

Check	Date	Payee Name	Check Amount
REFUSE - Refuse Account			
	1/31/2019	01/31/2019 REFUND-CID ACCT #085428	\$19.28

Checks	Status	Count	Transaction Amount
	Total	7	\$1,356,255.99

CITY OF INDUSTRY
WELLS FARGO VOIDED CHECK
February 14, 2019

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
69807	10/04/2018		01/29/2019	
	Invoice	Date	Description	Amount
			L A COUNTY REGISTRAR-	(\$2,216.25)
			VOIDED CHECK-INCORRECT AMOUNT	
	PLAN 17-5	10/04/2018	FEE-NOTICE OF DETERMINATION FOR DEV PLAN 17-5	(\$2,216.25)

Check	Status	Count	Transaction Amount
	Total	1	(\$2,216.15)

CITY OF INDUSTRY
WELLS FARGO WIRE TRANSFER
February 14, 2019

Check	Date	Payee Name	Check Amount
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CITY.WF.CHK - City General Wells Fargo

WT10005	02/14/2019		SCHLICHTING, DIANE	\$10,365.35
	Invoice	Date	Description	Amount
	2/1-2/28/19	02/06/2019	PER SETTLEMENT AGRMT DATED 8/22/18	\$10,365.35

Check	Status	Count	Transaction Amount
	Total	1	\$10,365.35

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70510	01/25/2019		SAN GABRIEL VALLEY WATER CO.	\$365.59
	Invoice	Date	Description	Amount
	841 7TH-JAN19	01/14/2019	12/18-01/11/19 SVC - 841 S SEVENTH	\$365.59
70511	01/25/2019		SO CALIFORNIA EDISON COMPANY	\$1,098.92
	Invoice	Date	Description	Amount
	2019-00000978	01/07/2019	12/05-01/05/19 SVC - 1135 HATCHER AVE	\$253.92
	2019-00000979	01/07/2019	12/05-01/05/19 SVC - 1123 HATCHER AVE STE A	\$249.24
	2019-00000980	01/08/2019	12/01-01/01/19 SVC - NOGALES ST/SAN JOSE AVE	\$467.77
	2019-00000981	01/09/2019	11/02/18-01/05/19 SVC - VARIOUS SITES	\$92.20
	2019-00000982	01/10/2019	12/01-01/01/19 SVC - GALE AVE/L STREET	\$35.79
70512	01/25/2019		SOCALGAS	\$2,142.82
	Invoice	Date	Description	Amount
	2019-00000983	01/07/2019	12/02-01/03/19 SVC - 1 INDUSTRY HILLS PKWY	\$16.90
	2019-00000984	01/07/2019	12/03-01/03/19 SVC - 2700 CHINO HILLS PKWY	\$94.35
	2019-00000985	01/09/2019	12/05-01/07/19 SVC - 15651 STAFFORD ST	\$411.24
	2019-00000986	01/09/2019	12/05-01/07/19 SVC - 15633 RAUSCH RD	\$413.87
	2019-00000987	01/09/2019	12/05-01/07/19 SVC - 15625 STAFFORD ST APT A	\$579.67
	2019-00000988	01/09/2019	12/05-01/07/19 SVC - 15625 STAFFORD ST APT B	\$626.79
70513	01/25/2019		VERIZON BUSINESS	\$183.16
	Invoice	Date	Description	Amount
	06897293	01/10/2019	12/01-12/31/18 SVC - VARIOUS SITES	\$46.89
	06897294	01/10/2019	12/01-12/31/18 SVC - VARIOUS SITES	\$136.27
70514	01/25/2019		WALNUT VALLEY WATER DISTRICT	\$4,460.92

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date	Payee Name	Check Amount
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CITY.WF.CHK - City General Wells Fargo

Invoice	Date	Description	Amount
3216107	01/08/2019	12/01-12/31/18 SVC - LEMON AVE N OF CURRIER RD	\$69.95
3216055	01/08/2019	12/01-12/31/18 SVC - IRR 820 FAIRWAY DR	\$159.77
3216221	01/08/2019	12/01-12/31/18 SVC - 60 FWY INTERCHANGE FAIRWAY	\$20.00
3216156	01/08/2019	12/01-12/31/18 SVC - FERRERO & GRAND EAST RAMP	\$370.99
3216140	01/08/2019	12/01-12/31/18 SVC - BREA CYN RD & OLD RANCH RD	\$39.52
3216175	01/08/2019	12/01-12/31/18 SVC - BAKER PKWY METER #1	\$156.32
3216176	01/08/2019	12/01-12/31/18 SVC - BAKER PKWY METER #2	\$80.59
3216185	01/08/2019	12/01-12/31/18 SVC - 22002 VALLEY BLVD	\$25.20
3216182	01/08/2019	12/01-12/31/18 SVC - GRAND AVE CROSSING	\$139.18
3216183	01/08/2019	12/01-12/31/18 SVC - GRAND AVE CROSSING	\$77.73
3216203	01/08/2019	12/01-12/31/18 SVC - GRAND CROSSING EAST	\$44.89
3216202	01/08/2019	12/01-12/31/18 SVC - 21350 VALLEY-MEDIAN	\$71.74
3216205	01/08/2019	12/01-12/31/18 SVC - BAKER PKWY & GRAND N/W CNR	\$915.15
3216212	01/08/2019	12/01-12/31/18 SVC - E/S GRAND S/O BAKER PKWY	\$202.73
3216204	01/08/2019	12/01-12/31/18 SVC - GRAND CROSSING WEST	\$41.31
3216219	01/08/2019	12/01-12/31/18 SVC - BREA CYN N OF CURRIER	\$25.37
3216218	01/08/2019	12/01-12/31/18 SVC - BREA CYN N OF RR TRKS	\$109.50
3216237	01/08/2019	12/01-12/31/18 SVC - END OF BAKER PKWY-TEMP	\$1,561.48
3216242	01/08/2019	12/01-12/31/18 SVC - 21627 GRAND CROSSING PKWY	\$77.73
3216243	01/08/2019	12/01-12/31/18 SVC - 21627 GRAND CROSSING PKWY	\$167.04
3217142	01/09/2019	12/04-01/02/19 SVC - NOGALES PUMP STATION	\$59.53
3216917	01/09/2019	12/04-01/02/19 SVC - PUMP STATION BREA CYN	\$20.00
3216897	01/09/2019	12/04-01/02/19 SVC - PUMP STATN N/W CHERYL	\$25.20
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70515	01/29/2019	ANTHEM BLUE CROSS	\$860.66
Invoice	Date	Description	Amount
0972207611	01/16/2019	HEALTH PREMIUM COVERAGE (JAN 2019) FOR	\$860.66
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70516	01/29/2019	L A COUNTY REGISTRAR-	\$75.00
Invoice	Date	Description	Amount
DEV PLAN 17-15	01/25/2019	FEE-NOTICE OF DETERMINATION FOR DEV PLAN 17-	\$75.00

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70517	01/29/2019		L A COUNTY REGISTRAR-	\$2,354.75
	Invoice	Date	Description	Amount
	DEV PLAN 17-5-A	01/25/2019	FEE-NOTICE OF DETERMINATION FOR DEV PLAN 17-5	\$2,354.75
70518	01/29/2019		L A COUNTY REGISTRAR-	\$2,354.75
	Invoice	Date	Description	Amount
	DP 17-15	01/25/2019	FEE-NOTICE OF DETERMINATION FOR DEV PLAN 17-	\$2,354.75
70519	01/31/2019		AT & T	\$9.01
	Invoice	Date	Description	Amount
	2019-00001017	01/01/2019	01/01-01/31/19 SVC - CITY WHITE PAGES	\$9.01
70520	01/31/2019		AYTAC SOGUT	\$330.00
	Invoice	Date	Description	Amount
	1/23/2019	01/23/2019	REFUND-CITATION #ID139803	\$330.00
70521	01/31/2019		FRONTIER	\$440.26
	Invoice	Date	Description	Amount
	2019-00001018	01/02/2019	01/02-02/01/19 SVC - IH GOLF COURSE FUEL PUMP	\$144.99
	2019-00001019	01/16/2019	01/16-02/15/19 SVC - BREA CYN PUMP STN	\$70.59
	2019-00001020	01/16/2019	01/16-02/15/19 SVC - PH AUTO PLAZA	\$173.37
	2019-00001021	01/02/2019	01/02-02/01/19 SVC - 1015 NOGALES ST PUMP STN	\$51.31
70522	01/31/2019		INDUSTRY PUBLIC UTILITY	\$60.45
	Invoice	Date	Description	Amount
	2019-00001022	01/17/2019	12/10-01/10/19 SVC - 370 GRAND AVE SOUTH	\$60.45

CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70523	01/31/2019		SAN GABRIEL VALLEY WATER CO.	\$1,680.87
	Invoice	Date	Description	Amount
	2019-00001023	01/14/2019	12/12-01/12/19 SVC - 13756 VALLEY	\$179.94
	2019-00001024	01/14/2019	12/12-01/12/19 SVC - 123 IRRIG WORKMAN MILL	\$240.81
	2019-00001025	01/14/2019	12/12-01/12/19 SVC - 132 IRRIG PUENTE	\$377.76
	2019-00001026	01/15/2019	12/14-01/15/19 SVC - 14329 VALLEY	\$841.09
	2019-00001027	01/17/2019	12/17-01/16/19 SVC - 336 EL ENCANTO	\$41.27
70524	01/31/2019		SO CALIFORNIA EDISON COMPANY	\$13,512.63
	Invoice	Date	Description	Amount
	2019-00001005	01/10/2019	12/10-01/09/19 SVC - 575 BALDWIN PARK BLVD U	\$67.52
	2019-00001006	01/11/2019	12/11-01/10/19 SVC - 490 7TH U	\$54.94
	2019-00001007	01/11/2019	11/09-01/07/19 SVC - VALLEY BLVD U-VARIOUS SITES	\$967.31
	2019-00001008	01/16/2019	12/14-01/15/19 SVC - 17635 GALE	\$1,032.77
	2019-00001009	01/16/2019	12/14-01/15/19 SVC - 1341 FULLERTON RD	\$93.38
	2019-00001010	01/17/2019	12/17-01/16/19 SVC - 900 NOGALES U	\$46.34
	2019-00001011	01/18/2019	10/15-01/15/19 SVC - VARIOUS SITES	\$3,547.46
	2019-00001012	01/18/2019	12/14-01/15/19 SVC - VARIOUS SITES	\$5,583.90
	2019-00001013	01/18/2019	12/14-01/15/19 SVC - VARIOUS SITES	\$1,355.14
	2019-00001014	01/18/2019	12/14-01/15/19 SVC - PECK RD S/O PELLISSIER	\$45.31
	841 7TH-JAN19	01/18/2019	12/14-01/10/19 SVC - 841 7TH AVE-FINAL BILL	\$451.57
	2019-00001015	01/18/2019	11/14-01/15/19 SVC - VARIOUS SITES	\$133.18
	2019-00001016	01/19/2019	12/19-01/18/19 SVC - 14661 & 14911 CLARK AVE U	\$133.81
70525	02/05/2019		AT & T	\$383.88
	Invoice	Date	Description	Amount
	2019-00001042	01/17/2019	01/17-02/16/19 SVC - TONNER CYN-RADIO	\$203.00

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	2019-00001043	01/17/2019	01/17-02/16/19 SVC - TONNER CYN-GUARD SHACK	\$180.88
70526	02/05/2019		CITY OF CHINO HILL UTILITY	\$214.08
	Invoice	Date	Description	Amount
	2019-00001044	01/22/2019	12/12-01/16/19 SVC - 1550 RANCHO HILLS DR	\$214.08
70527	02/05/2019		FRONTIER	\$67.23
	Invoice	Date	Description	Amount
	2019-00001045	01/19/2019	01/19-02/18/19 SVC - FOLLOW'S CAMP GUARD	\$67.23
70528	02/05/2019		SO CALIFORNIA EDISON COMPANY	\$49,483.61
	Invoice	Date	Description	Amount
	2019-00001030	01/18/2019	12/01-01/01/19 SVC - VARIOUS SITES	\$40,175.15
	2019-00001031	01/18/2019	10/15-01/15/19 SVC - VARIOUS SITES	\$2,689.70
	2019-00001032	01/18/2019	12/01-01/01/19 SVC - VARIOUS SITES	\$4,363.07
	2019-00001033	01/23/2019	12/19-01/18/19 SVC - 1015 NOGALES ST	\$643.05
	2019-00001034	01/23/2019	12/20-01/22/19 SVC - 575 BREA CYN RD	\$27.52
	2019-00001035	01/23/2019	12/20-01/22/19 SVC - 1007 LAWSON ST TC1	\$51.58
	2019-00001036	01/23/2019	12/20-01/22/19 SVC - 580 BREA CYN RD	\$27.36
	2019-00001037	01/23/2019	12/20-01/22/19 SVC - 21380 VALLEY PED	\$26.80
	2019-00001039	01/25/2019	12/24-01/24/19 SVC - 745 ANAHEIM PUENTE RD CP	\$98.44
	2019-00001040	01/25/2019	12/24-01/24/19 SVC - 17378 GALE AVE B	\$428.05
	2019-00001041	01/26/2019	12/24-01/24/19 SVC - BREA CYN RD-VARIOUS SITES	\$708.28
	2019-00001054	01/30/2019	12/27-01/28/19 SVC - VARIOUS SITES	\$244.61
70529	02/05/2019		SO CALIFORNIA EDISON COMPANY	\$58.59
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	2019-00001038	01/24/2019	12/21-01/23/19 SVC - 5010 ENGLISH RD	\$58.59
70530	02/05/2019		SOCALGAS	\$361.44
	Invoice	Date	Description	Amount
	2019-00001046	01/18/2019	12/14-01/16/19 SVC - 610 S BREA CYN RD	\$20.79
	2019-00001047	01/24/2019	11/20-12/20/18 SVC - 13756 VALLEY BLVD	\$33.25
	2019-00001055	01/25/2019	12/21-01/23/19 SVC - 15415 DON JULIAN RD	\$307.40
70531	02/05/2019		SUBURBAN WATER SYSTEMS	\$260.78
	Invoice	Date	Description	Amount
	180031379850	01/23/2019	12/21-01/22/19 SVC - 205 HUDSON AV	\$36.15
	180021561414	01/25/2019	12/22-01/23/19, SVC - AZUSA & GEMINI	\$224.63
70532	02/14/2019		ADVANCED DISCOVERY, INC.	\$3,389.20
	Invoice	Date	Description	Amount
	AD66501	11/30/2018	DOCUMENT MGMT-NOV 2018	\$1,694.60
	AD67530	12/31/2018	DOCUMENT MGMT-DEC 2018	\$1,694.60
70533	02/14/2019		ALDRIDGE ELECTRIC, INC.	\$45,801.30
	Invoice	Date	Description	Amount
	#5CIP-IH-18-011B	02/01/2019	IH TRAILS LIGHTING IMPROVEMENTS	\$48,211.90
70534	02/14/2019		ANNEALTA GROUP	\$81,603.50
	Invoice	Date	Description	Amount
	1330	01/16/2019	353 GALE AND BIXBY	\$4,230.00
	1331	01/16/2019	18009 GALE AVE	\$376.00

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	1329	01/08/2019	333 HACIENDA BLVD	\$2,704.00
	1328	01/08/2019	16601 CHESTNUT ST	\$1,040.00
	1327	01/08/2019	13530 NELSON AVE	\$208.00
	1326	01/08/2019	STORMWATER COMPLIANCE	\$29,388.00
	1325	01/08/2019	GENERAL PLANNING SERVICES	\$15,961.50
	1324	01/08/2019	GENERAL DEVELOPMENT SVC	\$27,696.00
70535	02/14/2019		ARAMARK REFRESHMENT SERVICE,	\$148.12
	Invoice	Date	Description	Amount
	7071055	01/08/2019	SILVER WATER FILTER	\$80.65
	7076277	01/15/2019	COFFEE/OFFICE SUPPLIES	\$67.47
70536	02/14/2019		AVANT-GARDE, INC	\$607.50
	Invoice	Date	Description	Amount
	5239	01/01/2019	PROJECT MGMT-CITYWIDE BRIDGES	\$607.50
70537	02/14/2019		BLAKE AIR CONDITIONING COMPANY	\$5,573.45
	Invoice	Date	Description	Amount
	50933	11/21/2018	REPLACE WATER FLOAT-CITY HALL	\$5,573.45
70538	02/14/2019		BONAIRE BONTUYAN	\$65.00
	Invoice	Date	Description	Amount
	1/23/2019	01/23/2019	REFUND-CITATION ID140694	\$65.00
70539	02/14/2019		BRYAN PRESS	\$999.13
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	0080815	01/21/2019	NOTE CARDS AND ENVELOPES	\$489.99
	0080777	01/04/2019	COI MAILING LABELS	\$254.57
	0080814	01/09/2019	RECEIPT FORMS	\$254.57
70540	02/14/2019		CARLSON, CALLADINE & PETERSON,	\$4,010.50
	Invoice	Date	Description	Amount
	20802	01/23/2019	LEGAL SVC-DEC 2018	\$4,010.50
70541	02/14/2019		CASC ENGINEERING AND	\$2,270.00
	Invoice	Date	Description	Amount
	40245	12/31/2018	NPDES CONSULTING-COI	\$2,270.00
70542	02/14/2019		CHAD'S PROFESSIONAL CLEANING	\$6,720.00
	Invoice	Date	Description	Amount
	101	01/21/2019	CARPET CLEANING-CITY HALL	\$6,720.00
70543	02/14/2019		CHEM PRO LABORATORY, INC	\$283.00
	Invoice	Date	Description	Amount
	643018	12/23/2018	WATER TREATMENT-DEC 2018	\$283.00
70544	02/14/2019		CINTAS CORPORATION LOC 693	\$381.56
	Invoice	Date	Description	Amount
	4015724772	01/28/2019	DOOR MATS	\$270.36
	693183710	01/28/2019	DOOR MATS	\$55.60
	693179734	01/14/2019	DOOR MATS	\$55.60
70545	02/14/2019		CITY OF INDUSTRY-PAYROLL ACCT	\$100,000.00

CITY OF INDUSTRY

WELLS FARGO BANK

February 14, 2019

Check	Date	Payee Name	Check Amount
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CITY.WF.CHK - City General Wells Fargo

Invoice	Date	Description	Amount
P/R PE 1/25/19	01/30/2019	REIMBURSE FOR PAYROLL P/E 1/25/19	\$100,000.00
70546	02/14/2019	CIVILTEC ENGINEERING, INC	\$188.00
Invoice	Date	Description	Amount
40014	01/10/2019	FOUR GRADE SEPARATION PUMP STATIONS	\$188.00
70547	02/14/2019	CNC ENGINEERING	\$426,626.68
Invoice	Date	Description	Amount
458034	01/31/2019	EMERGENCY STANDBY POWER GENERATOR	\$2,467.50
458035	01/31/2019	DESIGN-BUILD SOLAR CARPORT CANOPY	\$277.50
458037	01/31/2019	ELECTRIC VEHICLE CHARGING STATION	\$2,642.50
458038	01/31/2019	RESURFACING DESIGN EXPO CENTER PARKING LOT	\$40,806.25
458039	01/31/2019	EXPO CENTER MAIN GATE	\$9,635.00
458040	01/31/2019	METROLINK STATION VIDEO SECURITY SYSTEM	\$786.25
458041	01/31/2019	CITYWIDE ADA SELF EVALUATION	\$277.50
458042	01/31/2019	CITYWIDE SIGNAGE UPDATE	\$10,250.00
458043	01/31/2019	SITE PLAN FOR COUNTY SHERIFF TRAILER	\$2,340.00
458044	01/31/2019	FOUR GRADE SEPARATION PUMP STATION	\$370.00
458045	01/31/2019	INDUSTRY HILLS TRAIL GRADING RESTORATION	\$462.50
458046	01/31/2019	INDUSTRY HILLS TRAILS LIGHTING	\$8,185.00
458047	01/31/2019	INDUSTRY HILLS GRAND ARENA PAINTING	\$1,865.00
458048	01/31/2019	CATCH BASIN RETROFITS	\$2,907.50
458049	01/31/2019	KELLA AVE STORM DRAIN	\$6,845.00
458050	01/31/2019	SEWER DESIGN EXPO CENTER	\$2,685.00
458051	01/31/2019	FULLERTON RD PCC	\$19,607.50

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WELLS FARGO BANK
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Check	Date	Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo			
458052	01/31/2019	ANNUAL SLURRY SEAL	\$3,052.50
458053	01/31/2019	RESURFACING OF DON JULIAN RD	\$6,462.50
458054	01/31/2019	PRELIMINARY DESIGN OF EW BICYCLE PATH	\$1,572.50
458055	01/31/2019	ADA BUS STOP IMPROVEMENTS	\$832.50
458056	01/31/2019	ANNUAL BUS STOP ADA IMPROVEMENTS	\$1,370.00
458057	01/31/2019	STARHILL LANE AND 3RD AVE WATERLINE	\$1,295.00
458058	01/31/2019	4TH AVE AND TRAILSIDE WATERLINE	\$370.00
458059	01/31/2019	DON JULIAN AND BASETDALE WATERLINE	\$740.00
458060	01/31/2019	GENERAL ENG-PLAN APPROVAL	\$11,447.50
458061	01/31/2019	GENERAL ENG-TRAFFIC	\$2,955.00
458062	01/31/2019	GENERAL ENG-COUNTER SVC	\$4,037.50
458068	01/31/2019	NPDES STORM WATER	\$11,133.75
458069	01/31/2019	TONNER CYN PROPERTY	\$1,230.00
458070	01/31/2019	EXPO CENTER STANDARDS OF FACILITIES MAINT	\$3,522.50
458071	01/31/2019	TRES HERMANOS GENERAL ENGINEERING	\$9,990.00
458072	01/31/2019	CITY HALL MAINT	\$2,185.00
458073	01/31/2019	HOMESTEAD MUSEUM IMPROVEMENTS	\$2,057.50
458074	01/31/2019	SAFETY UPGRADES AT RR CROSSINGS	\$786.25
458076	01/31/2019	SAN JOSE RECONSTRUCTION	\$8,535.00
458077	01/31/2019	TRAFFIC SIGNAL AT NELSON AND SUNSET	\$4,872.50
458078	01/31/2019	INDUSTRY HILLS FUEL TANKS	\$495.00
458079	01/31/2019	HIGHWAY BRIDGE PROGRAM	\$1,110.00
458080	01/31/2019	FISCAL YEAR BUDGET	\$15,152.50
458081	01/31/2019	ROWLAND ST RECONSTRUCTION	\$210.00
458082	01/31/2019	BUSINESS PKY PCC PAVEMENT	\$26,115.00
458083	01/31/2019	AZUSA AVE & TEMPLE AVE INTERSECTION	\$185.00

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Check	Date	Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo			
458084	01/31/2019	FOLLOW'S CAMP PROPERTY	\$4,452.50
458085	01/31/2019	VARIOUS ASSIGNMENTS RELATED TO SA	\$15,033.75
458086	01/31/2019	NELSON AVE & PUENTE AVE INTERSECTION	\$2,017.50
458087	01/31/2019	BONELLI ST RESURFACING	\$145.00
458088	01/31/2019	GENERAL PLAN UPDATE-BICYCLE MASTER PLAN	\$592.50
458090	01/31/2019	VALLEY BLVD RECONSTRUCTION	\$1,645.00
458091	01/31/2019	CARTEGRAPH MGMT	\$21,407.50
458092	01/31/2019	PLANETBIDS MGMT	\$714.18
458093	01/31/2019	LOUDEN LANE RESURFACING	\$435.00
458094	01/31/2019	EAST END DEVELOPMENT	\$4,650.00
458095	01/31/2019	FULLERTON RD GRADE SEPARATION	\$3,392.50
458096	01/31/2019	ALAMEDA CORRIDOR EAST RELATED PROJ	\$323.75
458097	01/31/2019	FAIRWAY DR GRADE SEPARATION	\$1,480.00
458098	01/31/2019	TURNBULL CYN RD GRADE SEPARATION	\$2,273.75
458063	01/31/2019	GENERAL ENG-PERMITS	\$31,796.25
458064	01/31/2019	WALNUT DR SOUTH WIDENING	\$3,956.25
458065	01/31/2019	ARENTH AVE RECONSTRUCTION	\$8,296.25
458066	01/31/2019	205 HUDSON BLDG (YAL)	\$2,667.50
458067	01/31/2019	GENERAL ENG 1/7-1/27/19	\$81,382.50
458089	01/31/2019	ARENTH AVE ST LIGHT PROJECT	\$2,090.00
458031	01/31/2019	CITY STREET LIGHT PURCHASE	\$740.00
457415	09/27/2018	EMERGENCY STANDBY POWER GENERATOR	\$3,010.00
70548	02/14/2019	COMFORT SYSTEMS USA	\$11,572.86
	Invoice	Date	Amount
	92004580	01/24/2019	\$3,907.03
		A/C MAINT-EL ENCANTO	

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WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	92004541	01/19/2019	WATER PUMP MOTOR-EL ENCANTO	\$5,692.00
	92004543	01/19/2019	A/C MAINT-EL ENCANTO	\$1,973.83
70549	02/14/2019		COUNTY OF LA DEPT OF PUBLIC	\$74,345.37
	Invoice	Date	Description	Amount
	PW-19010703128	01/07/2019	EMERGENCY ROAD SVC	\$1,601.67
	PW-19010703126	01/07/2019	PAVEMENT PATCHING	\$15,574.73
	PW-19010703127	01/07/2019	STREET MAINT/INSPECTION	\$6,673.24
	PW-19010703145	01/07/2019	TRAFFIC SIGNING	\$479.35
	PW-19010703125	01/07/2019	STORM DRAIN MAINT	\$9,788.89
	PW-19010703124	01/07/2019	LITTER/DEBRIS REMOVAL	\$552.68
	PW-19010703166	01/07/2019	INSTALL T/S EVP EQUIP	\$1,755.74
	PW-19010703172	01/07/2019	TRAFFIC SIGNAL TIMING	\$1,770.44
	PW-19010703357	01/07/2019	TRAFFIC SIGNAL MAINT	\$4,981.62
	PW-19010703356	01/07/2019	TRAFFIC SIGNAL MAINT	\$19,506.60
	PW-19010703123	01/07/2019	STORM DAMAGE RESPONSE	\$11,660.41
70550	02/14/2019		CREATIVE IMAGE PRODUCTS	\$1,116.46
	Invoice	Date	Description	Amount
	1523	01/29/2019	NAMEPLATES	\$32.85
	1517	01/04/2019	WOODEN PLAQUES (20)	\$1,083.61
70551	02/14/2019		CSMFO	\$110.00
	Invoice	Date	Description	Amount
	Y.PATHAK	01/30/2019	2019 MEMBERSHIP DUES-YAMINI PATHAK	\$110.00

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WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70552	02/14/2019		DANGELO CO.	\$1,419.92
	Invoice	Date	Description	Amount
	S1357323.001	01/10/2019	MISC SUPPLIES-TONNER CYN	\$797.74
	S1357374.001	01/10/2019	MISC SUPPLIES-TONNER CYN	\$622.18
70553	02/14/2019		DAPEER, ROSENBLIT, AND LITVAK,	\$891.20
	Invoice	Date	Description	Amount
	15383	12/31/2018	SPECIALIZED LEGAL SVC	\$110.00
	15382	12/31/2018	LEGAL SVC-CODE ENFORCEMENT	\$781.20
70554	02/14/2019		DEPT OF ANIMAL CARE & CONTROL	\$2,702.29
	Invoice	Date	Description	Amount
	01/15/19	01/15/2019	SHELTER COST-DEC 2018	\$2,702.29
70555	02/14/2019		DEPT OF TRANSPORTATION	\$4,123.91
	Invoice	Date	Description	Amount
	SL190484	01/15/2019	MAINT SIGNALS AND LIGHTS OCT-DEC 2018	\$4,123.91
70556	02/14/2019		DEPT OF TRANSPORTATION	\$556,964.50
	Invoice	Date	Description	Amount
	19004650	12/27/2018	COOP 4959, SB GRAND TO WB SR 60 ON-RAMP	\$283,893.71
	19004674	01/02/2019	COOP 4959, SB GRAND TO WB SR 60 ON-RAMP	\$273,070.79
70557	02/14/2019		DEPT OF TRANSPORTATION	\$115,272.46
	Invoice	Date	Description	Amount
	19004677	01/02/2019	COOP 5033, GRAND AVE OFF-RAMP 57/60	\$42,044.22
	19004678	01/02/2019	COOP 5033, GRAND AVE OFF-RAMP 57/60	\$73,228.24

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70558	02/14/2019		DIRECTV - FOR BUSINESS	\$389.96
	Invoice	Date	Description	Amount
	35839841232	01/31/2019	BUSINESS EXTRA PACK-ANNUAL	\$389.96
70559	02/14/2019		ELECTRA-MEDIA, INC	\$1,763.00
	Invoice	Date	Description	Amount
	8307	01/15/2019	PUENTE HILLS AUTO DISPLAY-FEB 2019	\$1,763.00
70560	02/14/2019		ELEVATE PUBLIC AFFAIRS, LLC	\$15,000.00
	Invoice	Date	Description	Amount
	1497	01/15/2019	MEDIA CONSULTING-DEC 2018	\$15,000.00
70561	02/14/2019		FEDERAL EXPRESS CORP.	\$695.12
	Invoice	Date	Description	Amount
	6-398-85649	12/14/2018	MESSSENGER SVC	\$119.44
	6-426-39214	01/11/2019	MESSSENGER SVC	\$575.68
70562	02/14/2019		FIRST AMERICAN TITLE INSURANCE	\$2,645.36
	Invoice	Date	Description	Amount
	1602-1602107580	11/07/2018	SEARCH/EXAM-TONNER CYN 2018-135328	\$867.25
	1602-1602107581	11/07/2018	SEARCH/EXAM-TONNER CYN 2018-135327	\$864.25
	1602-1602107582	11/07/2018	SEARCH/EXAM-TONNER CYN 2018-135326	\$913.86
70563	02/14/2019		GILBARCO, INC.	\$863.14
	Invoice	Date	Description	Amount

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WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	SG10578372	11/06/2018	TELEPHONE SUPPORT, SOFTWARE CONNECTION, &	\$863.14
70564	02/14/2019		GOLDEN GATE CONSTRUCTION	\$124,112.52
	Invoice	Date	Description	Amount
	#8CITY-1441	02/01/2019	PHASE 1 HUDSON (YAL) BLDG IMPROVEMENTS	\$130,644.76
70565	02/14/2019		GONSALVES & SON, JOE A.	\$10,000.00
	Invoice	Date	Description	Amount
	157160	01/17/2019	LEGISLATIVE SVC-JAN 2019	\$10,000.00
70566	02/14/2019		GREATER LOS ANGELES AREA	\$3,905.34
	Invoice	Date	Description	Amount
	12-2018	12/31/2018	TONNER CYN WATER CHARGES-DEC 2018	\$2,104.17
	11-2018	11/30/2018	TONNER CYN WATER CHARGES-NOV 2018	\$1,801.17
70567	02/14/2019		HACIENDA-LA PUENTE UNIFIED	\$2,379.00
	Invoice	Date	Description	Amount
	18/19-047PP	01/16/2019	BUS FUNDING STIPEND-HOMESTEAD	\$2,379.00
70568	02/14/2019		HDL COREN & CONE	\$2,400.00
	Invoice	Date	Description	Amount
	0026194-IN	01/25/2019	CONTRACT SVC-PROP TAX FOR JAN-MAR 2019	\$2,400.00
70569	02/14/2019		HELLING, TROY	\$48.45
	Invoice	Date	Description	Amount
	1/23/19	01/23/2019	REIMBURSE FOR LUNCH MEETINGS	\$48.45

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70570	02/14/2019		HISTORICAL RESOURCES, INC.	\$44,524.12
	Invoice	Date	Description	Amount
	1/23/19	01/23/2019	REIMBURSE FOR OFFICE SUPPLIES	\$617.64
	1/23/19-A	01/23/2019	AGRMT REIMBURSEMENT-JAN 2019	\$41,916.56
	1/24/19	01/24/2019	REIMBURSE FOR F & M CREDIT CARD	\$1,989.92
70571	02/14/2019		HOWARD ROOFING COMPANY, INC	\$2,375.00
	Invoice	Date	Description	Amount
	20176	12/19/2018	ROOF REPAIR-1123 HATCHER AVE	\$650.00
	20538	01/11/2019	ROOF REPAIR-1123 HATCHER AVE	\$585.00
	20175	12/19/2018	ROOF REPAIR-1123 HATCHER AVE	\$1,140.00
70572	02/14/2019		INDEPENDENT ROOFING	\$2,850.00
	Invoice	Date	Description	Amount
	0070950	01/18/2019	ROOF INSPECTION-CITY HALL	\$2,850.00
70573	02/14/2019		INDUSTRY SECURITY SERVICES	\$20,869.31
	Invoice	Date	Description	Amount
	14-23588	01/31/2019	VEHICLE FUEL-TRES HERMANOS	\$817.00
	14-23585	01/31/2019	SECURITY SVC-TRES HERMANOS	\$2,187.12
	14-23582	02/01/2019	SECURITY SVC-VARIOUS CITY SITES	\$4,321.67
	14-23560	01/25/2019	SECURITY SVC ON 1/16/19-TRES HERMANOS	\$168.24
	14-23557	01/25/2019	SECURITY SVC-TRES HERMANOS	\$2,355.44
	14-23554	01/25/2019	SECURITY SVC-VARIOUS SITES	\$4,626.72
	14-23530	01/18/2019	SECURITY SVC-TRES HERMANOS	\$2,018.88
	14-23527	01/18/2019	SECURITY SVC-VARIOUS SITES	\$4,374.24

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70574	02/14/2019		INDUSTRY SECURITY SERVICES	\$35,795.27
	Invoice	Date	Description	Amount
	14-23577	02/01/2019	SECURITY SVC-1/25-1/31/19	\$11,700.31
	14-23549	01/25/2019	SECURITY SVC-1/18-1/24/19	\$12,436.71
	14-23522	01/18/2019	SECURITY SVC-1/11-1/17/19	\$11,658.25
70575	02/14/2019		INDUSTRY TIRE SERVICE	\$3,555.40
	Invoice	Date	Description	Amount
	0286380	01/15/2019	REPLACE TIRES-JOHN DEERE 5105	\$2,923.40
	0285151	11/02/2018	REPAIR TIRE-SKIP LOADER	\$249.22
	0286421	01/17/2019	NEW TIRE-BACKHOE	\$382.78
70576	02/14/2019		JANUS PEST MANAGEMENT	\$11,017.00
	Invoice	Date	Description	Amount
	206027	01/28/2019	PEST SVC-TONNER CYN	\$441.00
	206308	01/01/2019	PEST SVC-HOMESTEAD	\$580.00
	206042	12/14/2008	PEST SVC-CITY HALL	\$145.00
	206043	12/14/2018	PEST SVC-IMC	\$145.00
	206044	12/14/2018	PEST SVC-15660 STAFFORD ST	\$85.00
	206045	12/14/2018	PEST SVC-15559 RAUSCH RD	\$85.00
	206167	12/18/2018	PEST SVC-OLD BREA CYN RD	\$168.00
	206188	01/28/2019	RODENT SVC-15252 STAFFORD ST	\$300.00
	205512	01/28/2019	RODENT SVC-GRAND AVE GATE	\$7,200.00
	206185	01/28/2019	RODENT SVC-15400 STAFFORD ST	\$972.00
	206182	01/28/2019	RODENT SVC-CHESTNUT/ANAHEIM AND PUENTE RD	\$896.00

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70577	02/14/2019		JAS PACIFIC	\$17,880.00
	Invoice	Date	Description	Amount
	BI 13161	01/05/2019	DEVELOPMENT SVC SUPPORT-DEC 2018	\$17,880.00
70578	02/14/2019		JEFF PARRIOTT PHOTOGRAPHIC	\$5,777.50
	Invoice	Date	Description	Amount
	00551	01/16/2019	PROF SVC-HOMESTEAD	\$5,777.50
70579	02/14/2019		JMDiaz, Inc.	\$51,638.02
	Invoice	Date	Description	Amount
	025 (18-205)	12/31/2018	STAFF AUGMENTATION-DEC 2018	\$51,638.02
70580	02/14/2019		JORDAN M. SOTO	\$1,500.00
	Invoice	Date	Description	Amount
	1/24/2019	01/24/2019	PURCHASE OF TRAILER FOR GENERATOR	\$1,500.00
70581	02/14/2019		L A COUNTY DEPT OF PUBLIC	\$25.25
	Invoice	Date	Description	Amount
	IN190000442	12/17/2018	SEWER SVC-PARCEL 8264-012-925	\$25.25
70582	02/14/2019		L A COUNTY SHERIFF'S	\$67,306.13
	Invoice	Date	Description	Amount
	192385CY	01/25/2019	SPECIAL EVENT-DIRECTED PATROL	\$67,306.13
70583	02/14/2019		LA PUENTE VALLEY COUNTY	\$286.63
	Invoice	Date	Description	Amount

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	BS;01/19	01/23/2019	WATER MONITORING-BOY SCOUTS RESERVOIR	\$286.63
70584	02/14/2019		LOCKE LORD LLP	\$165,359.14
	Invoice	Date	Description	Amount
	1472132	01/23/2019	LEGAL SVC-NOV/DEC 2018	\$24,481.50
	1472131	01/23/2019	LEGAL SVC-NOV/DEC 2018	\$140,877.64
70585	02/14/2019		MASTEK, INC.	\$12,053.85
	Invoice	Date	Description	Amount
	#4CIP-CC-18-003B	02/01/2019	EMERGENCY STANDBY POWER GENERATOR	\$12,688.26
70586	02/14/2019		MERRITT'S ACE HARDWARE	\$270.54
	Invoice	Date	Description	Amount
	109314	12/20/2018	MISC SUPPLIES-HOMESTEAD	\$270.54
70587	02/14/2019		MR PLANT & INTERIOR BOTANICAL	\$720.00
	Invoice	Date	Description	Amount
	FEB 10534	02/01/2019	PLANT MAINT-FEB 2018	\$720.00
70588	02/14/2019		MX GRAPHICS, INC.	\$729.27
	Invoice	Date	Description	Amount
	17160	01/18/2019	BLUEPRINT SVC-CIP IH 18 028B	\$208.05
	17133	01/14/2019	BLUEPRINT SVC-CITY-1420R	\$521.22
70589	02/14/2019		OLMOS PROFESSIONAL SERVICES	\$8,782.00
	Invoice	Date	Description	Amount

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	311-A	01/31/2019	JANITORIAL SVC-CITY HALL	\$5,500.00
	310-A	01/31/2019	JANITORIAL SVC-IBC BLDG	\$1,467.00
	309-A	01/31/2019	JANITORIAL SVC-15660 STAFFORD (YAL)	\$1,815.00
70590	02/14/2019		OPEN TEXT INC.	\$68.50
	Invoice	Date	Description	Amount
	07634191901	01/02/2019	FAX SVC-DEC 2018	\$68.50
70591	02/14/2019		PARS	\$600.00
	Invoice	Date	Description	Amount
	42063	01/15/2019	REP FEES-NOV 2018	\$300.00
	42032	01/11/2019	ARS FEES-NOV 2018	\$300.00
70592	02/14/2019		PEDROZA JR, SAMUEL	\$205.39
	Invoice	Date	Description	Amount
	02/01/19	02/04/2019	REIMBURSE FOR LUNCH MEETINGS	\$205.39
70593	02/14/2019		PITNEY BOWES, INC.	\$111.51
	Invoice	Date	Description	Amount
	3102892158	01/30/2019	POSTAGE MACHINE ON FIRST FLOOR	\$111.51
70594	02/14/2019		PLACEWORKS	\$20.76
	Invoice	Date	Description	Amount
	67552	12/31/2018	333 HACIENDA BLVD WAREHOUSE	\$20.76
70595	02/14/2019		PLANETBIDS, INC.	\$1,875.00

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	011979	01/30/2019	ON-SITE TRAINING BID/CONTRACT SYSTEM	\$1,875.00
70596	02/14/2019		POST ALARM SYSTEMS	\$295.51
	Invoice	Date	Description	Amount
	1135641	01/07/2019	MONITORING SVC-HOMESTEAD	\$295.51
70597	02/14/2019		R.H.F., INC.	\$85.00
	Invoice	Date	Description	Amount
	73783	01/16/2019	RECERTIFICATION FOR LASER UNIT	\$85.00
70598	02/14/2019		R.P. LAURAIN & ASSOCIATES, INC.	\$4,800.00
	Invoice	Date	Description	Amount
	9580	01/09/2019	APPRAISAL FEES-804 S. AZUSA AVE	\$4,800.00
70599	02/14/2019		RICOH USA, INC.	\$680.10
	Invoice	Date	Description	Amount
	5055737644	01/25/2019	METER READING-FINANCE COPIER	\$96.60
	5055656064	01/15/2019	METER READING-HR COPIER	\$32.17
	31248287	01/11/2019	COPIER LEASE-TREASURY	\$252.66
	5055644459	01/13/2019	METER READING-TREASURY COPIER	\$9.31
	31248262	01/11/2019	COPIER LEASE-FINANCE	\$289.36
70600	02/14/2019		RICOH USA, INC.	\$574.06
	Invoice	Date	Description	Amount
	62197093	01/20/2019	COPIER LEASE-DEV	\$290.12

**CITY OF INDUSTRY
WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	62166488	01/15/2019	COPIER LEASE-HR	\$283.94
70601	02/14/2019		ROWLAND UNIFIED SCHOOL	\$100.00
	Invoice	Date	Description	Amount
	1819AWGFJE	01/16/2019	BUS FUNDING STIPEND FOR 1/29/19	\$100.00
70602	02/14/2019		SAGE ENVIRONMENTAL GROUP	\$4,757.64
	Invoice	Date	Description	Amount
	759	01/26/2019	CONSTRUCTION AND INSTALL OF (4) RAPTOR	\$4,757.64
70603	02/14/2019		SAN GABRIEL VALLEY NEWSPAPER	\$796.00
	Invoice	Date	Description	Amount
	0011224981	01/21/2019	NOTICE OF AVAILABILITY DEV PLAN 17-14	\$796.00
70604	02/14/2019		SATSUMA LANDSCAPE & MAINT.	\$110,442.70
	Invoice	Date	Description	Amount
	0119TA	01/30/2019	LANDSCAPE SVC-TEMPLE & AZUSA	\$34,154.03
	0119XROADS	01/30/2019	LANDSCAPE SVC-CROSSROADS PKY NORTH &	\$26,134.08
	0119CH-1	01/30/2019	LANDSCAPE SVC-VARIOUS AGENCY SITES	\$24,514.80
	0119CH	01/30/2019	LANDSCAPE SVC-CIVIL FINANCIAL CENTER	\$25,639.79
70605	02/14/2019		SCHYLLING INC.	\$406.26
	Invoice	Date	Description	Amount
	S19861077	01/16/2019	STORE MERCHANDISE-HOMESTEAD	\$406.26
70606	02/14/2019		SO CAL INDUSTRIES	\$466.23
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	365170	01/25/2019	FENCE RENTAL-INDUSTRY HILLS	\$90.34
	353041	11/02/2018	FENCE RENTAL-INDUSTRY HILLS	\$90.34
	362755	01/09/2019	RR RENTAL-TONNER CYN/57 FWY	\$285.55
70607	02/14/2019		SOUTH COAST A.Q.M.D.	\$1,758.95
	Invoice	Date	Description	Amount
	3390429	01/02/2019	ICE EM FLOOD CONTROL-INDUSTRY HILLS	\$1,627.16
	3393283	01/02/2019	FLAT FEE EMISSIONS-INDUSTRY HILLS	\$131.79
70608	02/14/2019		SPARKLETTS	\$166.97
	Invoice	Date	Description	Amount
	17165913 011819	01/18/2019	WATER DELIVERY	\$83.01
	16916898 011819	01/18/2019	WATER DELIVERY	\$83.96
70609	02/14/2019		SQUARE ROOT GOLF & LANDSCAPE,	\$165,164.23
	Invoice	Date	Description	Amount
	1401H	01/29/2019	LANDSCAPE SVC-VARIOUS CITY SITES	\$135,618.41
	1398ELHM	01/29/2019	LANDSCAPE SVC-VARIOUS CITY SITES	\$6,940.00
	1400ELHM	01/29/2019	LANDSCAPE SVC-HOMESTEAD	\$14,436.22
	1399ELHM	01/29/2019	LANDSCAPE SVC-EL ENCANTO	\$8,169.60
70610	02/14/2019		STAPLES BUSINESS ADVANTAGE	\$1,225.19
	Invoice	Date	Description	Amount
	8052956795	01/19/2019	OFFICE SUPPLIES	\$84.51
	8052868923	01/12/2019	OFFICE SUPPLIES	\$1,140.68

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
70611	02/14/2019		SUNRISE ROOFING	\$960.00
	Invoice	Date	Description	Amount
	1-31-2019	01/31/2019	RESEAL ROOF-HOMESTEAD	\$960.00
70612	02/14/2019		SUPERIOR COURT OF CALIFORNIA,	\$5,375.50
	Invoice	Date	Description	Amount
	DECEMBER 2018	01/23/2019	PARKING CITATIONS REPORT-DEC 2018	\$5,375.50
70613	02/14/2019		THE BIG NORWEGIAN	\$966.69
	Invoice	Date	Description	Amount
	Q1172	11/30/2018	INSPECT/REPLACE BATTERIES ON CAT 430E	\$966.69
70614	02/14/2019		THE TECHNOLOGY DEPOT	\$30,081.16
	Invoice	Date	Description	Amount
	9928	01/22/2019	NETWORK MAINT-TICKET#10563	\$907.50
	9909-RI	01/18/2019	NETWORK MAINT-TICKET#11060	\$827.50
	9908	01/18/2019	NETWORK MAINT-TICKET#11053	\$82.50
	9907	01/18/2019	NETWORK MAINT-TICKET#11018	\$662.50
	9906	01/18/2019	NETWORK MAINT-TICKET#11015	\$123.75
	9905	01/18/2019	NETWORK MAINT-TICKET#10959	\$3,673.75
	9904	01/18/2019	NETWORK MAINT-TICKET#10764	\$536.25
	9896	01/17/2019	NETWORK MAINT-TICKET#11067	\$15,994.91
	9847	01/11/2019	NETWORK MAINT-TICKET#10942	\$786.25
	9846-RI	01/11/2019	NETWORK MAINT-TICKET#10902	\$1,157.50
	9845	01/11/2019	NETWORK MAINT-TICKET#10922	\$123.75
	9844	01/11/2019	NETWORK MAINT-TICKET#10928	\$41.25

**CITY OF INDUSTRY
WELLS FARGO BANK
February 14, 2019**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	9843	01/11/2019	NETWORK MAINT-TICKET#10934	\$453.75
	9938	01/25/2019	NETWORK MAINT-TICKET#11135	\$1,155.00
	9937	01/25/2019	NETWORK MAINT-TICKET#11118	\$910.00
	9936	01/25/2019	NETWORK MAINT-TICKET#10898	\$165.00
	9933	01/25/2019	NETWORK MAINT-TICKET#9189	\$1,735.00
	9939	01/25/2019	NETWORK MAINT-TICKET#11151	\$745.00
70615	02/14/2019		THOMSON REUTERS - WEST	\$8,899.71
	Invoice	Date	Description	Amount
	839626567	01/04/2019	CALIF CODE BOOKS	\$8,899.71
70616	02/14/2019		TRINITY FENCE	\$53,619.63
	Invoice	Date	Description	Amount
	#3CIP-EXPO18008B	02/01/2019	EXPO CENTER MAINT GATE IMPROVEMENTS	\$56,441.72
70617	02/14/2019		WALNUT ELEMENTARY COMMUNITY	\$200.00
	Invoice	Date	Description	Amount
	1819JTTWE	01/31/2019	BUS FUNDING STIPEND-HOMESTEAD	\$200.00
70618	02/14/2019		WALNUT VALLEY WATER DISTRICT	\$400.00
	Invoice	Date	Description	Amount
	ARINV0593	01/08/2019	ANNUAL RENT-COMMUNICATION SITE FOR 2019	\$400.00
70619	02/14/2019		WEATHERITE SERVICE	\$3,846.25
	Invoice	Date	Description	Amount
	L180794	01/17/2019	A/C REPAIR-CITY HALL	\$1,061.00

CITY OF INDUSTRY

WELLS FARGO BANK

February 14, 2019

Check	Date	Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo			
L180825	01/18/2019	A/C MAINT-15660 STAFFORD/15559 RAUSCH	\$400.00
L180834	01/23/2019	A/C MAINT-HOMESTEAD	\$612.00
L180808	01/17/2019	A/C MAINT-IMC	\$433.00
L180804	01/17/2019	A/C MAINT-IMC	\$228.00
L180419	01/01/2019	A/C MAINT-IMC	\$164.00
L180621	01/04/2019	A/C MAINT-IMC	\$417.11
L180674	01/08/2019	A/C MAINT-CITY HALL	\$531.14

70620	02/14/2019	WEST COAST ARBORISTS, INC.	\$7,000.00
Invoice	Date	Description	Amount
143981	01/10/2019	PRUNING/REMOVAL OF TREES-VARIOUS LOCATIONS	\$7,000.00

Checks	Status	Count	Transaction Amount
	Total	111	\$2,551,410.57

CITY COUNCIL

ITEM NO. 5.2

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
NOVEMBER 30, 2017
PAGE 1

CALL TO ORDER

The Special Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark D. Radecki at 9:00 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

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

ROLL CALL

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

STAFF PRESENT: Paul J. Philips, City Manager; Bianca Sparks, Assistant City Attorney; Maria Hagerty, Planning Technician; Alex Gonzalez, Director of Development Services and Administration.

PUBLIC COMMENTS

Ben Wong gave thanks to everyone who participated and attended the Annual Appreciation Luncheon in the Pavilion at Industry Hills Expo Center. The event recognized the city's contractors and provided a two hour event hosting a traditional Thanksgiving meal and included entertainment from the Workman High School Jazz Ensemble. More than 300 City Officials, Staff, and City Contractors attended the event.

CONSENT CALENDAR

Mayor Radecki recused himself from check number 67623 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf & Landscape.

Council Member Cruz recused himself from check number 67623 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf & Landscape.

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
NOVEMBER 30, 2017
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MOTION BY PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES, THAT THE RECOMMENDATIONS BE ACCEPTED FOR THE REMAINING ITEMS LISTED ON THE CONSENT CALENDAR, WITH MAYOR REDECKI RECUSING HIMSELF FROM CHECK NUMBER 67623, ON ITEM 1 (REGISTER OF DEMANDS) AND WITH COUNCIL MEMBER CRUZ RECUSING HIMSELF FROM CHECK NUMBER 67623, ON ITEM 1 (REGISTER OF DEMANDS). MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

1. CONSIDERATION OF REGISTER OF DEMANDS FOR NOVEMBER 23, 2017

APPROVED THE REGISTER OF DEMANDS AND AUTHORIZED THE APPROPRIATE CITY OFFICIALS TO PAY THE BILLS.

ACTION ITEMS

CONSIDERATION OF AMENDMENT NO. 3 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF INDUSTRY AND LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FOR THE SR 57/60 CONFLUENCE PROJECT WESTBOUND SLIP ON-RAMP

Mayor Radecki recommended further review of this item and to be brought back to the City Council at a future meeting.

CONSIDERATION OF THE REQUEST TO PUBLISH AND RECEIVE PROPOSALS FOR AGREEMENT NO. DS-18-019-B, EXPO BARN FACILITIES LIGHTING UPGRADE DESIGN AND SPECIFICATION SERVICES

Project Manager, Michael Cruz from Cordoba, presented a staff report and was available to answer any questions.

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
NOVEMBER 30, 2017
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MOTION BY PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ, TO APPROVE RELEASE OF THE RFP. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF CONTRACT NO. CITY-1440, BETWEEN THE CITY AND DEVLIN GROUP INC. DBA BOULDER CONSULTANTS, FOR THE TONNER CANYON ZIPLINE COSTRUCTION PROJECT, IN AN AMOUNT NOT-TO-EXCEED \$325,000.00

Mayor Pro Tem Moss requested this item be removed from the agenda and that further discussion is needed. There was discussion between the City Council regarding cost, permitting, amount of usage, and greater impact used elsewhere. Direction was provided to possibly bring this item back at a future meeting after first going back to Youth Activities League Board Meeting.

CONSIDERATION OF CONTRACT NO. CITY-1444, BETWEEN THE CITY AND ALL AMERICAN ASPHALT FOR THE BALDWIN PARK BOULEVARD AND AMAR ROAD GUARDRAIL AND INTERSECTION IMPROVEMENTS, IN AN AMOUNT NOT-TO-EXCEED \$170,611.00

City Engineer, Roberto Ramirez from Cordoba, presented a staff report and was available to answer any questions.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES, TO AWARD THE CONTRACT TO ALL AMERICAN ASPHALT IN THE AMOUNT OF \$170,611.00. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
NOVEMBER 30, 2017
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CONSIDERATION OF AGREEMENT NO. CIP-FAC-18-015-B, BETWEEN THE CITY AND FISHER CONTRACTOR, INC. FOR THE EL ENCANTO CONVALESCENT HOSPITAL ROOF REPAIR PROJECT, IN AN AMOUNT NOT-TO-EXCEED \$28,700.00

Senior Program Manager, Bill Adams from Cordoba, presented a staff report and was available to answer any questions.

MOTION BY PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES, TO AWARD THE AGREEMENT TO FISHER CONTRACTOR, INC., IN THE AMOUNT OF \$28,700.00. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF THE NOTICE OF COMPLETION FOR VALLEY BOULEVARD RECONSTRUCTION WITH PCC PAVEMENT FROM TURNBULL CANYON ROAD TO HACIENDA BOULEVARD, PROJECT NO. CITY-1421, WITH SULLY-MILLER CONTRACTING CO., AND AUTHORIZE THE CITY ENGINEER TO EXECUTE THE NOTICE OF COMPLETION

Josh Nelson from CNC Engineering presented a staff report and was available to answer any questions.

MOTION BY PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ, TO APPROVE THE NOTICE OF COMPLETION, AND AUTHORIZE THE CITY ENGINEER TO EXECUTE THE NOTICE OF COMPLETION. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
NOVEMBER 30, 2017
PAGE 5

PUBLIC HEARING TO CONSIDER THE DISSOLUTION OF THE FULLERTON ROAD/GALE AVENUE/RAILROAD STREET UNDERGROUND UTILITY DISTRICT NO. 8

Mayor Radecki opened the public hearing.

Katherine Jolly from Cordoba presented a staff report to the City Council.

Mayor Radecki inquired if anyone wanted to speak on the matter.

There were no public comments.

Mayor Radecki closed the public hearing.

CONSIDERATION OF RESOLUTION NO. CC 2017-37 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, DISSOLVING THE FULLERTON ROAD/GALE AVENUE/RAILROAD STREET UNDERGROUND UTILITY DISCTRICT NO. 8

MOTION BY PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ, TO ADOPT RESOLUTION NO. CC 2017-37, AND NOTICE OF EXEMPTION REGARDING SAME. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CITY COUNCIL COMMITTEE REPORTS

There were none.

AB1234 REPORTS

There were none.

CITY COUNCIL COMMUNICATIONS

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
NOVEMBER 30, 2017
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Pro Tem Moss mentioned the Veterans Day Ceremony and Golf Tournament that the Majestic Reality Company put on at the Pacific Palms Hotel. The city was thanked and rewarded with a Belt Buckle and would like to see it put into a shadow box and displayed at City Hall. She stated she was very proud that the City supports this event. Council Member Ruggles also complemented this event and its cause.

CLOSED SESSION

Planning Technician, Hagerty announced there was a need for Closed Session as follows:

- 11.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4):
One Case.
- 11.2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Diamond Bar v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; et al.
Superior Court of California, County of Sacramento
Case No. 34-2017-80002718-CU-WM-GDS
- 11.3 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Chino Hills v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; et al.
Superior Court of California, County of Sacramento
Case No. 34-2017-80002719-CU-WM-GDS
- 11.4 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Diamond Bar v. City of Industry, City of Industry City Council; Successor Agency to the Industry Urban-Development Agency; Board of Directors of the Successor Agency to the Industry Urban-Development Agency; Oversight Board of the Successor Agency to the Industry Urban-Development Agency; et al.
Superior Court of California, County of Los Angeles
Case No. BS171295

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
NOVEMBER 30, 2017
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11.5 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)

Case: City of Chino Hills v. City of Industry, City of Industry City Council; Successor Agency to the Industry Urban-Development Agency; Board of Directors of the Successor Agency to the Industry Urban-Development Agency; Oversight Board of the Successor Agency to the Industry Urban-Development Agency; et al.

Superior Court of California, County of Los Angeles

Case No. BS171398

There were no public comments on the Closed Session item.

Mayor Radecki recessed the meeting into Closed Session at 9:40 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the meeting at 11:30 a.m. All members of the City Council were present.

Assistant City Attorney Sparks reported out of Closed Session.

With regard to Closed Session items 11.1, the City Council provided direction to the Assistant City Attorney, and no further action was taken.

With regard to Closed Session items 11.2, 11.3, 11.4, and 11.5, one action was taken in respect to all 4 items with no other reportable action taken.

ADJOURNMENT

There being no further business, the City Council adjourned at 11:33 a.m.

MARK D. RADECKI
MAYOR

DIANE M. SCHLICHTING
CHIEF DEPUTY CITY CLERK

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
DECEMBER 14, 2017
PAGE 1

CALL TO ORDER

The Regular Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark D. Radecki at 9:00 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

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

ROLL CALL

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

STAFF PRESENT: Paul J. Philips, City Manager; James M. Casso, City Attorney; Diane M. Schlichting, Chief Deputy City Clerk; Alex Gonzalez, Director of Development Services and Administration; and Troy Helling, Senior Planner.

A presentation was made by Assembly Member Blanca E. Rubio.

A presentation was made by Meghann Kraft, Director of the Theatre and Dance, Workman High School, and Cynthia Parulan-Colfer, Superintendent, Hacienda-La Puente United School District.

PUBLIC COMMENTS

There no public comments.

CONSENT CALENDAR

Mayor Radecki recused himself from check number 67753 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf and Landscape.

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
DECEMBER 14, 2017
PAGE 2

Council Member Cruz recused himself from check number 67753 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf & Landscape.

Council Member Ruggles recused himself from check number 67703 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Haddick's Auto Body.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ THAT THE RECOMMENDATIONS BE ACCEPTED FOR THE REMAINING ITEMS LISTED ON THE CONSENT CALENDAR, WITH MAYOR RADECKI AND COUNCIL MEMBER CRUZ BOTH RECUSING THEMSELVES FROM CHECK NUMBER 67753 ON ITEM 1 (REGISTER OF DEMANDS), AND WITH COUNCIL MEMBER RUGGLES RECUSING HIMSELF FROM CHECK NUMBER 67703 ON ITEM 1 (REGISTER OF DEMANDS). MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

1. CONSIDERATION OF REGISTER OF DEMANDS FOR DECEMBER 14, 2017

APPROVED THE REGISTER OF DEMANDS AND AUTHORIZED THE APPROPRIATE CITY OFFICIAL TO PAY THE BILLS.

ACTION ITEMS

PRESENTATION AND DISCUSSION REGARDING CAPITAL IMPROVEMENT PROJECTS THROUGHOUT THE CITY OF INDUSTRY

A staff report was presented to the City Council by Senior Program Manager Bill Adams from the Cordoba Corporation.

City Engineer Roberto Ramirez provided a staff report and Senior Program Manager Bill Adams from the Cordoba Corporation provided additional information on the status of projects and made himself available to any questions.

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
DECEMBER 14, 2017
PAGE 3

MOTION BY MAYOR RADECKI, AND SECOND BY MAYOR PRO TEM MOSS TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH MUNIENVIRONMENTAL, LLC, FOR ENVIRONMENTAL AND RECYCLING CONSULTING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$1,000,000.00, FROM DECEMBER 14, 2017 TO DECEMBER 14, 2020

Chief Deputy City Clerk Schlichting announced that she was advised to pull this item for a later meeting. No motion was taken.

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH HF&H CONSULTANTS, LLC, FOR ENVIRONMENTAL AND RECYCLING CONSULTING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$1,000,000.00 FROM DECEMBER 14, 2017 TO DECEMBER 14, 2020

Chief Deputy City Clerk Schlichting announced that she was advised to pull this item for a later meeting. No motion was taken.

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH C & C ENGINEERING, INC., FOR ON-CALL SURVEY AND RIGHT-OF-WAY ENGINEERING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$150,000.00, FROM DECEMBER 14 2017 TO DECEMBER 8, 2019

A staff report was presented by Director of Development Services and Administration Gonzalez.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH HENKELS & MCCOY, INC., FOR ON-CALL SURVEY AND RIGHT-OF-WAY ENGINEERING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$150,000.00, FROM DECEMBER 14, 2017 TO DECEMBER 8, 2019

A staff report was presented by Director of Development Services and Administration Gonzalez.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH PSOMAS FOR ON-CALL SURVEY AND RIGHT-OF-WAY ENGINEERING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$150,000.00, FROM DECEMBER 14, 2017 TO DECEMBER 8, 2019

A staff report was presented by Director of Development Services and Administration Gonzalez.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

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NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH TOWILL, INC., FOR ON-CALL SURVEY AND RIGHT-OF-WAY ENGINEERING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$150,000.00, FROM DECEMBER 14, 2017 TO DECEMBER 8, 2019

A staff report was presented by Director of Development Services and Administration Gonzalez.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH JASON ADDISON SMITH CONSULTING SERVICES, INC., FOR CONSTRUCTION MANAGEMENT SERVICES IN AN AMOUNT NOT-TO-EXCEED \$500,000.00, FROM DECEMBER 14, 2017 TO DECEMBER 14, 2018

A staff report was presented by Director of Development Services and Administration Gonzalez.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY MAYOR RADECKI TO APPROVE AMENDMENT NO. 1. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

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CONSIDERATION OF AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH CASC ENGINEERING AND CONSULTING INC., FOR CONTRACT NO. 2017-1028, INITIAL STUDY/NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION FOR 13031 TEMPLE AVENUE, IN AN AMOUNT NOT-TO-EXCEED \$6,300.00

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE AGREEMENT NO. 1. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH CASC ENGINEERING AND CONSULTING, INC., FOR NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEMS CONSULTING SERVICES IN AN AMOUNT NOT-TO-EXCEED \$100,000.00, FROM APRIL 29, 2017 TO DECEMBER 31, 2018

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES TO APPROVE AMENDMENT NO. 1. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH NOBEL SYSTEMS, INC., FOR GEOGRAPHICAL INFORMATION SYSTEMS SERVICES IN AN AMOUNT NOT-TO-EXCEED \$150,000.00

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ TO APPROVE AMENDMENT NO. 1. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF SECOND AMENDMENT TO THE CONFIRMATION FOR SCHEDULING AND SETTLEMENT SERVICES AND DAY AHEAD INDEX ELECTRICITY WITH CALPINE ENERGY SOLUTIONS, LLC, FROM DECEMBER 14, 2017 THROUGH FEBRUARY 28, 2018

Senior Project Manager Lary Atherton provided an update to the Council and was available to answer any questions.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES TO APPROVE THE SECOND AMENDMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF AMENDMENT NO. 5 TO THE PROFESSIONAL SERVICES AGREEMENT WITH MUNIENVIRONMENTAL, LLC, FOR WASTE MANAGEMENT COMPLIANCE SERVICES IN AN AMOUNT NOT-TO-EXCEED \$32,540.00, FROM OCTOBER 28, 2017 TO DECEMBER 13, 2017

City Manager Phillips and Director of Development Services and Administration Gonzalez spoke as to the need for this amendment and made themselves available to answer any questions.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY MAYOR PRO TEM MOSS TO APPROVE AMENDMENT NO. 5. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

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NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE

**CONSIDERATION OF THE REQUEST TO PUBLISH AND RECEIVE PROPOSALS,
AGREEMENT NO. EU-18-004-E, DESIGN BUILD SERVICES FOR ELECTRIC
VEHICLE PAY FOR USE CHARGING STATIONS**

Senior Project Manager Lary Atherton from the Cordoba Corporation provided a staff report and was available to answer any questions.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES TO APPROVE RELEASE OF THE RFP. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

**PUBLIC HEARING TO CONSIDER DEVELOPMENT PLAN NO. 17-09 AND
CONDITIONAL USE PERMIT (CUP) NO. 17-06 SUBMITTED BY CHIPOTLE MEXICAN
GRILL FOR THE CONSTRUCTION OF A NEW 2,161 SQUARE FOOT COMMERCIAL
BUILDING WITH A 225 SQUARE FOOT OUTDOOR PATIO AND FOR AN ALCOHOL
BEVERAGE CONTROL LICENSE FOR BEER AND WINE FOR ON-SITE
CONSUMPTION IN CONJUNCTION WITH A FAST FOOD RESTAURANT AT 15495
VALLEY BOULEVARD IN THE CITY OF INDUSTRY**

**CONSIDERATION OF RESOLUTION NO. CC 2017-38 – A RESOLUTION OF THE
CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING
DEVELOPMENT PLAN NO. 17-9 FOR THE CONSTRUCTION OF A NEW 2,161
SQUARE FOOT COMMERCIAL BUILDING WITH A 225 SQUARE FOOT OUTDOOR
PATIO AND CONDITIONAL USE PERMIT NO. 17-6, A REQUEST FOR A NEW
ALCOHOL BEVERAGE CONTROL LICENSE FOR BEER AND WINE FOR ON-SITE
CONSUMPTION IN CONJUNCTION WITH A FAST FOOD RESTAURANT WITHIN AN
EXISTING SHOPPING CENTER AT THE PROPERTY LOCATED 15495 EAST VALLEY
BOULEVARD IN THE CITY OF INDUSTRY, CALIFORNIA, AND NOTICE OF
EXEMPTION REGARDING SAME**

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Consultant Associate Planner Dini Lomeli provided a presentation and was available to answer any questions.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY MAYOR PRO TEM MOSS TO ADOPT RESOLUTION NO. CC 2017-38. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CITY COUNCIL COMMITTEE REPORT

There were none.

AB1234 REPORTS

There were none.

CITY COUNCIL COMMUNICATIONS

There were none.

CLOSED SESSION

Chief Deputy City Clerk Schlichting announced there was a need for Closed Session as follows:

- 13.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2):
Two Cases

- 13.2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Industry v. Burke Williams & Sorensen, LLP, et al.
Los Angeles Superior Court
Case No. KC068777

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There were no public comments on the Closed Session item.

Mayor Radecki recessed the meeting into Closed Session at 10:05 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the meeting at 10:48 a.m. All members of the City Council were present.

City Attorney Casso reported out of Closed Session.

With regard to Closed Session items 13.1, and 13.2, the City Council provided direction to the City Attorney, no reportable action taken. Nothing further to report.

ADJOURNMENT

There being no further business, the City Council adjourned at 10:49 a.m.

MARK D. RADECKI
MAYOR

DIANE M. SCHLICHTING
CHIEF DEPUTY CITY CLERK

CITY COUNCIL REGULAR MEETING MINUTES
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CALL TO ORDER

The Regular Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark D. Radecki at 9:03 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

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

ROLL CALL

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

STAFF PRESENT: Paul J. Philips, City Manager; James M. Casso, City Attorney; Diane M. Schlichting, Chief Deputy City Clerk; and Alex Gonzalez, Director of Development Services and Administration.

A presentation was made by Chairman Larry Hartmann from Industry Hills Charity Event Council (Formerly Industry Hills Charity Pro Rodeo).

PUBLIC COMMENTS

There were no public comments.

CONSENT CALENDAR

Mayor Pro Tem Moss recused herself from check number 67965 for item 1 (Register of Demands) because she had a potential or actual financial conflict of interest in that she is employed by CNC Engineering.

Mayor Radecki recused himself from check number 68012 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf and Landscape.

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Council Member Cruz recused himself from check number 68012 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf & Landscape.

Council Member Ruggles recused himself from check number 67978 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Haddick's Auto Body.

MOTION BY MAYOR RADECKI, AND SECOND BY COUNCIL MEMBER CRUZ THAT THE RECOMMENDATIONS BE ACCEPTED FOR THE REMAINING ITEMS LISTED ON THE CONSENT CALENDAR, WITH MAYOR PRO TEM MOSS RECUSING HERSELF FROM CHECK NUMBER 67965 ON ITEM 1 (REGISTER OF DEMANDS) WITH MAYOR RADECKI AND COUNCIL MEMBER CRUZ BOTH RECUSING THEMSELVES FROM CHECK NUMBER 68012 ON ITEM 1 (REGISTER OF DEMANDS), AND WITH COUNCIL MEMBER RUGGLES RECUSING HIMSELF FROM CHECK NUMBER 67978 ON ITEM 1 (REGISTER OF DEMANDS). MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

1. CONSIDERATION OF REGISTER OF DEMANDS FOR JANUARY 25, 2018

APPROVED THE REGISTER OF DEMANDS AND AUTHORIZED THE APPROPRIATE CITY OFFICIALS TO PAY THE BILLS.

2. CONSIDERATION OF THE MINUTES OF THE MAY 10, 2016 SPECIAL MEETING; MAY 26, 2016 REGULAR MEETING; JUNE 9, 2016 REGULAR MEETING; JUNE 23, 2016 REGULAR MEETING; JUNE 23, 2016 SPECIAL MEETING, JULY 14, 2016 REGULAR MEETING

APPROVED AS SUBMITTED

ACTION ITEMS

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CONSIDERATION OF RESOLUTION NO. CC 2018-04 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, ADOPTING A CAP-AND-TRADE REVENUE UTILIZATION POLICY FOR THE USE OF REVENUES FROM THE SALE OF ALLOCATED ALLOWANCES IN CALIFORNIA’S GREENHOUSE GAS CAP-AND-TRADE AUCTIONS

Senior Project Manager Danielle Chupa from Cordoba Corporation provided a staff report and was available to answer any questions.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ, TO ADOPT RESOLUTION NO. CC 2018-04. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF AWARD OF CONTRACT NO. CITY-1437, IPD 236 AJAX AVENUE STORM DRAIN IMPROVEMENTS, TO GRBCON, INC., IN AN AMOUNT NOT-TO-EXCEED \$289,490.00

Senior Civil Engineer Roberto Ramirez from Cordoba Corporation provided a staff report and was available to answer any questions.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES, TO AWARD THE CONTRACT TO GRBCON, INC., IN THE AMOUNT OF \$289,490.00. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF A SERVICE AGREEMENT WITH TYLER TECHNOLOGIES, INC., FOR SOFTWARE TO HOST THE CITY’S ENTERPRISE RESOURCES PLANNING (ERP) SYSTEM IN THE AMOUNT OF \$161,221.00, FROM JANUARY 25,

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2018 TO JANUARY 25, 2021

Director of Finance Susan Paragas provided a staff report and was available to answer any questions.

MOTION BY COUNCIL MEMBER MARCUCCI, AND SECOND BY COUNCIL MEMBER CRUZ TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH AESCO, INC., FOR AGREEMENT NO. DS-18-028A, ON-CALL GEOTECHNICAL ENGINEERING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$150,000.00, FROM JANUARY 25, 2018 TO DECEMBER 8, 2019

Director of Development Services and Administration Gonzalez provided a staff report and was available to answer any questions.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES, TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A PROFESSIONAL AGREEMENT WITH GIO-ADVANTEC, INC., FOR AGREEMENT NO. DS-18-030-A, ON-CALL GEOTECHNICAL ENGINEERING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$150,000.00, FROM JANUARY 25, 2018 TO DECEMBER 8, 2019

Director of Development Services and Administration Gonzalez provided a staff report and was available to answer any questions.

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MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH ADVANCED AVANT-GARDE CORPORATION DBA AVANT-GARDE, INC., FOR CONTRACT AND FUNDING ADMINISTRATION SERVICES FOR CAPITAL IMPROVEMENT PROJECT MANAGEMENT SERVICES, INCREASING COMPENSATION UNDER THE ORIGINAL AGREEMENT BY \$290,000.00, FROM JANUARY 25, 2018 THROUGH DECEMBER 8, 2019

Director of Development Services and Administration Gonzalez provided a staff report and was available to answer any questions.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES TO APPROVE THE AMENDMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CITY COUNCIL COMMITTEE REPORTS

There were none.

AB1234 REPORTS

There were none.

CITY COUNCIL COMMUNICATIONS

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Mayor Pro Tem Moss mentioned attending the California Contract Cities Convention in Sacramento last week along with Council Member Marcucci.

CLOSED SESSION

Chief Deputy City Clerk Schlichting announced there was a need for Closed Session as follows:

11.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1):

Case: City of Diamond Bar v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; et al.

Superior Court of California, County of Sacramento

Case No. 34-2017-80002718-CU-WM-GDS

11.2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1):

Case: City of Chino Hills v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; et al.

Superior Court of California, County of Sacramento

Case No. 34-2017-80002719-CU-WM-GDS

11.3 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1):

Case: City of Diamond Bar v. City of Industry, City of Industry City Council; Successor Agency to the Industry Urban-Development Agency; Board of Directors of the Successor Agency to the Industry Urban-Development Agency; Oversight Board of the Successor Agency to the Industry Urban-Development Agency; et al.

Superior Court of California, County of Los Angeles

Case No. BS171295

11.4 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1):

Case: City of Chino Hills v. City of Industry, City of Industry City Council; Successor Agency to the Industry Urban-Development Agency; Board of Directors

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of the Successor Agency to the Industry Urban-Development Agency; Oversight Board of the Successor Agency to the Industry Urban-Development Agency; et al. Superior Court of California, County of Los Angeles
Case No. BS171398

There were no public comments on the Closed Session item.

Mayor Radecki recessed the meeting into Closed Session at 9:47 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the meeting at 10:50 a.m. All members of the City Council were present.

City Attorney Casso reported out of Closed Session.

With regard to Closed Session items 11.1, 11.2, 11.3, and 11.4, the City Council provided direction to the City Attorney, and took no reportable action.

ADJOURNMENT

There being no further business, the City Council adjourned at 10:51 a.m.

MARK D. RADECKI
MAYOR

DIANE M. SCHLICHTING
CHIEF DEPUTY CITY CLERK

CITY COUNCIL REGULAR MEETING MINUTES
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CALL TO ORDER

The Regular Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark D. Radecki at 9:00 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

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

ROLL CALL

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

STAFF PRESENT: James M. Casso, City Attorney; Diane M. Schlichting, City Clerk; Susan Paragas, Director of Finance, and Troy Helling, Senior Planner.

Presentation by Chairman Larry Hartmann from Industry Hills Charity Events Council. City Clerk Schlichting pulled this item until the April 12th meeting.

PUBLIC COMMENTS

Captain Murakami presented a plaque from Pomona Regional Center thanking the City for its contribution to the handicap and disabled.

CONSENT CALENDAR

Mayor Pro Tem Moss recused herself from check number 68360 for item 1 (Register of Demands) because she had a potential or actual financial conflict of interest in that she is employed by CNC Engineering.

Mayor Radecki recused himself from check number 68407 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf and Landscape.

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Council Member Cruz recused himself from check number 68407 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf & Landscape.

Council Member Ruggles recused himself from check number 68375 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Haddick's Auto Body.

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES THAT THE RECOMMENDATIONS BE ACCEPTED FOR THE REMAINING ITEMS LISTED ON THE CONSENT CALENDAR, WITH MAYOR PRO TEM MOSS RECUSING HERSELF FROM CHECK NUMBER 68360 ON ITEM 1 (REGISTER OF DEMANDS) WITH MAYOR RADECKI AND COUNCIL MEMBER CRUZ BOTH RECUSING THEMSELVES FROM CHECK NUMBER 68407 ON ITEM 1 (REGISTER OF DEMANDS), AND WITH COUNCIL MEMBER RUGGLES RECUSING HIMSELF FROM CHECK NUMBER 68375 ON ITEM 1 (REGISTER OF DEMANDS). MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

1. CONSIDERATION OF REGISTER OF DEMANDS FOR MARCH 22, 2018

APPROVED THE REGISTER OF DEMANDS AND AUTHORIZED THE APPROPRIATE CITY OFFICIALS TO PAY THE BILLS.

**2. CONSIDERATION OF ORDINANCE NO. 804 – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, AMENDING SECTION 10.40.010 OF CHAPTER 10.40 (SPEED LIMITS) OF TITLE 10 (VEHICLES AND TRAFFIC) OF THE CITY OF INDUSTRY MUNICIPAL CODE
(SECOND READING)**

ADOPTED ORDINANCE NO. 804.

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3. **CONSIDERATION OF MINUTES OF THE OCTOBER 13, 2016 REGULAR MEETING, OCTOBER 27, 2016 REGULAR MEETING, NOVEMBER 10, 2016 REGULAR MEETING, NOVEMBER 17, 2016 SPECIAL MEETING, NOVEMBER 18, 2016 SPECIAL MEETING, DECEMBER 8, 2016 REGULAR MEETING, DECEMBER 8, 2016 SPECIAL MEETING, DECEMBER 22, 2016 REGULAR MEETING, JANUARY 12, 2017 REGULAR MEETING, JANUARY 13, 2017 JOINT SPECIAL MEETING – CITY COUNCIL AND SUCCESSOR AGENCY, JANUARY 26, 2017 REGULAR MEETING, JANUARY 26, 2017 SPECIAL MEETING, FEBRUARY 9, 2017 REGULAR MEETING, FEBRUARY 23, 2017 REGULAR MEETING, MARCH 9, 2017 REGULAR MEETING**

CITY CLERK SCHLICHTING PULLED THIS ITEM UNTIL THE NEXT MEETING.

ACTION ITEMS

CONSIDERATION OF PROCESS FOR APPOINTMENT OF CITY ENGINEER

City Attorney Casso mentioned that back on May 25th, the Council delegated the City Manager to appointment the City Engineer and now the suggestion is made to move the authority back to the City Council.

MOTION BY MAYOR RADECKI, AND SECOND BY MAYOR PRO TEM MOSS TO AUTHORIZE THE CITY COUNCIL TO APPOINT THE CONTRACT CITY ENGINEER. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF A LICENSE AGREEMENT WITH PENEGON EAST, INC., FOR ACCESS TO ASSESSOR'S PARCEL NUMBERS 8264-001-943 AND 8264-001-944 LOCATED AT 17301 GALE AVENUE AS A TEMPORARY OVERFLOW PARKING AREA FOR VEHICLE INVENTORY

Senior Planner Helling provided a staff report and was available to answer any questions.

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MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH NOBEL SYSTEMS, INC., FOR SCANNING SERVICES AND GEOVIEWER MOBILE APPLICATION, IN AN AMOUNT NOT-TO-EXCEED \$2,183,000.00, FROM MARCH 22, 2018 TO MARCH 22, 2021

Senior Planner Helling provided a staff report. There was discussion between the City Council and direction was provided to pull this item until a future meeting. No motion was taken.

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT BY AND BETWEEN THE CITY OF INDUSTRY, THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, AND THE INDUSTRY PUBLIC UTILITIES COMMISSION, AND C & C ENGINEERING INC., FOR ENGINEERING SERVICES, FROM MARCH 22, 2018 TO MARCH 21, 2021, WITH TWO ONE-YEAR EXTENSIONS TO THE AGREEMENT

City Attorney Casso proved a staff update.

MOTION BY COUNCIL MEMBER MARCUCCI, AND SECOND BY MAYOR PRO TEM MOSS TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH MUNIENVIRONMENTAL, LLC, FOR ENVIRONMENTAL AND RECYCLING

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CONSULTING SERVICES, IN AN AMOUNT NOT-TO-EXCEED \$1,000,000.00, FROM MARCH 22, 2018 TO MARCH 22, 2021

City Attorney Casso provide a staff report and conversed about Law AB 939.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES TO APPROVE THE AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF AMENDMENT NO. 1 TO COOPERATIVE AGREEMENT 07-5033 BETWEEN THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE CITY OF INDUSTRY, AND CALTRANS FOR THE SR-60 TO SR-57 CONFLUENCE AT GRAND AVENUE WESTBOUND OFF-RAMP PROJECT

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE THE AMENDMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF NOTICE OF COMPLETION FOR CONTRACT NO. CITY-1429, 2016-2017 SLURRY SEAL, WITH PAVEMENT COATINGS COMPANY, AND AUTHORIZE THE CITY ENGINEER TO EXECUTE THE NOTICE OF COMPLETION

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE THE NOTICE OF COMPLETION AND AUTHORIZE THE CITY ENGINEER TO EXECUTE THE NOTICE OF COMPLETION. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF DEVELOPMENT PLAN NO. 18-1, PROPOSED BY KARL POLAND, TO ALLOW FOR A 3,693 SQUARE FOOT EXPANSION TO THE EXISTING PUENTE HILLS SUBARU AUTOMOBILE DEALERSHIP LOCATED AT 17801 GALE AVENUE IN THE CITY OF INDUSTRY

CONSIDERATION OF RESOLUTION NO. CC 2018-07 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING DEVELOPMENT PLAN NO. 18-1 TO ALLOW FOR A 3,693 SQUARE FOOT EXPANSION TO THE EXISTING PUENTE HILLS SUBARU LOCATED WITHIN THE CITY OF INDUSTRY AUTO MALL AT 17801 GALE AVENUE, CITY OF INDUSTRY, CALIFORNIA, AND NOTICE OF EXEMPTION REGARDING SAME

Senior Planner Helling introduced Natalie Vazquez from the Planning Department. Ms. Vazquez made a presentation and answered any questions from the City Council.

MOTION BY COUNCIL MEMBER MARCUCCI, AND SECOND BY MAYOR PRO TEM MOSS TO ADOPT RESOLUTION NO. CC 2018-07. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CITY COUNCIL COMMITTEE REPORTS

There were none.

AB1234 REPORTS

There were none.

CITY COUNCIL COMMUNICATIONS

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Council Member Ruggles attended a Retirement Party for Deputy Phil Cook and thanked him for his 30 plus years of service and the value he brought to many children in the YAL Program.

CLOSED SESSION

City Clerk Schlichting announced there was a need for Closed Session as follows:

- 11.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): Four Cases
- 11.2 CONFERENCE WITH LEGAL COUNSEL – Public Employment pursuant to Government Code Section 54957
Title: City Manager
- 11.3 CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Diamond Bar v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; et al.
Superior Court of California, County of Sacramento
Case No. 34-2017-80002718-CU-WM-GDS
- 11.4 CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Chino Hills v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; et al.
Superior Court of California, County of Sacramento
Case No. 34-2017-80002719-CU-WM-GDS
- 11.5 CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Diamond Bar v. City of Industry, City of Industry City Council; Successor Agency to the Industry Urban-Development Agency; Board of Directors of the Successor Agency to the Industry Urban-

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Development Agency; Oversight Board of the Successor Agency to the Industry Urban-Development Agency; et al.
Superior Court of California, County of Los Angeles
Case No. BS171295

- 11.6 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Chino Hills v. City of Industry, City of Industry City Council; Successor Agency to the Industry Urban-Development Agency; Board of Directors of the Successor Agency to the Industry Urban-Development Agency; Oversight Board of the Successor Agency to the Industry Urban-Development Agency; et al.
Superior Court of California, County of Los Angeles
Case No. BS171398

There were no public comments on the Closed Session item.

Mayor Radecki recessed the meeting into Closed Session at 9:28 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the meeting at 10:20 a.m. All members of the City Council were present.

City Attorney Casso reported out of Closed Session.

With regard to Closed Session items 11.1, 11.2, 11.3, 11.4, 11.5, and 11.6, direction was given to the City Attorney's Office, no further action was taken. Nothing further to report.

ADJOURNMENT

There being no further business, the City Council adjourned at 10:21 a.m.

MARK D. RADECKI
MAYOR

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DIANE M. SCHLICHTING
CITY CLERK

CITY COUNCIL SPECIAL MEETING MINUTES
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CALL TO ORDER

The Special Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark D. Radecki at 9:00 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

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

ROLL CALL

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

STAFF PRESENT: James M. Casso, City Attorney; and Diane M. Schlichting, City Clerk

PUBLIC COMMENTS

There no public comments.

CONSENT CALENDAR

- 1. CONSIDERATION OF THE MINUTES OF THE OCTOBER 13, 2016 REGULAR MEETING AND OCTOBER 27, 2016 REGULAR MEETING**

APPROVED AS SUBMITTED

ACTION ITEMS

CONSIDERATION OF APPOINTMENT FOR CITY TREASURER, PURSUANT TO THE CITY CHARTER, ARTICLE V, SECTION 502

MOTION BY MAYOR RADECKI, AND SECOND BY MAYOR PRO TEM MOSS TO APPOINT ELISE CALVO AS CITY TREASURER. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

CITY COUNCIL SPECIAL MEETING MINUTES
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AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE

CLOSED SESSION

City Clerk Schlichting announced there was a need for Closed Session as follows:

- 7.1 CONFERENCE WITH LEGAL COUNSEL – Public Employment pursuant to Government Code Section 54957
Title: City Manager

- 7.2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Industry v. Burke Williams & Sorensen, LLP, et al.
Los Angeles Superior Court
Case No. KC068777

- 7.3 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): Two Cases

There were no public comments on the Closed Session item.

Mayor Radecki recessed the meeting into Closed Session at 9:05 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the meeting at 9:40 a.m. All members of the City Council were present.

City Attorney Casso reported out of Closed Session.

With regard to Closed Session items 7.1, 7.2, and 7.3, direction was given to the City Attorney's Office, no further action was taken. Nothing further to report at this time.

CITY COUNCIL SPECIAL MEETING MINUTES
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ADJOURNMENT

There being no further business, the City Council adjourned at 9:41 a.m.

MARK D. RADECKI
MAYOR

DIANE M. SCHLICHTING
CITY CLERK

CITY COUNCIL/SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY JOINT SPECIAL MEETING MINUTES
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CALL TO ORDER

The Joint Special Meeting of the City Council/Successor Agency to the Industry Urban-Development Agency of the City of Industry, California, was called to order by Mayor/Chairman Mark Radecki at 9:03 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Mayor/Chairman Mark Radecki

ROLL CALL

PRESENT: Mark Radecki, Mayor/Chairman
Cory Moss, Mayor Pro Tem/Vice Chair
Abraham Cruz, Council Member/Board Member
Catherine Marcucci, Council Member/Board Member
Newell W. Ruggles, Council Member/Board Member

STAFF PRESENT: Troy Helling, City Manager/Executive Director; Bing Hyun, Assistant City Manager; Bianca Sparks, Assistant Legal Counsel; Josh Nelson, Contract City Engineer; and Julie Robles, Deputy City Clerk/Assistant Secretary.

PUBLIC COMMENTS

There were none.

CONSENT CALENDAR

CONSIDERATION OF A REVISED RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 THAT IS AN ATTACHMENT TO RESOLUTION NO. SA 2018-19

Contract City Engineer Josh Nelson provided a staff report to the Commission and was available to answer any questions.

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER MARCUCCI TO APPROVE THE SUCCESSOR AGENCY REVISED RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

CITY COUNCIL/SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY JOINT SPECIAL MEETING MINUTES
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AYES: COUNCIL MEMBERS: CRUZ, MARCUCCI, RUGGLES, MOSS,
RADECKI
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE

CONSIDERATION OF A REVISION TO THE TRAFFIC MITIGATION AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE CITY OF INDUSTRY, AND THE CITY OF DIAMOND BAR FOR TRAFFIC MITIGATIONS IN THE CITY OF DIAMOND BAR THAT ARE REQUIRED FOR THE ENVIRONMENTAL IMPACT REPORTS FOR THE GRAND CROSSING DEVELOPMENT (INDUSTRY EAST) AND THE INDUSTRY BUSINESS CENTER (MP 99-31 #65) TO SECTIONS 6 AND 7

Contract City Engineer Josh Nelson provided a staff report to the Commission and was available to answer any questions.

MOTION BY COUNCIL MEMBER/BOARD MEMBER RUGGLES, AND SECOND BY MAYOR PRO TEM/VICE CHAIR MOSS TO APPROVE THE CITY COUNCIL AND SUCCESSOR AGENCY REVISED AGREEMENT. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

ADJOURNMENT

There being no further business, the City Council/Successor Agency adjourned at 9:08 a.m.

MARK D. RADECKI
MAYOR/CHAIRMAN

CITY COUNCIL/SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY JOINT SPECIAL MEETING MINUTES
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JULIE ROBLES
DEPUTY CITY CLERK/ASSISTANT SECRETARY

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CALL TO ORDER

The Regular Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark Radecki at 9:08 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Mayor Mark Radecki

ROLL CALL

PRESENT: Mark Radecki, Mayor
Cory Moss, Mayor Pro Tem
Abraham Cruz, Council Member
Catherine Marcucci, Council Member
Newell W. Ruggles, Council Member

STAFF PRESENT: Troy Helling, City Manager; Bing Hyun, Assistant City Manager; Bianca Sparks, Assistant City Attorney; Josh Nelson, Contract City Engineer; and Julie Robles, Deputy City Clerk.

PUBLIC COMMENTS

Mayor Radecki welcomed a special guest in the audience, Mr. Ed Chavez from the Upper San Gabriel Valley Water District.

Mayor Radecki then extended condolences to the family of Jim Divers who recently passed away and wanted to adjourn the meeting in his memory.

Chairman Larry Hartmann from the Industry Hills Charity Events Council spoke of the upcoming Grand Awards Banquet at the Expo Center on February 7, 2019.

Mayor Pro Tem Moss congratulated Dean Yamagata for his position as the new President of the IBC.

CONSENT CALENDAR

Mayor Radecki recused himself from check number 70491 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf and Landscape.

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Council Member Cruz recused himself from check number 70491 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf & Landscape.

Council Member Ruggles recused himself from check number 70362 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Haddick's Auto Body.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ THAT THE RECOMMENDATIONS BE ACCEPTED FOR THE REMAINING ITEMS LISTED ON THE CONSENT CALENDAR, WITH MAYOR RADECKI AND COUNCIL MEMBER CRUZ BOTH RECUSING THEMSELVES FROM CHECK NUMBER 70491 ON ITEM 1 (REGISTER OF DEMANDS), AND WITH COUNCIL MEMBER RUGGLES RECUSING HIMSELF FROM CHECK NUMBER 70362 ON ITEM 1 (REGISTER OF DEMANDS). MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

1. CONSIDERATION OF THE REGISTER OF DEMANDS FOR JANUARY 24, 2019

APPROVED THE REGISTER OF DEMANDS AND AUTHORIZED THE APPROPRIATE CITY OFFICIALS TO PAY THE BILLS.

2. CONSIDERATION OF THE MINUTES OF JANUARY 10, 2019 SPECIAL MEETING AND JANUARY 10, 2019 REGULAR

APPROVED AS SUBMITTED.

CONSIDERATION OF DEVELOPMENT PLAN 17-15 AND ZONE EXCEPTION 18-01, TO ALLOW FOR THE DEVELOPMENT OF A 216,716 SQUARE FOOT TILT UP INDUSTRIAL BUILDING LOCATED AT 333 HACIENDA BOULEVARD.

Contract Associate Planner Dina Lomeli made a presentation to the Commission and was available to answer questions.

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CONSIDERATION OF RESOLUTION NO. CC 2019-01 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, ADOPTING A MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING AND REPORTING PROGRAM FOR DEVELOPMENT PLAN NO. 17-15 AND ZONE EXCEPTION 18-01 TO ALLOW FOR THE DEVELOPMENT OF A 216,716 SQUARE FOOT TILT UP INDUSTRIAL BUILDING AT THE PROPERTY LOCATED AT 333 HACIENDA BOULEVARD IN THE CITY OF INDUSTRY, WITHIN THE “I” INDUSTRIAL ZONE, AND MAKING FINDINGS IN SUPPORT THEREOF

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER MARCUCCI TO ADOPT RESOLUTION NO. CC 2019-01. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF RESOLUTION NO. CC 2019-02 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING DEVELOPMENT PLAN NO. 17-15 AND ZONE EXCEPTION 18-01 TO ALLOW FOR THE DEVELOPMENT OF A 216,716 SQUARE FOOT TILT UP INDUSTRIAL BUILDING AT THE PROPERTY LOCATED AT 333 HACIENDA BOULEVARD IN THE CITY OF INDUSTRY, CALIFORNIA

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY MAYOR PRO TEM MOSS TO ADOPT RESOLUTION NO. CC 2019-02. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

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CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT WITH ELECTRA-MEDIA, INC., FOR PROGRAMMING SERVICES FOR THE DISPLAY SYSTEM LOCATED AT THE PUENTE HILLS AUTO CENTER IN AN AMOUNT NOT-TO-EXCEED \$19,500.00 FROM APRIL 1, 2018 TO APRIL 1, 2023

Assistant City Manager Hyun provided a staff report. A question was asked by the Council. Assistant City Manager Hyun stated the quantity was not specified and further review will be done to confirm the quantity. If more than one, an amendment can be done and brought back.

MOTION BY MAYOR RADECKI, AND SECOND BY MAYOR PRO TEM MOSS TO APPROVE THE AGREEMENT, WITH THE OPTION TO BRING BACK AN AMENDMENT IF NEEDED, DUE TO A POSSIBLE CHANGE IN QUANTITY. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF A MAINTENANCE SERVICES AGREEMENT WITH ELECTRA-MEDIA, INC., FOR MAINTENANCE SERVICES FOR THE DISPLAY SYSTEM LOCATED AT THE PUENTE HILLS AUTO CENTER IN AN AMOUNT NOT-TO-EXCEED \$86,280.00 FROM APRIL 1, 2018 TO APRIL 1, 2023

Assistant City Manager Hyun provided a staff report. A question was asked by Council regarding the quantity of display systems. Further review will be done to confirm the quantity. If more than one, an amendment can be done and brought back.

MOTION BY MAYOR RADECKI, AND SECOND BY MAYOR PRO TEM MOSS TO APPROVE THE AGREEMENT, WITH THE OPTION TO BRING BACK AN AMENDMENT IF NEEDED, DUE TO A POSSIBLE CHANGE IN QUANTITY. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES:	COUNCIL MEMBERS:	CRUZ, MARCUCCI, RUGGLES, MOSS, RADECKI
NOES:	COUNCIL MEMBERS:	NONE

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ABSENT COUNCIL MEMBERS: NONE
ABSTAIN COUNCIL MEMBERS: NONE

CONSIDERATION OF CHANGE ORDER NOS. 2 AND 3, FOR DESIGN-BUILD SERVICES FOR EMERGENCY STANDBY POWER GENERATOR AT CITY HALL (PROJECT NO. CIP-CC-18-003-B), WITH MASTEK, INC. (CONTRACT NO. 2017-1004)

Contract City Engineer Josh Nelson provided a staff report to the Commission and was available to answer any questions.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER MARCUCCI TO APPROVE CHANGE ORDERS NOS. 2 AND 3, AND AUTHORIZE THE MAYOR TO EXECUTE THE CHANGE ORDER. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

DISCUSSION AND APPOINTMENT OF A MEMBER TO SERVE ON THE SAN GABRIEL VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT BOARD OF TRUSTEES

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES TO NOMINATE CATHERINE MARCUCCI TO SERVE ON THE SAN GABRIEL VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT BOARD OF TRUSTEES. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

DISCUSSION AND DIRECTION REGARDING LOBBYING SERVICES AT THE FEDERAL LEVEL

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Assistant City Manager Hyun provided a staff report and introduced Kevin Jones from Prince Global Solutions, LLC who reported on the importance of federal lobbying services and gave examples of success including the 57/60 Confluence Project.

It was agreed by the Council to seek federal lobbying services at the federal level. No vote was taken.

CONSIDERATION OF RESOLUTION NO. CC 2019-03 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, CALLING FOR THE HOLDING OF AN ALL MAIL BALLOT ELECTION TO BE HELD ON JUNE 4, 2019, FOR THE ELECTION OF CERTAIN CITY COUNCILMEMBERS, IN ACCORDANCE WITH THE PROVISIONS OF STATE LAW, THE CITY’S CHARTER AND THE CITY’S MUNICIPAL CODE

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ TO ADOPT RESOLUTION NO. CC 2019-03. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

CONSIDERATION OF RESOLUTION NO. CC 2019-04 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE CONDUCT OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, JUNE 4, 2019

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES TO ADOPT RESOLUTION NO. CC 2019-04. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

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

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CITY COUNCIL COMMITTEE REPORTS

There were none.

AB 1234 REPORTS

There were none.

CITY COUNCIL COMMUNICATION

City Manager Helling briefly spoke of the newly released Audit Report from the State Controller.

CLOSED SESSION

Deputy City Clerk Robles announced there was a need for Closed Session as follows:

10.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)
Case: San Gabriel Valley Water and Power, LLC v. City of Industry, *et al.*
Superior Court of California, County of Los Angeles
Case No. BS174700

10.2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Diamond Bar v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; *et al.*
Superior Court of California, County of Sacramento
Case No. 34-2017-80002718-CU-WM-GDS

10.3 CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Chino Hills v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency; Successor Agency to the Industry Urban-Development Agency; *et al.*
Superior Court of California, County of Sacramento
Case No. 34-2017-80002719-CU-WM-GDS

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- 10.4 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Diamond Bar v. City of Industry, City of Industry City Council;
Successor Agency to the Industry Urban-Development Agency; Board of
Directors of the Successor Agency to the Industry Urban-Development Agency;
Oversight Board of the Successor Agency to the Industry Urban-Development
Agency; et al.
Superior Court of California, County of Los Angeles
Case No. BS171295
- 10.5 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Chino Hills v. City of Industry, City of Industry City Council;
Successor Agency to the Industry Urban-Development Agency; Board of
Directors of the Successor Agency to the Industry Urban-Development
Agency; Oversight Board of the Successor Agency to the Industry Urban-
Development Agency; et al.
Superior Court of California, County of Los Angeles
Case No. BS171398
- 10.6 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Diamond Bar v. City of Industry; Successor Agency to the Industry
Urban-Development Agency; Oversight Board of the Successor Agency to the
Industry Urban- Development Agency; et al.
Superior Court of California, County of Los Angeles
Case No. BS173224
- 10.7 CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: City of Chino Hills v. City of Industry, *et al.*
Superior Court of California, County of Los Angeles
Case No. BS172995
- 10.8 CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4)
Two potential cases

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10.9 CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)

Case: City of Industry v. Yee, *et al.*

Superior Court of California, County of Los Angeles

Case No. 18STCP03201

There were no public comments on the Closed Session item.

Mayor Radecki recessed the meeting into Closed Session at 9:50 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the meeting at 10:41 a.m. All members of the City Council were present.

Assistant City Attorney Sparks reported out of Closed Session.

With regard to Closed Session items 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, and 10.8, direction was given to the City Attorney and to the City Manager's office. No further action was taken, nothing further to report.

With regard to Closed Session item 10.9, Mayor Radecki, Council Member Ruggles and City Attorney Sparks recused themselves. City Manager Helling stated direction was given and no reportable action taken.

ADJOURNMENT

There being no further business, the City Council adjourned at 10:42 a.m.

MARK D. RADECKI
MAYOR

JULIE ROBLES
DEPUTY CITY CLERK

CITY COUNCIL

ITEM NO. 5.3



CITY OF INDUSTRY

MEMORANDUM

TO: Honorable Mayor Radecki and City Council Members

FROM: Troy Helling, City Manager *TH*

STAFF: Joshua Nelson, Contract City Engineer, CNC Engineering *JN*

DATE: February 14, 2019

SUBJECT: Consideration of Amendment No. 2 to the Maintenance Services Agreement with Janus Pest Management, Inc. for pest control services increasing compensation by \$75,000.00, in an amount not-to-exceed \$196,492.00 (Agreement No. DS-18-056-A)

Background:

Per Section 3.52.120 of the City's Municipal Code, contracts relating to maintenance of public works or public facilities may be provided by competitive bidding, informal public bidding, or by negotiated contract, at the discretion of the City Council.

Janus Pest Management, Inc. ("Janus") provides pest control services for a range of commercial and residential clientele. Previously, City staff negotiated a contract with Janus to provide pest control services at Tonner Canyon which is owned by the City, for a one (1) year period. On June 28, 2018 the City Council approved the Maintenance Services Agreement for Tonner Canyon. At that time, City Council requested that additional properties be evaluated for pest control services. City staff requested that Janus, in cooperation with Sage Environmental, evaluate additional properties. On August 23, 2018 the City Council approved Amendment No. 1 to the Janus Maintenance Services Agreement, to increase the compensation by \$100,000.00 to cover the requested additional services.

Discussion:

It was found that Janus Pest Control had been issued multiple Purchase Orders and not all locations were included in their Agreement. In order to make the accounting simpler, we are consolidating all locations into one Agreement and one Purchase Order. With this Amendment, the locations will now include Homestead Museum, City Hall, Industry Business Council, Youth Activities League offices, the Post Office, Metrolink Station, Industry Business Center, the vacant parcel at the southeast corner of Chestnut Street and Anaheim-Puente Road, the Helipad and the parking and slopes, Tres Hermanos Arnold Reservoir and Tonner Canyon. Amendment No. 2 to the Maintenance Services

Agreement will increase the compensation of the Agreement in the amount of \$75,000.00 to provide services at these locations through June 30, 2019. Staff intends to terminate this Agreement in June and bring many new maintenance contracts before the City Council in June for the 2019-2020 Fiscal Year. If that does not occur, a future amendment will be required to cover Fiscal Year 2019-2020. This amendment also consolidates multiple Purchase Orders into one Agreement.

Table 1 - Summary of Pest Control Services Costs

Maintenance Services Agreement	\$21,492.00
Amendment No. 1 to Maintenance Services Agreement	\$100,000.00
Amendment No. 2 to Maintenance Services Agreement	\$75,000.00
Total	\$196,492.00

Fiscal Impact:

This fiscal impact associated with this action requires an additional appropriation of \$75,000.00 to General Fund – Habitat & Open Space – Property Maintenance (Account No. 100.628.8510) for FY 2018-2019.

Recommendations:

- 1.) Approve Amendment No. 2 to the Maintenance Services Agreement with Janus Pest Management, Inc. in an amount not to exceed \$196,492.00 dated February 14, 2019; and
- 2.) Appropriate \$75,000.00 from General Fund – Habitat & Open Space – Property Maintenance (Account No. 100.625.8510).

Exhibit:

- A. Amendment No. 2 to the Maintenance Services Agreement dated February 14, 2019

TH/JN:jv

EXHIBIT A

Amendment No. 2 to the Maintenance Services Agreement dated February 14,
2019

[Attached]

**AMENDMENT NO. 2
TO MAINTENANCE SERVICES AGREEMENT
WITH JANUS PEST MANAGEMENT, INC.**

This Amendment No. 2 to the Agreement for Maintenance Services (“Agreement”), is made and entered into this 14th day of February, 2019, (“Effective Date”) by and between the City of Industry, a California municipal corporation (“City”) and Janus Pest Management, Inc., a California corporation (“Consultant”). The City and Consultant are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, on or about June 28, 2018, the City Council, approved a Maintenance Services Agreement with the Consultant, to provide pest management services for Tonner Canyon and citywide properties; and

WHEREAS, on or about August 23, 2018, the City, approved Amendment No. 1 to the Agreement for Maintenance Services with Consultant to increase the compensation by \$100,000.00; and

WHEREAS, multiple additional locations were being serviced under different Purchase Orders and staff would like to consolidate them all under one Purchase Order and Agreement; and

WHEREAS, for the reasons set forth herein, the City 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 1. Payment

The second sentence of Section 4(a) is hereby amended to read in its entirety as follows:

This amount shall not exceed One Hundred Ninety-Six Thousand Four Hundred Ninety-Two Dollars and zero cents (\$196,492.00) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

Exhibit A Scope of Services

The Scope of Services is hereby rescinded in its entirety and replaced with in Attachment 1, attached hereto, and incorporated herein by reference.

Exhibit B Rate Schedule

The Rate Schedule is hereby rescinded in its entirety and replaced with in Attachment 2, attached hereto and incorporated herein by reference.

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

**“CITY”
CITY OF INDUSTRY**

**“CONSULTANT”
JANUS PEST MANAGEMENT, INC.**

By: _____
Troy Helling, City Manager

By: _____
Jay Spicer, CEO

Attest:

By: _____
Julie Gutierrez-Robles, Deputy City Clerk

APPROVED AS TO FORM

By: _____
James M. Casso, City Attorney

ATTACHMENT 1

EXHIBIT A SCOPE OF SERVICES

Consultant shall provide the following services to the City:

1. Pest management services at the following locations:
 - a) Homestead Museum
 - b) City Hall
 - c) Industry Business Council
 - d) Youth Activities League (Offices adjacent to the Post Office)
 - e) Post Office at 15559 Rausch Road
 - f) Metrolink Station
 - g) Industry Business Center (far west side adjacent to the condos)
 - h) Vacant parcel at the southeast corner of Chestnut Street and Anaheim-Puente Road (until sold)
 - i) Helipad and the Parking and Slopes adjacent to the Helipad
 - j) Tres Hermanos Arnold Reservoir
 - k) Tonner Canyon including but not limited to: Camp Courage, Camp Master bunk house, camping tents, restrooms/showers and guard shack
2. Pest management services as requested by the City Manager or his designee.
3. These services shall be conducted with the frequency set forth in the Rate Schedule.

ATTACHMENT 2

EXHIBIT B
RATE SCHEDULE

	SERVICE	AREA	SERVICE CHARGE	SERVICE FREQ.	SERVICE SCHEDULE
1.	General Pest Control	Homestead Museum	\$580.00/Service	1x/Monthly	Jan.-Dec.
2.	General Pest Control	City Hall	\$145.00/Service	1x/Monthly	Jan.-Dec.
3.	General Pest Control	Industry Business Council	\$145.00/Service	1x/Monthly	Jan.-Dec.
4.	General Pest Control	Youth Activities League (offices adjacent to the Post office)	\$85.00/Service	1x/Monthly	Jan.-Dec.
5.	General Pest Control	Post Office at 15559 Rausch Road	\$85.00/Service	1x/Monthly	Jan.-Dec.
6.	General Pest Control	Metrolink Station	\$65.00/Service	1x/Monthly	Jan.-Dec.
7.	General Pest Control	Industry Business Center (far west side adjacent to the condos)	\$168.00/Service	1x/Monthly	Jan.-Dec.
8.	General Pest Control	Vacant parcel at the southeast corner of Chestnut Street and Anaheim-Puente Road (until sold)	\$448.00/Service	1x/Every Other Week	Jan.-Dec.
9.	General Pest Control	Helipad and the Parking and Slopes adjacent to the Helipad	\$636.00/Service	1x/Every Other Week	Jan.-Dec.
10.	General Pest Control	Tres Hermanos Arnold Reservoir	\$950.00/Service	1x/Weekly	Jan.-Dec.
The following are all located at Tonner Canyon:					
11.	Annual Rodent Cleanup	Tents, Courage Master, restrooms/showers	\$3,400.00/Service	1x/Annually	May
12.	Tent Disinfection	Camp Tents	\$182.00/Service	1x/Weekly	June-August
13.	Rodent Devices	Camp Tents	\$240.00/Service	1x/Annual	May
14.	Trap Inspection/Service	Camp Tents	\$142.00/Service	2x/Weekly	May-August
15.	Rodent Repellent	Camp Tents	\$142.00/Service	1x/Monthly	Sept.-April
16.	Rodent Devices	Courage, Master Bunk, Restrooms/Showers	\$240.00/Service	1x/Annually	May
17.	Rodent Devices	Courage, Master Bunk, Restrooms/Showers	\$142.00/Service	2x/Weekly	May-August
18.	General Pest Control	Camp Courage	\$122.00/Service	1x/Monthly	Jan.-Dec.
19.	Rodent Devices	Courage, Master Bunk, Restrooms/Showers	\$142.00/Service	1x/Monthly	Sept.-April
20.	General Pest Control	Camp Master Bunkhouse	\$102.00/Service	1x/Monthly	Jan.-Dec.
21.	General Pest Control	Restrooms/Showers	\$75.00/Service	1x/Monthly	Jan.-Dec.
22.	General Pest Control	Camp Tents	\$75.00/Service	1x/Monthly	May-August
23.	General Pest Control	Guard Shack	\$125.00/Service	1x/Quarterly	Jan.-Dec.

EXHIBIT A TO AMENDMENT NO. 2:

**AGREEMENT FOR MAINTENANCE SERVICES WITH JANUS PEST
MANAGEMENT, INC. DATED JUNE 28, 2018**

CITY OF INDUSTRY

MAINTENANCE SERVICES AGREEMENT

This MAINTENANCE SERVICES AGREEMENT ("Agreement"), is made and effective as of June 28, 2018 ("Effective Date"), between the City of Industry, a municipal corporation ("City") and Janus Pest Management, Inc., a California corporation ("Consultant"). The City and Consultant are hereinafter collectively referred to as the "Parties".

RECITALS

WHEREAS, City desires to engage Consultant to perform the services described herein, and Consultant desires to perform such services in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

1. TERM

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than June 27, 2019, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

(a) Consultant shall perform the tasks ("Services") described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. ("Scope of Services"). Tasks other than those specifically described in the Scope of Services shall not be performed without prior written approval of the City. The Services shall be performed by Consultant, unless prior written approval is first obtained from the City. In the event of conflict or inconsistency between the terms of this Agreement and Exhibit A, the terms of this Agreement shall prevail.

(b) City shall have the right to request, in writing, changes to the Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

(c) Consultant shall perform all Services in a manner reasonably satisfactory to the City and in a first-class manner in conformance with the standards of quality normally observed by an entity providing pest control services, serving a municipal agency.

(d) Consultant shall comply with all applicable federal, state, and local laws, regulations and ordinances in the performance of this Agreement, including but not limited to, the conflict of interest provisions of Government Code Section 1090 and the

Political Reform Act (Government Code Section 81000 *et seq.*). During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working on the Effective Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute or law; and (ii) City has not consented in writing to Consultant's performance of such work. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.* Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et. seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for Services performed pursuant to this Agreement, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

(e) Consultant represents that it has, or will secure at its own expense, all licensed personnel required to perform the Services. All Services shall be performed by Consultant or under its supervision, and all personnel engaged in the Services shall be qualified and licensed to perform such services.

3. MANAGEMENT

City's City Manager shall represent the City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but shall have no authority to modify the Services or the compensation due to Consultant.

4. PAYMENT

(a) The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B ("Rate Schedule"), attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed Twenty-One Thousand Four Hundred Ninety-Two Dollars (\$21,492.00) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

(c) Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. Any final payment under this Agreement shall be made within 45 days of receipt of an invoice therefore.

5. SUSPENSION OR TERMINATION OF AGREEMENT

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant shall submit an invoice to the City pursuant to Section 5 of this Agreement.

6. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to review such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts or copies therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files, Consultant shall make available to the City, at the Consultant's office, and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, copying and/or printing computer files. Consultant hereby grants to City all right, title, and interest,

including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by Consultant in the course of providing the services under this Agreement. All reports, documents, or other written material developed by Consultant in the performance of the Services pursuant to this Agreement, shall be and remain the property of the City.

7. INDEMNIFICATION

(a) Indemnity for professional liability

When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless the City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or Subconsultants (or any agency or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

(b) Indemnity for other than professional liability

Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including legal counsel fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or agency for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

(c) DUTY TO DEFEND. In the event the City, its officers, employees, agents and/or volunteers are made a party to any action, claim, lawsuit, or other adversarial proceeding arising from the performance of the services encompassed by this Agreement, and upon demand by City, Consultant shall have an immediate duty to defend the City at Consultant's cost or at City's option, to reimburse the City for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters.

Payment by City is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Consultant and City, as to whether liability arises from the sole negligence of the City or its officers, employees, or agents, Consultant will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating the City as solely negligent. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

8. INSURANCE

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

9. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to the City a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultants exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against the City, or bind the City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

10. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

11. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of the City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

12. NO BENEFIT TO ARISE TO LOCAL OFFICERS AND EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during

his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

13. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City, unless otherwise required by law or court order.

(b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City, unless Consultant is prohibited by law from informing the City of such Discovery, court order or subpoena. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless City is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Consultant in such proceeding, Consultant agrees to cooperate fully with the City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

14. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: City of Industry
15625 E. Stafford, Suite 100
City of Industry, CA 91744
Attention: City Manager

With a Copy To: Casso & Sparks
13200 Crossroads Parkway, North Suite 345
City of Industry, CA 91746
Attention: James M. Casso, City Attorney

To Consultant: Janus Pest Management, Inc.
P.O. Box 4649
San Dimas, CA 91773
Attention: Kristina Spicer, Operations Manager

15. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City.

Before retaining or contracting with any subconsultant for any services under this Agreement, Consultant shall provide City with the identity of the proposed subconsultant, a copy of the proposed written contract between Consultant and such subconsultant which shall include an indemnity provision similar to the one provided herein and identifying City as an indemnified party, or an incorporation of the indemnity provision provided herein, and proof that such proposed subconsultant carries insurance at least equal to that required by this Agreement or obtain a written waiver from the City for such insurance.

Notwithstanding Consultant's use of any subconsultant, Consultant shall be responsible to the City for the performance of its subconsultant as it would be if Consultant had performed the Services itself. Nothing in this Agreement shall be deemed or construed to create a contractual relationship between the City and any subconsultant employed by Consultant. Consultant shall be solely responsible for payments to any subconsultants. Consultant shall indemnify, defend and hold harmless the Indemnified Parties for any claims arising from, or related to, the services performed by a subconsultant under this Agreement.

16. GOVERNING LAW/ATTORNEYS' FEES

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court in Los Angeles County, California. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the Services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

17. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written and pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein

and upon each party's own independent investigation of any and all facts such party deems material.

18. SEVERABILITY

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

19. COUNTERPARTS

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

20. CAPTIONS

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and shall have no significance in the interpretation of this Agreement.

21. WAIVER

The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

22. REMEDIES

Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies.

23. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she has the authority to execute this Agreement on behalf of the

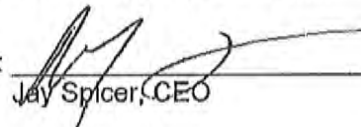
Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

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

"CITY"
City of Industry

"CONSULTANT"
Janus Pest Management, Inc.

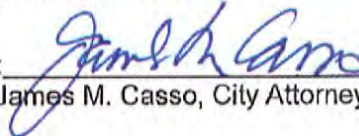
By: 
Troy Helling, Acting City Manager

By: 
Jay Spicer, CEO

Attest:

By: 
Diane M. Schlichting, City Clerk

Approved as to form:

By: 
James M. Casso, City Attorney

Attachments: Exhibit A Scope of Services
 Exhibit B Rate Schedule
 Exhibit C Insurance Requirements

EXHIBIT A

SCOPE OF SERVICES

Consultant shall provide pest management services for Tonner Canyon, City of Industry. The services include, but are not limited to:

- Annual rodent debris removal and site disinfection at Camp Courage, Camp Master bunk house, 4 camping tents and the restrooms/showers.
- Tent disinfection at the 4 camping tent sites
- Rodent devices at the Camp Courage, Camp Master bunk house, 4 camping tents and the restrooms/showers.
- General pest control at Camp Courage, Camp Master bunk house, 4 camping tents and the restrooms/showers, and guard shack.

EXHIBIT B

RATE SCHEDULE

	SERVICE	AREA	SERVICE CHARGE	SERVICE FREQ.	SERVICE SCHEDULE
1.	Annual Rodent Clean	Tents, Courage, Master, rest rooms/showers	\$3,400/Service	1x/Annual	May
2.	Tent Disinfection	Camp Tents	\$182/Service	1x/Weekly	June-August
3.	Rodent Devices	Camp Tents	\$240/Service	1x/Annual	May
4.	Trap Inspection/Service	Camp Tents	\$142/Service	2x/Weekly	May-August
5.	Rodent Repellant	Camp Tents	\$142/Service	1x/Monthly	September-April
6.	Rodent Devices	Courage, Master Bunk, Restrooms/Showers	\$240/Service	1x/Annual	May
7.	Rodent Devices	Courage, Master Bunk, Restrooms/Showers	\$142/Service	2x/Weekly	May-August
8.	Rodent Devices	Courage, Master Bunk, Restrooms/Showers	\$142/Service	1x/Monthly	September-April
9.	General Pest Control	Camp Courage	\$122/Service	1x/Monthly	January-December
10.	General Pest Control	Camp Master Bunkhouse	\$102/Service	1x/Monthly	January-December
11.	General Pest Control	Restrooms/Showers	\$75/Service	1x/Monthly	January-December
12.	General Pest Control	Camp Tents	\$75/Service	1x/Monthly	May-August
14.	General Pest Control (Guard Shack)	Guard Shack	\$125/Service	1x/Quarterly	January-December

EXHIBIT C

INSURANCE REQUIREMENTS

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

General liability insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Professional liability (errors & omissions) insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

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

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

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

Duration of coverage. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may

arise from or in connection with the performance of the Services hereunder by Consultant, his agents, representatives, employees or subconsultants.

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

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

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

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

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

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

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

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

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

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

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

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

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

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

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

CITY COUNCIL

ITEM NO. 5.4



CITY OF INDUSTRY

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

MEMORANDUM

TO: Honorable Mayor and Council Members

FROM: Troy Helling, City Manager *TH*

STAFF: Yamini Pathak, Director of Finance
Dean Yamagata, City Contracted Accounting Services

DATE: February 14, 2019

SUBJECT: City of Industry Year Ended June 30, 2018 Annual Financial Reports

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 City of Industry ("City"), 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 City's independent auditors, The Pun Group, LLP, have completed their annual audit of the City's financial statements which include the financial activities of its component units (Successor Agency to the Industry Urban-Development Agency, the Civic-Recreational-Industrial Authority and the Industry Public Facilities Authority) for the year ended June 30, 2018. The financial statements received an unqualified (or clean) opinion.

The financial reports for the year ended June 30, 2018 are briefly described below:

Annual Financial Report

The annual financial statement is a comprehensive document reflecting the financial position of the City and its component units.

Continuing Annual Disclosure Report

The Continuing Annual Disclosure report will be filed pursuant to the Continuing Disclosure Certificates adopted by the City of Industry in connection with certain bond issue by the City in accordance with Securities and Exchange Commission Rule 15c2-12 by February 28, 2019.

The Report is filed in connection with the following bonds:

General Obligation Bonds

1. \$37,860,000 City of Industry 2009 General Obligation Refunding Bonds.
2. \$50,975,000 City of Industry 2009 General Obligation Refunding Bonds, Series B.
3. \$43,340,000 City of Industry 2010 General Obligation Refunding Bonds.
4. \$28,985,000 City of Industry 2014 General Obligation Refunding Bonds.

Sales Tax Revenue Bonds

5. \$34,340,000 City of Industry 2017 Taxable Sales Tax Revenue Bonds.
6. \$336,570,000 City of Industry 2015 Taxable Senior Sales Tax Revenue Refunding Bonds, Series 2015A.
7. \$51,460,000 City of Industry 2015 Taxable Subordinate Sales Tax Revenue Bonds, Series 2015B.

FISCAL IMPACT:

There is no fiscal impact as result of this action.

RECOMMENDED ACTION:

Approve, receive and file the annual financial reports:

- 1) Annual Audited Financial Statements For The Year Ended June 30, 2018
- 2) Continuing Annual Disclosure Report

ATTACHMENTS:

- A. City of Industry Audited Financial Statement, Year Ended June 30, 2018
- B. Continuing Bond Disclosure Report



February 1, 2019

To the Honorable Mayor and Members of the City Council
of the City of Industry
City of Industry, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Industry (the "City") for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 24, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies as follows:

New Accounting Standards

GASB has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB has issued Statement No. 85, Omnibus 2017 (GASB 85). This Statement establishes accounting and financing reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

No other new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of the investment fair value is based on information provided by Bank of America and US Bank, the trustee for investments in the U.S. Treasury Notes, U.S. government sponsored enterprise securities, and municipal bonds based on institutional bond quotes and in commercial paper based on matrix pricing. We evaluated the key factors and assumptions used to develop the investment fair value in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liabilities is based on the proportionate share of the actuarial valuation on total pension liability and based on the proportionate share of the fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net other postemployment benefits ("OPEB") liability is based on the actuarial valuation on total OPEB liability and based on the fiduciary net position for OPEB plan. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 1 – Summary of Significant Accounting Policies
- Note 4 – Notes Receivables
- Note 5 – Industry Convalescent Hospital
- Note 16 – Commitments and Contingencies
- Note 17 – Transactions with Related Parties
- Note 21 – Excess of Expenditures Over Appropriations
- Note 22 - Restatement of Beginning Net Position

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Honorable Mayor and Members of the City Council
of the City of Industry
City of Industry, California
Page 3

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 1, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of the City's Proportionate Share of the Net Pension Liabilities and Related Ratios, the Schedule of Contributions – Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of Contributions – Other Postemployment Benefits, which are Required Supplementary Information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

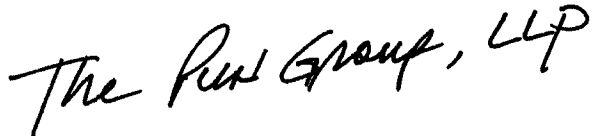
To the Honorable Mayor and Members of the City Council
of the City of Industry
City of Industry, California
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We were engaged to report on the combining and individual fund financial statements, the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, and the Schedules of Long-Term Debt, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "The Peris Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California

City of Industry

City of Industry, California

Independent Auditors' Report and Basic Financial Statements

For the Year Ended June 30, 2018



City of Industry
For the Year Ended June 30, 2018

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For the Year Ended June 30, 2018

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\$336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A	157
\$51,460,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015B	159
\$34,340,000 Taxable Sales Tax Revenue Refunding Bonds, Issue of 2017	161



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Industry
City of Industry, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Industry, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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.

Auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Honorable Mayor and Member of City Council
of the City of Industry
City of Industry, California
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Emphasis of Matter

Restatement of Beginning Net Position

As discussed in Note 22 to the basic financial statements, the City restated beginning net position to correct investment in fiscal agent and bond payments deposits in the amount totaled to \$85,673,936. In addition, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of the standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2017 in the amount totaled to \$1,107,538. Our opinion is not modified with respect to this matter.

Advances to San Gabriel Valley Water and Power, LLC

As discussed in Note 4 and 16 to the basic financial statements, the City entered into a lease agreement and advanced \$20,000,000 to San Gabriel Valley Water and Power, LLC (“SGVWP”) as of June 30, 2018 for development of solar projects. The repayment of the advances is contingent upon the construction of the solar project in partnership with the City. The City has terminated the lease and the effect of the termination has not been determined and are not reflected in the basic financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis (“MD&A”), the Budgetary Comparison Schedule, the Schedule of the City’s Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, the Schedule of the Net Other Postemployment Benefits Liability and Related Ratios, the Schedule of Other Postemployment Benefits Contributions on pages 5 to 15 and 107 to 112 be presented to supplement the basic financial statements. Such 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

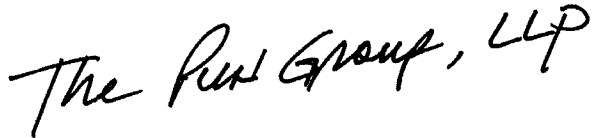
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual fund financial statements, Schedule of Revenues, Expenses, and Change in Fund Balances – Budget and Actual, and Schedule of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and Member of City Council
of the City of Industry
City of Industry, California
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The Combining and Individual fund financial statements, the Schedule of Revenues, Expenses, and Change in Fund Balances – Budget and Actual, and the Schedule 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 Combining and Individual fund financial statements, Schedule of Revenues, Expenses, and Change in Fund Balances – Budget and Actual, and Schedule 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 February 1, 2019, on our consideration of the City'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 solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
February 1, 2019

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City of Industry
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

As management of the City of Industry and its component units ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets and deferred outflows of the City's governmental activities exceeded its liabilities and deferred inflows at June 30, 2018 by \$742.5 million (Net Position). Of this amount, \$250.9 million is invested in capital assets, \$195 million is restricted for capital projects activities and \$226.4 million in unrestricted net position. Net Position reflects a decrease of \$20.2 million from prior period and is attributable to increases in capital projects and public works, increases in community development, and offset by a reduction in the net transfers out.
- The assets of the City's business-type activities exceeded its liabilities at June 30, 2018 by \$37.7 million (Net Position). Of this amount, \$30.1 million is invested in capital assets, net of related debt, and \$7.6 million in unrestricted net position. Net position decreased by \$0.4 million due to a decrease in net transfers in during the year ended June 30, 2018.
- The City's total debt and liabilities decreased by \$101.2 million of which is primarily attributable to reductions in accounts payable, interest payable and long-term liabilities due in more than one year, as a result of regular scheduled principal payments on long term debt and the early redemption of \$23.1 million of PFA Tax Allocation Revenue Refunding Bonds.
- In the General Fund, the net change in fund balance was a decrease of \$42.8 million. The decrease was attributed to transfers out to the Debt Service Fund of \$33 million to fund the payment of the City's sales tax bonds and \$11 million transferred out to the Capital Projects Fund to fund project expenditures. At June 30, 2018, the General Fund ending fund balance was \$707.7 million with an unassigned balance of \$622.3 million.

General Overview of the Financial Statements

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and other supplementary information section that presents *combining financial statements* and *debt amortization schedules*. The basic financial statements are comprised of 3 parts – (1) the government-wide financial statements, (2) the fund financial statements and (3) the notes to the financial statements. The government-wide financial statements, the Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Statements

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

These two statements report the City's Net Position and changes thereto. Net Position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources are one way to measure the City's financial health or financial position. Over time, increases or decreases in Net Position are an indicator of whether the financial health is improving or deteriorating.

However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

Governmental Activities - All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.

Proprietary Activities/Business Type Activities - The City charges a fee to customers to cover all or most of the cost of the services provided. The Industry Public Utilities Commission (the "IPUC"), the Industry Hills Expo Center, and the Industry Property and Housing Authority (the "Housing Authority") are reported in this category.

Component Units - The City's government-wide financial statements include the blending with the City of the following entities: The Civic-Recreational-Industrial Authority ("CRIA"), the Industry Public Utilities Commission, the City of Industry Public Facilities Authority (the "PFA") and the Industry Property and Housing Management Authority (the "Housing Authority"). Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds that aid in the administration of resources for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches as explained below.

Governmental Funds - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with balances remaining at year-end that are available for spending. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds through a reconciliation following the fund financial statements.

Proprietary Funds – The City maintains three enterprise funds. The enterprise funds are classified as proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the IPUC, Industry Hills Expo Center, and Housing Authority. These funds use the full accrual method of accounting.

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Fiduciary Funds – Agency Funds are used to account for assets held by the City as an agent for individuals, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The Private-Purpose Trust Fund is a fiduciary fund used by the City to report trust arrangements under which the principal and income benefits other governments. This fund reports the assets, liabilities and activities of the Successor Agency of the Industry Urban-Development Agency.

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others. These fiduciary activities are reported in Private-Purpose Trust Fund. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

The City as a Whole

Our analysis focuses on the net position (Tables 1 and 3) and changes in net position (Tables 2 and 4) of the City's governmental and business activities.

Governmental Activities – Net Position

Table 1
Net Position

	Governmental Activities		
	2018	2017	Change
Current and other assets	\$ 1,484,564,081	\$ 1,613,519,138	\$ (128,955,057)
Capital assets, net	253,501,071	261,840,782	(8,339,711)
Total assets	<u>1,738,065,152</u>	<u>1,875,359,920</u>	<u>(137,294,768)</u>
Deferred outflows of resources			
Deferred loss on refunding, net	1,308,307	1,668,477	(360,170)
Deferred outflows of resources - pension	10,360,519	1,850,952	8,509,567
Total deferred outflows of resources	<u>11,668,826</u>	<u>3,519,429</u>	<u>8,149,397</u>
Long-term liabilities	928,069,353	1,028,275,683	(100,206,330)
Other liabilities	78,514,811	87,006,482	(8,491,671)
Total liabilities	<u>1,006,584,164</u>	<u>1,115,282,165</u>	<u>(108,698,001)</u>
Deferred inflows of resources			
Deferred inflows of resources - pension	613,951	829,627	(215,676)
Net position:			
Net investment in capital assets	250,858,615	258,386,502	(7,527,887)
Restricted for:			
Transportation and road	2,665,390	2,715,269	(49,879)
Capital projects	194,986,947	199,014,172	(4,027,225)
Debt service	67,646,242	59,661,991	7,984,251
Unrestricted	226,378,669	242,989,623	(16,610,954)
Total net position	<u>\$ 742,535,863</u>	<u>\$ 762,767,557</u>	<u>\$ (20,231,694)</u>

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

As noted above, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities (combined governmental and business activities) by approximately \$780.3 million at June 30, 2018.

The largest portion of the Net Position is restricted by external sources on how the funds may be used. Approximately \$250.9 million is the City's net investment in its capital assets. In addition, approximately \$67.6 million are restricted for the City's future debt service obligations. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The City's total Net Position under governmental activities decreased over the prior year by \$20.2 million mainly attributable to increases in capital projects and public works, increases in community development, and offset by a reduction in the net transfers out.

Total liabilities and deferred inflows of resources decreased by approximately \$108.9 million primarily attributable to reductions in accounts payable, interest payable and long-term liabilities due in more than one year, as a result of regular scheduled principal payments on long term debt and early redemption of \$23.1 million of PFA Tax Allocation Revenue Refunding Bonds.

The decrease in net investment in capital assets of \$7.5 million is a result of net additions and dispositions of capital assets, and depreciation expense for the current year.

Governmental Activities – Changes in Net Position

Table 2
Change in Net Position

	Governmental Activities		
	2018	2017	Change
Revenues:			
Taxes	\$ 105,774,605	\$ 98,776,390	\$ 6,998,215
Revenues from use of money and property	26,450,366	27,010,307	(559,941)
Other revenues	653,652	230,150	423,502
Total revenues	<u>132,878,623</u>	<u>126,016,847</u>	<u>6,861,776</u>
Expenses:			
General government	7,397,144	6,170,909	1,226,235
Support services	6,565,366	5,418,637	1,146,729
Community development	48,917,886	46,198,641	2,719,245
Community services	5,174,630	3,825,602	1,349,028
Public safety	10,590,785	10,679,280	(88,495)
Capital projects and public works	31,699,045	10,045,496	21,653,549
Interest expense	42,671,150	50,188,311	(7,517,161)
Total expenses	<u>153,016,006</u>	<u>132,526,876</u>	<u>20,489,130</u>
Increase in net assets before Other Items	(20,137,383)	(6,510,029)	(13,627,354)
Transfers, net	<u>(94,311)</u>	<u>(46,615,943)</u>	<u>46,521,632</u>
Increase (decrease) in net position	<u>(20,231,694)</u>	<u>(53,125,972)</u>	<u>32,894,278</u>
Net position, beginning of year	762,767,557	815,893,529	(53,125,972)
Net position, end of year	<u>\$ 742,535,863</u>	<u>\$ 762,767,557</u>	<u>\$ (20,231,694)</u>

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

The total revenues, reported as governmental activities, increased by approximately \$6.9 million. This was due to an increase in revenue from property and sales taxes of \$6.5 million.

The City's total expenses before other items increased by approximately \$20.5 million from the prior year. The increase was attributable to expenditures for capital projects, public works, and community development, offset by a decrease in net transfers out.

Business-Type Activities – Net Position

	Table 3 Net Position		
	Business-Type Activities		
	2018	2017	Change
Current and other assets	\$ 23,293,333	\$ 15,358,333	\$ 7,935,000
Capital assets, net	30,136,340	30,931,672	(795,332)
Total assets	53,429,673	46,290,005	7,139,668
Liabilities	15,705,244	8,174,115	7,531,129
Total liabilities	15,705,244	8,174,115	7,531,129
Net position:			
Net investment in capital assets	30,136,340	30,911,524	(775,184)
Unrestricted	7,588,089	7,204,366	383,723
Total net position	\$ 37,724,429	\$ 38,115,890	\$ (391,461)

Total net position for the City's business type activities decreased by approximately \$0.4 million as compared to the prior year. The decrease was primarily attributable to an increase in liabilities pertaining to an \$8 million deposit payable for IBC project, offset by increases in investments held in City's Electric Fund.

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Business-Type Activities – Change in Net Position

The change in Net Position for business type activities is summarized as follows:

Table 4
Change in Net Position

	Business-Type Activities		
	2018	2017	Change
Revenues:			
Charges for services	\$ 10,806,484	\$ 10,427,691	\$ 378,793
Revenues from use of money and property	188,032	62,692	125,340
Total revenues	<u>10,994,516</u>	<u>10,490,383</u>	<u>504,133</u>
Expenses:			
Purchased electricity	4,880,044	4,973,802	(93,758)
Water transmission and distribution	2,718,046	3,316,481	(598,435)
Cost of expo operations	3,362,998	2,913,056	449,942
Cost of housing authority operations	519,200	531,725	(12,525)
Total expenses	<u>11,480,288</u>	<u>11,735,064</u>	<u>(254,776)</u>
Income (Loss) from operations before transfers	(485,772)	(1,244,681)	758,909
Transfers	<u>94,311</u>	<u>944,347</u>	<u>(850,036)</u>
Change in net position	<u>(391,461)</u>	<u>(300,334)</u>	<u>(91,127)</u>
Net position, beginning of year	38,115,890	38,416,224	(300,334)
Net position, end of year	<u>\$ 37,724,429</u>	<u>\$ 38,115,890</u>	<u>\$ (391,461)</u>

Revenues increased by almost \$0.5 million over the prior year. This is primarily due to an increase in Expo Center operations primarily related to the Grand Arena which increased \$0.6 million, and a decrease in electric sales by \$0.2 million.

Transfers-in from the general fund decreased by \$0.85 million mostly as a result of a decrease in the transfers in to the City's Electric Fund as a results of a decrease in operations in comparison to the prior year.

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Below is a summary of the general fund revenues and expenditures compared to the prior year.

Table 5
General Fund Comparison

	2018	2017	Change
Revenues:			
Taxes	\$ 42,231,312	\$ 36,749,539	\$ 5,481,773
Intergovernmental	961,673	2,891,853	(1,930,180)
Charges for services	1,000,581	1,623,313	(622,732)
Licenses and permits	2,440,729	1,616,681	824,048
Fines, forfeitures and penalties	442,947	350,559	92,388
Revenues from use of money and property	7,293,171	5,592,034	1,701,137
Other revenue	3,281,409	642,699	2,638,710
Total revenues	<u>57,651,822</u>	<u>49,466,678</u>	<u>8,185,144</u>
Expenditures:			
Legislative	659,613	743,861	(84,248)
General administration	12,320,754	3,404,232	8,916,522
Community development	4,019,364	1,750,775	2,268,589
Community services	4,501,325	3,147,903	1,353,422
Public safety	10,147,605	10,907,556	(759,951)
Public works	15,799,544	11,142,022	4,657,522
Support services	6,072,461	5,856,392	216,069
Capital projects	1,546,604	42,813,923	(41,267,319)
Total expenditures	<u>55,067,270</u>	<u>79,766,664</u>	<u>(24,699,394)</u>
Excess of Revenues over Expenditures	<u>2,584,552</u>	<u>(30,299,986)</u>	<u>32,884,538</u>
Other Financing Sources (Uses):			
Proceeds from sale of assets	772,278	1,166,665	(394,387)
Net Transfers	(46,150,787)	(9,099,528)	(37,051,259)
Total other financing sources (uses)	<u>(45,378,509)</u>	<u>(7,932,863)</u>	<u>(37,445,646)</u>
Change in fund balances	<u>\$ (42,793,957)</u>	<u>\$ (38,232,849)</u>	<u>\$ (4,561,108)</u>

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund reflects a fund balance of \$707.7 million, which is a decrease from prior year of \$42.8 million. The reduction was primarily due to an \$8.9 million increase in general administration expenditures which was a result of \$8.8 million in Cal-PERS contributions to fund the unfunded liability portion of retirement, and an increase in public works by \$4.7 million, mainly attributable to \$2.9 million increase in public right of way maintenance and \$2.3 million increase in general engineering. The reduction was offset with increased revenues of \$8 million compared to prior year and lower expenditures related to capital projects by \$41.3 million, primarily due to a \$42.2 million real estate purchase during the prior year.

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Other Financing uses increased by \$37.4 million over the prior year as there were less transfers in from the Capital Projects Funds in 2018 to reimburse the General Fund for expenditures and purchases of property.

General Fund Budgetary Highlights

The City adopts a budget every fiscal year. Differences between the budget and actual expenditures for the general fund are shown below:

Table 6
 General Fund Budget to Actual Comparison

	Original Budget	Revised Budget	Actual	Variance
Legislative	\$ 944,930	\$ 1,023,915	\$ 659,613	\$ 364,302
General administration	3,048,715	11,630,055	12,320,754	(690,699)
Community development	2,511,560	4,927,161	4,019,364	907,797
Community services	5,136,820	5,576,820	4,501,325	1,075,495
Public safety	10,241,415	10,241,415	10,147,605	93,810
Public works	18,447,300	19,344,316	15,799,544	3,544,772
Support services	8,744,510	9,507,974	6,072,461	3,435,513
Capital outlay	3,400	3,400	1,546,604	(1,543,204)
Total expenditures	<u>\$ 49,078,650</u>	<u>\$ 62,255,056</u>	<u>\$ 55,067,270</u>	<u>\$ 7,187,786</u>

The budget overage in the General Administration was mainly due to an increase in salaries, Cal-PERS employer contributions, and legal services. The budget overage in Capital Outlay was a result of additional real estate purchases of \$1.4 million that were not budgeted for. The City was under budget for Public Works of \$3.5 million, which was attributable to less expenditures incurred related to public right of way maintenance by \$0.6 million and general engineering by \$2.9 million. Furthermore, the City was under budget for Support Services, which was attributable to excess budget amounts for non-departmental expenditures in the amount of \$3.5 million.

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Capital Asset and Debt Administration

Capital Assets

Net capital assets for governmental activities as of June 30, 2018 and 2017 are summarized as follows:

Table 7
Net Capital Assets at Year-End

	Governmental Activities		
	2018	2017	Change
Land	\$ 100,991,923	\$ 100,991,923	\$ -
Construction in progress	12,273,179	23,014,165	(10,740,986)
Buildings and improvements	119,662,696	118,398,933	1,263,763
Equipment, furniture and fixtures	6,550,499	6,392,316	158,183
Infrastructure	150,616,227	143,030,585	7,585,642
Capital assets, gross	390,094,524	391,827,922	(1,733,398)
Less accumulated depreciation	(136,593,453)	(129,987,140)	(6,606,313)
Capital assets, net	<u>\$ 253,501,071</u>	<u>\$ 261,840,782</u>	<u>\$ (8,339,711)</u>

As of June 30, 2018, the City's governmental activities had approximately \$253.5 million invested in capital assets including buildings, land, roads, and other general infrastructure net of accumulated depreciation. This amount represents a net decrease of \$8.3 million from prior year which was due to the City capitalizing new and placing in service completed construction in progress projects, and expensing project costs from construction in progress. Accumulated depreciation increased by \$6.6 million.

Net capital assets for business activities as of June 30, 2018 and 2017 are summarized as follows:

Table 8
Net Capital Assets at Year-End

	Business-Type Activities		
	2018	2017	Change
Land	\$ 6,764,880	\$ 6,764,880	\$ -
Water rights	441,200	441,200	-
Buildings and improvements	54,473,201	54,473,201	-
Source of supply	4,495,494	4,495,494	-
Equipment, furniture and fixtures	1,337,536	1,288,657	48,879
Infrastructure	991,255	294,622	696,633
Construction in progress	-	4,549	(4,549)
Capital assets, gross	68,503,566	67,762,603	740,963
Less accumulated depreciation	(38,367,226)	(36,830,931)	(1,536,295)
Capital assets, net	<u>\$ 30,136,340</u>	<u>\$ 30,931,672</u>	<u>\$ (795,332)</u>

Capital assets in the Business-Type Activities belong to IPUC and the Industry Hills Expo Center. The decrease in net capital assets of \$0.8 million was primarily a result of a net increase in accumulated depreciation of \$1.5 million while activities in infrastructure increased by \$0.7 million.

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Debt

At June 30, 2018, the City had total long term debt and other non-current liabilities of approximately \$928 million which is a decrease of \$100.2 million from prior year. The reduction is primarily due to principal payments on outstanding debt and early redemption of \$23.1 million of PFA Tax Allocation Revenue Refunding Bonds.

Below is a summary of the outstanding debt at June 30:

Table 9
Outstanding Debt, at Year-End

	Governmental Activities		
	2018	2017	Change
General obligation bonds	\$ 82,730,000	\$ 94,075,000	\$ (11,345,000)
Revenue bonds	415,820,000	421,770,000	(5,950,000)
Refunding lease revenue bonds	2,640,000	3,450,000	(810,000)
Tax allocation bonds	422,510,000	505,645,000	(83,135,000)
Original issue premium	(4,688,520)	(4,633,554)	(54,966)
Compensated absences	63,667	104,573	(40,906)
Pension liability	8,994,206	7,864,664	1,129,542
Total outstanding debt	<u>\$ 928,069,353</u>	<u>\$ 1,028,275,683</u>	<u>\$ (100,206,330)</u>

City of Industry
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Economic Factors and Next Year's Budgets and Rates

The City has experienced steady development within the City limits during the past year. Economic trends in the Los Angeles area are comparable with the indices. The assessed valuation of property located within the City boundaries including properties located in its redevelopment project areas amounted to approximately \$9.293 billion for the 2018-2019 fiscal year as compared to \$8.373 billion in the prior fiscal year which represents an increase of approximately 11.0% of assessed value.

The City's General Fund has adopted a balanced operating budget of \$62.7 million in revenues and \$47.3 million in expenses. Additionally, approximately \$59.9 million in capital project expenditures is budgeted for several funds in the 2018-2019 fiscal year. The following is a summary of the major capital improvement projects for citywide.

Table 10
Capital Projects For FY 2018-2019

Project Description	Budget 2018-19
1 Grade Separation Projects	\$ 5,540,000
2 Street Widening, Reconstruction, Resurfacing and Slurry Seal	19,339,000
3 Bridge Widening, Seismic Retrofit And Maintenance Improvements	8,470,000
4 Traffic Signal Improvements	2,950,000
5 Storm Drain Improvements	4,030,000
6 IPUC - Potable Water System	1,801,000
7 IPUC - Electric Utility	4,098,000
8 Expo Center at Industry Hills	9,335,000
9 Industry Housing And Property Management Projects	750,000
10 Open Space Properties	1,365,000
11 Civic Center Facilities Improvements	865,000
12 Facilities Improvements	1,357,000
Total	<u>\$ 59,900,000</u>

The Operating Budget for Fiscal Year 2018-19 is a well-balanced budget that reflects the City's commitment to the betterment of the community and stay within the City's financial constraint. Budget documents are available online at www.cityofindustry.org. Questions or requests for information regarding the City of Industry's budget should be sent to the Finance Department at the address below.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or request for additional financial information should be directed to the Finance Department at the City of Industry, 15625 East Stafford Street, City of Industry, California 91744.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Industry
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 5,031,495	\$ 1,444,229	\$ 6,475,724
Investments	221,837,355	19,803,612	241,640,967
Investment with fiscal agent - unrestricted	402,509,297	-	402,509,297
Accounts receivable, net	15,722,163	1,410,414	17,132,577
Interest receivables	11,473,671	81,330	11,555,001
Internal balances	27,794	(27,794)	-
Inventories	42,139	72,278	114,417
Prepaid items	13,688,777	506,264	14,195,041
Other assets	-	3,000	3,000
Total current assets	670,332,691	23,293,333	693,626,024
Noncurrent assets:			
Investments with fiscal agent - restricted	317,315,870	-	317,315,870
Investments in SA to IUDA and City's bonds	473,203,738	-	473,203,738
Loans receivables	21,562,842	-	21,562,842
Net OPEB asset	2,148,940	-	2,148,940
Capital assets:			
Not being depreciated	113,265,102	7,647,768	120,912,870
Being depreciated, net	140,235,969	22,488,572	162,724,541
Total capital assets, net of accumulated depreciation	253,501,071	30,136,340	283,637,411
Total noncurrent assets	1,067,732,461	30,136,340	1,097,868,801
Total assets	1,738,065,152	53,429,673	1,791,494,825
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding, net	1,308,307	-	1,308,307
Pension related deferred outflows of resources	10,360,519	-	10,360,519
Total deferred outflows of resources	11,668,826	-	11,668,826

(Continued)

City of Industry
Statement of Net Position (Continued)
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 7,162,147	\$ 1,024,206	\$ 8,186,353
Accrued liabilities	245,338	30,210	275,548
Rental deposits and advances	50,704,392	8,199,105	58,903,497
Interest payable	20,402,934	-	20,402,934
Unearned revenue	-	6,451,723	6,451,723
Long-term liabilities:			
Due within one year	76,620,998	-	76,620,998
Due in more than one year	842,454,149	-	842,454,149
Net pension Liabilities	8,994,206	-	8,994,206
Total liabilities	1,006,584,164	15,705,244	1,022,289,408
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	613,951	-	613,951
Total deferred inflows of resources	613,951	-	613,951
NET POSITION			
Net investment in capital assets	250,858,615	30,136,340	280,994,955
Restricted for:			
Transportation and road	2,665,390	-	2,665,390
Capital projects	194,986,947	-	194,986,947
Debt services	67,646,242	-	67,646,242
Unrestricted	226,378,669	7,588,089	233,966,758
Total net position	\$ 742,535,863	\$ 37,724,429	\$ 780,260,292

(Concluded)

City of Industry
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2018

	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 8,415,814	\$ 1,018,670	\$ -	\$ -	\$ 1,018,670
Support services	6,565,366	-	-	-	-
Community development	54,007,882	3,529,121	1,560,875	-	5,089,996
Community services	5,174,630	-	-	-	-
Public safety	11,795,890	432,585	772,520	-	1,205,105
Public works	54,664,338	-	22,235,134	730,159	22,965,293
Interest expenses and fiscal charges	42,671,150	-	-	-	-
Total governmental activities	183,295,070	4,980,376	24,568,529	730,159	30,279,064
Business-type activities:					
Industry Public Utilities Commission:					
Water utility	2,718,046	3,313,348	-	-	3,313,348
Electric utility	4,880,044	5,098,350	-	-	5,098,350
Industry-Hill Expo Center	3,362,998	2,184,336	-	-	2,184,336
Property and Housing Management Authority	519,200	210,450	-	-	210,450
Total business-type activities	11,480,288	10,806,484	-	-	10,806,484
Total primary government	\$ 194,775,358	\$ 15,786,860	\$ 24,568,529	\$ 730,159	\$ 41,085,548

City of Industry
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2018

	Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental activities:			
General government	\$ (7,397,144)	\$ -	\$ (7,397,144)
Support services	(6,565,366)	-	(6,565,366)
Community development	(48,917,886)	-	(48,917,886)
Community services	(5,174,630)	-	(5,174,630)
Public safety	(10,590,785)	-	(10,590,785)
Public works	(31,699,045)	-	(31,699,045)
Interest expenses and fiscal charges	(42,671,150)	-	(42,671,150)
Total governmental activities	<u>(153,016,006)</u>	<u>-</u>	<u>(153,016,006)</u>
Business-type activities:			
Industry Public Utilities Commission:			
Water utility	-	595,302	595,302
Electric utility	-	218,306	218,306
Industry-Hill Expo Center	-	(1,178,662)	(1,178,662)
Property and Housing Management Authority	-	(308,750)	(308,750)
Total business-type activities	<u>-</u>	<u>(673,804)</u>	<u>(673,804)</u>
Total primary government	<u>(153,016,006)</u>	<u>(673,804)</u>	<u>(153,689,810)</u>
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	67,016,939	-	67,016,939
Sales tax	34,933,422	-	34,933,422
Tax increment pass through payments	558,822	-	558,822
Franchise fees	1,704,911	-	1,704,911
Documentary transfer tax	579,220	-	579,220
Transient occupancy tax	981,291	-	981,291
Total taxes	<u>105,774,605</u>	<u>-</u>	<u>105,774,605</u>
Revenues from use of money and property	26,450,366	188,032	26,638,398
Other revenues	653,652	-	653,652
Transfers	(94,311)	94,311	-
Total general revenues and transfers	<u>132,784,312</u>	<u>282,343</u>	<u>133,066,655</u>
Changes in net position	<u>(20,231,694)</u>	<u>(391,461)</u>	<u>(20,623,155)</u>
Net position:			
Beginning of year, as restated (Note 22)	762,767,557	38,115,890	800,883,447
End of year	<u>\$ 742,535,863</u>	<u>\$ 37,724,429</u>	<u>\$ 780,260,292</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Industry
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
ASSETS					
Cash	\$ 4,199,205	\$ 71,544	\$ 124,507	\$ 636,239	\$ 5,031,495
Investments	215,918,875	983,251	2,918,604	2,016,625	221,837,355
Investments with fiscal agent - unrestricted	402,509,297	-	-	-	402,509,297
Accounts receivable, net	8,725,796	3,100,384	3,877,609	18,374	15,722,163
Accrued interest	1,370,519	11,101	10,081,718	10,333	11,473,671
Inventory	42,139	-	-	-	42,139
Prepaid items	547,314	-	13,141,463	-	13,688,777
Site lease prepayment	-	-	4,477,725	-	4,477,725
Due from other funds	29,627	-	-	22,270	51,897
Notes receivable	21,562,842	-	-	-	21,562,842
Investments with fiscal agent - restricted	-	204,915,270	112,400,600	-	317,315,870
Other investments	-	-	473,203,738	-	473,203,738
Advances to other funds	63,190,133	-	-	-	63,190,133
Total assets	\$ 718,095,747	\$ 209,081,550	\$ 620,225,964	\$ 2,703,841	\$ 1,550,107,102
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 4,866,705	\$ 2,271,198	\$ 2,000	\$ 22,244	\$ 7,162,147
Accrued expenses	245,338	-	-	-	245,338
Deposits	833,720	-	49,870,672	-	50,704,392
Due to other funds	7,896	-	-	16,207	24,103
Site lease unearned revenues	4,477,725	-	-	-	4,477,725
Advance from other funds	-	10,680,177	52,509,956	-	63,190,133
Total liabilities	10,431,384	12,951,375	102,382,628	38,451	125,803,838
Deferred Inflows of Resources:					
Unavailable revenue	-	2,955,384	-	-	2,955,384
Total deferred inflows of resources	-	2,955,384	-	-	2,955,384
Fund balances:					
Nonspendable	85,342,428	-	17,619,188	-	102,961,616
Restricted	-	193,011,632	500,224,148	2,665,390	695,901,170
Committed	-	163,159	-	-	163,159
Unassigned	622,321,935	-	-	-	622,321,935
Total fund balances	707,664,363	193,174,791	517,843,336	2,665,390	1,421,347,880
Total liabilities, deferred inflows of resources and fund balances	\$ 718,095,747	\$ 209,081,550	\$ 620,225,964	\$ 2,703,841	\$ 1,550,107,102

City of Industry
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total fund balance of governmental funds \$ 1,421,347,880

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets	\$ 390,094,524	
Accumulated depreciation	<u>(136,593,453)</u>	253,501,071

Other assets, deferred outflows of resources, liabilities and deferred inflows of resources are not available for current period expenditures or to provide for current resources. These consist of:

Accrued interest payable	(20,402,934)	
Net OPEB assets	2,148,940	
Unavailable revenues	2,955,384	
Deferred loss on refunding, net	1,308,307	
Deferred outflows of resources related to pension	10,360,519	
Deferred inflows of resources related to pension	<u>(613,951)</u>	(4,243,735)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term debt included as net position below:

City of Industry:		
Bonds payable - Current portion	(17,350,000)	
Bonds payable - Long term	(481,200,000)	
Issuance (premium) discount - Current portion	(53,684)	
Issuance (premium) discount - Long term	5,300,711	
Compensated absences	(63,667)	
Net pension liability	(8,994,206)	
Public Facilities Authority:		
Bonds payable - Current portion	(59,010,000)	
Bonds payable - Long term	(366,140,000)	
Issuance (premium) discount - Current portion	(157,314)	
Issuance (premium) discount - Long term	<u>(401,193)</u>	(928,069,353)

Net position of governmental activities		<u><u>\$ 742,535,863</u></u>
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City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
REVENUES:					
Taxes	\$ 42,231,312	\$ -	\$ 64,656,791	\$ 624,123	\$ 107,512,226
Intergovernmental	961,673	20,481,000	-	410,141	21,852,814
Charges for services	1,000,581	-	-	-	1,000,581
Licenses and permits	2,440,729	-	-	-	2,440,729
Fines, forfeitures and penalties	442,947	-	-	-	442,947
Use of money and property	7,293,171	319,998	24,127,446	29,930	31,770,545
Other revenue	3,281,409	19	-	2,199	3,283,627
Total revenues	57,651,822	20,801,017	88,784,237	1,066,393	168,303,469
EXPENDITURES:					
Current:					
Legislative	659,613	-	-	-	659,613
General administration	12,320,754	588,076	1,226,958	-	14,135,788
Support services	6,072,461	-	-	-	6,072,461
Community development	4,019,364	-	50,169,528	-	54,188,892
Community services	4,501,325	-	-	-	4,501,325
Public safety	10,147,605	-	-	-	10,147,605
Public works	15,799,544	30,483,730	-	406,126	46,689,400
Capital outlay	1,546,604	3,178,716	-	1,149,441	5,874,761
Debt service:					
Principal retirement	-	-	101,240,000	-	101,240,000
Interest and fiscal charges	-	-	48,807,506	-	48,807,506
Total expenditures	55,067,270	34,250,522	201,443,992	1,555,567	292,317,351
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,584,552	(13,449,505)	(112,659,755)	(489,174)	(124,013,882)
OTHER FINANCING SOURCES (USES):					
Transfers in	2,370,488	12,437,961	36,059,510	2,685,025	53,552,984
Transfers out	(48,521,275)	(4,855,605)	-	(270,415)	(53,647,295)
Proceeds from sale of assets	772,278	-	-	-	772,278
Total other financing sources (uses)	(45,378,509)	7,582,356	36,059,510	2,414,610	677,967
NET CHANGE IN FUND BALANCES	(42,793,957)	(5,867,149)	(76,600,245)	1,925,436	(123,335,915)
FUND BALANCES:					
Beginning of year, as restated (Note 22)	750,458,320	199,041,940	594,443,581	739,954	1,544,683,795
End of year	\$ 707,664,363	\$ 193,174,791	\$ 517,843,336	\$ 2,665,390	\$ 1,421,347,880

City of Industry
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances of total governmental funds \$ (123,335,915)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays, project improvement costs, and purchases of real estate are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	5,874,761
Depreciation expense	(6,606,313)

In the statement of activities, only the gain/loss on the sale and disposal of assets is reported whereas in the governmental funds, the proceeds from the sale and disposal of assets increase financial resources. Thus, the change in net position differs from the change in fund balance by cost of assets sold or disposed of.

Net effect on disposal of capital assets	(7,608,159)
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Revenue reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities.	(127,319)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These consist of the following:

Repayment on long-term debt	101,240,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These items consist of:

Change in accrued interest payable, including interest expense on redeemed debts	2,729,390
Amortization of bond premium/discount and deferred amounts on refunding	(305,204)
Change in compensated absences	40,906
Other postemployment benefits income	270,458
Pension expense, net of \$8,793,371 pension contribution made after measurement date	7,595,701
Total changes in net position of governmental activities	\$ (20,231,694)

PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Industry
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			Total
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	
ASSETS				
Current assets:				
Cash	\$ 1,146,028	\$ 255,918	\$ 42,283	\$ 1,444,229
Investments	19,794,558	-	9,054	19,803,612
Accounts receivable, net	1,303,037	106,252	1,125	1,410,414
Accrued interest	81,287	-	43	81,330
Inventories	10,000	62,278	-	72,278
Prepaid items	496,542	9,722	-	506,264
Deposits	-	3,000	-	3,000
Total current assets	22,831,452	437,170	52,505	23,321,127
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	918,388	-	6,729,380	7,647,768
Capital assets, being depreciated, net	12,369,449	6,577,310	3,541,813	22,488,572
Total capital assets, net	13,287,837	6,577,310	10,271,193	30,136,340
Total noncurrent assets	13,287,837	6,577,310	10,271,193	30,136,340
Total assets	36,119,289	7,014,480	10,323,698	53,457,467
LIABILITIES				
Accounts payable	855,573	139,060	29,573	1,024,206
Accrued liabilities	-	30,210	-	30,210
Deposits	8,123,087	74,718	1,300	8,199,105
Due to other funds	27,700	-	94	27,794
Unearned revenue	6,273,425	178,298	-	6,451,723
Total liabilities	15,279,785	422,286	30,967	15,733,038
NET POSITION				
Investment in capital assets	13,287,837	6,577,310	10,271,193	30,136,340
Unrestricted	7,551,667	14,884	21,538	7,588,089
Total net position	\$ 20,839,504	\$ 6,592,194	\$ 10,292,731	\$ 37,724,429

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City of Industry
Statement of Revenues, Expenses, and Changes in Fund Position
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	
OPERATING REVENUES:				
Water sales and service	\$ 3,270,180	\$ -	\$ -	\$ 3,270,180
Electric and solar energy sales	5,098,350	-	-	5,098,350
Event and rental revenues	-	2,173,034	210,450	2,383,484
Other revenues	43,168	11,302	-	54,470
Total operating revenues	8,411,698	2,184,336	210,450	10,806,484
OPERATING EXPENSES:				
Purchased water	98,204	-	-	98,204
Purchased electricity	2,288,687	-	-	2,288,687
General administration	4,526,837	1,242,050	24,477	5,793,364
Expo Center operations	-	1,378,863	-	1,378,863
Housing Authority operations	-	-	380,326	380,326
Depreciation	679,813	742,085	114,397	1,536,295
Total operating expenses	7,593,541	3,362,998	519,200	11,475,739
OPERATING INCOME (LOSS)	818,157	(1,178,662)	(308,750)	(669,255)
NONOPERATING REVENUES:				
Investment income	187,583	-	449	188,032
Loss on disposal of assets	(4,549)	-	-	(4,549)
Total nonoperating revenues	183,034	-	449	183,483
Changes in net position before transfers	1,001,191	(1,178,662)	(308,301)	(485,772)
TRANSFERS :				
Transfers in	27,786	363,513	142,000	533,299
Transfers out	(438,988)	-	-	(438,988)
Total transfers	(411,202)	363,513	142,000	94,311
CHANGES IN NET POSITION	589,989	(815,149)	(166,301)	(391,461)
NET POSITION:				
Beginning of the year	20,249,515	7,407,343	10,459,032	38,115,890
End of the year	\$ 20,839,504	\$ 6,592,194	\$ 10,292,731	\$ 37,724,429

City of Industry
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 15,848,949	\$ 2,340,172	\$ 202,475	\$ 18,391,596
Payments to vendors for supplies and services	(7,277,070)	(2,523,578)	(436,811)	(10,237,459)
Net cash provided by (used in) operating activities	<u>8,571,879</u>	<u>(183,406)</u>	<u>(234,336)</u>	<u>8,154,137</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	750,892	363,513	142,000	1,256,405
Cash paid to other funds	(473,295)	-	(14,758)	(488,053)
Net cash provided by noncapital financing activities	<u>277,597</u>	<u>363,513</u>	<u>127,242</u>	<u>768,352</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(696,633)	(48,879)	(20,148)	(765,660)
Net cash used in capital and related financing activities	<u>(696,633)</u>	<u>(48,879)</u>	<u>(20,148)</u>	<u>(765,660)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(14,581,241)	-	-	(14,581,241)
Proceeds from sales of investments	5,465,957	-	109,669	5,575,626
Interest income received	118,302	-	331	118,633
Net cash provided by (used in) investing activities	<u>(8,996,982)</u>	<u>-</u>	<u>110,000</u>	<u>(8,886,982)</u>
Net increase (decrease) in cash and cash equivalent	<u>(844,139)</u>	<u>131,228</u>	<u>(17,242)</u>	<u>(730,153)</u>
CASH AND CASH EQUIVALENT:				
Beginning of year	1,990,167	124,690	59,525	2,174,382
End of year	<u>\$ 1,146,028</u>	<u>\$ 255,918</u>	<u>\$ 42,283</u>	<u>\$ 1,444,229</u>

City of Industry
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 818,157	\$ (1,178,662)	\$ (308,750)	\$ (669,255)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	679,813	742,085	114,397	1,536,295
(Increase) decrease in accounts receivables	(134,721)	95,558	(475)	(39,638)
(Increase) decrease in inventories	-	(14,373)	-	(14,373)
(Increase) decrease in prepaid items	(247,887)	37,718	-	(210,169)
Increase (decrease) in accounts payable	(115,455)	43,780	(32,008)	(103,683)
Increase (decrease) in accrued liabilities	-	30,210	-	30,210
Increase (decrease) in customer deposits	8,083,915	24,646	(2,700)	8,105,861
Increase (decrease) in unearned revenues	(511,943)	35,632	(4,800)	(481,111)
Net cash provided by (used in) operating activities	\$ 8,571,879	\$ (183,406)	\$ (234,336)	\$ 8,154,137

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Industry
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private- Purpose Trust Fund	Agency Fund
ASSETS		
Cash	\$ 3,452,911	\$ 595,234
Investments	10,354,512	1,660,298
Accounts receivables	2,387,230	2,753
Prepaid items	-	-
Notes receivable	11,393,979	-
Property held for sale or disposition	404,101,066	-
Restricted assets:		
Cash	94,782	-
Investments	81,839,333	-
Investments with fiscal agent	59,240,341	522,686
Total assets	572,864,154	\$ 2,780,971
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding, net	24,194,343	
Total deferred outflows of resources	24,194,343	
LIABILITIES		
Current liabilities:		
Accounts payable	7,609,473	\$ -
Interest payable	8,532,949	-
Due to bond holders	-	2,780,971
Bonds payable, due within one year	58,320,972	-
Total current liabilities	74,463,394	2,780,971
Noncurrent liabilities:		
Bonds payable, due in more than one year	364,745,078	-
Total noncurrent liabilities	364,745,078	-
Total liabilities	439,208,472	\$ 2,780,971
NET POSITION		
Fiduciary net position held in trust for Successor Agency	\$ 157,850,025	

City of Industry
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Private- Purpose Trust Fund
ADDITIONS:	
Taxes, net	\$ 58,997,392
Revenues from use of money and property	
Interest income	1,753,417
Rental and other income	8,776,364
Contribution from City of Industry	47,515,162
Gain on disposal of assets	122,411
Other revenue	1,805,877
Total additions	<u>118,970,623</u>
DEDUCTIONS:	
General administration	1,978,682
Project expenses	68,189,051
Bond interest expenses	28,734,681
Other expenses	6,000
Total deductions	<u>98,908,414</u>
CHANGES IN NET POSITION	20,062,209
NET POSITION:	
Beginning of the year	<u>137,787,816</u>
End of the year	<u><u>\$ 157,850,025</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Industry
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For the Year Ended June 30, 2018

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City of Industry
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City of Industry
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Agency

The City of Industry (the “City”) is a municipal corporation governed by an elected five-member council of which the mayor is appointed by the members of the city council. The accompanying financial statements present the financial activities of the City, which is the primary government and the financial activities of its component units, which are entities for which the City is financially accountable. Although legally separate entities, blended component units are in substance, part of the City’s operations and are reported as an integral part of the City’s financial statements. Blended component units, which include the Civic-Recreational-Industrial Authority (referred to as “CRIA”), the Industry Public Utilities Commission (referred to as “IPUC”), and the Industry Public Facilities Authority (referred to as the “PFA”) and the Industry Property and Housing Management Authority (referred to as the “Housing Authority”). The Successor Agency to the Industry Urban-Development Agency (referred to as the “SA to IUDA”) is a fiduciary component unit. They are reported as blended for the following reasons: (1) the governing board is substantively the same as the primary government, and there is a financial benefit or burden relationship between the primary government and the component unit; and (2) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

B. Blended Component Units

CRIA was established to develop and finance projects within the City and is governed by a commission of five members. Four members are appointed by the City Council and one member by the Council of the City of La Puente. The City transfers funds to CRIA to fund operations and capital projects. CRIA is represented by capital projects and proprietary funds.

IPUC was established to provide reliable utility service at reasonable rates to the residents and to assist in the promotion and stability for business owners in the City. IPUC manages the Industry Waterworks System and the Industry Electric System; a Board that consists of the council members of the City of Industry governs the IPUC. The IPUC is represented by proprietary funds.

PFA was established for the purpose of establishing a vehicle to reduce local borrowing costs, accelerate construction, repair and maintenance of needed public capital improvements. The Board consists of all members of the City Council. PFA receives all of its funding from payments received on bonds issued by the City and SA to IUDA which PFA owns. PFA is represented by debt service fund.

The Housing Authority was established to manage the property and housing rental activity in the City. The Board consists of three members who are appointed by the City Council. The Housing Authority is represented by a proprietary fund.

C. Fiduciary Component Unit

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 SA to IUDA Board. The SA to IUDA 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.

Complete financial statements of certain individual blended component units may be obtained from the finance department which is located at 15625 East Stafford Street, City of Industry, California 91744.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Financial Statement Presentation, Basis of Accounting and Measurement Focus

The Financial statements presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. Details of the City’s accounting policies are as follows:

Government-Wide Financial Statements

The City’s Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present the Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources including capital assets, infrastructure assets and long term liabilities, are included in the accompanying Statement of Net Position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Amounts reported as program revenues include (1) charges to customers for goods and services provided, (2) operating grants and contributions and (3) capital grants and contributions. All other revenues not reported as program revenues are presented as general revenues.

Certain indirect costs are included in program expenses.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as expenditure.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund’s assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Financial Statement Presentation, Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements (Continued)

Fund financial statements for the primary government are governmental, proprietary, and fiduciary funds, which are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

Governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered measurable when the amounts can be estimated, or otherwise determined. Revenues are considered available if they are collected within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred, except for (1) accumulated unpaid vacation and other employee amounts are not accrued and (2) principal and interest on long-term debt are recognized when due.

Property taxes and interest income are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized at that time.

Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Governmental funds are presented using the “*current financial resources*” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures. When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources and committed, assigned, or unassigned amounts are considered to have been spent when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The City reports the following major governmental funds:

General Fund – This is the City’s primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital projects (other than those financed by Proprietary Funds).

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Financial Statement Presentation, Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued)

Debt Service Funds – The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs. 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. 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.

Proprietary Funds

Proprietary funds are used to account for the City’s ongoing organizations and activities, which are similar to those often found in the private sector. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. Inventories are stated at lower of cost (first-in, first-out method) or market value. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus.

Accordingly, all assets and liabilities (whether current or non-current) associated with their activity are included on their Statements of Net Position.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total Net Position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

Industry Public Utilities Commission (“IPUC”) Enterprise Funds – These funds account for activities of providing water and limited electrical services to the public.

Civic-Recreational-Industrial Authority (“CRIA”) Industry Hills Expo Center Enterprise Fund – This fund accounts for space rentals for events and equestrian activities to the general public.

Industry Property and Housing Management Authority (“Housing Authority”) Enterprise Fund – This fund accounts for property and housing rental activity.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Financial Statement Presentation, Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Types

Fiduciary fund financial statements are presented using the full-accrual basis of accounting.

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which the principal and income benefits other governments. This fund reports the assets, liabilities and activities of the Successor Agency of the Industry Urban-Development Agency.

Agency Funds – Agency Funds are used to account for assets held by the City as an agent for individuals, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The assets, liabilities, and activities of the Assessment District and Deferred Compensation Plan are reported in Agency Funds.

E. Cash and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Investments in inactive public deposits, securities and short-term obligations are stated at cost or amortized cost, which approximates fair value.

Cash deposits are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that exceed more than one year in maturity and that are traded on a national exchange are valued at their quoted market price. Certain investments that exceed more than one year in maturity may be valued by pricing models that require inputs to the valuation methodology that include quoted prices of similar assets and certain observable inputs.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas are presented in the footnotes:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

F. 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.

G. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. A receivable balance is charged off in the period in which the receivable is deemed uncollectible. Management evaluates uncollectible amounts based on its assessment of the current status of individual accounts.

H. Inventories

Inventories of the Industry Hills Expo Center, an enterprise fund, consist of food and beverages. Inventories of IPUC, an enterprise fund, consist of materials and supplies. The inventories are carried at the lower of cost or market on the first-in, first-out basis of accounting.

I. Prepaid Items

Prepaid items are payments made to vendors for services or insurance premiums that will benefit periods beyond the fiscal year ended.

J. Property Held for Sale or Disposition

Land held for sale or disposition is reported in the governmental fund financial statements at the lower of cost or net realizable value. In the governmental fund financial statements, nonspendable fund balances are reported in an amount equal to the carrying value of land held for sale because such assets are not available to finance the City’s current operations. In the fiduciary fund financial statements, property held for sale or disposition is reported at the lower of cost or net realizable value.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets and Depreciation

Capital assets, including infrastructure, are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Generally capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

If a cost does not extend an asset's useful life, increase its productivity or improve its operating efficiency the cost is regarded as repairs and maintenance and recognized as an expense as incurred; if it does, the cost is regarded as major renewals and betterments and capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government - wide financial statements and in the fund financial statements of the proprietary fund types. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The range of lives used for depreciation purposes for each capital asset class is as follows:

Building and Improvement	45 years
Equipment	3 - 10 years
Infrastructure	20 - 50 years

L. Unearned Revenue and Unavailable Revenue

Unavailable revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, unearned revenue reported as liabilities and unavailable revenue reported as deferred inflows of resources are removed from the balance sheet and revenues are recognized.

M. Property Taxes

The valuation of property is determined as of March 1st each year and equal installments of taxes levied upon secured property become delinquent on the following 10th of December and April. Taxes on unsecured property are due when billed and become delinquent after August 31th. If taxes are not paid on or before the date and time they become delinquent, a penalty of 10 percent is added. Unsecured property accrues an additional penalty of 1% per month beginning the first day of the third month following the delinquency date.

An initiative Constitutional Amendment, commonly known as the “Jarvis-Gann Initiative”, providing for, among other things, certain property tax limitations, was approved as Proposition 13 on the June 6, 1978 statewide election. The principal thrust of Proposition 13 is to limit the amount of ad valorem taxes on real property to one percent of “full cash value”, to define “full cash value” as the 1975-76 full cash value, to limit annual increases to two percent and to provide for reassessment after sale, transfer or construction.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Bond Issuance Costs and Premiums/Discounts

Bond premiums and discounts in the government-wide and fiduciary funds financial statements 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 expense in the period incurred in the statement of changes in net position. In the governmental fund financial statements, governmental funds report bond premiums and discounts as other financial sources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

P. Other Postemployment Benefits ("OPEB") Plan

For purposes of measuring the net OPEB (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Other Postemployment Benefits (“OPEB”) Plan (Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Q. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave (compensated absences). All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide financial statements. Compensated absences are reported in governmental funds only if they matured (i.e., unused reimbursable leave still outstanding following an employee's termination from employment). Typically, the General Fund has been used in prior years to liquidate the liability for compensated absences.

R. Net Position

Net position in the government-wide and proprietary fund financial statements is classified as following:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets, net of unspent debt proceeds, related deferred outflows and inflows of resources, and retention payable.

Restricted – This component of net position consists of assets, net of any related liabilities, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or laws through constitutional provisions or enabling legislations.

Unrestricted – This component of net position consists of amounts that do not meet the definition of net investment in capital assets or restricted net position.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.

S. Fund Balance

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable – items that cannot be spent because they are not in spendable form or items that are legally or contractually required to be maintained intact.

Restricted – restricted fund balances are amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (b) imposed by law by constitutional provisions or enabling legislation.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Fund Balance (Continued)

Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the City imposes upon itself at its highest level of decision making authority (the City Council) through resolutions and that remain binding unless removed in the same manner. The City has \$163,159 of committed fund balances at June 30, 2018.

Assigned – assigned fund balances are amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. The City Council is authorized for this purpose.

Unassigned – this category is for any spendable balances that have not been restricted, committed, or assigned to specific purposes.

When both restricted and unrestricted resources are available in a fund, expenditures are to be paid first from restricted resources, and then from unrestricted resources in the order of committed, assigned, then unassigned.

T. Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

U. New Accounting Standard

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. See Note 22 for restatement of beginning net position.

GASB has issued Statement No. 85, *Omnibus 2017* (GASB 85). This Statement establishes accounting and financing reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments

At June 30, 2018, cash and cash investments are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted cash and investments:			
Cash	\$ 6,475,724	\$ 4,048,145	\$ 10,523,869
Investments	241,640,967	12,014,810	253,655,777
Investments with fiscal agent	402,509,297	-	402,509,297
Restricted cash and investments:			
Cash	-	94,782	94,782
Investment	-	81,839,333	81,839,333
Investments with fiscal agent	317,315,870	59,763,027	377,078,897
Investments in IUDA bonds	422,510,000	-	422,510,000
Investments in City bonds	50,693,738	-	50,693,738
Total cash and investments	\$ 1,441,145,596	\$ 157,760,097	\$ 1,598,905,693

At June 30, 2018, cash and investments consisted of the following:

Cash on hand	\$ 34,581
Deposits with financial institution	10,584,070
Investments	808,698,848
Investments with fiscal agent	779,588,194
Total cash and investments	\$ 1,598,905,693

A. Demand Deposits

The carrying amount of the City's cash deposits were \$10,584,070 at June 30, 2018. Bank balances before reconciling items were \$17,598,978 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

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

The market value of pledged securities must equal at least 110% of the City'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 City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The City, however, has not waived the collateralization requirements.

At June 30, 2018, the City and SA to IUDA's deposits exceeded federally insured limits by \$12,085,314 and \$3,285,751, respectively; however, such amounts are secured by the financial institutions that hold such deposits for the City and SA to IUDA.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

B. Investments Authorized by the City's Investment Policy and California Government Code

Under provision of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. government sponsored enterprise securities	5 years	None	None
Money market funds	N/A	20%	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	40%	None
Local Agency Investment Fund ("LAIF")	N/A	None	None
Repurchase agreements	1 year	None	None
Los Angeles County Investment Pool			
U.S. corporate bonds/notes	5 years	30%	None
Municipal bonds	5 years	None	None

The City's Investment Policy does not contain any specific provisions intended to limit the City'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 a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by a bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. government sponsored enterprise securities	None	None	None
Money market funds	None	None	None
Certificates of deposit	None	None	None
Commercial paper	None	None	None
Banker's acceptances	18 months	None	None
U.S. corporate bonds/notes	None	None	None
Municipal bonds	None	None	None
Non-investment grade bonds	None	10%	None
Exchange traded funds	None	None	None
Mortgage-backed securities	None	None	None
Investment contracts	None	None	None
LAIF	None	None	None
Foreign government bonds	None	None	None
Foreign corporate bonds/notes	None	None	None

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2018, 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, 2018:

Investment Type	Measurement Input			Total
	Observable Input (Level 1)	Significant Other Observable Input (Level 2)	Uncategorized	
Investments - unrestricted:				
Money market funds	\$ -	\$ -	\$ 2,343,334	\$ 2,343,334
U.S. government sponsored				
mortgage-backed securities	-	194,674,993	-	194,674,993
Treasury notes	308,529,922	-	-	308,529,922
Commercial paper	-	1,505,640	-	1,505,640
Corporate Bonds	-	78,457,859	-	78,457,859
LAIF	-	-	20,629,431	20,629,431
Investment - restricted:				
Money market funds	-	-	73,905,644	73,905,644
Treasury notes	213,910,791	-	-	213,910,791
LAIF	-	-	42,439,488	42,439,488
Commercial paper	-	6,522,577	-	6,522,577
Investment held by fiscal agent:				
Money market funds	-	-	19,581,244	19,581,244
Treasury notes	152,582,381	-	-	152,582,381
Investment in SA to IUDA bonds	-	-	422,510,000	422,510,000
Investment in City bonds	-	50,693,738	-	50,693,738
Total	\$ 675,023,094	\$ 331,854,807	\$ 581,409,141	\$ 1,588,287,042

Investments in Treasury notes, U.S. government sponsored enterprise securities, and City of Industry bonds are valued based on institutional bond quotes while the investments in commercial papers are valued based on a variety of market makers using curve-based approach.

E. Risk Disclosures

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, the City will not be able 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, 2018, the financial institutions that hold collateral for the City of Industry had satisfied this requirement.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Interest Rate Risk

Interest rate risk is the risk of 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 the City and its component units 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. The City and its component units and fiduciary funds monitor the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Investment Type	Amounts	Weighted Average Maturity (in month)
Investments - unrestricted:		
Money market funds	\$ 2,343,334	N/A
U.S. government sponsored mortgage-backed securities	194,674,993	84.6
Treasury notes	308,529,922	7.8
Commercial paper	1,505,640	1.2
Corporate Bonds	78,457,859	30.2
LAIF	20,629,431	N/A
Investment - restricted:		
Money market funds	73,905,644	N/A
Treasury notes	213,910,791	6.6
LAIF	42,439,488	N/A
Commercial paper	6,522,577	1.9
Investment held by fiscal agent:		
Money market funds	19,581,244	N/A
Treasury notes	152,582,381	N/A
Investment in SA to IUDA bonds	422,510,000	46.5
Investment in City bonds	50,693,738	29.0
	<u>\$ 1,588,287,042</u>	

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

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, the City and its component unit’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total as of June 30, 2018	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	A1	Not Rated
Investments - unrestricted:						
Money market funds	\$ 2,343,334	Aaa/P-1	\$ 2,343,334	\$ -	\$ -	\$ -
U.S. government sponsored mortgage-backed securities	194,674,993	None	194,674,993	-	-	-
Treasury notes	308,529,922	None	303,247,336	-	-	5,282,586
Commercial paper	1,505,640	A	1,505,640	-	-	-
Corporate Bonds	78,457,859	A	-	78,457,859	-	-
LAIF	20,629,431	None	-	-	-	20,629,431
Investment - restricted:						
Money market funds	73,905,644	Aaa/P-1	73,905,644	-	-	-
Treasury notes	213,910,791	None	202,438,356	-	-	11,472,435
LAIF	42,439,488	None	-	-	-	42,439,488
Commercial paper	6,522,577	None	6,522,577	-	-	-
Investment held by fiscal agent:						
Money market funds	19,581,244	None	19,581,244	-	-	-
Treasury notes	152,582,381	None	4,231,300	-	-	148,351,081
Investment in SA to IUDA bonds	422,510,000	None	-	-	-	422,510,000
Investment in City bonds	50,693,738	None	-	-	50,693,738	-
Total	<u>\$ 1,588,287,042</u>		<u>\$ 808,450,424</u>	<u>\$ 78,457,859</u>	<u>\$ 50,693,738</u>	<u>\$ 650,685,021</u>

Concentration of Credit Risk

The investment policy of the City and its component units contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The investments subjected to 5% concentration credit risk disclosure and represent 5% or more of the total investments of the City are IUDA bonds.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2018 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.

As of June 30, 2018, the City had \$63,068,919 invested in LAIF, which had invested 2.67% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate amortized cost by total aggregate fair value.

G. Investment in IUDA Bonds

As of June 30, 2018, the City has investments in IUDA bonds in the amounts totaled to \$422,510,000. The City intends to hold the investments until the maturity date. As a result, these investments are reported at amortized cost, instead of fair value.

Note 3 – Accounts Receivable

As of June 30, 2018, accounts receivable consisted of the following:

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
Sales tax receivable	\$ 5,141,080	\$ -	\$ -	\$ -	\$ 5,141,080
Property tax receivable	61,345	-	3,877,609	-	3,938,954
Receivable from Successor Agency	1,018,670	2,955,384	-	-	3,974,054
Refuse receivable	1,216,732	-	-	-	1,216,732
Other	1,287,969	145,000	-	18,374	1,451,343
	<u>\$ 8,725,796</u>	<u>\$ 3,100,384</u>	<u>\$ 3,877,609</u>	<u>\$ 18,374</u>	<u>\$ 15,722,163</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Notes Receivable

As of June 30, 2018, notes receivable consisted of the following:

	Governmental Activities	Fiduciary Fund
Notes receivable:		
City of La Puente	\$ 1,562,842	\$ -
San Gabriel Valley Water and Power LLC	20,000,000	-
Developer notes receivable - construction loans	-	7,408,212
Developer notes receivable - Nissan	-	3,985,767
Total notes receivable	\$ 21,562,842	\$ 11,393,979

A. City of La Puente Loan

In October 2015, The City entered into an agreement with the City of La Puente to mitigate of noise, traffic and railroad impact and for other public purposes. As part of the agreement, the City of Industry agreed to lend The City of La Puente, and La Puente agreed to borrow and repay to Industry, the loan in the amount of \$5,952,908 for La Puente to use in constructing a sound wall along the north side of Valley Boulevard and the railroad tracks on the south side of Valley Boulevard along with other public improvements. The agreement was revised subsequently. Instead of lending the City of La Puente the entire \$5,952,908 in advance for the project, the City will pay for the project costs and be reimbursed by the City of La Puente. The loan bears an annual interest of 0.33%. At June 30, 2018, outstanding balance of the loan was in the amount of \$1,562,842.

B. San Gabriel Valley Water and Power, LLC

The City entered into master lease agreement (the “Lease”) with San Gabriel Valley Water and Power, LLC (“SGVWP”) and leased properties to SGVWP for a period of twenty-five years for the development of solar projects. As part of the Lease, as further amended, the City agreed to advance \$20,000,000 for funding of the project development costs. At June 30, 2018, the outstanding balance of the advance was in the amount of \$20,000,000. Also refer to Note 16 for more contingency disclosures.

C. Developer Notes Receivable – Grand Central Recycling & Transfer Station, Inc. Construction Loan

In June 2000, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City, 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, IUDA has 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:

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Notes Receivable (Continued)

C. Developer Notes Receivable - Construction Loan (Continued)

	Outstanding Balance at June 30, 2018	Principal Amounts due within one year	Principal Amounts due in more than one year
Due June 2022, payable in monthly payments of \$78,171 including interest at 4.00% per annum beginning July 2002	\$ 3,462,124	\$ 814,396	\$ 2,647,728
Due June 2022, payable in monthly payments of \$68,658 including interest at 4.00% per annum beginning July 2002	2,952,196	694,446	2,257,750
Due June 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	993,892	233,794	760,098
Totals	<u>\$ 7,408,212</u>	<u>\$ 1,742,636</u>	<u>\$ 5,665,576</u>

Total interest received on these loans during the year ended June 30, 2018, amounted to \$332,829.

D. 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, IUDA provided the Developer with a loan of \$4,500,000, of which \$4,258,598 was outstanding as of June 30, 2018.

	Outstanding Balance at June 30, 2018	Principal Amounts due within one year	Principal Amounts due in more than one year
Due May 2022, payable in monthly payments of \$25,069 and a final balloon payment of \$3,427,959 including interest at 4.00% per annum beginning May 2012	\$ 3,985,767	\$ 138,321	\$ 3,847,446

Total interest received on this loan during the year ended June 30, 2018, amounted to \$162,510.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Industry Convalescent Hospital

During 1992, the City Council passed a resolution stating that periodic advances made to Industry Convalescent Hospital dba El Encanto Healthcare and Habilitation Center in the past, as well as currently, are treated as loans. The note is payable on demand with simple interest at 6% per annum on the unpaid balance. As of June 30, 2018 the unpaid note balance amounted to \$20,237,902 and accrued interest amounted to \$25,771,538. As the collectability of this note and accrued interest is uncertain, the loan amounts are offset with allowance for doubtful account in the financial statements; and the City will recognize the collections on the note receivable as revenue as the amounts are collected.

The Hospital leases property from SA to IUDA for \$1 a year, which is renewed annually, and at the time of renewal the lease may be terminated or the lease payment renegotiated by SA to IUDA. During the year ended June 30, 2018, the City incurred expenses on behalf of the Hospital totaling \$437,057 relating to contract labor, security and repairs and maintenance.

Note 6 – Prepaid Items

At June 30, 2018, Government-Wide Financial Statements report the following prepaid items:

	Governmental Activities	Business-type Activities	Total
Prepaid bond insurance	\$ 13,141,463	\$ -	\$ 13,141,463
Other prepaid items	547,314	506,264	1,053,578
	\$ 13,688,777	\$ 506,264	\$ 14,195,041

At June 30, 2018, Fund Financial Statements reported the following prepaid items:

	Governmental Fund			Enterprise Fund		
	General Fund	Debt Service Fund	Total	IPUC Fund	Industry Hills- Expo Center Fund	Total
Prepaid bond insurance	\$ -	\$ 13,141,463	\$ 13,141,463	\$ -	\$ -	\$ -
Other prepaid items	547,314	-	547,314	496,542	9,722	506,264
	\$ 547,314	\$ 13,141,463	\$ 13,688,777	\$ 496,542	\$ 9,722	\$ 506,264

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Interfund Transactions

All interfund assets, liabilities, fund equity, revenues, expenditures and operating transfers have been eliminated in the Statement of Net Position and the Statement of Activities.

A. Due to /from Other Funds

Due to/from other funds consisted of the following at June 30, 2018:

Due to Other Funds	Due from Other Funds		
	Governmental Fund		
	General Fund	Nonmajor Governmental Fund	Total
Governmental Funds:			
General Fund	\$ -	\$ 7,896	\$ 7,896
Nonmajor Governmental Funds	16,207	-	16,207
Proprietary Funds:			
IPUC Enterprise Fund	13,326	14,374	27,700
Housing Authority	94	-	94
Total	\$ 29,627	\$ 22,270	\$ 51,897

The majority of the interfund balances were a result of routine interfund transactions due for reimbursement of expenditures.

B. Advances to/from Other Funds

Advances to/from other funds consisted of the following at June 30, 2018:

Advance from Other Funds	Advance to Other Funds	
	Governmental Fund	
	General Fund	
Governmental Fund:		
Debt Service Fund	\$	52,509,956
Capital Projects Fund		10,680,177
Total	\$	63,190,133

On December 1, 2015, the PFA entered into loan agreement with the City to borrow \$51,460,000 for the purchase of City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable). The loan bears interest ranges from 2.75% to 7.75% annually, due February 1 and August 1 each year. The principal payments are due on February 1 each year and range from \$505,000 to \$3,905,000.

As of June 30, 2018, total outstanding balance, including accrued interest was in the amount of \$52,509,956. Interest revenue for the City and interest expense for the PFA in the amount of \$3,712,170 is eliminated in the Statement of Activities.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Interfund Transactions (Continued)

B. Advances to/from Other Funds (Continued)

The repayment schedule for the advances is as following:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 505,000	\$ 3,704,360	\$ 4,209,360
2020	520,000	3,687,948	4,207,948
2021	540,000	3,668,448	4,208,448
2022	560,000	3,645,498	4,205,498
2023	585,000	3,620,298	4,205,298
2024-2028	3,410,000	17,620,656	21,030,656
2029-2033	4,610,000	16,428,502	21,038,502
2034-2038	6,505,000	14,523,140	21,028,140
2039-2043	9,330,000	11,706,950	21,036,950
2044-2048	13,515,000	7,942,393	21,457,393
2049-2051	10,895,000	1,308,395	12,203,395
Total	<u>\$ 50,975,000</u>	<u>\$ 87,856,588</u>	<u>\$ 138,831,588</u>

As of June 30, 2018, the General Fund has advanced \$10,680,177 to the Capital Projects Fund for the Lemon Avenue and Grand Avenue On and Off Ramp projects.

C. Site Lease Prepayment

In March 2010, the PFA made the site lease prepayment to the City in the amount of \$7,462,875. The lease revenues for the City and lease expenditures for the PFA are to be recognized over the life of the lease. As of June 30, 2018, the remaining site lease prepayment to be amortized was in the amount of \$4,477,725. See Note 11D for more information.

Lease revenue/expenditures paid from PFA to City on site lease prepayment between PFA and City was in the amount of \$373,144 for the year ended June 30, 2018. Lease revenue/expenditures paid from City to PFA on lease-back between PFA and City was in the amount of \$933,149 for the year ended June 30, 2018.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Interfund Transaction (Continued)

D. Transfers

Transfers in/out for the year ended June 30, 2018 is as following:

Transfers In	Transfers out				Total
	Governmental Funds			Proprietary Fund	
	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	IPUC Enterprise Funds	
Governmental Funds:					
General Fund	\$ -	\$ 2,100,073	\$ 270,415	\$ -	\$ 2,370,488
Capital Projects Funds	12,437,961	-	-	-	12,437,961
Debt Service Funds	33,937,906	2,121,604	-	-	36,059,510
Nonmajor Governmental Funds	1,975,622	270,415	-	438,988	2,685,025
Proprietary Funds:					
IPUC Enterprise Fund	27,786	-	-	-	27,786
Expo Center Enterprise Fund	-	363,513	-	-	363,513
PHMA Enterprise Fund	142,000	-	-	-	142,000
Total	\$ 48,521,275	\$ 4,855,605	\$ 270,415	\$ 438,988	\$ 54,086,283

General Fund made the following transfers:

- \$11,319,971 to Capital Projects Funds to fund project expenditures and \$1,117,990 to Capital Projects Funds to fund CRIA project and program costs.
- \$33,937,906 transferred to Debt Service Funds to fund sales tax revenue bond payments.
- \$1,975,315 to nonmajor governmental funds to close out Grants Special Revenue Fund.
- \$142,000 to PHMA Enterprise Fund for cover housing project costs.

Capital Projects Funds made the following transfers:

- \$2,100,073 to General to reimburse General Funds for project cost incurred.
- \$2,121,604 to Debt Service Funds was to transfer interest income earned on bond proceeds for the project funds.
- \$270,415 to nonmajor governmental funds to transfer funds for the Azusa Bridge project.
- \$363,513 to Expo Center Enterprise Fund to provide funding for the operation of the Expo Center.

Nonmajor Governmental Funds made the following transfers:

- \$270,415 from Grant Special Revenue Fund to General Fund to reimburse General Fund for project costs.

IPUC Enterprise Fund transferred \$438,988 to nonmajor governmental funds to fund CARB Special Revenue Funds.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets

A. Governmental Activities

Summary of changes in capital asset activity for the year ended June 30, 2018 is as follows:

Capital Assets	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
Primary Government					
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 100,991,923	\$ -	\$ -	\$ -	\$ 100,991,923
Construction in progress	23,014,165	4,328,157	(6,810,659)	(8,258,484)	12,273,179
Total capital assets, not being depreciated	124,006,088	4,328,157	(6,810,659)	(8,258,484)	113,265,102
Capital assets, being depreciated					
Buildings and improvements	118,398,933	1,388,421	(797,500)	672,842	119,662,696
Machinery and equipment	1,926,746	-	-	-	1,926,746
Furniture and fixture	4,465,570	158,183	-	-	4,623,753
Infrastructure	143,030,585	-	-	7,585,642	150,616,227
Total capital assets, being depreciated	267,821,834	1,546,604	(797,500)	8,258,484	276,829,422
Less accumulated depreciation					
Buildings and improvements	(61,266,072)	(2,558,603)	-	-	(63,824,675)
Machinery and equipment	(1,749,071)	(65,097)	-	-	(1,814,168)
Furniture and fixture	(3,999,209)	(256,003)	-	-	(4,255,212)
Infrastructure	(62,972,788)	(3,726,610)	-	-	(66,699,398)
Total accumulated depreciation	(129,987,140)	(6,606,313)	-	-	(136,593,453)
Total capital assets, being depreciated, net	137,834,694	(5,059,709)	(797,500)	8,258,484	140,235,969
Total Governmental activities	\$ 261,840,782	\$ (731,552)	\$ (7,608,159)	\$ -	\$ 253,501,071

Depreciation expense was charged to the primary government in the governmental activities in the amount of \$6,606,313 to the following function:

General government	\$ 556,422
Support services	1,584,195
Community development	110,050
Community services	673,305
Public safety	1,648,285
Public works	2,034,056
Total depreciation expense	<u>\$ 6,606,313</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital asset activity for the year ended June 30, 2018 is as follows:

Capital Assets	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
Business-type activities:					
Capital assets not being depreciated					
Land	\$ 6,764,880	\$ -	\$ -	\$ -	\$ 6,764,880
Water rights	441,200	-	-	-	441,200
Source of supply-Water	441,688	-	-	-	441,688
Construction in Progress	4,549	696,633	(4,549)	(696,633)	-
Total capital assets, not being depreciated	7,652,317	696,633	(4,549)	(696,633)	7,647,768
Capital assets being depreciated					
Buildings and improvements	54,473,201	-	-	-	54,473,201
Equipment, furniture and fixtures	1,288,657	48,879	-	-	1,337,536
Infrastructure	294,622	-	-	696,633	991,255
Source of supply-Electric	4,053,806	-	-	-	4,053,806
Total capital assets, being depreciated	60,110,286	48,879	-	696,633	60,855,798
Less: accumulated depreciation					
Buildings and improvements	(18,023,959)	(1,385,762)	-	-	(19,409,721)
Equipment, furniture and fixture	(17,528,709)	(57,780)	-	-	(17,586,489)
Source of supply-Electric	(1,278,263)	(92,753)	-	-	(1,371,016)
Total accumulated depreciation	(36,830,931)	(1,536,295)	-	-	(38,367,226)
Total capital assets being depreciated, net	23,279,355	(1,487,416)	-	696,633	22,488,572
Total Business-type activities	\$ 30,931,672	\$ (790,783)	\$ (4,549)	\$ -	\$ 30,136,340

Depreciation expenses for business activities in the amount of \$1,536,295 were charged to the activities:

IPUC:	
Water	\$ 587,060
Electric	92,753
CRIA Expo Center	742,085
IPHMA	114,397
Total depreciation expense	<u>\$ 1,536,295</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets (Continued)

C. Property Held for Sale or Disposition of the Private-Purpose Trust Fund

Property Held for Sale or Disposition	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 86,899,872	\$ -	\$ -	\$ 86,899,872
Construction in progress	145,704,543	56,727,078	(77,021,932)	125,409,689
Total capital assets not being depreciated	<u>232,604,415</u>	<u>56,727,078</u>	<u>(77,021,932)</u>	<u>212,309,561</u>
Capital assets being depreciated				
Infrastructure	187,616,550	-	16,677,846	204,294,396
Buildings and improvements	12,113,887	-	-	12,113,887
Furniture and fixtures	676,222	-	-	676,222
Vehicles	33,312	-	-	33,312
Total capital assets being depreciated	<u>200,439,971</u>	<u>-</u>	<u>16,677,846</u>	<u>217,117,817</u>
Less: accumulated depreciation	<u>(25,326,312)</u>	<u>-</u>	<u>-</u>	<u>(25,326,312)</u>
Total capital assets being depreciated, net	<u>175,113,659</u>	<u>-</u>	<u>16,677,846</u>	<u>191,791,505</u>
Capital assets, net	<u>\$ 407,718,074</u>	<u>\$ 56,727,078</u>	<u>\$ (60,344,086)</u>	<u>\$ 404,101,066</u>

The SA to IUDA no longer records depreciation expense on its capital assets as these assets are being held for sale or disposition.

In June 2018, the Oversight Board to the SA to IUDA approved the sale of 11 properties to the City of Industry in the amount of \$17,791,001. The City and the SA to IUDA are still in the process of closing the escrow on these properties.

Note 9 – Unearned Revenue from Reclaimed Water Sales

The City purchases 10,000 acre feet of reclaimed water from LA County Sanitation District annually. The City also entered into separate joint use and development agreements with the Rowland Water District (“RWD”) and the Upper San Gabriel Valley Water District (“SGVWD”). The purpose of the agreements is to sell 3,400 and 2,500 acre feet of reclaimed water to RWD and SGVWD, respectively. Under the agreements, RWD and SGVWD had the option to pay their allocated shares of cost in advance or over 20 years. On July 15, 2009, RWD paid its allocated share of cost in advance in the amount of \$5,958,516. Subsequently, SGVWD also paid its allocable share of cost in advance in the amount of \$4,280,345 on November 10, 2012. Both advances are to be amortized and recognized as revenue over 20 years. At June 30, 2018 total unearned revenue from the sale of reclaimed water to RWD and SGVWD was in the amount of \$6,273,425.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities

Summary of Changes in the Governmental Activities long-term liabilities for the year ended June 30, 2018 is as following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year	Due in more than one year
Governmental activities:						
Bonds payable:						
City of Industry:						
General obligation bonds	\$ 94,075,000	\$ -	\$ (11,345,000)	\$ 82,730,000	\$ 11,840,000	\$ 70,890,000
Sales tax revenue bonds	421,770,000	-	(5,950,000)	415,820,000	5,510,000	410,310,000
Public Facilities Authority:						
Tax allocation bonds	505,645,000	-	(83,135,000)	422,510,000	58,165,000	364,345,000
Lease revenue bonds	3,450,000	-	(810,000)	2,640,000	845,000	1,795,000
Subtotal	<u>1,024,940,000</u>	<u>-</u>	<u>(101,240,000)</u>	<u>923,700,000</u>	<u>76,360,000</u>	<u>847,340,000</u>
Deferred amounts:						
Unamortized						
premium/discounts	(4,633,554)	-	(54,966)	(4,688,520)	210,998	(4,899,518)
Total bonds payable	1,020,306,446	-	(101,294,966)	919,011,480	76,570,998	842,440,482
Net Pension liability	7,864,664	4,852,131	(3,722,589)	8,994,206	-	8,994,206
Compensated absences	104,573	43,004	(83,910)	63,667	50,000	13,667
Total long-term liabilities	<u>\$1,028,275,683</u>	<u>\$ 4,895,135</u>	<u>\$ (105,101,465)</u>	<u>\$ 928,069,353</u>	<u>\$ 76,620,998</u>	<u>\$ 851,448,355</u>

A. City of Industry General Obligation Bonds

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
General obligation bonds:					
2009 GO Refunding Bonds, Series A	\$ 13,005,000	\$ -	\$ (4,130,000)	\$ 8,875,000	\$ 4,330,000
2009 GO Refunding Bonds, Series B	21,190,000	-	(4,975,000)	16,215,000	5,180,000
2010 GO Refunding Bonds	30,895,000	-	(2,240,000)	28,655,000	2,330,000
2014 GO Refunding Bonds	28,985,000	-	-	28,985,000	-
Total general obligation bonds	<u>\$ 94,075,000</u>	<u>\$ -</u>	<u>\$ (11,345,000)</u>	<u>\$ 82,730,000</u>	<u>\$ 11,840,000</u>

2009 General Obligation Refunding Bonds, Series A

In May 2009, the City issued \$37,860,000 of General Obligation Refunding Bonds (the “2009 GO Refunding Bonds, Series A”). Proceeds from the 2009 GO Refunding Bonds, Series A, along with other funds, were used to refund the \$61,935,000 City General Obligation Refunding Bonds, Issue of 2001. In addition to the funds received, the City used approximately \$4,000,000 from other funds to fund the redemption of the 2001 bonds. The 2001 General Obligation Bonds were fully redeemed on July 1, 2009.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. City of Industry General Obligation Bonds (Continued)

2009 General Obligation Refunding Bonds, Series A (Continued)

Principal ranges from \$4,330,000 to \$4,545,000 maturing annually through July 1, 2019. The bonds bear interests at rates range from 3.600% to 3.800%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 4,330,000	\$ 335,500	\$ 4,665,500
2020	4,545,000	113,625	4,658,625
	<u>\$ 8,875,000</u>	<u>\$ 449,125</u>	<u>\$ 9,324,125</u>

2009 General Obligation Refunding Bonds, Series B

On July 30, 2009, the City issued \$50,975,000 of General Obligation Refunding Bonds, Series B (the “2009 GO Refunding Bonds, Series B”). Proceeds from the 2009 GO Refunding Bonds, Series B were used to refund the \$72,490,000 of Public Works Capital Improvement General Obligation Refunding Bonds, Issue of 2003. The 2003 General Obligation Bonds were fully redeemed on August 18, 2009.

Principal ranges from \$5,180,000 to \$5,640,000 maturing annually through July 1, 2020. The bonds bear interests at rates range from 3.475% to 4.500%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 5,180,000	\$ 610,400	\$ 5,790,400
2020	5,395,000	379,250	5,774,250
2021	5,640,000	127,800	5,767,800
	<u>\$ 16,215,000</u>	<u>\$ 1,117,450</u>	<u>\$ 17,332,450</u>

2010 General Obligation Refunding Bonds

On August 31, 2010, the City issued \$43,340,000 of General Obligation Refunding Bonds (the "2010 GO Refunding Bonds"). Proceeds from the 2010 GO Refunding Bonds were used to refund the \$27,245,000 2004 GO Refunding Bonds, Series A, and the \$29,015,000 2004 GO Refunding Bonds, Series B. The defeased bonds were fully redeemed on September 17, 2010.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. City of Industry General Obligation Bonds (Continued)

2010 General Obligation Refunding Bonds (Continued)

Principal ranges from \$1,550,000 to \$3,240,000 maturing annually through July 1, 2029. The bonds bear interests at rates range from 4.000% to 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
2019	\$ 2,330,000	\$ 1,282,850	\$ 3,612,850
2020	2,430,000	1,175,500	3,605,500
2021	2,550,000	1,051,000	3,601,000
2022	2,675,000	924,825	3,599,825
2023	2,800,000	792,400	3,592,400
2024-2028	12,440,000	1,911,514	14,351,514
2029-2030	3,430,000	146,214	3,576,214
	<u>\$ 28,655,000</u>	<u>\$ 7,284,303</u>	<u>\$ 35,939,303</u>

2014 General Obligation Refunding Bonds

In May 2014, the City issued \$28,985,000 of General Obligation Refunding Bonds, Series 2014 (Federally Taxable) (the “2014 GO Refunding Bonds”). Proceeds from the 2014 GO Refunding Bonds, along with other funds, were used to refund the \$35,000,000 Taxable General Obligation Bonds, Issue of 2002. In addition to the funds received, the City used approximately \$1,764,000 from other funds to fund the redemption of the 2002 bonds. The 2002 Taxable General Obligation Bonds were fully redeemed on May 28, 2014.

Principal ranges from \$4,470,000 to \$6,395,000 maturing annually through July 1, 2024. The bonds bear interests at rates range from 2.500% to 3.125%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 832,964	\$ 832,964
2020	-	832,964	832,964
2021	4,470,000	777,089	5,247,089
2022	5,875,000	640,432	6,515,432
2023	6,035,000	472,897	6,507,897
2024-2025	12,605,000	392,914	12,997,914
	<u>\$ 28,985,000</u>	<u>\$ 3,949,260</u>	<u>\$ 32,934,260</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. City of Industry General Obligation Bonds (Continued)

2014 General Obligation Refunding Bonds (Continued)

All the general obligation bonds are secured by property taxes received by the City. The general obligation bonds will be paid off through the fiscal year ending 2030. Principal and interest payments outstanding at June 30, 2018 on the bonds amounted to \$95,530,138. Annual principal and interest payments on the general obligation bonds are expected to require 24% of the property taxes. For the year ended June 30, 2018, total monies received to pay for these bonds amounted to \$16,210,404. Principal and interest paid on the bonds during the year ended June 30, 2018 amounted to \$14,915,958.

B. City of Industry Sales Tax Revenue Bonds

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Sales tax revenue bonds:					
2015 Sales Tax Revenue					
Refunding Bonds, Series A	\$ 335,970,000	\$ -	\$ (1,890,000)	\$ 334,080,000	\$ 1,920,000
2015 Sales Tax Revenue Bonds, Series B	51,460,000	-	(485,000)	50,975,000	505,000
2017 Sales Tax Refunding Revenue Bonds	34,340,000	-	(3,575,000)	30,765,000	3,085,000
Total sales tax revenue bonds	<u>\$ 421,770,000</u>	<u>\$ -</u>	<u>\$ (5,950,000)</u>	<u>\$ 415,820,000</u>	<u>\$ 5,510,000</u>

2015 Taxable Sales Tax Revenue Refunding Bonds, Series A

On December 3, 2015, the City issued \$336,570,000 Senior Sales Tax Revenue Refunding Bonds, Series A (Taxable) to 1) refund its 2005 and 2008 Sales Tax Revenue Bonds, 2) to finance certain improvements and expenditures of the City, 3) purchase a surety for the reserve fund for the bonds, 4) purchase a municipal bond insurance policy for the bonds, and 5) pay certain costs of issuance of the bonds. The 2005 Taxable Sales Tax Revenue Bonds and 2008 Taxable Sales Tax Revenue Bonds were fully redeemed on December 13, 2015.

The refunding was structured to combine the refunding and new money component. As a result, there is no savings in aggregate debt service payments due to the final maturity was extended from 2027 to 2051. However, the refunding resulted in economic gain in the amount of \$3,884,174.

Principal ranges from \$1,920,000 to \$21,875,000 maturing annually through January 1, 2051. The bonds bear interests at rates range from 2.125% to 5.125%, due semiannually on January 1 and July 1.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. City of Industry Sales Tax Revenue Bonds (Continued)

2015 Taxable Sales Tax Revenue Refunding Bonds, Series A (Continued)

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,920,000	\$ 16,338,162	\$ 18,258,162
2020	1,960,000	16,297,363	18,257,363
2021	2,010,000	16,248,362	18,258,362
2022	2,065,000	16,193,088	18,258,088
2023	2,130,000	16,131,138	18,261,138
2024-2028	16,520,000	79,517,800	96,037,800
2029-2033	41,205,000	73,781,938	114,986,938
2034-2038	51,860,000	63,129,387	114,989,387
2039-2043	66,520,000	48,464,306	114,984,306
2044-2048	85,410,000	29,578,937	114,988,937
2049-2051	62,480,000	6,510,800	68,990,800
	<u>\$ 334,080,000</u>	<u>\$ 382,191,281</u>	<u>\$ 716,271,281</u>

2015 Taxable Sales Tax Revenue Refunding Bonds, Series B

On December 3, 2015, the City issued \$51,460,000 Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) to finance working capital expenditures and/or project costs.

Principal ranges from \$505,000 to \$3,905,000 maturing annually through February 1, 2051. The bonds bear interests at rates range from 3.250% to 7.750%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 505,000	\$ 3,704,360	\$ 4,209,360
2020	520,000	3,687,948	4,207,948
2021	540,000	3,668,448	4,208,448
2022	560,000	3,645,498	4,205,498
2023	585,000	3,620,298	4,205,298
2024-2028	3,410,000	17,620,656	21,030,656
2029-2033	4,610,000	16,428,502	21,038,502
2034-2038	6,505,000	14,523,140	21,028,140
2039-2043	9,330,000	11,706,950	21,036,950
2044-2048	13,515,000	7,942,393	21,457,393
2049-2051	10,895,000	1,308,395	12,203,395
Total	<u>\$ 50,975,000</u>	<u>\$ 87,856,588</u>	<u>\$ 138,831,588</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. City of Industry Sales Tax Revenue Bonds (Continued)

2017 Senior Taxable Sales Tax Revenue Refunding Bonds

On April 11, 2017, the City issued \$34,340,000 Senior Sales Tax Revenue Refunding Bonds (Taxable) to 1) defease its 2010 Sales Tax Revenue Bonds, 2) purchase a surety for the reserve fund for the bonds, 3) purchase a municipal bond insurance policy for the bonds, and 4) pay certain costs of issuance of the bonds.

The refunding resulted in savings in debt service payments in the amount of \$7,396,509. It also resulted in economic gain in the amount of \$1,784,623. Outstanding balance for the defeased 2010 Sales Tax Revenue Bonds at June 30, 2018 was in the amount of \$30,010,000.

Principal ranges from \$3,085,000 to \$3,835,000 maturing annually through January 1, 2027. The bonds bear interests at rates range from 2.000% to 3.500%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 3,085,000	\$ 890,656	\$ 3,975,656
2020	3,145,000	828,956	3,973,956
2021	3,215,000	758,194	3,973,194
2022	3,295,000	677,819	3,972,819
2023	3,390,000	587,206	3,977,206
2024-2027	14,635,000	1,255,781	15,890,781
	<u>\$ 30,765,000</u>	<u>\$ 4,998,612</u>	<u>\$ 35,763,612</u>

The sales tax revenue bonds are secured by sales tax revenues received by the City until the bonds are paid off in fiscal year 2051. Principal and interest payments outstanding at June 30, 2018 on the bonds amounted to \$890,866,481. Annual principal and interest payments on the sales tax revenue bonds are expected to require 25% of the sales tax revenues. For the year ended June 30, 2018, total sales tax revenues received to pay for these bonds amounted to \$36,040,810. Principal and interest paid on the bonds during the year ended June 30, 2018 amounted to \$26,684,028.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Tax allocation revenue bonds:					
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)	\$ 207,525,000	\$ -	\$ (36,180,000)	\$ 171,345,000	\$ 36,945,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	6,645,000	-	(700,000)	5,945,000	735,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 2)	239,525,000	-	(32,040,000)	207,485,000	16,420,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	10,395,000	-	(10,395,000)	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 3)	6,725,000	-	(710,000)	6,015,000	740,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 3)	34,830,000	-	(3,110,000)	31,720,000	3,325,000
Total tax allocation revenue bonds	\$ 505,645,000	\$ -	\$ (83,135,000)	\$ 422,510,000	\$ 58,165,000

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

On July 1, 2015, the PFA issued the \$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) for the purpose of acquiring the SA to IUDA's Project No. 1 2015A Bonds, which was issued to defease all IUDA Project No. 1's 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 2.789% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	30,740,000	2,292,814	33,032,814
2023	9,705,000	1,118,239	10,823,239
2024-2025	16,940,000	874,225	17,814,225
	\$ 171,345,000	\$ 18,645,490	\$ 189,990,490

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)

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

On July 1, 2015, the PFA issued the \$7,140,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) for the purpose of acquiring the SA to IUDA's Project No. 2 2015A Bonds, issued to defease all IUDA Project No. 2's outstanding 2002 Tax Allocation Refunding Bonds. The PFA also issued the \$249,770,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) for the purpose of acquiring the SA to IUDA's Project No. 2 2015B Bonds, issued to defease a portion of 2003 Subordinate Lien Tax Allocation Refunding Bonds (with outstanding accreted value of \$178,967,753) and all IUDA Project No. 2's 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 \$735,000 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
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	845,000	181,750	1,026,750
2023	885,000	139,500	1,024,500
2024-2025	1,905,000	144,000	2,049,000
	<u>\$ 5,945,000</u>	<u>\$ 1,245,000</u>	<u>\$ 7,190,000</u>

For Series B, the PFA early redeemed \$16,000,000 of the bonds during the year ended June 30, 2018. The remaining principal ranges from \$16,420,000 to \$48,825,000 maturing annually through January 1, 2025. The bonds bear interests at rates ranges from 3.039% 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
2019	\$ 16,420,000	\$ 9,135,424	\$ 25,555,424
2020	16,905,000	8,636,560	25,541,560
2021	17,490,000	8,063,048	25,553,048
2022	22,550,000	7,342,886	29,892,886
2023	46,855,000	6,413,600	53,268,600
2024-2025	87,265,000	6,340,560	93,605,560
	<u>\$ 207,485,000</u>	<u>\$ 45,932,078</u>	<u>\$ 253,417,078</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

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

During the year ended June 30, 2018, the PFA early redeemed and paid off the bonds.

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

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

For Series A, principal ranges from \$740,000 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
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	855,000	184,000	1,039,000
2023	900,000	141,250	1,041,250
2024-2025	1,925,000	145,500	2,070,500
	<u>\$ 6,015,000</u>	<u>\$ 1,260,000</u>	<u>\$ 7,275,000</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)

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

For Series B, principal ranges from \$3,285,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 3.000% 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
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	3,435,000	1,081,434	4,516,434
2023	3,605,000	908,172	4,513,172
2024-2027	14,400,000	1,762,878	16,162,878
	<u>\$ 31,720,000</u>	<u>\$ 7,836,195</u>	<u>\$ 39,556,195</u>

Revenue Pledged

All of the 2015 Tax Allocation Refunding Bonds described in Note 10C are secured and payable in the following order of priority: 1) pledged tax revenue through ownership to local obligation bonds, 2) investment income with respect to the funds and accounts established under the indenture, and 3) certain override revenues 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, 2018 amounted to \$497,428,763.

At July 1, 2017 and June 30, 2018, PFA and the Successor Agency had funds held by the bond trustee that was and will be used to fund the bond payments on the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds as follows:

PFA Tax Override Funds:

Tax Override Funds transferred during the year ended June 30, 2017 (Note 22)	\$ 47,639,564
Carryover from prior year and interest income	<u>87,758</u>
Total Tax Override Funds Held by PFA Bond Trustee at July 1, 2017	47,727,322

Successor Agency RPTTF Funds:

Total Tax Override and SA RPTTF Funds Held by PFA Bond Trustee at July 1, 2017	<u>\$ 103,461,159</u>
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2015A & B PFA Tax Allocation Revenue Refunding Bond Payments during the year ended June 30, 2018:

Payment Date	Principal	Interest	Total
July 1, 2017	\$ -	\$ 9,897,000	\$ 9,897,000
January 1, 2018	59,995,000	9,897,000	69,892,000
January 1, 2018 Early Redemption	23,140,000	-	23,140,000
	<u>\$ 83,135,000</u>	<u>\$ 19,794,000</u>	<u>\$ 102,929,000</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)

Revenue Pledged

PFA Tax Override Funds:	
Tax Override Funds transferred during the year ended June 30, 2018	\$ 49,870,672
Carryover from prior year and interest income	515,464
Transferred from reserve funds	3,348,595
Total Tax Override Funds Held by PFA Bond Trustee at June 30, 2018	53,734,731
Successor Agency RPTTF Funds:	
Total Tax Override and SA RPTTF Funds Held by PFA Bond Trustee at June 30, 2018	\$ 112,975,074

2015A & B PFA Tax Allocation Revenue Refunding Bond Payments during the Year Ending June 30, 2019:

Payment Date	Principal	Interest	Total
July 1, 2018	\$ -	\$ 8,532,950	\$ 8,532,950
January 1, 2019	58,165,000	8,532,950	66,697,950
	\$ 58,165,000	\$ 17,065,900	\$ 75,230,900

PFA will have approximately \$37,600,000 funds available to fund an early redemption of the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds.

The \$49,870,672 of current tax override funds transferred during the year ended June 30, 2018 is shown as a deposit for bond payments on the accompanying balance sheet.

Prior Years Defeased Obligations

In prior years, the PFA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2018, the PFA had redeemed all prior year bonds that are considered defeased.

D. Public Facilities Authority Lease Revenue Refunding Bonds

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Lease revenue refunding bonds					
2010 Lease Revenue Refunding Bonds	\$ 3,450,000	\$ -	\$ (810,000)	\$ 2,640,000	\$ 845,000
Total general obligation bonds	\$ 3,450,000	\$ -	\$ (810,000)	\$ 2,640,000	\$ 845,000

2010 Lease Revenue Refunding Bonds and City Certificates of Participation

In order to assist the City in financing the construction of various projects, on August 1, 2000, IUDA and the City entered into a lease agreement for certain properties owned by the City for a one-time site lease payment in the amount of \$11,000,000. The IUDA agreed to lease back these properties to the City. In conjunction with the signing of these lease agreements on August 30, 2000, the City issued \$12,620,000 of Certificates of Participation Series 2000 bonds ("2000 Certificates") to fund IUDA's site lease payment. Under the lease agreement, the certificates represented direct, undivided fractional interests of the owners in lease payments to be made by the City to IUDA.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

D. Public Facilities Authority Lease Revenue Refunding Bonds (Continued)

2010 Lease Revenue Refunding Bonds and City Certificates of Participation (Continued)

The term of both leases ceased on the date in which all the outstanding 2000 Certificates were paid in full as discussed below.

In March 2010, the City terminated its lease agreement with IUDA and leased the properties to PFA under a Site Lease Agreement between the City and PFA. As consideration, PFA paid an upfront rental payment of approximately \$8,500,000 to the City for the lease of certain properties. The funds were then used by the City to prepay the 2000 Certificates. These funds were placed in an irrevocable trust to provide for all future debt service payments on the 2000 Certificates. Accordingly, the trust account and the defeased Certificates are not included in the City's financial statements.

In order to prepay the Site Lease, PFA issued \$8,460,000 of 2010 Refunding Lease Revenue Bonds. Principal ranges from \$845,000 to \$915,000 maturing annually through August 1, 2020. The bonds bear interests at rates range from 4.000% to 4.250%, due semiannually on February 1 and August 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 845,000	\$ 92,088	\$ 937,088
2020	880,000	57,038	937,038
2021	915,000	19,444	934,444
	<u>\$ 2,640,000</u>	<u>\$ 168,570</u>	<u>\$ 2,808,570</u>

In order to secure payments of the bond principal and interest, PFA then leased back the property to the City in which the City is then obligated to pay semi-annual lease payments as rental payments for the leased back properties. PFA has assigned its right to receive the lease payments to U.S. Bank Trust National Association as trustee for the holders of the Refunding Lease Revenue Bonds.

The term of both leases will cease on the date on which all the outstanding principal and interest payments of the 2010 Refunding Lease Revenue Bonds are paid in full or a provision has been made for such payment, but not later than August 1, 2030.

PFA will amortize the site lease prepayment over the term of the lease as follows:

Year Ending June 30,	Lease Expense
2019	\$ 373,144
2020	373,144
2021	373,144
2022	373,144
2023	373,144
Thereafter	2,612,004

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

D. Public Facilities Authority Lease Revenue Refunding Bonds (Continued)

2010 Lease Revenue Refunding Bonds and City Certificates of Participation (Continued)

The following is a schedule of future minimum lease payments to be received by PFA and paid by the City:

Year Ending June 30,	Amount
2019	\$ 937,658
2020	937,658
2021	937,658

E. Non-City Obligation Bonds

In December 1998, the City issued \$6,735,000 of 1998 Revenue Bonds, the purpose of providing funds to acquire the City of Industry Limited Obligation Refunding Improvement Bonds, Assessment District No. 91-1. These funds were used to advance refund and to defease the 1991 Assessment Bonds.

The 1998 Revenue Bonds are special obligations of the City, payable from revenues consisting primarily of debt service payments received from the Refunding Improvement Bonds which revenues are secured by liens of unpaid reassessments on the properties within the Assessment

Any surplus revenues, after paying administrative costs or paying of installments upon properties which are subject to the reassessment, will be paid over to the City to be used for any lawful purpose of the City. The 1998 Revenue Bonds and the City of Industry Limited Obligation Refunding Improvement Bonds, Assessment District No. 91-1 are not debt or liabilities of the City. However, the bonds are payable solely by the revenues and funds pledged in the indenture. Accordingly, these obligations have not been reflected as obligations on the financial statements of the City.

F. Compensated Absences

At June 30, 2018, compensated absences totaled to \$63,667, which will be liquidated by the General Fund.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Successor Agency Bonds Payable

Summary of changes in the Successor Agency to IUDA’s bonds payables for the year ended June 30, 2018 is as following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in more than one year
Project Area 1:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	\$ 207,525,000	\$ -	\$ (36,180,000)	\$ 171,345,000	\$ 36,945,000	\$ 134,400,000
Total Project Area 1	<u>207,525,000</u>	<u>-</u>	<u>(36,180,000)</u>	<u>171,345,000</u>	<u>36,945,000</u>	<u>134,400,000</u>
Project Area 2:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	6,645,000	-	(700,000)	5,945,000	735,000	5,210,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	239,525,000	-	(32,040,000)	207,485,000	16,420,000	191,065,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A	10,395,000	-	(10,395,000)	-	-	-
Total Project Area 2	<u>256,565,000</u>	<u>-</u>	<u>(43,135,000)</u>	<u>213,430,000</u>	<u>17,155,000</u>	<u>196,275,000</u>
Project Area 3:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	6,725,000	-	(710,000)	6,015,000	740,000	5,275,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	34,830,000	-	(3,110,000)	31,720,000	3,325,000	28,395,000
Total Project Area 3	<u>41,555,000</u>	<u>-</u>	<u>(3,820,000)</u>	<u>37,735,000</u>	<u>4,065,000</u>	<u>33,670,000</u>
Total tax allocation bonds	<u>505,645,000</u>	<u>-</u>	<u>(83,135,000)</u>	<u>422,510,000</u>	<u>58,165,000</u>	<u>364,345,000</u>
Deferred amounts:						
Unamortized premium/discounts	422,070	-	133,980	556,050	155,972	400,078
Total bonds payable	<u>\$ 506,067,070</u>	<u>\$ -</u>	<u>\$ (83,001,020)</u>	<u>\$ 423,066,050</u>	<u>\$ 58,320,972</u>	<u>\$ 364,745,078</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Successor Agency Bonds Payable (Continued)

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 2.789% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	30,740,000	2,292,814	33,032,814
2023	9,705,000	1,118,239	10,823,239
2024-2025	16,940,000	874,225	17,814,225
	<u>\$ 171,345,000</u>	<u>\$ 18,645,490</u>	<u>\$ 189,990,490</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 accreted 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 \$735,000 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
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	845,000	181,750	1,026,750
2023	885,000	139,500	1,024,500
2024-2025	1,905,000	144,000	2,049,000
	<u>\$ 5,945,000</u>	<u>\$ 1,245,000</u>	<u>\$ 7,190,000</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Successor Agency Bonds Payables (Continued)

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

For Series B, the SA to IUDA early redeemed \$16,000,000 of the bonds during the year ended June 30, 2018. The remaining principal ranges from \$16,420,000 to \$48,825,000 maturing annually through January 1, 2025. The bonds bear interests at rates ranges from 3.039% 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
2019	\$ 16,420,000	\$ 9,135,424	\$ 25,555,424
2020	16,905,000	8,636,560	25,541,560
2021	17,490,000	8,063,048	25,553,048
2022	22,550,000	7,342,886	29,892,886
2023	46,855,000	6,413,600	53,268,600
2024-2025	87,265,000	6,340,560	93,605,560
	<u>\$ 207,485,000</u>	<u>\$ 45,932,078</u>	<u>\$ 253,417,078</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. During the year ended June 30, 2018, the SA to IUDA early redeemed and paid off the bonds.

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.

For Series A, principal ranges from \$740,000 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
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	855,000	184,000	1,039,000
2023	900,000	141,250	1,041,250
2024-2025	1,925,000	145,500	2,070,500
	<u>\$ 6,015,000</u>	<u>\$ 1,260,000</u>	<u>\$ 7,275,000</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Successor Agency Bonds Payable (Continued)

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

For Series B, principal ranges from \$3,285,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 3.000% 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
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	3,435,000	1,081,434	4,516,434
2023	3,605,000	908,172	4,513,172
2024-2027	14,400,000	1,762,878	16,162,878
	<u>\$ 31,720,000</u>	<u>\$ 7,836,195</u>	<u>\$ 39,556,195</u>

The 2015 Tax Allocation Revenue Refunding Bonds collectively resulted in an economic gain in the amount of \$42,816,814 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 Redevelopment Property Tax Trust Fund (“RPTTF”) funds 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, 2018 amounted to \$497,428,763. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2018, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$68,116,078, which the SA received \$58,997,392 after deductions.

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.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Successor Agency Bonds Payable (Continued)

Revenue Pledged (Continued)

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. 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 ended June 30, 2018 was as follows:

RPTTF Funds	\$	68,116,078
Less:		
Administrative expenses		(1,198,929)
Pass through payments		(7,919,757)
Net RPTTF Funds	\$	58,997,392

At June 30, 2018 the PFA owns 100 percent of the outstanding bonds of the SA to the IUDA.

Note 12 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The City contributes to CalPERS, a cost-sharing multiple-employer defined pension plan, for its miscellaneous employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Employees Covered by Benefit Terms

At June 30, 2016 (valuation date), the following employees were covered by the benefit terms:

	Plans		
	Classic	Second Tier	PEPRA
Active employees	10	4	8
Transferred and terminated employees	9	0	1
Retired employees and beneficiaries	32	0	0
Total	51	4	9

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A first tier classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least five years of credited service. A second tier classic CalPERS member becomes eligible for service retirement upon attainment of age 60 with at least five years of credited service. A PEPRAs miscellaneous member becomes eligible for service retirement upon attainment of age 62 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 12 - 36 months of full-time equivalent monthly pay.

The following are the benefit provisions for each plan:

- Classic Tier 1: 2.7% (at age 55) of the highest average 12-months compensation.
- Classic Tier 2: 2.0% (at age 60) of the highest average 36-months compensation.
- PEPRAs: 2.0% (at age 62) of the average 36-months compensation.

Participants are eligible for non-industrial disability retirement if they become disabled and have at least five years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s) or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2.0 percent.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following the notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Contributions (Continued)

For the measurement period ended June 30, 2017, the contribution rates were as follows:

Plans	Active Employee Contribution Rate	Employer Contribution Rate
Classic	8.000%	13.673%
Second Tier	7.000%	9.111%
PEPRA	7.000%	7.191%

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumption Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies 2.75% thereafter

¹The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.calpers.ca.gov under Forms and Publications.

Change of Assumption

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (“PERF”). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement F asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	<u>100.00%</u>		

¹ An expected inflation of 2.5% used

² An expected inflation of 3.0% used

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.15%) or one percentage-point higher (8.15%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
\$ 14,020,648	\$ 8,994,206	\$ 4,831,216

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS' financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 26,799,090	\$ 18,934,426	\$ 7,864,664
Balance at June 30, 2017 (Measurement Date)	29,685,069	20,690,863	8,994,206
Net changes from July 1, 2016 to June 30, 2017	\$ 2,885,979	\$ 1,756,437	\$ 1,129,542

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2017). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16).

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City’s share of contribution.

The City’s proportionate share of the net pension liability was as follows:

June 30, 2016	0.09089%
June 30, 2017	<u>0.09069%</u>
Change - Increase (Decrease)	<u><u>-0.00020%</u></u>

For the year ended June 30, 2018, the City recognized pension expense in the amount of \$1,197,670.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the June 30, 2017 measurement period is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (the total number of participants: active, inactive, and retired).

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 8,793,371	\$ -
Changes of assumptions	1,144,240	-
Difference between expected and actual experience	-	(133,046)
Net difference between projected and actual earnings on pension plan investments	280,139	-
Adjustment due to differences in proportions	142,769	-
Employer contributions under proportionated contributions	-	<u>(480,905)</u>
Total	<u>\$ 10,360,519</u>	<u>\$ (613,951)</u>

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date in the amount of \$8,793,371 will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 119,065
2020	619,026
2021	381,432
2022	(166,326)
2023	-
Thereafter	-
	\$ 953,197

Note 13 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employees or other beneficiary) are solely the property and rights of the participant and are not subject to the claims of the City’s general creditors.

Investments are managed by the plan’s trustee under one of several investment options, or a combination thereof. The choice of the investment options is made by the participants. Plan assets are held in trust for the exclusive benefit of participant and their beneficiaries; and therefore, are not included in the accompanying financial statements. As of June 30, 2018, the plan had investments in the amount of \$1,663,913.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Other Post-Employment Benefits (“OPEB”)

A. General Information about the OPEB Plan

Plan Description

The City contributes to a single-employer defined benefit plan to provide postemployment medical benefits. Specifically, the City offers postretirement medical, dental and vision benefits to all employees who retire from the City. The plan does not provide a publicly available financial report.

Benefits provided by the plan is as follow:

	General Employees	Management
Benefit Types Provided	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	Lifetime	Lifetime
Required Services	25 years	15 years*
Minimum Age	50 years old	50 years old
Dependent Coverage	Yes	Yes
City Contribution %	100.00%	100.00%
City Cap	None	None

* Elected and appointed officials qualify for City-paid coverage after 8 or more years.

Employees Covered by Benefit Term

At June 30, 2017 valuation date, the following employees were covered by the benefit term:

Active employees	31
Inactive employees receiving benefits	34
Inactive employees entitled to but not receiving benefits	-
Total	65

Contribution

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the year ended June 30, 2018, the average contribution rate was not applicable. Employees are not required to contribute to the plan.

B. Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

Total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Other Postemployment Benefits (“OPEB”) (Continued)

B. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Actuarial Cost Method:	Entry age actuarial cost method
Actuarial Assumptions:	
Inflation	2.75%
Investment Rate of Return/Discount Rate	7.00%
Healthcare Cost Trend	4.00%
Payroll Increase	2.75%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rate	Hired < 1/1/2013: 2009 CalPERS 2.7%@ 55 Rates for Misc. Employees Hired > 12/31/2012: 2009 CalPERS 2.0%@ 60 Rates for Misc. Employees adjusted to reflect minimum retirement age of 52
Service Requirement	General Employee - Hired before 4/26/90: 100% at 10 years of service General Employee - Hired on or after 4/26/90: 100% at 25 years of service Elected and Appointed Officials - 100% at 8 years of service Management - 100% at 15 years of service
Medical Costs	General Employees - Future Retirees Pre-65 \$27,121 General Employees - Future Retirees Post-65 \$14,249 Management - Future Retirees Pre-65 \$27,121 Management - Future Retirees Pre-65 \$14,249
Participation Rate	< 65 Non-Medicare Participation % at 100% > 65 Medicare Participation % at 100%
Turnover	2009 CalPERS Turnover for Miscellaneous Employees

Discount Rate

The discount rate of 7% was used in the valuation. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The City used historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption to set the discount rate. The City offset the expected investment return by investment expenses of 25 basis points. The following is the assumed asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43.00%	7.795%
US Small Cap	23.00%	7.795%
Long-Term Corporate Bonds	12.00%	5.295%
Long-Term Government Bonds	6.00%	4.500%
Treasury Inflation Protected Securities (TIPS)	5.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
	100.00%	

The City looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. The City used geometric means.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 - Other Postemployment Benefits (“OPEB”) (Continued)

C. Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Rolled back balance at June 30, 2016	\$ 8,809,559	\$ 10,688,041	\$ (1,878,482)
Changes recognized for the measurement period:			
Service Cost	254,199	-	254,199
Interest on total OPEB liability	602,445	-	602,445
Employer contributions	-	-	-
Employee contributions	-	-	-
Actual investment income	-	1,136,614	(1,136,614)
Administrative expenses	-	(9,512)	9,512
Benefit payments	(653,626)	(653,626)	-
Other	-	-	-
Net change during measurement period 2016-2017	203,018	473,476	(270,458)
Balance at June 30, 2017 (Measurement Date)	\$ 9,012,577	\$ 11,161,517	\$ (2,148,940)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current discount rate:

Measurement Date	Net OPEB Liability (Asset)		
	Discount Rate	Current Discount	Discount Rate
	- 1% (6.00%)	Rate (7.00%)	+ 1% (8.00%)
June 30, 2017	\$ (1,191,463)	\$ (2,148,940)	\$ (2,951,606)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.0 percent decreasing to 3.0 percent) or 1-percentage-point higher (4.0 percent increasing to 5.0 percent) than the current healthcare cost trend rates:

Measurement Date	Net OPEB Liability (Asset)		
	Healthcare Cost	Current Healthcare	Healthcare Cost
	Trend Rate	Cost Trend Rate	Trend Rate
	- 1% (3.00%)	Rate (4.00%)	+ 1% (5.00%)
June 30, 2017	\$ (2,978,787)	\$ (2,148,940)	\$ (1,172,259)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB income in the amount of \$270,458. At June 30, 2018, the City did not have deferred outflows of resources and deferred inflows of resources related to OPEB.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15 – Self-Insurance Plan

The City established a Self-insurance Plan (the “Plan”) to pay for liability claims against the City and its component units. 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 responsibility to 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, 2018, there are \$218,300 in pending liability claims and litigation outstanding against the City and its component units. Based on information presently available, the City believes that there are substantial defenses to such litigation and disputes and that, in any event, the ultimate liability, if any, resulting there from will not have a material effect on the financial position of the City and its component units.

Note 16 – Commitments and Contingencies

Los Angeles Regional Water Quality Control Board

On October 27, 2015, the Los Angeles Regional Water Quality Control Board (the “Regional Board”) issued Administrative Civil Liability Complaint R4-2015-0207 (“Complaint”) to the City proposing \$5,758,792 in administrative civil liabilities alleging that unpermitted grading activities resulted in unauthorized discharge of dredged and/or fill material in the Eastern Fork of the San Gabriel River in May 2012. The Regional Board and the City entered into settlement agreement in October 2016 to the imposition of administrative civil liability in the amount of \$5 million. Of that amount, the City agreed and paid \$2.5 million in December 2016. The remaining \$2.5 million is suspended pending completion of an Enhanced Compliance Action (“ECA”). The City will develop a stormwater quality improvement project as an ECA. The proposed timeline for the design and construction of the ECA is approximately three years from inception to completion by October 27, 2020. At June 30, 2018, the City is still in the process of developing the ECA.

San Gabriel Valley Water and Power, LLC

On or about May 17, 2016, the City entered into the Lease with SGVWP. The Lease was ratified by the City Council on or about October 12, 2017. Among the Lease’s various provisions, the City provided SGVWP with a \$20 million loan (Note 4) for SGVWP to analyze the feasibility of constructing a “solar farm” and other necessary public infrastructure improvements. The Lease potentially included two separate and adjacent properties.

Under Section 25.3 of the Lease, repayment on the loan would be triggered “upon commencement of construction of the first project pursuant to the Lease.” In January 2018, SGVWP failed to comply with certain material provisions of the Lease. The City gave SGVWP written notice of its obligations under the Lease and requested immediate compliance. On or about May 23, 2018, under Section 17.2.1 of the Lease, because SGVWP had failed to cure its default, the City informed SGVWP that the lease was null and void and of no further force or effect. At this time, given the termination of the Lease, it is unknown whether SGVWP will repay the loan.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Transactions with Related Parties

The related party transactions of the City are summarized as follows:

Service Provided by Vendor	Related Parties	Expenditures for the Year Ended June 30, 2018
Engineering services for the City and management services for the Expo Center	City Council member	\$ 4,727,766
Auto body and towing services	City Council member	47,577
Landscaping services	Mayor and City Council member	2,399,401
City attorney service	Oversight Board member	973,478
		Amount for the Year Ended June 30, 2018
Other Related Party Transactions	Related Parties	
Tenant of the City's (Housing Authority) Properties	City Council members, Commissioners, and Board members	\$ 81,600

Note 18 – Industry Hills Regional Public Park and Recreation Area

On September 30, 2000, a lease was entered into with a third party and the City for the operation and management of what was formerly known as the Industry Hills Sheraton Resort and Conference Center. The term of the lease is for 25 years with six five-year options to extend the lease. The initial annual rental payment was \$300,000 with nothing due for the first year. Rent will be increased \$20,000 per year from the initial period of the lease. This lease is accounted for in the General Fund of the City.

On June 1, 2002, CRIA assumed control over the operations of the Industry Hills Equestrian Center and Equestrian Center Trails. During 2004, the name was formally changed to The Industry Hills Expo Center. CRIA has employed a management company to manage the daily operations of the Expo Center. The activities of the Expo Center are accounted for in the enterprise fund in the accompanying proprietary funds financial statements under the heading "Industry Hills Expo Center," CRIA shall have available the use of all funds held or accruing in its Capital Improvement Fund for capital improvements. If any funds are expended for the maintenance and operation expenses, the City will reimburse CRIA from the General Fund.

Note 19 – Rental Properties

The City and its component units rent land, buildings and housing to others through non-cancelable rental agreements. Rental income for the year ended June 30, 2018 amounted to \$11,356,283. Rental income of \$2,369,469 is reported in the Governmental Fund financial statements, \$210,450 in the IPHMA Enterprise Fund financial statements, and \$8,776,364 in the Fiduciary Fund financial statements.

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 – Rental Properties (Continued)

Future minimum rental income payments based on terms in effect at June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	\$ 9,103,204
2020	7,986,285
2021	8,011,488
2022	11,412,333
2023	7,894,665
2024-2028	36,743,318
2029-2033	35,798,317
2034-2038	35,798,317
Thereafter	206,093,358

The Successor Agency is in the process of winding down its activities in accordance with the dissolution of redevelopment agencies in the State of California. The above table does not take into account when or if the property will be sold in the future.

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.

Note 20 – Lease Commitments

The City leases office space and other equipment and storage under operating lease agreements from third parties. Minimum lease commitments on all non-cancelable operating leases are as follows:

Year Ending June 30,	Leased from Third Parties
2019	\$ 20,468
2020	2,187

City of Industry
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 21 – Excess of Expenditures Over Appropriations

During the year ended June 30, 2018, expenditures in excess of appropriations are as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund:			
General administration	\$ 11,630,055	\$ 12,320,754	\$ (690,699)
Capital outlay	3,400	1,546,604	(1,543,204)
CRIA Capital Projects Fund:			-
General administration	410,675	588,076	(177,401)
Public works	-	32,806	(32,806)
Debt Service Fund:			
General administration	16,000	25,400	(9,400)
Interest	24,304,990	24,856,149	(551,159)
Tax Override Debt Service Fund:			
Community development	47,072,300	49,870,672	(2,798,372)
Industry Public Facilities Authority Debt Service Fund:			
General administration	396,650	1,201,558	(804,908)
Community development	-	298,856	(298,856)
Principal retirement	61,290,000	83,945,000	(22,655,000)
Interest	23,636,890	23,951,357	(314,467)
Gas Tax Special Revenue Fund:			
Public works	-	14,410	(14,410)
Measure R Local Return Special Revenue Fund:			
Public works	5,000	5,111	(111)
Proposition A Sales Tax Special Revenue Fund:			
Capital outlay	-	1,149,441	(1,149,441)
Grant Special Revenue Fund:			
Public works	-	270,415	(270,415)
Measure M Special Revenue Fund:			
Public works	-	2,654	(2,654)

Note 22 – Restatement of Beginning Net Position/Fund Balance

The beginning net position for governmental activities and the beginning fund balance for governmental fund at July 1, 2017 were restated as follows:

	<u>Governmental Activities</u>	<u>Governmental Fund Debt Service Fund</u>
Net position/fund balances, as previously reported	\$ 847,333,955	\$ 680,117,517
(1) Investment with fiscal agent	(38,034,372)	(38,034,372)
(2) Bond payment deposits	(47,639,564)	(47,639,564)
(3) Other postemployment assets per GASB 45	(770,944)	-
(3) Net other postemployment assets per GASB 75	1,878,482	-
Net position/fund balances, as restated	<u>\$ 762,767,557</u>	<u>\$ 594,443,581</u>

- (1) The restatement is to correct the investment with fiscal agent balances for the defeased bonds.
- (2) The restatement is to reclassify funds received from Tax Override Fund to bond payment deposits.
- (3) The restatement is to implementation of Governmental Accounting Standards Board Statement No. 75 for OPEB.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 38,285,380	\$ 38,285,380	\$ 42,231,312	\$ 3,945,932
Intergovernmental	190,300	190,300	961,673	771,373
Charges for services	1,658,060	1,658,060	1,000,581	(657,479)
Licenses and permits	1,530,000	1,530,000	2,440,729	910,729
Fines, forfeitures and penalties	412,500	412,500	442,947	30,447
Use of money and property	13,682,150	13,682,150	7,293,171	(6,388,979)
Other revenue	260,000	260,000	3,281,409	3,021,409
Total revenues	<u>56,018,390</u>	<u>56,018,390</u>	<u>57,651,822</u>	<u>1,633,432</u>
EXPENDITURES:				
Current:				
Legislative	944,930	1,023,915	659,613	364,302
General administration	3,048,715	11,630,055	12,320,754	(690,699)
Support services	8,744,510	9,507,974	6,072,461	3,435,513
Community development	2,511,560	4,927,161	4,019,364	907,797
Community services	5,136,820	5,576,820	4,501,325	1,075,495
Public safety	10,241,415	10,241,415	10,147,605	93,810
Public works	18,447,300	19,344,316	15,799,544	3,544,772
Capital outlay	3,400	3,400	1,546,604	(1,543,204)
Total expenditures	<u>49,078,650</u>	<u>62,255,056</u>	<u>55,067,270</u>	<u>7,187,786</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,939,740</u>	<u>(6,236,666)</u>	<u>2,584,552</u>	<u>8,821,218</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,370,488	2,370,488
Transfers out	(29,361,623)	(29,361,623)	(48,521,275)	(19,159,652)
Proceeds from sale of assets	-	-	772,278	772,278
Total other financing sources (uses)	<u>(29,361,623)</u>	<u>(29,361,623)</u>	<u>(45,378,509)</u>	<u>(16,016,886)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (22,421,883)</u>	<u>\$ (35,598,289)</u>	<u>(42,793,957)</u>	<u>\$ (7,195,668)</u>
FUND BALANCES:				
Beginning of year			<u>750,458,320</u>	
End of year			<u>\$ 707,664,363</u>	

City of Industry
Required Supplementary Information (Unaudited)
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

Budgetary information

The City Council adopts an annual budget, submitted by the City Manager prior to June 30th. The appropriated budget is prepared by fund, function and department. All annual appropriations lapse at the end of the fiscal year. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments to the operating budget within a fund. Transfers of operating budgets between funds or from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriation and all changes in capital improvement project budgets require the approval of the City Council.

The annual budget is prepared on a basis consistent with generally accepted accounting principles and is adopted for all governmental type funds.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is at the fund level.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan

Measurement date	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014¹</u>
City's proportion of the net pension liability/(asset)	0.09069%	0.09088%	0.09232%	0.07687%
City's proportionate share of the net pension liability/(asset)	\$ 8,994,206	\$ 7,864,664	\$ 6,336,456	\$ 4,782,916
City's covered payroll	<u>\$ 2,072,156</u>	<u>\$ 1,936,492</u>	<u>\$ 1,988,262</u>	<u>\$ 1,779,595</u>
City's proportionate share of the net pension liability as a percentage of covered payroll	<u>434.05%</u>	<u>406.13%</u>	<u>318.69%</u>	<u>268.76%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>69.70%</u>	<u>70.71%</u>	<u>77.21%</u>	<u>83.03%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as become available.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pension
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Fiscal year end	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 227,031	\$ 215,312	\$ 227,017	\$ 255,850	\$ 303,098
Contribution in relation to the actuarially determined contribution	(640,586)	(567,355)	(534,918)	(255,850)	(303,098)
Contribution deficiency (excess)	<u>\$ (413,555)</u>	<u>\$ (352,043)</u>	<u>\$ (307,901)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	<u>\$ 2,134,321</u>	<u>\$ 2,072,156</u>	<u>\$ 1,936,492</u>	<u>\$ 1,988,262</u>	<u>\$ 1,779,595</u>
Contributions as a percentage of covered payroll	<u>10.64%</u>	<u>10.39%</u>	<u>11.72%</u>	<u>12.87%</u>	<u>17.21%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 information is applicable.

² Payroll from prior year \$2,072,156 was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2018

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

	June 30, 2017 ¹
Measurement period	
Total OPEB liability	
Service cost	\$ 254,199
Interest	602,445
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumption	-
Benefit payments	(653,626)
Net change in total OPEB liability	203,018
Total OPEB liability, beginning	8,809,559
Total OPEB liability, ending (a)	9,012,577
OPEB fiduciary net position	
Contributions - employer	-
Net investment income	1,136,614
Benefit payments	(653,626)
Administrative expense	(9,512)
Net change in plan fiduciary net position	473,476
Plan fiduciary net position, beginning	10,688,041
Plan fiduciary net position, ending (b)	11,161,517
Plan net OPEB liability - ending (a) - (b)	\$ (2,148,940)
Plan's fiduciary net position as a percentage of the total OPEB liability	123.84%
Covered payroll	\$ 2,072,156
Plan net OPEB liability as a percentage of covered payroll	-103.71%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Years Ended June 30, 2018

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2017-18	2016-17 ¹
Actuarially determined contribution ²	\$ -	\$ -
Contribution in relation to the actuarially determined contribution ²	-	-
Contribution deficiency/(excess)	\$ -	\$ -
Covered payroll	\$ 2,134,321	\$ 2,072,156
Contributions as a percentage of covered payroll	0.00%	0.00%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

² The July 1, 2015 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2017. There is no actuarially determined contribution for the year ended June 30, 2018.

Notes to Schedule:

Valuation date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age actuarial cost method.
Inflation:	2.75% per year
Investment return/discount rate:	7.20% per year based on assumed long-term return on plan assets assuming 100% funding through CERBT. "Building Block Method" is used.
Healthcare cost trend:	4.00% per year
Payroll increase:	2.75% per year
Mortality:	2014 CalPERS active mortality for miscellaneous employees
Retirement rates:	2009 CalPERS 2.75%@55 rates for miscellaneous employee

SUPPLEMENTARY INFORMATION

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CAPITAL PROJECTS FUNDS

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City of Industry
Combining Balance Sheet
Capital Projects Funds
June 30, 2018

	Capital Projects Fund	Civic- Recreational- Industrial Authority Capital Projects Fund	Total
ASSETS			
Cash	\$ 5,843	\$ 65,701	\$ 71,544
Investments	844,378	138,873	983,251
Accounts receivables	2,955,384	145,000	3,100,384
Accrued interest	10,442	659	11,101
Investments with fiscal agent	204,915,270	-	204,915,270
Total assets	\$ 208,731,317	\$ 350,233	\$ 209,081,550
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 2,084,124	\$ 187,074	\$ 2,271,198
Avances from other funds	10,680,177	-	10,680,177
Total liabilities	12,764,301	187,074	12,951,375
Deferred Inflows of Resources			
Unavailable revenue	2,955,384	-	2,955,384
Total deferred inflows of resources	2,955,384	-	2,955,384
Fund Balances:			
Restricted	193,011,632	-	193,011,632
Committed	-	163,159	163,159
Total fund balances	193,011,632	163,159	193,174,791
Total liabilities, deferred inflows of resources and fund balances	\$ 208,731,317	\$ 350,233	\$ 209,081,550

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Year Ended June 30, 2018

	<u>Capital Projects Fund</u>	<u>Civic- Recreational- Industrial Authority Capital Projects Fund</u>	<u>Total</u>
REVENUES:			
Intergovernmental revenue	\$ 20,481,000	\$ -	\$ 20,481,000
Use of money and property	318,221	1,777	319,998
Other revenue	-	19	19
Total revenues	<u>20,799,221</u>	<u>1,796</u>	<u>20,801,017</u>
EXPENDITURES:			
Current:			
General administration	-	588,076	588,076
Public works	30,450,924	32,806	30,483,730
Capital outlay	3,178,716	-	3,178,716
Total expenditures	<u>33,629,640</u>	<u>620,882</u>	<u>34,250,522</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,830,419)</u>	<u>(619,086)</u>	<u>(13,449,505)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	11,319,971	1,117,990	12,437,961
Transfers out	(4,492,092)	(363,513)	(4,855,605)
Total other financing sources (uses)	<u>6,827,879</u>	<u>754,477</u>	<u>7,582,356</u>
NET CHANGE IN FUND BALANCES	<u>(6,002,540)</u>	<u>135,391</u>	<u>(5,867,149)</u>
FUND BALANCES:			
Beginning of year	<u>199,014,172</u>	<u>27,768</u>	<u>199,041,940</u>
End of year	<u>\$ 193,011,632</u>	<u>\$ 163,159</u>	<u>\$ 193,174,791</u>

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 1,185,075	\$ 1,185,075	\$ 20,481,000	\$ 19,295,925
Use of money and property	304,500	304,500	318,221	13,721
Total revenues	<u>1,489,575</u>	<u>1,489,575</u>	<u>20,799,221</u>	<u>19,309,646</u>
EXPENDITURES:				
Current:				
Public works	36,571,725	38,254,030	30,450,924	7,803,106
Capital outlay	-	-	3,178,716	(3,178,716)
Total expenditures	<u>36,571,725</u>	<u>38,254,030</u>	<u>33,629,640</u>	<u>4,624,390</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,082,150)</u>	<u>(36,764,455)</u>	<u>(12,830,419)</u>	<u>23,934,036</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	13,456,580	13,456,580	11,319,971	(2,136,609)
Transfers out	-	-	(4,492,092)	(4,492,092)
Total other financing sources (uses)	<u>13,456,580</u>	<u>13,456,580</u>	<u>6,827,879</u>	<u>(6,628,701)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (21,625,570)</u>	<u>\$ (23,307,875)</u>	<u>(6,002,540)</u>	<u>\$ 17,305,335</u>
FUND BALANCE:				
Beginning of year			199,014,172	
End of year			<u>\$ 193,011,632</u>	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Civic-Recreational-Industrial Authority Capital Projects Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 610	\$ 610	\$ 1,777	\$ 1,167
	-	-	19	19
Total revenues	<u>610</u>	<u>610</u>	<u>1,796</u>	<u>1,186</u>
EXPENDITURES:				
Current:				
General administration	330,675	410,675	588,076	(177,401)
Public works	-	-	32,806	(32,806)
Total expenditures	<u>330,675</u>	<u>410,675</u>	<u>620,882</u>	<u>(210,207)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(330,065)</u>	<u>(410,065)</u>	<u>(619,086)</u>	<u>(209,021)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,018,820	1,018,820	1,117,990	99,170
Transfers out	(688,145)	(688,145)	(363,513)	324,632
Total other financing sources (uses)	<u>330,675</u>	<u>330,675</u>	<u>754,477</u>	<u>423,802</u>
NET CHANGES IN FUND BALANCES	<u>\$ 610</u>	<u>\$ (79,390)</u>	135,391	<u>\$ 214,781</u>
FUND BALANCE:				
Beginning of year			<u>27,768</u>	
End of year			<u>\$ 163,159</u>	

DEBT SERVICE FUNDS

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City of Industry
Combining Balance Sheet
Debt Service Funds
June 30, 2018

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
ASSETS				
Cash	\$ 123,653	\$ 854	\$ -	\$ 124,507
Investments	2,917,370	1,234	-	2,918,604
Investments with fiscal agent - restricted	57,815,779	-	54,584,821	112,400,600
Investments in City and SA to IUDA bonds	-	-	473,203,738	473,203,738
Accounts receivable	1,008,988	2,868,621	-	3,877,609
Accrued interest	13,806	6	10,067,906	10,081,718
Prepaid items	7,431,951	-	5,709,512	13,141,463
Site lease prepayment	-	-	4,477,725	4,477,725
Total assets	<u>\$ 69,311,547</u>	<u>\$ 2,870,715</u>	<u>\$ 548,043,702</u>	<u>\$ 620,225,964</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,000	\$ 2,000
Bond payment deposits	-	-	49,870,672	49,870,672
Advance from other funds	-	-	52,509,956	52,509,956
Total liabilities	<u>-</u>	<u>-</u>	<u>102,382,628</u>	<u>102,382,628</u>
Fund Balances:				
Nonspendable	7,431,951	-	10,187,237	17,619,188
Restricted	61,879,596	2,870,715	435,473,837	500,224,148
Total fund balances	<u>69,311,547</u>	<u>2,870,715</u>	<u>445,661,074</u>	<u>517,843,336</u>
Total liabilities and fund balances	<u>\$ 69,311,547</u>	<u>\$ 2,870,715</u>	<u>\$ 548,043,702</u>	<u>\$ 620,225,964</u>

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Year Ended June 30, 2018

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
REVENUES:				
Property taxes	\$ 13,291,434	\$ 51,365,357	\$ -	\$ 64,656,791
Use of money and property	154,115	18	23,973,313	24,127,446
Total revenues	<u>13,445,549</u>	<u>51,365,375</u>	<u>23,973,313</u>	<u>88,784,237</u>
EXPENDITURES:				
Current:				
General administration	25,400	-	1,201,558	1,226,958
Community development	-	49,870,672	298,856	50,169,528
Debt service:				
Principal retirement	17,295,000	-	83,945,000	101,240,000
Interest and fiscal charges	24,856,149	-	23,951,357	48,807,506
Total expenditures	<u>42,176,549</u>	<u>49,870,672</u>	<u>109,396,771</u>	<u>201,443,992</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(28,731,000)</u>	<u>1,494,703</u>	<u>(85,423,458)</u>	<u>(112,659,755)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	36,041,715	-	17,795	36,059,510
Total other financing sources (uses)	<u>36,041,715</u>	<u>-</u>	<u>17,795</u>	<u>36,059,510</u>
Change in fund balances	7,310,715	1,494,703	(85,405,663)	(76,600,245)
FUND BALANCES:				
Beginning of year, as restated (Note 22)	62,000,832	1,376,012	531,066,737	594,443,581
End of year	<u>\$ 69,311,547</u>	<u>\$ 2,870,715</u>	<u>\$ 445,661,074</u>	<u>\$ 517,843,336</u>

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 13,154,900	\$ 13,154,900	\$ 13,291,434	\$ 136,534
Use of money and property	110,100	110,100	154,115	44,015
Total revenues	<u>13,265,000</u>	<u>13,265,000</u>	<u>13,445,549</u>	<u>180,549</u>
EXPENDITURES:				
Current:				
General administration	16,000	16,000	25,400	(9,400)
Debt service:				
Principal retirement	17,295,000	17,295,000	17,295,000	-
Interest	24,304,990	24,304,990	24,856,149	(551,159)
Total expenditures	<u>41,615,990</u>	<u>41,615,990</u>	<u>42,176,549</u>	<u>(560,559)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(28,350,990)</u>	<u>(28,350,990)</u>	<u>(28,731,000)</u>	<u>(380,010)</u>
OTHER FINANCING SOURCES:				
Transfers in	26,684,028	26,684,028	36,041,715	9,357,687
Total other financing sources	<u>26,684,028</u>	<u>26,684,028</u>	<u>36,041,715</u>	<u>9,357,687</u>
Changes in fund balance	<u>\$ (1,666,962)</u>	<u>\$ (1,666,962)</u>	7,310,715	<u>\$ 8,977,677</u>
FUND BALANCE:				
Beginning of year, as restated (Note 22)			<u>62,000,832</u>	
End of year			<u>\$ 69,311,547</u>	

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Tax Override Debt Service Funds
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 47,072,300	\$ 47,072,300	\$ 51,365,357	\$ 4,293,057
Use of money and property	2,000	2,000	18	(1,982)
Total revenues	<u>47,074,300</u>	<u>47,074,300</u>	<u>51,365,375</u>	<u>4,291,075</u>
EXPENDITURES:				
Current:				
Community development	47,072,300	47,072,300	49,870,672	(2,798,372)
Total expenditures	<u>47,072,300</u>	<u>47,072,300</u>	<u>49,870,672</u>	<u>(2,798,372)</u>
REVENUES OVER EXPENDITURES	<u>2,000</u>	<u>2,000</u>	<u>1,494,703</u>	<u>1,492,703</u>
Changes in fund balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>1,494,703</u>	<u>\$ 1,492,703</u>
FUND BALANCE:				
Beginning of year			<u>1,376,012</u>	
End of year			<u>\$ 2,870,715</u>	

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Industry Public Facilities Authority Debt Service Funds
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 29,449,400	\$ 29,449,400	\$ 23,973,313	\$ (5,476,087)
Total revenues	<u>29,449,400</u>	<u>29,449,400</u>	<u>23,973,313</u>	<u>(5,476,087)</u>
EXPENDITURES:				
Current:				
General administration	396,650	396,650	1,201,558	(804,908)
Community development	-	-	298,856	(298,856)
Debt service:				
Principal retirement	61,290,000	61,290,000	83,945,000	(22,655,000)
Interest	23,636,890	23,636,890	23,951,357	(314,467)
Total expenditures	<u>85,323,540</u>	<u>85,323,540</u>	<u>109,396,771</u>	<u>(24,073,231)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(55,874,140)</u>	<u>(55,874,140)</u>	<u>(85,423,458)</u>	<u>(29,549,318)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	17,795	17,795
Total other financing sources (uses)	-	-	17,795	17,795
Changes in fund balance	<u>\$ (55,874,140)</u>	<u>\$ (55,874,140)</u>	<u>(85,405,663)</u>	<u>\$ (29,531,523)</u>
FUND BALANCE:				
Beginning of year			<u>531,066,737</u>	
End of year			<u>\$ 445,661,074</u>	

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NONMAJOR GOVERNMENTAL FUNDS

City of Industry
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

		Special Revenue Funds				
		State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	Grants
ASSETS						
Cash		\$ -	\$ -	\$ 62,459	\$ 9,440	\$ -
Investments		-	-	2,016,625	-	-
Accounts receivable		17,903	-	-	-	-
Accrued interest		-	-	10,333	-	-
Due from other funds		-	-	-	5,919	-
Total assets		\$ 17,903	\$ -	\$ 2,089,417	\$ 15,359	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable		\$ -	\$ -	\$ 22,244	\$ -	\$ -
Due to other funds		-	-	16,207	-	-
Total liabilities		-	-	38,451	-	-
Fund Balances:						
Restricted		17,903	-	2,050,966	15,359	-
Total fund balances		17,903	-	2,050,966	15,359	-
Total liabilities and fund balances		\$ 17,903	\$ -	\$ 2,089,417	\$ 15,359	\$ -

City of Industry
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

		Special Revenue Funds			
		AQMD Grant	Measure M	CARB Grant	Total
ASSETS					
Cash		\$ -	\$ -	\$ 564,340	\$ 636,239
Investments		-	-	-	2,016,625
Accounts receivable		471	-	-	18,374
Accrued interest		-	-	-	10,333
Due from other funds		-	1,977	14,374	22,270
Total assets		\$ 471	\$ 1,977	\$ 578,714	\$ 2,703,841
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ -	\$ -	\$ -	\$ 22,244
Due to other funds		-	-	-	16,207
Total liabilities		-	-	-	38,451
Fund Balances:					
Restricted		471	1,977	578,714	2,665,390
Total fund balances		471	1,977	578,714	2,665,390
Total liabilities and fund balances		\$ 471	\$ 1,977	\$ 578,714	\$ 2,703,841

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	Grants
REVENUES:					
Taxes	\$ 12,211	\$ 5,111	\$ 595,726	\$ 6,444	\$ -
Intergovernmental	-	-	-	-	270,415
Use of money and property	-	-	29,924	6	-
Other revenues	2,199	-	-	-	-
Total revenues	14,410	5,111	625,650	6,450	270,415
EXPENDITURES:					
Current:					
Public works	14,410	5,111	113,536	-	270,415
Capital outlay	-	-	1,149,441	-	-
Total expenditures	14,410	5,111	1,262,977	-	270,415
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(637,327)	6,450	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	307	-	2,245,730
Transfers out	-	-	-	-	(270,415)
Total other financing sources (uses)	-	-	307	-	1,975,315
Changes in fund balances	-	-	(637,020)	6,450	1,975,315
FUND BALANCES:					
Beginning of year	17,903	-	2,687,986	8,909	(1,975,315)
End of year	<u>\$ 17,903</u>	<u>\$ -</u>	<u>\$ 2,050,966</u>	<u>\$ 15,359</u>	<u>\$ -</u>

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	AQMD Grant	Measure M	CARB Grant	Total
REVENUES:				
Taxes	\$ -	\$ 4,631	\$ -	\$ 624,123
Intergovernmental	-	-	139,726	410,141
Use of money and property	-	-	-	29,930
Other revenues	-	-	-	2,199
Total revenues	-	4,631	139,726	1,066,393
EXPENDITURES:				
Current:				
Public works	-	2,654	-	406,126
Capital outlay	-	-	-	1,149,441
Total expenditures	-	2,654	-	1,555,567
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,977	139,726	(489,174)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	438,988	2,685,025
Transfers out	-	-	-	(270,415)
Total other financing sources (uses)	-	-	438,988	2,414,610
Changes in fund balances	-	1,977	578,714	1,925,436
FUND BALANCES:				
Beginning of year	471	-	-	739,954
End of year	<u>\$ 471</u>	<u>\$ 1,977</u>	<u>\$ 578,714</u>	<u>\$ 2,665,390</u>

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 23,640	\$ 23,640	\$ 12,211	\$ (11,429)
Use of money and property	100	100	-	(100)
Other revenues	-	-	2,199	2,199
Total revenues	<u>23,740</u>	<u>23,740</u>	<u>14,410</u>	<u>(9,330)</u>
EXPENDITURES:				
Current:				
Public works	-	-	14,410	(14,410)
Total expenditures	<u>-</u>	<u>-</u>	<u>14,410</u>	<u>(14,410)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 23,740</u>	<u>\$ 23,740</u>	-	<u>\$ (23,740)</u>
FUND BALANCE:				
Beginning of year			<u>17,903</u>	
End of year			<u>\$ 17,903</u>	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Measure R Local Return Special Revenue Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 5,000	\$ 5,000	\$ 5,111	\$ 111
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,111</u>	<u>111</u>
EXPENDITURES:				
Current:				
Public works	5,000	5,000	5,111	(111)
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,111</u>	<u>(111)</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Proposition A Sales Tax Special Revenue Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 258,000	\$ 533,000	\$ 595,726	\$ 62,726
Intergovernmental	-	-	-	-
Revenues from use of money and property	5,500	5,500	29,924	24,424
Total revenues	<u>263,500</u>	<u>538,500</u>	<u>625,650</u>	<u>87,150</u>
EXPENDITURES:				
Current:				
Public works	2,900,000	2,900,000	113,536	2,786,464
Capital outlay	-	-	1,149,441	(1,149,441)
Total expenditures	<u>2,900,000</u>	<u>2,900,000</u>	<u>1,262,977</u>	<u>1,637,023</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,636,500)	(2,361,500)	(637,327)	1,724,173
OTHER FINANCING SOURCES:				
Transfers in	-	-	307	307
Total other financing sources	<u>-</u>	<u>-</u>	<u>307</u>	<u>307</u>
NET CHANGES IN FUND BALANCES	<u>\$ (2,636,500)</u>	<u>\$ (2,361,500)</u>	(637,020)	<u>\$ 1,724,480</u>
FUND BALANCE:				
Beginning of year			<u>2,687,986</u>	
End of year			<u>\$ 2,050,966</u>	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Proposition C Sales Tax Special Revenue Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 7,000	\$ 7,000	\$ 6,444	\$ (556)
Use of money and property	10	10	6	(4)
Total revenues	<u>7,010</u>	<u>7,010</u>	<u>6,450</u>	<u>(560)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 7,010</u>	<u>\$ 7,010</u>	6,450	<u>\$ (560)</u>
FUND BALANCE:				
Beginning of year			<u>8,909</u>	
End of year			<u>\$ 15,359</u>	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 12,431,580	\$ 12,431,580	\$ 270,415	\$ (12,161,165)
Total revenues	<u>12,431,580</u>	<u>12,431,580</u>	<u>270,415</u>	<u>(12,161,165)</u>
EXPENDITURES:				
Current:				
Public works	-	-	270,415	(270,415)
Total expenditures	<u>-</u>	<u>-</u>	<u>270,415</u>	<u>(270,415)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,431,580	12,431,580	-	(12,431,580)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	2,245,730	2,245,730
Transfer out	(12,431,580)	(12,431,580)	(270,415)	12,161,165
Total other financing sources (uses)	<u>(12,431,580)</u>	<u>(12,431,580)</u>	<u>1,975,315</u>	<u>14,406,895</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	1,975,315	<u>\$ 1,975,315</u>
FUND BALANCE:				
Beginning of year			(1,975,315)	
End of year			<u>\$ -</u>	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Measure M Special Revenue Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 5,000	\$ 5,000	\$ 4,631	\$ (369)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>4,631</u>	<u>(369)</u>
EXPENDITURES:				
Current:				
Public works	-	-	2,654	(2,654)
Total expenditures	<u>-</u>	<u>-</u>	<u>2,654</u>	<u>(2,654)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>1,977</u>	<u>(3,023)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>1,977</u>	<u>\$ (3,023)</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 1,977</u>	

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INDUSTRY PUBLIC UTILITIES COMMISSION ENTERPRISE FUNDS

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City of Industry
Combining Statement of Net Position
Industry Public Utilities Commission Enterprise Funds
June 30, 2018

	Industry Public Utilities Commission		Total
	Water	Electric	
ASSETS			
Current assets:			
Cash	\$ 1,146,028	\$ -	\$ 1,146,028
Investments	5,974,926	13,819,632	19,794,558
Accounts receivable, net	520,129	782,908	1,303,037
Accrued interest	26,199	55,088	81,287
Inventory of materials and supplies	10,000	-	10,000
Prepaid items	496,542	-	496,542
Total current assets	<u>8,173,824</u>	<u>14,657,628</u>	<u>22,831,452</u>
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated	918,388	-	918,388
Capital assets being depreciated, net	8,799,904	3,569,545	12,369,449
Capital assets, net	<u>9,718,292</u>	<u>3,569,545</u>	<u>13,287,837</u>
Total noncurrent assets	<u>9,718,292</u>	<u>3,569,545</u>	<u>13,287,837</u>
Total assets	<u>17,892,116</u>	<u>18,227,173</u>	<u>36,119,289</u>
LIABILITIES			
Current liabilities:			
Accounts payable	334,221	521,352	855,573
Deposits	33,717	8,089,370	8,123,087
Due to other funds	-	27,700	27,700
Unearned revenue from reclaimed water sales	6,273,425	-	6,273,425
Total current liabilities	<u>6,641,363</u>	<u>8,638,422</u>	<u>15,279,785</u>
Total liabilities	<u>6,641,363</u>	<u>8,638,422</u>	<u>15,279,785</u>
NET POSITION			
Investment in capital assets	9,718,292	3,569,545	13,287,837
Unrestricted	1,532,461	6,019,206	7,551,667
Total net position	<u>\$ 11,250,753</u>	<u>\$ 9,588,751</u>	<u>\$ 20,839,504</u>

City of Industry
Combining Statement of Revenues, Expenses, and Changes in Fund Position
Industry Public Utilities Commission Enterprise Funds
For the Year Ended June 30, 2018

	Industry Public Utilities Commission		Total
	Water	Electric	
OPERATING REVENUES:			
Water sales and service	\$ 3,270,180	\$ -	\$ 3,270,180
Electric and solar energy sales	-	5,098,350	5,098,350
Other revenue	43,168	-	43,168
Total operating revenues	<u>3,313,348</u>	<u>5,098,350</u>	<u>8,411,698</u>
OPERATING EXPENSES:			
Purchased water	98,204	-	98,204
Purchased electricity	-	2,288,687	2,288,687
General administration	2,028,233	2,498,604	4,526,837
Depreciation	587,060	92,753	679,813
Total operating expenses	<u>2,713,497</u>	<u>4,880,044</u>	<u>7,593,541</u>
OPERATING INCOME (LOSS)	599,851	218,306	818,157
NONOPERATING REVENUES:			
Investment income	75,801	111,782	187,583
Loss on disposal of assets	(4,549)	-	(4,549)
Total nonoperating revenue	<u>71,252</u>	<u>111,782</u>	<u>183,034</u>
Changes in net position before transfers	<u>671,103</u>	<u>330,088</u>	<u>1,001,191</u>
TRANSFERS:			
Transfers in	-	27,786	27,786
Transfers out	-	(438,988)	(438,988)
Total transfers	<u>-</u>	<u>(411,202)</u>	<u>(411,202)</u>
Changes in net position	671,103	(81,114)	589,989
NET POSITION:			
Beginning of year	10,579,650	9,669,865	20,249,515
End of year	<u>\$ 11,250,753</u>	<u>\$ 9,588,751</u>	<u>\$ 20,839,504</u>

City of Industry
Combining Statement of Cash Flows
Industry Public Utilities Commission Enterprise Funds
For the Year Ended June 30, 2018

	Industry Public Utilities Commission		
	Water	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,808,809	\$ 13,040,140	\$ 15,848,949
Payments to vendors for supplies and services	(2,332,197)	(4,944,873)	(7,277,070)
Net cash provided by operating activities	476,612	8,095,267	8,571,879
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	750,892	750,892
Cash paid to other funds	(34,307)	(438,988)	(473,295)
Net cash provided by (used in) noncapital financing activities	(34,307)	311,904	277,597
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	(696,633)	(696,633)
Net cash used in capital and related financing activities	-	(696,633)	(696,633)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of investments	(761,609)	(13,819,632)	(14,581,241)
Proceeds from sale of investments	-	5,465,957	5,465,957
Interest received	61,608	56,694	118,302
Net cash used in investing activities	(700,001)	(8,296,981)	(8,996,982)
Net decrease in cash and cash equivalents	(257,696)	(586,443)	(844,139)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,403,724	586,443	1,990,167
End of year	<u>\$ 1,146,028</u>	<u>\$ -</u>	<u>\$ 1,146,028</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	\$ 599,851	\$ 218,306	\$ 818,157
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	587,060	92,753	679,813
(Increase) decrease in accounts receivables	6,523	(141,244)	(134,721)
(Increase) decrease in prepaid items	(247,887)	-	(247,887)
Increase (decrease) in accounts payable	42,127	(157,582)	(115,455)
Increase (decrease) in customer deposits	881	8,083,034	8,083,915
Increase (decrease) in unearned revenues	(511,943)	-	(511,943)
Net cash provided by (used in) operating activities	\$ 476,612	\$ 8,095,267	\$ 8,571,879

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AGENCY FUND

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City of Industry
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assessment Districts				
ASSETS				
Cash	\$ 314,295	\$ 1,253,576	\$ (972,637)	\$ 595,234
Investments	1,774,341	4,958,054	(5,072,097)	1,660,298
Cash with fiscal agent	519,099	508,133	(504,546)	522,686
Other receivables	11,513	2,753	(11,513)	2,753
Total assets	<u>\$ 2,619,248</u>	<u>\$ 6,722,516</u>	<u>\$ (6,560,793)</u>	<u>\$ 2,780,971</u>
LIABILITIES				
Due to bond holders	\$ 2,619,248	\$ 668,596	\$ (506,873)	\$ 2,780,971
Total liabilities	<u>\$ 2,619,248</u>	<u>\$ 668,596</u>	<u>\$ (506,873)</u>	<u>\$ 2,780,971</u>

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SCHEDULES OF LONG-TERM DEBT

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City of Industry
Schedule of Long-Term Debt
\$37,860,000 General Obligation Refunding Bonds, Issue of 2009 - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2018	\$ 4,330,000	3.600%	\$ 221,875	\$ 4,551,875	
1/1/2019	-	3.800%	113,625	113,625	\$ 4,665,500
7/1/2019	4,545,000	3.800%	113,625	4,658,625	4,658,625
	<u>\$ 8,875,000</u>		<u>\$ 449,125</u>	<u>\$ 9,324,125</u>	<u>\$ 9,324,125</u>

City of Industry
Schedule of Long-Term Debt (Continued)
\$50,975,000 General Obligation Refunding Bonds, Series B, Issue of 2009 - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2018	\$ 5,180,000	4.375%	\$ 358,950	\$ 5,538,950	
1/1/2019	-	4.500%	251,450	251,450	\$ 5,790,400
7/1/2019	5,395,000	4.500%	251,450	5,646,450	
1/1/2020	-	4.500%	127,800	127,800	5,774,250
7/1/2020	5,640,000	4.500%	127,800	5,767,800	5,767,800
	<u>\$ 16,215,000</u>		<u>\$ 1,117,450</u>	<u>\$ 17,332,450</u>	<u>\$ 17,332,450</u>

City of Industry
Schedule of Long-Term Debt (Continued)
\$43,340,000 General Obligation Refunding Bonds, Issue of 2010 - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2018	\$ 2,330,000	4.000%	\$ 664,725	\$ 2,994,725	
1/1/2019	-	4.000%	618,125	618,125	\$ 3,612,850
7/1/2019	2,430,000	5.000%	618,125	3,048,125	
1/1/2020	-	5.000%	557,375	557,375	3,605,500
7/1/2020	2,550,000	5.000%	557,375	3,107,375	
1/1/2021	-	5.000%	493,625	493,625	3,601,000
7/1/2021	2,675,000	4.500%	493,625	3,168,625	
1/1/2022	-	4.500%	431,200	431,200	3,599,825
7/1/2022	2,800,000	5.000%	431,200	3,231,200	
1/1/2023	-	5.000%	361,200	361,200	3,592,400
7/1/2023	2,940,000	5.000%	361,200	3,301,200	
1/1/2024	-	5.000%	287,700	287,700	3,588,900
7/1/2024	3,095,000	5.000%	287,700	3,382,700	
1/1/2025	-	5.000%	210,325	210,325	3,593,025
7/1/2025	3,240,000	4.500%	210,325	3,450,325	
1/1/2026	-	4.500%	137,075	137,075	3,587,400
7/1/2026	1,550,000	4.250%	137,075	1,687,075	
1/1/2027	-	4.250%	104,138	104,138	1,791,213
7/1/2027	1,615,000	4.000%	104,138	1,719,138	
1/1/2028	-	4.000%	71,838	71,838	1,790,976
7/1/2028	1,680,000	4.125%	71,838	1,751,838	
1/1/2029	-	4.125%	37,188	37,188	1,789,026
7/1/2029	1,750,000	4.250%	37,188	1,787,188	1,787,188
	<u>\$ 28,655,000</u>		<u>\$ 7,284,303</u>	<u>\$ 35,939,303</u>	<u>\$ 35,939,303</u>

City of Industry
Schedule of Long-Term Debt (Continued)
\$28,985,000 General Obligation Refunding Bonds Taxable, Issue of 2014 - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2018	\$ -	2.500%	\$ 416,482	\$ 416,482	
1/1/2019	-	2.500%	416,482	416,482	\$ 832,964
7/1/2019	-	2.500%	416,482	416,482	
1/1/2020	-	2.500%	416,482	416,482	832,964
7/1/2020	4,470,000	2.500%	416,482	4,886,482	
1/1/2021	-	2.750%	360,607	360,607	5,247,089
7/1/2021	5,875,000	2.750%	360,607	6,235,607	
1/1/2022	-	2.875%	279,825	279,825	6,515,432
7/1/2022	6,035,000	2.875%	279,825	6,314,825	
1/1/2023	-	3.000%	193,072	193,072	6,507,897
7/1/2023	6,210,000	3.000%	193,072	6,403,072	
1/1/2024	-	3.125%	99,921	99,921	6,502,993
7/1/2024	6,395,000	3.125%	99,921	6,494,921	6,494,921
	<u>\$ 28,985,000</u>		<u>\$ 3,949,260</u>	<u>\$ 32,934,260</u>	<u>\$ 32,934,260</u>

City of Industry
Schedule of Long-Term Debt (Continued)
\$336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2018	\$ -	2.125%	\$ 8,169,081	\$ 8,169,081	
1/1/2019	1,920,000	2.125%	8,169,081	10,089,081	\$ 18,258,163
7/1/2019	-	2.500%	8,148,681	8,148,681	
1/1/2020	1,960,000	2.500%	8,148,681	10,108,681	18,257,363
7/1/2020	-	2.750%	8,124,181	8,124,181	
1/1/2021	2,010,000	2.750%	8,124,181	10,134,181	18,258,363
7/1/2021	-	3.000%	8,096,544	8,096,544	
1/1/2022	2,065,000	3.000%	8,096,544	10,161,544	18,258,088
7/1/2022	-	3.250%	8,065,569	8,065,569	
1/1/2023	2,130,000	3.250%	8,065,569	10,195,569	18,261,138
7/1/2023	-	3.250%	8,030,956	8,030,956	
1/1/2024	2,200,000	3.250%	8,030,956	10,230,956	18,261,913
7/1/2024	-	3.500%	7,995,206	7,995,206	
1/1/2025	2,270,000	3.500%	7,995,206	10,265,206	18,260,413
7/1/2025	-	3.625%	7,955,481	7,955,481	
1/1/2026	2,345,000	3.625%	7,955,481	10,300,481	18,255,963
7/1/2026	-	4.000%	7,912,978	7,912,978	
1/1/2027	2,435,000	4.000%	7,912,978	10,347,978	18,260,956
7/1/2027	-	4.000%	7,864,278	7,864,278	
1/1/2028	7,270,000	4.000%	7,864,278	15,134,278	22,998,556
7/1/2028	-	4.125%	7,718,878	7,718,878	
1/1/2029	7,560,000	4.125%	7,718,878	15,278,878	22,997,756
7/1/2029	-	4.250%	7,562,953	7,562,953	
1/1/2030	7,870,000	4.250%	7,562,953	15,432,953	22,995,906
7/1/2030	-	4.625%	7,395,716	7,395,716	
1/1/2031	8,205,000	4.625%	7,395,716	15,600,716	22,996,431
7/1/2031	-	4.625%	7,205,975	7,205,975	
1/1/2032	8,585,000	4.625%	7,205,975	15,790,975	22,996,950
7/1/2032	-	4.625%	7,007,447	7,007,447	
1/1/2033	8,985,000	4.625%	7,007,447	15,992,447	22,999,894
7/1/2033	-	4.625%	6,799,669	6,799,669	
1/1/2034	9,400,000	4.625%	6,799,669	16,199,669	22,999,338
7/1/2034	-	5.125%	6,582,294	6,582,294	
1/1/2035	9,835,000	5.125%	6,582,294	16,417,294	22,999,588
7/1/2035	-	5.125%	6,330,272	6,330,272	
1/1/2036	10,335,000	5.125%	6,330,272	16,665,272	22,995,544
7/1/2036	-	5.125%	6,065,438	6,065,438	
1/1/2037	10,865,000	5.125%	6,065,438	16,930,438	22,995,875
7/1/2037	-	5.125%	5,787,022	5,787,022	
1/1/2038	11,425,000	5.125%	5,787,022	17,212,022	22,999,044
7/1/2038	-	5.125%	5,494,256	5,494,256	
1/1/2039	12,010,000	5.125%	5,494,256	17,504,256	22,998,513
7/1/2039	-	5.125%	5,186,500	5,186,500	
1/1/2040	12,625,000	5.125%	5,186,500	17,811,500	22,998,000
7/1/2040	-	5.125%	4,862,984	4,862,984	
1/1/2041	13,270,000	5.125%	4,862,984	18,132,984	22,995,969
7/1/2041	-	5.125%	4,522,941	4,522,941	
1/1/2042	13,950,000	5.125%	4,522,941	18,472,941	22,995,881
7/1/2042	-	5.125%	4,165,472	4,165,472	
1/1/2043	14,665,000	5.125%	4,165,472	18,830,472	22,995,944
7/1/2043	-	5.125%	3,789,681	3,789,681	
1/1/2044	15,420,000	5.125%	3,789,681	19,209,681	22,999,363
7/1/2044	-	5.125%	3,394,544	3,394,544	
1/1/2045	16,210,000	5.125%	3,394,544	19,604,544	22,999,088

City of Industry
Schedule of Long-Term Debt (Continued)
\$336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2045	-	5.125%	2,979,163	2,979,163	
1/1/2046	17,040,000	5.125%	2,979,163	20,019,163	22,998,325
7/1/2046	-	5.125%	2,542,513	2,542,513	
1/1/2047	17,910,000	5.125%	2,542,513	20,452,513	22,995,025
7/1/2047	-	5.125%	2,083,569	2,083,569	
1/1/2048	18,830,000	5.125%	2,083,569	20,913,569	22,997,138
7/1/2048	-	5.125%	1,601,050	1,601,050	
1/1/2049	19,795,000	5.125%	1,601,050	21,396,050	22,997,100
7/1/2049	-	5.125%	1,093,803	1,093,803	
1/1/2050	20,810,000	5.125%	1,093,803	21,903,803	22,997,606
7/1/2050	-	5.125%	560,547	560,547	
1/1/2051	21,875,000	5.125%	560,547	22,435,547	22,996,094
	<u>\$ 334,080,000</u>		<u>\$ 382,191,281</u>	<u>\$ 716,271,281</u>	<u>\$ 716,271,281</u>

City of Industry
Schedule of Long-Term Debt (Continued)
\$51,460,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
8/1/2018	\$ -	3.250%	\$ 1,852,180	\$ 1,852,180	
2/1/2019	505,000	3.250%	1,852,180	2,357,180	\$ 4,209,360
8/1/2019	-	3.750%	1,843,974	1,843,974	
2/1/2020	520,000	3.750%	1,843,974	2,363,974	4,207,948
8/1/2020	-	4.250%	1,834,224	1,834,224	
2/1/2021	540,000	4.250%	1,834,224	2,374,224	4,208,448
8/1/2021	-	4.500%	1,822,749	1,822,749	
2/1/2022	560,000	4.500%	1,822,749	2,382,749	4,205,498
8/1/2022	-	4.750%	1,810,149	1,810,149	
2/1/2023	585,000	4.750%	1,810,149	2,395,149	4,205,298
8/1/2023	-	5.000%	1,796,255	1,796,255	
2/1/2024	615,000	5.000%	1,796,255	2,411,255	4,207,510
8/1/2024	-	5.250%	1,780,880	1,780,880	
2/1/2025	645,000	5.250%	1,780,880	2,425,880	4,206,760
8/1/2025	-	5.550%	1,763,949	1,763,949	
2/1/2026	680,000	5.550%	1,763,949	2,443,949	4,207,898
8/1/2026	-	5.850%	1,745,079	1,745,079	
2/1/2027	715,000	5.850%	1,745,079	2,460,079	4,205,158
8/1/2027	-	6.150%	1,724,165	1,724,165	
2/1/2028	755,000	6.150%	1,724,165	2,479,165	4,203,330
8/1/2028	-	6.450%	1,700,949	1,700,949	
2/1/2029	805,000	6.450%	1,700,949	2,505,949	4,206,898
8/1/2029	-	6.750%	1,674,988	1,674,988	
2/1/2030	860,000	6.750%	1,674,988	2,534,988	4,209,976
8/1/2030	-	7.000%	1,645,963	1,645,963	
2/1/2031	915,000	7.000%	1,645,963	2,560,963	4,206,926
8/1/2031	-	7.250%	1,613,938	1,613,938	
2/1/2032	980,000	7.250%	1,613,938	2,593,938	4,207,876
8/1/2032	-	7.250%	1,578,413	1,578,413	
2/1/2033	1,050,000	7.250%	1,578,413	2,628,413	4,206,826
8/1/2033	-	7.250%	1,540,350	1,540,350	
2/1/2034	1,125,000	7.250%	1,540,350	2,665,350	4,205,700
8/1/2034	-	7.250%	1,499,569	1,499,569	
2/1/2035	1,205,000	7.250%	1,499,569	2,704,569	4,204,138
8/1/2035	-	7.250%	1,455,888	1,455,888	
2/1/2036	1,295,000	7.250%	1,455,888	2,750,888	4,206,776
8/1/2036	-	7.500%	1,408,944	1,408,944	
2/1/2037	1,390,000	7.500%	1,408,944	2,798,944	4,207,888
8/1/2037	-	7.500%	1,356,819	1,356,819	
2/1/2038	1,490,000	7.500%	1,356,819	2,846,819	4,203,638
8/1/2038	-	7.500%	1,300,944	1,300,944	
2/1/2039	1,605,000	7.500%	1,300,944	2,905,944	4,206,888
8/1/2039	-	7.500%	1,240,756	1,240,756	
2/1/2040	1,725,000	7.500%	1,240,756	2,965,756	4,206,512
8/1/2040	-	7.500%	1,176,069	1,176,069	
2/1/2041	1,855,000	7.500%	1,176,069	3,031,069	4,207,138
8/1/2041	-	7.750%	1,106,506	1,106,506	
2/1/2042	1,995,000	7.750%	1,106,506	3,101,506	4,208,012
8/1/2042	-	7.750%	1,029,200	1,029,200	
2/1/2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
8/1/2043	-	7.750%	945,888	945,888	
2/1/2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
8/1/2044	-	7.750%	856,181	856,181	
2/1/2045	2,495,000	7.750%	856,181	3,351,181	4,207,362

City of Industry
Schedule of Long-Term Debt (Continued)
\$51,460,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
8/1/2045	-	7.750%	759,500	759,500	
2/1/2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
8/1/2046	-	7.750%	655,456	655,456	
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047	-	7.750%	543,081	543,081	
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048	-	7.750%	422,181	422,181	
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049	-	7.750%	291,788	291,788	
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050	-	7.750%	151,319	151,319	
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
	<u>\$ 50,975,000</u>		<u>\$ 87,856,588</u>	<u>\$ 138,831,588</u>	<u>\$ 138,831,588</u>

City of Industry
Schedule of Long-Term Debt (Continued)
\$34,340,000 Taxable Sales Tax Revenue Refunding Bonds, Issue of 2017 - Maturity Schedule
For the Year Ended June 30, 2018

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2018	\$ -	2.000%	\$ 445,328	\$ 445,328	
1/1/2019	3,085,000	2.000%	445,328	3,530,328	\$ 3,975,656
7/1/2019	-	2.250%	414,478	414,478	
1/1/2020	3,145,000	2.250%	414,478	3,559,478	3,973,956
7/1/2020	-	2.500%	379,097	379,097	
1/1/2021	3,215,000	2.500%	379,097	3,594,097	3,973,194
7/1/2021	-	2.750%	338,909	338,909	
1/1/2022	3,295,000	2.750%	338,909	3,633,909	3,972,818
7/1/2022	-	3.000%	293,603	293,603	
1/1/2023	3,390,000	3.000%	293,603	3,683,603	3,977,206
7/1/2023	-	3.125%	242,753	242,753	
1/1/2024	3,490,000	3.125%	242,753	3,732,753	3,975,506
7/1/2024	-	3.250%	188,222	188,222	
1/1/2025	3,595,000	3.250%	188,222	3,783,222	3,971,444
7/1/2025	-	3.375%	129,803	129,803	
1/1/2026	3,715,000	3.375%	129,803	3,844,803	3,974,606
7/1/2026	-	3.500%	67,113	67,113	
1/1/2027	3,835,000	3.500%	67,113	3,902,113	3,969,226
	<u>\$ 30,765,000</u>		<u>\$ 4,998,612</u>	<u>\$ 35,763,612</u>	<u>\$ 35,763,612</u>

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Industry, CA, City of - General Obligation Bonds & Public Facilities Refunding Lease Revenue Bonds

- 1 City of Industry General Obligation Refunding Bonds, Series 2014 (Federally Taxable), \$28,985,000, Dated: May 28, 2014
- 2 City of Industry (California) General Obligation Refunding Bonds, 2010, \$43,340,000, Dated: August 31, 2010
- 3 City of Industry Public Facilities Authority, Refunding Lease Revenue Bonds, 2010, \$8,460,000, Dated: March 30, 2010
- 4 City of Industry (California) General Obligation Refunding Bonds, 2009 Series B, \$50,975,000, Dated: July 30, 2009
- 5 City of Industry (California) General Obligation Refunding Bonds, 2009, \$37,860,000, Dated: May 12, 2009

Series 2014, 2010 Public Facilities

Information Concerning the Actual Revenues, Expenditures and Beginning and Ending Fund Balances Relating to the General Fund of the City for the Most Recent Completed Fiscal Year

Fiscal Year Ended June 30

CITY OF INDUSTRY

General Fund

Summary of Revenues, Expenditures and Changes in Fund Balances

	2018
Revenues	
Taxes	\$ 42,231,312
Intergovernmental	961,673
Charges for services	1,000,581
Licenses and Permits	2,440,729
Fine, Forfeitures and Penalties	442,947
Revenues from use of money and property	7,293,171
Other revenues	3,281,409
Total Revenues	57,651,822
Expenditures	
Legislative	659,613
General Administration	12,320,754
Support Services	6,072,461
Community Development	4,019,364
Community Services	4,501,325
Public Safety	10,147,605
Public Works	15,299,544
Capital outlay	1,546,604
Total Expenditures	55,067,270
Excess of Revenue Over Expenditures	2,584,552
Other Financing Sources (Uses)	
Transfers in from other governmental funds	2,370,488
Transfers in from enterprise and fiduciary funds	772,278
Proceeds from sale of capital assets	772,278
Loss on write off debts due from Successor Agency	-
Proposition A Exchange	-
Transfers out to enterprise and fiduciary funds	(48,521,275)
Transfers out to other governmental funds	-
Total other financing sources (uses)	(45,378,509)
Net changes in fund balance	(42,733,957)
FUND BALANCES, beginning of year	750,458,320
FUND BALANCES, end of year	\$ 707,664,363

Series 2014

Summary Financial Information Regarding Revenues, Expenditures and Fund Balances for the General Fund of the City, Reflecting the Adopted Budget of the City for the Current Fiscal year

Fiscal Year Ended June 30

CITY OF INDUSTRY

General Fund

Summary of Revenues, Expenditures and Changes In Fund Balances

Adopted Budget
2019

Revenues		
Taxes	\$	39,622,350
Licenses and Permits		4,756,830
Fine, Forfeitures and Penalties		377,500
Revenues from use of money and property		5,109,990
Other Revenues		12,819,360
Total Revenues		62,686,030
Expenditures		
Legislative		786,045
General Administration		4,335,895
Support Services		6,342,220
Community Development		1,302,890
Community Services		5,181,600
Public Safety		10,620,975
Public Works		20,308,075
Capital Projects		-
Total Expenditures		48,877,700
Excess of Revenue Over Expenditures		13,808,330
Other Financing Sources (Uses)		
Transfers in from other governmental funds	Sales tax transfers for debt service	(26,443,180)
Transfers in from enterprise and fiduciary funds	CRIA subsidy	(1,066,130)
Proceeds from sale of capital assets	Housing fund subsidy	(450,345)
Loss on write off debts due from Successor Agency	Fleet management fund	(80,000)
Proposition A Exchange	Support for CIP program	(1,365,000)
Transfers out to enterprise and fiduciary funds		
Transfers out to other governmental funds		
Total other financing sources (uses)		(29,404,655)
Net changes in fund balance		(15,596,325)
FUND BALANCES, beginning of year		707,664,363
FUND BALANCES, end of year	\$	692,068,038

Series 2014, 2010 Public

Annual Assessed Values

Series 2010GO, 2009B GO, 2009GO

Current Fiscal Year Assessed Valuation of Taxable Properties in the City,

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2018	6,548,302,007	438,852,459	1,386,235,337	8,373,389,803
2019 (Current)	7,444,678,460	397,831,149	1,450,645,715	9,293,155,324

Series 2014, 2010 Public

Largest (Top Ten) Local Secured Taxpayers

Series 2010GO, 2009B GO, 2009GO

Assessed Valuation of the Top Ten Properties.

Fiscal Year Ended June 30, 2018

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
Walnut Creek Energy LLC	Utility	\$ 437,900,000	5.23%
Industry East Land LLC	Industrial	227,193,493	2.71%
R R and C Development Company	Commercial	204,131,757	2.44%
Fairway Subs LLC	Industrial	171,202,641	2.04%
Jcc California Properties LLC	Commercial	116,864,818	1.40%
Tropicana Manufacturing Co Inc	Industrial	111,321,577	1.33%
White Wave Foods Inc	Unsecured	106,048,186	1.27%
Newage Phm LLC	Commercial	104,642,828	1.25%
Quinn Group Inc.	Industrial	91,781,040	1.10%
Quemetco West LLC	Industrial	84,525,216	1.01%

Series 2014

Overlapping debt

Fiscal Year Ended June 30, 2018

CITY OF INDUSTRY

Statement of Direct and Overlapping Debt

Assessed Valuation 2017-2018: \$ 8,373,389,803.00

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/18
<u>Metropolitan Water District</u>	\$ 60,600,000	0.306%	\$ 185,436
<u>Mount San Antonio Community College District</u>	433,752,694	9.052%	39,263,294
<u>Rio Hondo Community College District</u>	148,207,824	1.300%	1,926,702
<u>Baldwin Park Unified School District</u>	98,494,262	0.021%	20,684
<u>Bassett Unified School District</u>	62,951,682	30.458%	19,173,823
<u>Hacienda-La Puente Unified School District</u>	148,569,359	25.348%	37,659,361
<u>Pomona Unified School District</u>	277,754,187	3.972%	11,032,396
<u>Rowland Unified School District</u>	237,527,595	20.820%	49,453,245
<u>Walnut Valley Unified School District</u>	148,806,970	4.867%	7,242,435
<u>El Monte Union High School District</u>	126,960,883	0.123%	156,162
<u>Whittier Union High School District</u>	117,263,592	1.961%	2,299,539
<u>Mountain View School District</u>	18,000,000	0.546%	98,280
<u>Whittier City School District</u>	69,115,000	7.127%	4,925,826
<u>City of Industry</u>	82,730,000	100%	82,730,000
<u>City of Industry 1915 Act Bonds</u>	1,805,000	100%	1,805,000
<u>Los Angeles County Regional Park and Open Space Assessment District</u>	26,575,000	0.588%	156,261
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 258,128,444

DIRECT AND OVERLAPPING GENERAL FUND DEBT:	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/18
<u>Los Angeles County General Fund Obligations</u>	\$ 1,921,992,404	0.588%	\$ 11,301,315
<u>Los Angeles County Superintendent of Schools Certificates of Participation</u>	6,500,306	0.588%	38,222
<u>Baldwin Park Unified School District Certificates of Participation</u>	28,680,000	0.021%	6,023
<u>Hacienda-La Puente Unified School District Certificates of Participation</u>	20,985,000	25.348%	5,319,278
<u>Pomona Unified School District General Fund Obligations</u>	15,720,000	3.972%	624,398
<u>Rowland Unified School District Certificates of Participation</u>	5,000,000	20.820%	1,041,000
<u>El Monte Union High School District Certificates of Participation</u>	10,865,000	0.123%	13,364
<u>Whittier School District Certificates of Participation</u>	9,915,000	7.127%	706,642
<u>City of Industry General Fund Obligations</u>	2,640,000	100%	2,640,000
<u>Los Angeles County Sanitation District No. 15 Authority</u>	11,775,920	4.101%	482,930
<u>Los Angeles County Sanitation District No. 18 Authority</u>	6,431,464	0.837%	53,831
<u>Los Angeles County Sanitation District No. 21 Authority</u>	6,940,999	10.299%	714,853
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 22,941,856
Less: xxxx			-
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 22,941,856
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 446,650,000	100%	\$ 446,650,000
GROSS COMBINED TOTAL DEBT			\$ 727,720,300
NET COMBINED TOTAL DEBT			\$ 727,720,300

Ratios to Assessed Valuation:

Direct Debt	0.99%
Total Direct and Overlapping Tax and Assessment Debt	3.08%
Combined Direct Debt	1.02%
Gross Combined Total Debt	8.69%
Net Combined Total Debt	8.69%

Ratio to Redevelopment Incremental Valuation

Total Overlapping Tax Increment Debt	6.65%
--------------------------------------	-------

Series 2010GO, 2009B GO, 2009GO

Current Fiscal Year Total Secured Tax Levy and Amount and Percent Delinquent as of the Preceding June 30

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Amount Delinquent at June 30</u>	<u>Percentage Delinquent</u>
2018	\$ 55,455,182	-	0.00%
2019	\$ 54,904,504	-	0.00%

Series 2010 Public

Information Showing the Total Secured Property Tax Levy and Actual Amounts Collected for the Most Recent Completed Fiscal Year

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2018	\$ 55,455,182	\$ 55,455,182	100%

Series 2010GO, 2009B GO, 2009GO

The Tax Rate Levied by the City in the Current Fiscal Year to Service General Obligation Bond Debt, Including the Bonds

	<u>2017-18</u>	<u>2018-19</u>
City of Industry	PV 0.7375	0.7375
Community College	0.023709	0.024354
County	0	0
General	1	1
Metropolitan Water District	0.0035	0.0035
Unified Schools	0.174429	0.163486
Total Year Tax Rate	1.939138	1.928840

Series 2010GO, 2009B GO, 2009GO

In Addition to Any of the Information Expressly Required to be Provided Under this Disclosure Certificate, the City Shall Provide Such Further Material Information, if any, as May Be Necessary to Make the Specifically Required Statements, in the Light of the Circumstances Under Which They Are Made, Not Misleading.

Fiscal Year Ended June 30, 2018

None to report

Series 2010Public

Information Showing the Aggregate Principal Amount of Long-term Bonds, Leases and Other Obligations of the City Which Are Payable Out of the General Fund of the City, As Of the Close of the Most Recent Completed Fiscal Year

Fiscal Year Ended June 30, 2018

	<u>2017</u>
Net Pension Liability	\$ 8,994,206
Compensated absences	63,667
Series A	716,271,281 (1)
Series B	138,831,588 (1)
2017 Taxable Sales Tax Revenue Refunding Bonds	35,763,613 (1)
Total	\$ 899,924,355

CITY COUNCIL

ITEM NO. 6.1



CITY OF INDUSTRY

MEMORANDUM

TO: Honorable Mayor Radecki and City Council Members

FROM: Troy Helling, City Manager *TH*

STAFF: Joshua Nelson, Contract City Engineer, CNC Engineering *JN*
Upendra Joshi, Senior Project Manager, CNC Engineering *UJ*

DATE: February 14, 2019

SUBJECT: Consideration of Amendment No. 1 to the Agreement with Kleinfelder, Inc., to provide On-Call Geotechnical Engineering Services increasing compensation by \$100,000.00, in an amount not-to-exceed \$250,000.00 (Contract No. 2016-1002)

Background:

On February 8, 2018, City Council approved a Professional Services Agreement with Kleinfelder, Inc., to provide on-call geotechnical engineering services, in the amount of \$150,000.00. Kleinfelder is on the City's Geotechnical Engineering Bench and has provided the geotechnical services for several ongoing City Capital Improvement projects.

Discussion:

Amendment No. 1 to the Professional Services Agreement will increase the compensation of the Agreement by \$100,000.00, for a total contract amount of \$250,000.00. The additional compensation allows Kleinfelder to provide continuing geotechnical engineering services through December 8, 2019, including the existing pavement evaluation, recommended pavement sections and subgrade evaluation, and recommendation for street rehabilitation and reconstruction to City's ongoing projects.

Table 1 - Summary of On-Call Geotechnical Services Costs

Professional Services Agreement dated 2/8/2018	\$150,000.00
Amendment No. 1 to Professional Services Agreement	\$100,000.00
Total	\$250,000.00

Fiscal Impact:

This fiscal impact associated with this action requires an appropriation of \$100,000.00 from the General Fund for the contract.

Recommendations:

- 1.) Approve Amendment No. 1 to the Professional Services Agreement with Kleinfelder, Inc. in an amount not to exceed \$250,00.00 dated February 14, 2019; and;
- 2.) Appropriate \$100,000.00 from the General Fund from the contract.

Exhibit:

- A. Amendment No. 1 to the Professional Services Agreement dated February 14, 2019
-

TH/JN/UJ:jv

EXHIBIT A

Amendment No. 1 to the Professional Services Agreement dated February 14,
2019

[Attached]

**AMENDMENT NO. 1
TO PROFESSIONAL SERVICES AGREEMENT WITH
KLEINFELDER, INC.**

This Amendment No. 1 to the Professional Services Agreement (“Agreement”) is made and entered into this 24th day of February 2019, (“Effective Date”) by and between the City of Industry, a California municipal corporation (“City”) and Kleinfelder, Inc. a California Corporation (“Consultant”). The City and Consultant are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, on or about February 8, 2018 the Agreement was entered into and executed between the City and Consultant to provide on-call geotechnical engineering services; and

WHEREAS, due to the volume and number of Capital Improvement Projects, it is therefore necessary to amend Projects, Section 4 “Payment” with a budget increase in the amount of \$100,000.00.

WHEREAS, for the reasons set forth herein, the City 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:

Section 4. Payment

The dollar figure of \$150,000.00 shall be amended, in all instances, to read \$250,000.00.

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

“CITY”
City of Industry

“CONSULTANT”
Kleinfelder, Inc.

By: _____
Troy Helling, City Manager

By: _____
Pamela D. Massa, Principal-in-Charge

Attest:

By: _____
Julie Gutierrez-Robles, Deputy City Clerk

APPROVED AS TO FORM

By: _____
James M. Casso, City Attorney

EXHIBIT A TO AMENDMENT NO. 1
AGREEMENT FOR CONSULTING SERVICES WITH KLEINFELDER, INC. DATED
FEBRUARY 8, 2018

CITY OF INDUSTRY

PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement"), is made and effective as February 8, 2018 ("Effective Date"), between the City of Industry, a municipal corporation ("City") and Kleinfelder, Inc., a California Corporation ("Consultant"). The City and Consultant are hereinafter collectively referred to as the "Parties".

RECITALS

WHEREAS, City desires to engage Consultant to perform the services described herein, and Consultant desires to perform such services in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

1. TERM

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than December 8, 2019, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

(a) Consultant shall perform the tasks ("Services") described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. ("Scope of Services"). Tasks other than those specifically described in the Scope of Services shall not be performed without prior written approval of the City. The Services shall be performed by Consultant, unless prior written approval is first obtained from the City. In the event of conflict or inconsistency between the terms of this Agreement and Exhibit A, the terms of this Agreement shall prevail.

(b) City shall have the right to request, in writing, changes to the Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

(c) Consultant shall perform all Services in a manner reasonably satisfactory to the City and in a first-class manner in conformance with the standards of quality normally observed by an entity providing on-call geotechnical engineering services, serving a municipal agency.

(d) Consultant shall comply with all applicable federal, state, and local laws, regulations and ordinances in the performance of this Agreement, including but not limited to, the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*). During the term of this

Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working on the Effective Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute or law; and (ii) City has not consented in writing to Consultant's performance of such work. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.* Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et. seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for Services performed pursuant to this Agreement, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

(e) Consultant represents that it has, or will secure at its own expense, all licensed personnel required to perform the Services. All Services shall be performed by Consultant or under its supervision, and all personnel engaged in the Services shall be qualified and licensed to perform such services.

3. MANAGEMENT

City's City Manager shall represent the City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but shall have no authority to modify the Services or the compensation due to Consultant.

4. PAYMENT

(a) The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B ("Rate Schedule"), attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed One Hundred and Fifty Thousand Dollars (\$150,000.00) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

(c) Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. Any final payment under this Agreement shall be made within 45 days of receipt of an invoice therefore.

5. LABOR CODE AND PREVAILING WAGES

(a) Consultant represents and warrants that it is aware of the requirements of California Labor Code Section 1720, *et seq.*, and 1770, *et seq.*, as well as California Code of Regulations, Title 8, Section 16000, *et seq.*, ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "Public Works" and "Maintenance" projects. If the Services are being performed as part of an applicable "Public Works" or "Maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$15,000.00 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and any location where the Services are performed. Consultant shall indemnify, defend and hold harmless, the City, its elected officials, officers, employees and agents, from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including legal counsel fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, Consultant's or by any individual or agency for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant, failure or alleged failure to comply with Prevailing Wage Laws.

(b) In accordance with the requirements of Labor Code Section 1776, Consultant shall keep accurate payroll records which are either on forms provided by the Division of Labor Standards Enforcement or which contain the same information required by such forms. Consultant shall make all such records available for inspection at all reasonable hours.

(c) To the extent applicable, Consultant shall comply with the provisions of Section 1777.5 of the Labor Code with respect to the employment of properly registered apprentices upon public works.

(d) Consultant shall comply with the legal days work and overtime requirements of Sections 1813 and 1815 of the Labor Code.

(e) If the Services are being performed as part of an applicable Public works or Maintenance project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such Services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Agreement and require the same of any subconsultants, as applicable. This Services set forth in this Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements.

6. SUSPENSION OR TERMINATION OF AGREEMENT

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant shall submit an invoice to the City pursuant to Section 5 of this Agreement.

7. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to review such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts or copies therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files, Consultant shall make available to the City, at the Consultant's office, and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, copying

and/or printing computer files. Consultant hereby grants to City all right, title, and interest, including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by Consultant in the course of providing the services under this Agreement. All reports, documents, or other written material developed by Consultant in the performance of the Services pursuant to this Agreement, shall be and remain the property of the City.

8. INDEMNIFICATION

(a) Indemnity for professional liability

When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless the City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or Subconsultants (or any agency or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

(b) Indemnity for other than professional liability

Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including legal counsel fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or agency for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

(c) DUTY TO DEFEND. In the event the City, its officers, employees, agents and/or volunteers are made a party to any action, claim, lawsuit, or other adversarial proceeding arising from the performance of the services encompassed by this Agreement, and upon demand by City, Consultant shall have an immediate duty to defend the City at Consultant's cost or at City's option, to reimburse the City for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters.

Payment by City is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Consultant and City, as to whether liability arises from the sole negligence of the City or its officers, employees, or agents, Consultant will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating the City as solely negligent. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

9. INSURANCE

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

10. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to the City a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultants exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against the City, or bind the City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

11. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

12. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of the City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

13. NO BENEFIT TO ARISE TO LOCAL OFFICERS AND EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during

his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

14. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City, unless otherwise required by law or court order. (b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City, unless Consultant is prohibited by law from informing the City of such Discovery, court order or subpoena. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless City is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Consultant in such proceeding, Consultant agrees to cooperate fully with the City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

15. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: City of Industry
15625 E. Stafford, Suite 100
City of Industry, CA 91744
Attention: City Manager

With a Copy to: Casso & Sparks, LLP
13200 Crossroads Parkway North, Suite 345
City of Industry, CA 91746
Attention: James M. Casso, City Attorney

To Consultant: Kleinfelder, Inc.
2280 Market Street, Suite 300
Riverside, CA 92501
Attention: Pamela D. Massa, Principal-in-Charge

16. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City.

Before retaining or contracting with any subconsultant for any services under this Agreement, Consultant shall provide City with the identity of the proposed subconsultant, a copy of the proposed written contract between Consultant and such subconsultant which shall include an indemnity provision similar to the one provided herein and identifying City as an indemnified party, or an incorporation of the indemnity provision provided herein, and proof that such proposed subconsultant carries insurance at least equal to that required by this Agreement or obtain a written waiver from the City for such insurance.

Notwithstanding Consultant's use of any subconsultant, Consultant shall be responsible to the City for the performance of its subconsultant as it would be if Consultant had performed the Services itself. Nothing in this Agreement shall be deemed or construed to create a contractual relationship between the City and any subconsultant employed by Consultant. Consultant shall be solely responsible for payments to any subconsultants. Consultant shall indemnify, defend and hold harmless the Indemnified Parties for any claims arising from, or related to, the services performed by a subconsultant under this Agreement.

17. GOVERNING LAW/ATTORNEYS' FEES

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court in Los Angeles County, California. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the Services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

18. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written and pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein

and upon each party's own independent investigation of any and all facts such party deems material.

19. SEVERABILITY

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

20. COUNTERPARTS

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

21. CAPTIONS

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and shall have no significance in the interpretation of this Agreement.

22. WAIVER

The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

23. REMEDIES

Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies.

24. AUTHORITY TO EXECUTE THIS AGREEMENT


The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

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

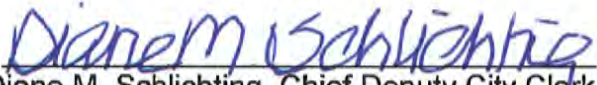
"CITY"
City of Industry

By: 
Paul J. Philips, City Manager

"CONSULTANT"
Kleinfelder, Inc.

By: 
Pamela D. Massa,
Principal-in-Charge

Attest:

By: 
Diane M. Schlichting, Chief Deputy City Clerk

Approved as to form:

By: 
James M. Casso, City Attorney

Attachments: Exhibit A Scope of Services
 Exhibit B Rate Schedule
 Exhibit C Insurance Requirements

EXHIBIT A

SCOPE OF SERVICES

For any project requested by the City, this Consultant may provide all aspects of geotechnical engineering services, which includes, but is not limited to:

- Site Investigation
- Dam/Reservoir Design
- Earthquake Engineering
- Levee Design
- Seepage Analysis
- Excavation Stability
- Seismicity
- Geology
- Dam/Reservoir Safety
- Earth Slopes & Embankments
- Surface Water Issues
- Fault Studies
- Geophysics
- Engineering Geology
- Foundation Engineering
- Retaining & Buried Structures
- Groundwater Issues
- Hydrogeology
- Soil/Ground Improvement
- Pavement Engineering

EXHIBIT B
RATE SCHEDULE

PROFESSIONAL STAFF RATES*

Professional	\$	115/ hour
Staff Professional I	\$	130/ hour
Staff Professional II	\$	140/ hour
Project Professional	\$	160/ hour
Senior Professional	\$	175/ hour
Principal Professional	\$	190/ hour
Senior Principal Professional.....	\$	215/ hour
Project Manager	\$	175/ hour
Senior Project Manager.....	\$	215/ hour
Designer/Drafter	\$	110/ hour
Senior Designer/Drafter.....	\$	125/ hour
Project Controls Professional	\$	125/ hour

TECHNICAL STAFF RATES

Technician – Prevailing Wage*.....	\$	116/ hour
Technician – Non-Prevailing Wage	\$	88/ hour

ADMINISTRATIVE STAFF RATES

Administrator	\$	80/ hour
Project Administrator	\$	110/ hour

EXHIBIT C

INSURANCE REQUIREMENTS

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

General liability insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Professional liability (errors & omissions) insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

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

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

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

Duration of coverage. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may

arise from or in connection with the performance of the Services hereunder by Consultant, his agents, representatives, employees or subconsultants.

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

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

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

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

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

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

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

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

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

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

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

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

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

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

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

CITY COUNCIL

ITEM NO. 6.2



CITY OF INDUSTRY

MEMORANDUM

TO: Honorable Mayor Radecki and Members of the City Council

FROM: Troy Helling, City Manager *TH*

STAFF: Joshua Nelson, Contract City Engineer, CNC Engineering
Sean Calvillo, Project Manager, CNC Engineering *sc*

DATE: February 14, 2019

SUBJECT: Consideration of a Supplemental Pipeline Crossing Agreement with the Union Pacific Railroad Company for an underground sewer pipeline in conjunction with the Industry Business Center project (IBC-0384/MP 99-31 #16)

Background:

As part of the Industry Business Center (IBC-0384) project, an underground sewer pipeline is proposed to cross under the railroad tracks of the Union Pacific Railroad ("UPRR"). In order to proceed with the construction of the crossing, a Pipeline Crossing Agreement ("Agreement") was created between the City and UPRR. This Agreement was approved at the March 23, 2017 City Council meeting. The Agreement allows the City the right to construct and thereafter maintain and operate, modify, remove or reconstruct the underground sewer pipeline. Construction of this pipeline is part of the Industry Business Center project and administered by the Successor Agency. Since the Agreement is binding as long as the sewer is in place, the City shall assume responsibility of the sewer including maintenance and operation once construction of the IBC project is complete. Therefore, the Agreement is between the City and the UPRR.

Discussion:

A supplemental Agreement with UPRR has been prepared in order to extend the term of the original Agreement, dated March 2, 2017. A six-month extension has been provided by UPRR. This allows the contractor adequate time to satisfy all of the requirements in original Agreement to construct the pipeline crossing.

Fiscal Impact:

No fiscal impact to City. Since the Successor Agency to the Industry Urban-Development Agency is responsible for the construction costs for public improvements, utilities and infrastructure on the IBC project, the one-time administrative handling charge of \$1,000.00 will be paid by the Successor Agency.

Recommendation:

Staff recommends that the City Council approve the Pipeline Crossing Supplemental Agreement.

Exhibits:

- A. Supplemental Pipeline Crossing Agreement dated February 14, 2019
 - B. Pipeline Crossing Agreement dated March 2, 2017
-

TH/JN/SC:jv

EXHIBIT A

Supplemental Pipeline Crossing Agreement dated February 14, 2019

[Attached]

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT is entered into on the ____ day of _____, 20____, between **UNION PACIFIC RAILROAD COMPANY** (“Licensor”) and **CITY OF INDUSTRY**, whose address is 15625 Stafford Street, Suite 100 Industry, California 91744 (“Licensee”).

RECITALS:

By instrument dated 3/2/2017, Licensor and Licensee, or their predecessors in interest, entered into an agreement (“Basic Agreement”), identified as Audit No. 283790, at CITY OF INDUSTRY, CALIFORNIA.

AGREEMENT:

NOW, THEREFORE, IT IS AGREED by and between the parties hereto as follows:

Article 1. CONSENT TO WORK.

This Supplemental Agreement will serve as notification that the Railroad Company approves of your intentions to install one (1) 12 inch DIP pipe encased in a 24 inch steel pipeline crossing conveying sanitary sewage in accordance with the approved Exhibit A dated 10/31/2016. Notwithstanding the terms of Section 13(A) of Exhibit B of the Agreement, this Agreement serves as Union Pacific's approval for you to proceed with the installation of the facility(s) conditioned upon the facility being installed with 6 months of the date of this agreement

Article 2. SPECIAL PROVISION – ONSITE OBSERVATION/INSPECTION.

Licensor requires Licensee to provide monitoring of tracks and on-site observation and/or inspection through Licensor approved inspector named below during all construction and installation work. Licensee is to directly coordinate services with the named inspector:

Railpros Field Services
Email: RP.Utility@railpros.com
Phone (682)223-5271

Article 3. NOTICE OF COMMENCEMENT OF WORK / RAILROAD REPRESENTATIVE / SUPERVISION / FLAGGING / SAFETY.

If an emergency should arise requiring immediate attention, the Licensee shall provide as much notice as practicable to Railroad, by calling the Response Management Communication Center at (888) 877-7267 before commencing any work. In all other situations, the Licensee shall notify the Railroad at least ten (10) days (or such other time as the Railroad may allow) in advance of the commencement of any work upon property of the Railroad in connection with the construction, maintenance, repair, renewal, modification, reconstruction, relocation or removal of the Wireline. All such work shall be prosecuted diligently to completion. The Licensee will coordinate its initial and any subsequent work with the following employee of Railroad or his or her duly authorized representative (hereinafter "Railroad Representative" or "Railroad Representative"):

Railpros Flagging
up.info@railpros.com
877-315-0513 x 116

Jose A. Rubio
Work Phone: (626)935-7681
Cell Phone: (562)318-4153
Email address: jarubio@up.com

Article 4. EFFECTIVE DATE.

This Supplemental Agreement shall be effective as of January 30, 2019.

Article 5. AGREEMENT SUPPLEMENT.

Nothing in this Supplemental Agreement shall be construed as amending or modifying the Basic Agreement unless specifically provided herein.

Article 6. ADMINISTRATIVE HANDLING CHARGE.

Upon execution and delivery of this Supplemental Agreement, the Licensee shall pay to the Licensor an administrative handling charge of **One Thousand DOLLARS (\$1,000.00)**.

IN WITNESS WHEREOF, the parties have executed this Supplemental Agreement as of the day and year first written.

UNION PACIFIC RAILROAD COMPANY

CITY OF INDUSTRY

By: _____

Valerie Harill
Mgr II Real Estate Contracts

By: _____

Name Printed: _____

Title: _____

EXHIBIT B

Pipeline Crossing Agreement dated March 2, 2017

[Attached]

**PIPELINE CROSSING
AGREEMENT**

Mile Post: 26.55, Los Angeles Subdivision/Branch
Location: City Of Industry, Los Angeles County, California

THIS AGREEMENT ("Agreement") is made and entered into as of March 2, 2017, ("Effective Date") by and between **UNION PACIFIC RAILROAD COMPANY**, a Delaware corporation, ("Licensor") and **CITY OF INDUSTRY**, a California municipality to be addressed at 15625 Stafford Street, Suite 100 Industry, California 91744 ("Licensee").

IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:**Article 1. LICENSOR GRANTS RIGHT.**

In consideration of the license fee to be paid by the Licensee and in further consideration of the covenants and agreements herein contained to be by the Licensee kept, observed and performed, the Licensor hereby grants to the Licensee the right to construct and thereafter, during the term hereof, to maintain and operate, modify, remove or reconstruct

one twelve inch (12") D.I.P. carrier, twenty-four inch (24") steel casing, pipeline for transporting and conveying sewer only

across Licensor's track(s) and property (the "Pipeline") in the location shown and in conformity with the dimensions and specifications indicated on the print dated October 31, 2016 and marked **Exhibit A**, attached hereto and hereby made a part hereof. Under no circumstances shall Licensee modify the use of the Pipeline for a purpose other than transporting and conveying sewer, and the Pipeline shall not be used to convey any other substance, any fiber optic cable, or for any other use, whether such use is currently technologically possible, or whether such use may come into existence during the life of this Agreement.

For the purposes of Exhibit A, Licensee acknowledges that if it or its contractor provides to Railroad digital imagery depicting the Pipeline crossing, Licensee authorizes Railroad to use the Digital Imagery in preparing the print attached as an exhibit hereto. Licensee represents and warrants that through a license or otherwise, it has the right to use the Digital Imagery and to permit Railroad to use the Digital Imagery in said manner.

Article 2. LICENSE FEE.

Upon execution of this Agreement, the Licensee shall pay to the Licensor a one-time License Fee of **Twenty Thousand One Hundred Dollars (\$20,100.00)**.

Article 3. CONSTRUCTION, MAINTENANCE AND OPERATION.

The grant of right herein made to the Licensee is subject to each and all of the terms, provisions, conditions, limitations and covenants set forth herein and in **Exhibit B**, attached hereto and hereby made a part hereof.

Article 4. DEFINITION OF LICENSEE.

For purposes of this Agreement, all references in this Agreement to the Licensee shall include the Licensee's contractors, subcontractors, officers, agents and employees, and others acting under its or their authority. If a contractor is hired by the Licensee for any work performed on the Pipeline (including initial construction and subsequent relocation or maintenance and repair work), then the Licensee shall provide a copy of this Agreement to its contractor and require its contractor to comply with all the terms and provisions hereof relating to the work to be performed. Any contractor or subcontractor shall be deemed an agent of Licensee for the purpose of this Agreement, and Licensee shall require such contractor or subcontractor to release, defend and indemnify Licensor to the same extent and under the same terms and conditions as Licensee is required to release, defend and indemnify Licensor herein.

Article 5. INSURANCE.

A. During the life of the License, Licensee shall fully comply with the insurance requirements described in **Exhibit C**.

B. Failure to maintain insurance as required shall entitle, but not require, Licensor to terminate this License immediately.

C. If the Licensee is subject to statute(s) limiting its insurance liability and/or limiting its ability to obtain insurance in compliance with **Exhibit C** of this license, those statutes shall apply.


D. Licensee hereby acknowledges that is has reviewed the requirements of **Exhibit C**, including without limitation the requirement for Railroad Protective Liability Insurance during construction, maintenance, installation, repair or removal of the pipeline which is the subject of this Agreement.

Article 6. TERM.

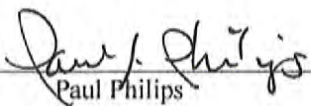
This Agreement shall take effect as of the Effective Date first herein written and shall continue in full force and effect until terminated as herein provided.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first herein written.

UNION PACIFIC RAILROAD COMPANY

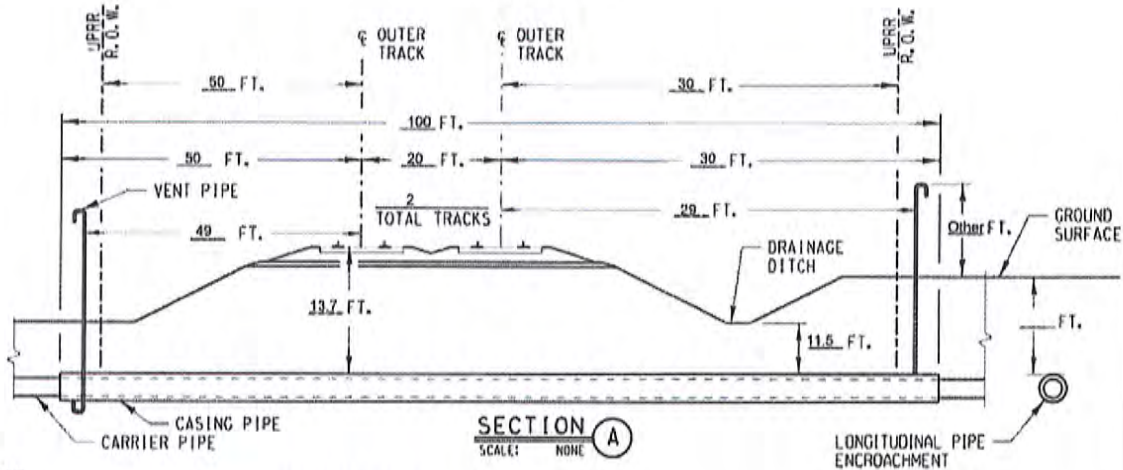
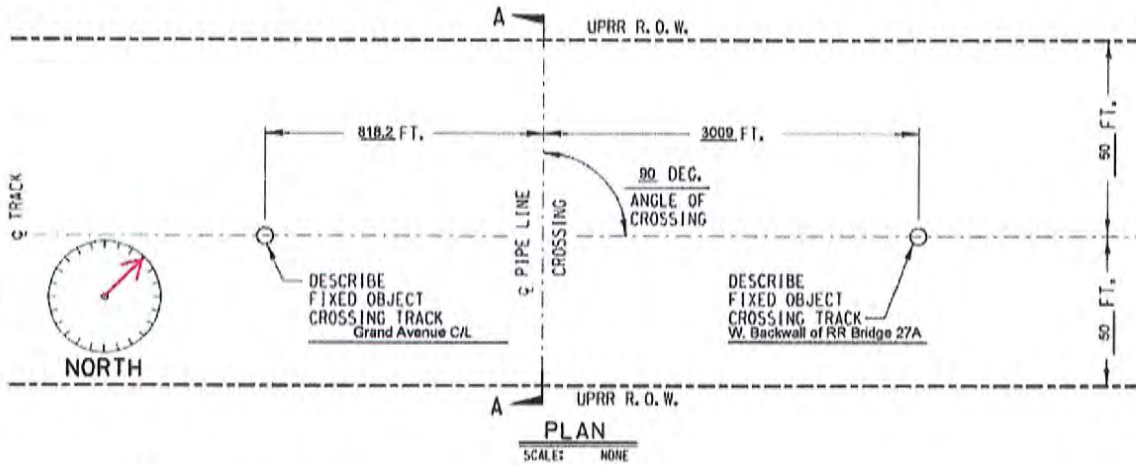
By: 
Kylan Crawford
Senior Manager Real Estate - Contracts
Union Pacific Railroad Company

CITY OF INDUSTRY

By: 
Paul Philips
Title: City Manager

NON-FLAMMABLE LIQUID PIPELINE

- CROSSING
- ENCROACHMENT
- BOTH



- NOTES:
 1) ALL DIMENSIONS MEASURED PERPENDICULAR TO THE CENTERLINE OF TRACK
 2) REFER TO AREMA VOLUME 1, CHAPTER 1, PART 5, SECTION 5.1

- A) METHOD OF INSTALLATION BORED AND JACKED
- B) DIST. FROM CENTERLINE OF TRACK TO PIPE ENCROACHMENT _____
- C) SIGNS PROVIDED? AT MINIMUM SIGNS WILL BE PROVIDED AS STATED ABOVE
- D) CARRIER MATERIAL D.I.P. IF RCP, CLASS V? NA.
 COMMODITY TO BE CONVEYED SEWER
 OPERATIONAL PRESSURE 00 PSI, MAOP 00 PSI.
 WALL THICKNESS (INCH)/ SCHEDULE 0.625 , DIAMETER 12 IN.
 CATHODIC/COATING PROTECTION YES
- E) CASING MATERIAL STEEL PIPE IF RCP, CLASS V? NA.
 TOTAL LENGTH CASING PIPE: 100 FT.
 WALL THICKNESS 0.3125 IN, DIAMETER 24.0 IN.
 CATHODIC/COATING PROTECTION YES
 CASING PIPE IS SEALED AT THE ENDS.
- F) DISTANCE FROM CENTERLINE OF TRACK TO NEAR FACE OF BORING AND JACKING PITS WHEN MEASURED AT RIGHT ANGLES 30 AND 50.



BUILDING AMERICA®

EXHIBIT "A"

SUBDIVISION: Los Angeles Sub.

TRACK TYPE: MAINLINE TRACK

M.P.: 26.55

LAT.: 34.024515905908

E.S.M.: 1402+26.0 ±

LONG.: -117.827913165

NEAREST CITY:

COUNTY:

STATE:

CITY OF INDUSTRY

LOS ANGELES

CA

APPLICANT: CITY OF INDUSTRY

FILE NO.: 0300380

DATE: 10/31/2016

EXHIBIT B

Section 1. LIMITATION AND SUBORDINATION OF RIGHTS GRANTED.

- A. The foregoing grant of right is subject and subordinate to the prior and continuing right and obligation of the Licensor to use and maintain its entire property including the right and power of the Licensor to construct, maintain, repair, renew, use, operate, change, modify or relocate railroad tracks, signal, communication, fiber optics, or other wirelines, pipelines and other facilities upon, along or across any or all parts of its property, all or any of which may be freely done at any time or times by the Licensor without liability to the Licensee or to any other party for compensation or damages.
- B. The foregoing grant is also subject to all outstanding superior rights (including those in favor of licensees and lessees of the Licensor's property, and others) and the right of the Licensor to renew and extend the same, and is made without covenant of title or for quiet enjoyment.

Section 2. CONSTRUCTION, MAINTENANCE AND OPERATION.

- A. The Pipeline shall be designed, constructed, operated, maintained, repaired, renewed, modified and/or reconstructed by the Licensee in strict conformity with (i) Licensor's current standards and specifications ("UP Specifications"), except for variances approved in advance in writing by the Licensor's Assistant Vice President Engineering - Design, or his authorized representative; (ii) such other additional safety standards as the Licensor, in its sole discretion, elects to require, including, without limitation, American Railway Engineering and Maintenance-of-Way Association ("AREMA") standards and guidelines (collectively, "UP Additional Requirements"), and (iii) all applicable laws, rules and regulations ("Laws"). If there is any conflict between the requirements of any Law and the UP Specifications or the UP Additional Requirements, the most restrictive will apply.
- B. All work performed on property of the Licensor in connection with the design, construction, maintenance, repair, renewal, modification or reconstruction of the Pipeline shall be done to the satisfaction of the Licensor.
- C. Prior to the commencement of any work in connection with the design, construction, maintenance, repair, renewal, modification, relocation, reconstruction or removal of the Pipeline from Licensor's property, the Licensee shall submit to the Licensor plans setting out the method and manner of handling the work, including the shoring and cribbing, if any, required to protect the Licensor's operations, and shall not proceed with the work until such plans have been approved by the Licensor's Assistant Vice President Engineering Design, or his authorized representative, and then the work shall be done to the satisfaction of the Licensor's Assistant Vice President Engineering Design or his authorized representative. The Licensor shall have the right, if it so elects, to provide such support as it may deem necessary for the safety of its track or tracks during the time of construction, maintenance, repair, renewal, modification, relocation, reconstruction or removal of the Pipeline, and, in the event the Licensor provides such support,

the Licensee shall pay to the Licensor, within fifteen (15) days after bills shall have been rendered therefore, all expenses incurred by the Licensor in connection therewith, which expenses shall include all assignable costs.

- D. The Licensee shall keep and maintain the soil over the Pipeline thoroughly compacted and the grade even with the adjacent surface of the ground.
- E. In the prosecution of any work covered by this Agreement, Licensee shall secure any and all necessary permits and shall comply with all applicable federal, state and local laws, regulations and enactments affecting the work including, without limitation, all applicable Federal Railroad Administration regulations.

Section 3. NOTICE OF COMMENCEMENT OF WORK / LICENSOR REPRESENTATIVE / SUPERVISION / FLAGGING / SAFETY.

- A. If an emergency should arise requiring immediate attention, the Licensee shall provide as much notice as practicable to Licensor before commencing any work by calling the Response Management Communication Center (RMCC) at 888-877-7267. In all other situations, the Licensee shall notify the Licensor at least ten (10) days (or such other time as the Licensor may allow) in advance of the commencement of any work upon property of the Licensor in connection with the construction, maintenance, repair, renewal, modification, reconstruction, relocation or removal of the Pipeline. All such work shall be prosecuted diligently to completion. The Licensee will coordinate its initial, and any subsequent work with the following employee of Licensor or his or her duly authorized representative (hereinafter "Licensor Representative" or "Railroad Representative"):

SILVIO MOLINA
MGR TRACK MNTCE
11406 S Los Nietos Rd
Santa Fe Sprgs, CA 90670
Work Phone: 909-685-2469
Cell Phone: 402-618-3923
Email: semolina@up.com

JOSE A. RUBIO
MGR SIGNAL MNTCE
11406 LOS NIETOS RD
Santa Fe Springs, CA 90670
Work Phone: 626-935-7681
Cell Phone: 562-318-4153
Email: jarubio@up.com

- B. Licensee, at its own expense, shall adequately police and supervise all work to be performed. The responsibility of Licensee for safe conduct and adequate policing and supervision of work shall not be lessened or otherwise affected by Licensor's approval of plans and specifications involving the work, or by Licensor's collaboration in performance of any work, or by the presence at the work site of a Licensor Representative, or by compliance by Licensee with any requests or recommendations made by the Licensor Representative.
- C. At the request of Licensor, Licensee shall remove from Licensor's property any employee who fails to conform to the instructions of the Licensor Representative in connection with the work on Licensor's property. Licensee shall indemnify Licensor against any claims arising from the removal of any such employee from Licensor's property.
- D. Except in cases of an emergency, Licensee shall notify the Licensor Representative at least ten (10) working days in advance of proposed performance of any work in which any person or equipment will be within twenty-five (25) feet of any track, or will be near enough to any track that any equipment extension (such as, but not limited to, a crane boom) will reach to within twenty-five (25) feet of any track. No work of any kind shall be performed, and no person,

equipment, machinery, tool(s), material(s), vehicle(s), or thing(s) shall be located, operated, placed, or stored within twenty-five (25) feet of any of Licensor's track(s) at any time, for any reason, unless and until a railroad flagman is provided to watch for trains. Upon receipt of such ten (10) day notice, the Licensor Representative will determine and inform Licensee whether a flagman need be present and whether any special protective or safety measures need to be implemented. If flagging or other special protective or safety measures are performed by Licensor, Licensor will bill Licensee, at cost, for such expenses incurred by Licensor, unless Licensor and a federal, state or local governmental entity have agreed that Licensor is to bill such expenses to the federal, state or local governmental entity. If Licensor will be sending the bills to Licensee, Licensee shall pay such bills within thirty (30) days of receipt of billing. If Licensor performs any flagging, or other special protective or safety measures are performed by Licensor, Licensee agrees that Licensee is not relieved of any of responsibilities or liabilities set forth in this Agreement.

- E. The rate of pay per hour for each flagman will be the prevailing hourly rate in effect for an eight-hour day for the class of flagmen used during regularly assigned hours and overtime in accordance with Labor Agreements and Schedules in effect at the time the work is performed. In addition to the cost of such labor, a composite charge for vacation, holiday, health and welfare, supplemental sickness, Railroad Retirement and unemployment compensation, supplemental pension, Employees Liability and Property Damage and Administration will be included, computed on actual payroll. The composite charge will be the prevailing composite charge in effect at the time the work is performed. One and one-half times the current hourly rate is paid for overtime, Saturdays and Sundays, and two and one-half times current hourly rate for holidays. Wage rates are subject to change, at any time, by law or by agreement between Licensor and its employees, and may be retroactive as a result of negotiations or a ruling of an authorized governmental agency. Additional charges on labor are also subject to change. If the wage rate or additional charges are changed, Licensee (or the governmental entity, as applicable) shall pay on the basis of the new rates and charges.
- F. Reimbursement to Licensor will be required covering the full eight-hour day during which any flagman is furnished, unless the flagman can be assigned to other railroad work during a portion of such day, in which event reimbursement will not be required for the portion of the day during which the flagman is engaged in other railroad work. Reimbursement will also be required for any day not actually worked by the flagman following the flagman's assignment to work on the project for which Licensor is required to pay the flagman and which could not reasonably be avoided by Licensor by assignment of such flagman to other work, even though Licensee may not be working during such time. When it becomes necessary for Licensor to bulletin and assign an employee to a flagging position in compliance with union collective bargaining agreements, Licensee must provide Licensor a minimum of five (5) days notice prior to the cessation of the need for a flagman. If five (5) days notice of cessation is not given, Licensee will still be required to pay flagging charges for the five (5) day notice period required by union agreement to be given to the employee, even though flagging is not required for that period. An additional ten (10) days notice must then be given to Licensor if flagging services are needed again after such five day cessation notice has been given to Licensor.
- G. Safety of personnel, property, rail operations and the public is of paramount importance in the prosecution of the work performed by Licensee or its contractor. Licensee shall be responsible for initiating, maintaining and supervising all safety, operations and programs in connection with the work. Licensee and its contractor shall at a minimum comply with Licensor's safety standards listed in **Exhibit D**, hereto attached, to ensure uniformity with the safety standards followed by Licensor's own forces. As a part of Licensee's safety responsibilities, Licensee shall notify

Licensors if it determines that any of Licensors's safety standards are contrary to good safety practices. Licensee and its contractor shall furnish copies of **Exhibit D** to each of its employees before they enter the job site.

- H. Without limitation of the provisions of paragraph G above, Licensee shall keep the job site free from safety and health hazards and ensure that their employees are competent and adequately trained in all safety and health aspects of the job.
- I. Licensee shall have proper first aid supplies available on the job site so that prompt first aid services may be provided to any person injured on the job site. Prompt notification shall be given to Licensors of any U.S. Occupational Safety and Health Administration reportable injuries. Licensee shall have a non-delegable duty to control its employees while they are on the job site or any other property of Licensors, and to be certain they do not use, be under the influence of, or have in their possession any alcoholic beverage, drug or other substance that may inhibit the safe performance of any work.
- J. If and when requested by Licensors, Licensee shall deliver to Licensors a copy of its safety plan for conducting the work (the "Safety Plan"). Licensors shall have the right, but not the obligation, to require Licensee to correct any deficiencies in the Safety Plan. The terms of this Agreement shall control if there are any inconsistencies between this Agreement and the Safety Plan.

Section 4. LICENSEE TO BEAR ENTIRE EXPENSE.

The Licensee shall bear the entire cost and expense incurred in connection with the design, construction, maintenance, repair and renewal and any and all modification, revision, relocation, removal or reconstruction of the Pipeline, including any and all expense which may be incurred by the Licensors in connection therewith for supervision, inspection, flagging, or otherwise.

Section 5. REINFORCEMENT, RELOCATION OR REMOVAL OF PIPELINE.

- A. The license herein granted is subject to the needs and requirements of the Licensors in the safe and efficient operation of its railroad and in the improvement and use of its property. The Licensee shall, at the sole expense of the Licensee, reinforce or otherwise modify the Pipeline, or move all or any portion of the Pipeline to such new location, or remove the Pipeline from the Licensors's property, as the Licensors may designate, whenever, in the furtherance of its needs and requirements, the Licensors, at its sole election, finds such action necessary or desirable.
- B. All the terms, conditions and stipulations herein expressed with reference to the Pipeline on property of the Licensors in the location hereinbefore described shall, so far as the Pipeline remains on the property, apply to the Pipeline as modified, changed or relocated within the contemplation of this section.

Section 6. NO INTERFERENCE WITH LICENSOR'S OPERATION.

- A. The Pipeline and all parts thereof within and outside of the limits of the property of the Licensors shall be designed, constructed and, at all times, maintained, repaired, renewed and operated in such manner as to cause no interference whatsoever with the constant, continuous and uninterrupted use of the tracks, property and facilities of the Licensors and nothing shall be done or suffered to be done by the Licensee at any time that would in any manner impair the safety thereof.

- B. Explosives or other highly flammable substances shall not be stored on Licensor's property without the prior written approval of Licensor.
- C. No additional vehicular crossings (including temporary haul roads) or pedestrian crossings over Licensor's trackage shall be installed or used by Licensee or its contractors without the prior written permission of Licensor.
- D. When not in use, any machinery and materials of Licensee or its contractors shall be kept at least fifty (50) feet from the centerline of Licensor's nearest track.
- E. Operations of Licensor and work performed by Licensor's personnel may cause delays in the work to be performed by Licensee. Licensee accepts this risk and agrees that Licensor shall have no liability to Licensee or any other person or entity for any such delays. Licensee shall coordinate its activities with those of Licensor and third parties so as to avoid interference with railroad operations. The safe operation of Licensor's train movements and other activities by Licensor take precedence over any work to be performed by Licensee.

Section 7. PROTECTION OF FIBER OPTIC CABLE SYSTEMS.

- A. Fiber optic cable systems may be buried on the Licensor's property. Protection of the fiber optic cable systems is of extreme importance since any break could disrupt service to users resulting in business interruption and loss of revenue and profits. Licensee shall telephone the Licensor during normal business hours (7:00 a.m. to 9:00 p.m. Central Time, Monday through Friday, except for holidays) at 1-800-336-9193 (also a 24-hour, 7-day number for emergency calls) to determine if fiber optic cable is buried anywhere on the Licensor's premises to be used by the Licensee. If it is, Licensee will telephone the telecommunications company(ies) involved, arrange for a cable locator, make arrangements for relocation or other protection of the fiber optic cable, all at Licensee's expense, and will commence no work on the Licensor's property until all such protection or relocation has been accomplished. Licensee shall indemnify and hold the Licensor harmless from and against all costs, liability and expense whatsoever (including, without limitation, attorneys' fees, court costs and expenses) arising out of or caused in any way by Licensee's failure to comply with the provisions of this paragraph.
- B. **IN ADDITION TO OTHER INDEMNITY PROVISIONS IN THIS AGREEMENT, THE LICENSEE SHALL, AND SHALL CAUSE ITS CONTRACTOR TO, RELEASE, INDEMNIFY, DEFEND AND HOLD THE LICENSOR HARMLESS FROM AND AGAINST ALL COSTS, LIABILITY AND EXPENSE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS AND EXPENSES) CAUSED BY THE NEGLIGENCE OF THE LICENSEE, ITS CONTRACTORS, AGENTS AND/OR EMPLOYEES, RESULTING IN (1) ANY DAMAGE TO OR DESTRUCTION OF ANY TELECOMMUNICATIONS SYSTEM ON LICENSOR'S PROPERTY, AND/OR (2) ANY INJURY TO OR DEATH OF ANY PERSON EMPLOYED BY OR ON BEHALF OF ANY TELECOMMUNICATIONS COMPANY, AND/OR ITS CONTRACTOR, AGENTS AND/OR EMPLOYEES, ON LICENSOR'S PROPERTY, EXCEPT IF SUCH COSTS, LIABILITY OR EXPENSES ARE CAUSED SOLELY BY THE DIRECT ACTIVE NEGLIGENCE OF THE LICENSOR. LICENSEE FURTHER AGREES THAT IT SHALL NOT HAVE OR SEEK RECOURSE AGAINST LICENSOR FOR ANY CLAIM OR CAUSE OF ACTION FOR ALLEGED LOSS OF PROFITS OR REVENUE OR LOSS OF SERVICE OR OTHER CONSEQUENTIAL DAMAGE TO A TELECOMMUNICATION COMPANY USING LICENSOR'S PROPERTY OR A CUSTOMER OR USER OF SERVICES OF THE FIBER OPTIC CABLE ON**

LICENSOR'S PROPERTY.

Section 8. CLAIMS AND LIENS FOR LABOR AND MATERIAL; TAXES.

- A. The Licensee shall fully pay for all materials joined or affixed to and labor performed upon property of the Licensor in connection with the construction, maintenance, repair, renewal, modification or reconstruction of the Pipeline, and shall not permit or suffer any mechanic's or materialman's lien of any kind or nature to be enforced against the property for any work done or materials furnished thereon at the instance or request or on behalf of the Licensee. The Licensee shall indemnify and hold harmless the Licensor against and from any and all liens, claims, demands, costs and expenses of whatsoever nature in any way connected with or growing out of such work done, labor performed, or materials furnished.
- B. The Licensee shall promptly pay or discharge all taxes, charges and assessments levied upon, in respect to, or on account of the Pipeline, to prevent the same from becoming a charge or lien upon property of the Licensor, and so that the taxes, charges and assessments levied upon or in respect to such property shall not be increased because of the location, construction or maintenance of the Pipeline or any improvement, appliance or fixture connected therewith placed upon such property, or on account of the Licensee's interest therein. Where such tax, charge or assessment may not be separately made or assessed to the Licensee but shall be included in the assessment of the property of the Licensor, then the Licensee shall pay to the Licensor an equitable proportion of such taxes determined by the value of the Licensee's property upon property of the Licensor as compared with the entire value of such property.

Section 9. RESTORATION OF LICENSOR'S PROPERTY.

In the event the Licensee in any manner moves or disturbs any of the property of the Licensor in connection with the construction, maintenance, repair, renewal, modification, reconstruction, relocation or removal of the Pipeline, then in that event the Licensee shall, as soon as possible and at Licensee's sole expense, restore such property to the same condition as the same were before such property was moved or disturbed, and the Licensee shall indemnify and hold harmless the Licensor, its officers, agents and employees, against and from any and all liability, loss, damages, claims, demands, costs and expenses of whatsoever nature, including court costs and attorneys' fees, which may result from injury to or death of persons whomsoever, or damage to or loss or destruction of property whatsoever, when such injury, death, damage, loss or destruction grows out of or arises from the moving or disturbance of any other property of the Licensor.

Section 10. INDEMNITY.

- A. As used in this Section, "Licensor" includes other railroad companies, and their officers, agents and employees, using the Licensor's property at the location set forth in Exhibit A. "Loss" includes loss, damage, claims, demands, actions, causes of action, penalties, costs, and expenses of whatsoever nature, including court costs and attorneys' fees, which may result from: (a) injury to or death of persons whomsoever (including the Licensor's officers, agents, and employees, the Licensee's officers, agents, and employees, as well as any other person); and/or (b) damage to or loss or destruction of property whatsoever (including Licensee's property, damage to the roadbed, tracks, equipment, or other property of the Licensor, or property in its care or custody).
- B. **AS A MAJOR INDUCEMENT AND IN CONSIDERATION OF THE LICENSE AND PERMISSION HEREIN GRANTED, TO THE FULLEST EXTENT PERMITTED BY**

LAW, THE LICENSEE SHALL, AND SHALL CAUSE ITS CONTRACTOR TO, RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE LICENSOR FROM ANY LOSS OF ANY KIND, NATURE OR DESCRIPTION ARISING OUT OF, RESULTING FROM OR RELATED TO (IN WHOLE OR IN PART):

1. THE PROSECUTION OF ANY WORK CONTEMPLATED BY THIS AGREEMENT INCLUDING THE INSTALLATION, CONSTRUCTION, MAINTENANCE, REPAIR, RENEWAL, MODIFICATION, RECONSTRUCTION, RELOCATION, OR REMOVAL OF THE PIPELINE OR ANY PART THEREOF;

2. ANY RIGHTS OR INTERESTS GRANTED PURSUANT TO THIS LICENSE;

3. THE PRESENCE, OPERATION, OR USE OF THE PIPELINE OR CONTENTS ESCAPING THEREFROM;

4. THE ENVIRONMENTAL STATUS OF THE PROPERTY CAUSED BY OR CONTRIBUTED TO BY LICENSEE;

5. ANY ACT OR OMISSION OF LICENSEE OR LICENSEE'S OFFICERS, AGENTS, INVITEES, EMPLOYEES, OR CONTRACTORS OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM, OR ANYONE THEY CONTROL OR EXERCISE CONTROL OVER; OR

6. LICENSEE'S BREACH OF THIS AGREEMENT,

EXCEPT WHERE THE LOSS IS CAUSED BY THE SOLE DIRECT AND ACTIVE NEGLIGENCE OF THE LICENSOR, AS DETERMINED IN A FINAL JUDGMENT BY A COURT OF COMPETENT JURISDICTION, IT BEING THE INTENTION OF THE PARTIES THAT THE ABOVE INDEMNITY WILL OTHERWISE APPLY TO LOSSES CAUSED BY OR ARISING FROM, IN WHOLE OR IN PART, LICENSOR'S NEGLIGENCE.

C. Upon written notice from Licensor, Licensee agrees to assume the defense of any lawsuit of proceeding brought against any indemnitee by any entity, relating to any matter covered by this License for which Licensee has an obligation to assume liability for and/or save and hold harmless any indemnitee. Licensee shall pay all costs incident to such defense, including, but not limited to, reasonable attorney's fees, investigators' fees, litigation and appeal expenses, settlement payments and amounts paid in satisfaction of judgments.

Section 11. REMOVAL OF PIPELINE UPON TERMINATION OF AGREEMENT.

Prior to the termination of this Agreement howsoever, the Licensee shall, at Licensee's sole expense, remove the Pipeline from those portions of the property not occupied by the roadbed and track or tracks of the Licensor and shall restore, to the satisfaction of the Licensor, such portions of such property to as good a condition as they were in at the time of the construction of the Pipeline. If the Licensee fails to do the foregoing, the Licensor may, but is not obligated, to perform such work of removal and restoration at the cost and expense of the Licensee. In the event of the removal by the Licensor of the property of the Licensee and of the restoration of the roadbed and property as herein provided, the Licensor shall in no manner be liable to the Licensee for any damage sustained by the Licensee for or on account thereof, and such removal and restoration shall in no manner prejudice or impair any right of action for damages, or otherwise, that the Licensor may have against the Licensee.

Section 12. WAIVER OF BREACH.

The waiver by the Licensor of the breach of any condition, covenant or agreement herein contained to be kept, observed and performed by the Licensee shall in no way impair the right of the Licensor to avail itself of any remedy for any subsequent breach thereof.

Section 13. TERMINATION.

- A. If the Licensee does not use the right herein granted or the Pipeline for one (1) year, or if the Licensee continues in default in the performance of any covenant or agreement herein contained for a period of thirty (30) days after written notice from the Licensor to the Licensee specifying such default, the Licensor may, at its option, forthwith immediately terminate this Agreement by written notice.
- B. In addition to the provisions of subparagraph (a) above, this Agreement may be terminated by written notice given by either party hereto to the other on any date in such notice stated, not less, however, than thirty (30) days subsequent to the date upon which such notice shall be given.
- C. Notice of default and notice of termination may be served personally upon the Licensee or by mailing to the last known address of the Licensee. Termination of this Agreement for any reason shall not affect any of the rights or obligations of the parties hereto which may have accrued, or liabilities, accrued or otherwise, which may have arisen prior thereto.

Section 14. AGREEMENT NOT TO BE ASSIGNED.

The Licensee shall not assign this Agreement, in whole or in part, or any rights herein granted, without the written consent of the Licensor, and it is agreed that any transfer or assignment or attempted transfer or assignment of this Agreement or any of the rights herein granted, whether voluntary, by operation of law, or otherwise, without such consent in writing, shall be absolutely void and, at the option of the Licensor, shall terminate this Agreement.

Section 15. SUCCESSORS AND ASSIGNS.

Subject to the provisions of Section 14 hereof, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and assigns.

Section 16. SEVERABILITY.

Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable shall be invalid or unenforceable only to the extent of such determination, which shall not invalidate or otherwise render ineffective any other provision of this Agreement.

Approved: Insurance Group
Created: 9/23/05
Last Modified: 03/29/10
Form Approved, AVP-Law

EXHIBIT C
Union Pacific Railroad Company
Contract Insurance Requirements

Licensee shall, at its sole cost and expense, procure and maintain during the life of this Agreement (except as otherwise provided in this Agreement) the following insurance coverage:

A. Commercial General Liability insurance. Commercial general liability (CGL) with a limit of not less than \$2,000,000 each occurrence and an aggregate limit of not less than \$4,000,000. CGL insurance must be written on ISO occurrence form CG 00 01 12 04 (or a substitute form providing equivalent coverage).

The policy must also contain the following endorsement, WHICH MUST BE STATED ON THE CERTIFICATE OF INSURANCE: "Contractual Liability Railroads" ISO form CG 24 17 10 01 (or a substitute form providing equivalent coverage) showing "Union Pacific Railroad Company Property" as the Designated Job Site.

B. Business Automobile Coverage insurance. Business auto coverage written on ISO form CA 00 01 10 01 (or a substitute form providing equivalent liability coverage) with a limit of not less \$2,000,000 for each accident, and coverage must include liability arising out of any auto (including owned, hired, and non-owned autos).

The policy must contain the following endorsements, WHICH MUST BE STATED ON THE CERTIFICATE OF INSURANCE: "Coverage For Certain Operations In Connection With Railroads" ISO form CA 20 70 10 01 (or a substitute form providing equivalent coverage) showing "Union Pacific Property" as the Designated Job Site.

C. Workers Compensation and Employers Liability insurance. Coverage must include but not be limited to:

Licensee's statutory liability under the workers' compensation laws of the state(s) affected by this Agreement.

Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 disease policy limit \$500,000 each employee.

If Licensee is self-insured, evidence of state approval and excess workers compensation coverage must be provided. Coverage must include liability arising out of the U. S. Longshoremen's and Harbor Workers' Act, the Jones Act, and the Outer Continental Shelf Land Act, if applicable.

D. Railroad Protective Liability insurance. Licensee must maintain "Railroad Protective Liability" insurance written on ISO occurrence form CG 00 35 12 04 (or a substitute form providing equivalent coverage) on behalf of Railroad only as named insured, with a limit of not less than \$2,000,000 per occurrence and an aggregate of \$6,000,000.

The definition of "JOB LOCATION" and "WORK" on the declaration page of the policy shall refer to this Agreement and shall describe all WORK or OPERATIONS performed under this agreement

E. Umbrella or Excess insurance. If Licensee utilizes umbrella or excess policies, and these policies must "follow form" and afford no less coverage than the primary policy.

Other Requirements

F. All policy(ies) required above (except worker's compensation and employers liability) must include Railroad as "Additional Insured" using ISO Additional Insured Endorsements CG 20 26, and CA 20 48 (or substitute forms providing equivalent coverage). The coverage provided to Railroad as additional insured shall, to the extent provided under ISO Additional Insured Endorsement CG 20 26, and CA 20 48 provide coverage for Railroad's negligence whether sole or partial, active or passive, and shall not be limited by Licensee's liability under the indemnity provisions of this Agreement.

G. Punitive damages exclusion, if any, must be deleted (and the deletion indicated on the certificate of insurance), unless (a) insurance coverage may not lawfully be obtained for any punitive damages that may arise under this agreement, or (b) all punitive damages are prohibited by all states in which this agreement will be performed.

H. Licensee waives all rights of recovery, and its insurers also waive all rights of subrogation of damages against Railroad and its agents, officers, directors and employees for damages covered by the workers compensation and employers liability or commercial umbrella or excess liability obtained by Licensee required in this agreement, where permitted by law. This waiver must be stated on the certificate of insurance.

I. All insurance policies must be written by a reputable insurance company acceptable to Railroad or with a current Best's Insurance Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the work is to be performed.

J. The fact that insurance is obtained by Licensee or by Railroad on behalf of Licensee will not be deemed to release or diminish the liability of Licensee, including, without limitation, liability under the indemnity provisions of this Agreement. Damages recoverable by Railroad from Licensee or any third party will not be limited by the amount of the required insurance coverage.

EXHIBIT D
SAFETY STANDARDS

MINIMUM SAFETY REQUIREMENTS

The term "employees" as used herein refer to all employees of Licensee or its contractors, subcontractors, or agents, as well as any subcontractor or agent of any Licensee.

I. Clothing

- A. All employees of Licensee will be suitably dressed to perform their duties safely and in a manner that will not interfere with their vision, hearing, or free use of their hands or feet.

Specifically, Licensee's employees must wear:

- (i) Waist-length shirts with sleeves.
- (ii) Trousers that cover the entire leg. If flare-legged trousers are worn, the trouser bottoms must be tied to prevent catching.
- (iii) Footwear that covers their ankles and has a defined heel. Employees working on bridges are required to wear safety-toed footwear that conforms to the American National Standards Institute (ANSI) and FRA footwear requirements.

- B. Employees shall not wear boots (other than work boots), sandals, canvas-type shoes, or other shoes that have thin soles or heels that are higher than normal.

- C. Employees must not wear loose or ragged clothing, neckties, finger rings, or other loose jewelry while operating or working on machinery.

II. Personal Protective Equipment

Licensee shall require its employee to wear personal protective equipment as specified by Railroad rules, regulations, or recommended or requested by the Railroad Representative.

- (i) Hard hat that meets the American National Standard (ANSI) Z89.1 – latest revision. Hard hats should be affixed with Licensee's company logo or name.
- (ii) Eye protection that meets American National Standard (ANSI) for occupational and educational eye and face protection, Z87.1 – latest revision. Additional eye protection must be provided to meet specific job situations such as welding, grinding, etc.
- (iii) Hearing protection, which affords enough attenuation to give protection from noise levels that will be occurring on the job site. Hearing protection, in the form of plugs or muffs, must be worn when employees are within:
 - 100 feet of a locomotive or roadway/work equipment
 - 15 feet of power operated tools
 - 150 feet of jet blowers or pile drivers

- 150 feet of retarders in use (when within 10 feet, employees must wear dual ear protection – plugs and muffs)
- (iv) Other types of personal protective equipment, such as respirators, fall protection equipment, and face shields, must be worn as recommended or requested by the Railroad Representative.

III. On Track Safety

Licensee and its contractor are responsible for compliance with the Federal Railroad Administration's Roadway Worker Protection regulations – 49CFR214, Subpart C and Railroad's On-Track Safety rules. Under 49CFR214, Subpart C, railroad contractors are responsible for the training of their employees on such regulations. In addition to the instructions contained in Roadway Worker Protection regulations, all employees must:

- (i) Maintain a minimum distance of at least twenty-five (25) feet to any track unless the Railroad Representative is present to authorize movements.
- (ii) Wear an orange, reflectorized work wear approved by the Railroad Representative.
- (iii) Participate in a job briefing that will specify the type of On-Track Safety for the type of work being performed. Licensee must take special note of limits of track authority, which tracks may or may not be fouled, and clearing the track. Licensee will also receive special instructions relating to the work zone around machines and minimum distances between machines while working or traveling.

IV. Equipment

- A. It is the responsibility of Licensee to ensure that all equipment is in a safe condition to operate. If, in the opinion of the Railroad Representative, any of Licensee's equipment is unsafe for use, Licensee shall remove such equipment from Railroad's property. In addition, Licensee must ensure that the operators of all equipment are properly trained and competent in the safe operation of the equipment. In addition, operators must be:
- Familiar and comply with Railroad's rules on lockout/tagout of equipment.
 - Trained in and comply with the applicable operating rules if operating any hy-rail equipment on-track.
 - Trained in and comply with the applicable air brake rules if operating any equipment that moves rail cars or any other rail bound equipment.
- B. All self-propelled equipment must be equipped with a first-aid kit, fire extinguisher, and audible back-up warning device.
- C. Unless otherwise authorized by the Railroad Representative, all equipment must be parked a minimum of twenty-five (25) feet from any track. Before leaving any equipment unattended, the operator must stop the engine and properly secure the equipment against movement.
- D. Cranes must be equipped with three orange cones that will be used to mark the working area of the crane and the minimum clearances to overhead powerlines.

V. General Safety Requirements

- A. Licensee shall ensure that all waste is properly disposed of in accordance with applicable federal and state regulations.
- B. Licensee shall ensure that all employees participate in and comply with a job briefing conducted by the Railroad Representative, if applicable. During this briefing, the Railroad Representative will specify safe work procedures, (including On-Track Safety) and the potential hazards of the job. If any employee has any questions or concerns about the work, the employee must voice them during the job briefing. Additional job briefings will be conducted during the work as conditions, work procedures, or personnel change.
- C. All track work performed by Licensee meets the minimum safety requirements established by the Federal Railroad Administration's Track Safety Standards 49CFR213.
- D. All employees comply with the following safety procedures when working around any railroad track:
 - (i) Always be on the alert for moving equipment. Employees must always expect movement on any track, at any time, in either direction.
 - (ii) Do not step or walk on the top of the rail, frog, switches, guard rails, or other track components.
 - (iii) In passing around the ends of standing cars, engines, roadway machines or work equipment, leave at least 20 feet between yourself and the end of the equipment. Do not go between pieces of equipment if the opening is less than one car length (50 feet).
 - (iv) Avoid walking or standing on a track unless so authorized by the employee in charge.
 - (v) Before stepping over or crossing tracks, look in both directions first.
 - (vi) Do not sit on, lie under, or cross between cars except as required in the performance of your duties and only when track and equipment have been protected against movement.
- E. All employees must comply with all federal and state regulations concerning workplace safety.