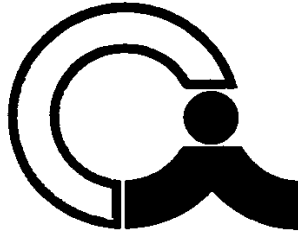


CITY OF INDUSTRY

CITY COUNCIL
REGULAR MEETING AGENDA

NOVEMBER 12, 2015
9:00 AM



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

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

Addressing the City Council:

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

Americans with Disabilities Act:

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

Agendas and other writings:

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

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

- 4.1 Presentation by Assembly Member Ian Calderon providing a Legislative Update.

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 Register of Demands.

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

- 5.2 Consideration of the minutes of the September 3, 2015 special meeting.

RECOMMENDED ACTION: Approve as submitted.

- 5.3 Consideration of a purchase of public safety equipment requested by the Los Angeles County Sheriff's Department.

RECOMMENDED ACTION: Approve the purchase of public safety equipment.

- 5.4 Consideration of a donation in the amount of \$27,500.00 to the Veterans of Foreign Wars Post 1944, Puente Post located at 16157 E. Gale Avenue in the City of Industry for roof and parking lot repairs.

RECOMMENDED ACTION: Approve the donation of \$27,500.00 to the Veterans of Foreign Wars Post 1944.

- 5.5 Consideration of Resolution No. CC 2015-39 - A RESOLUTION OF THE CITY OF INDUSTRY, CALIFORNIA, ADOPTING A SALARY RANGE SCHEDULE FOR CITY EMPLOYEES AND OFFICERS.

RECOMMENDED ACTION: Adopt Resolution No. CC 2015-39.

6. **ACTION ITEMS**

- 6.1 Consideration of a Professional Services Agreement between the City of Industry and Biggs Cardosa Associates, Inc., to provide a project report for the Nelson Avenue Bridge Project, and a feasibility analysis on 10 City-owned bridges for potential funding opportunities in an amount not to exceed \$40,000.00.

RECOMMENDED ACTION: Approve the Agreement.

- 6.2 Consideration of Resolution No. CC 2015-38 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, APPROVING A PURCHASE AGREEMENT BETWEEN THE CITY OF INDUSTRY AND CT CHESTNUT LLC, FOR THE PROPERTY LOCATED AT 948 S. AZUSA AVENUE, CITY OF INDUSTRY, CALIFORNIA AND ADOPTING THE NOTICE OF EXEMPTION REGARDING SAME.

RECOMMENDED ACTION: Staff recommends to extend the consideration of Resolution No. CC 2015-38 to the next regular scheduled meeting.

- 6.3 Consideration of Development Plan Application 15-18 submitted by Sears, Roebuck and Company to change the existing Sears Auto Center into an in-line retail center with drive-thru located at 1552 Azusa Avenue.

Consideration of Resolution No. CC 2015-40 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA APPROVING DEVELOPMENT PLAN NO. 15-18 FOR THE REMODEL OF A RETAIL BUILDING LOCATED AT 1552 AZUSA AVENUE IN THE CITY OF INDUSTRY, CALIFORNIA, AND THE NOTICE OF EXEMPTION REGARDING SAME.

RECOMMENDED ACTION: Adopt Resolution No. CC 2015-40.

- 6.4 Consideration of Resolution No. CC 2015-41 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY AUTHORIZING AND DIRECTING THE SALE OF NOT TO EXCEED \$380,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF INDUSTRY SENIOR SALES TAX REVENUE REFUNDING BONDS, SERIES 2015A AND \$90,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF INDUSTRY SUBORDINATE SALES TAX REVENUE BONDS, SERIES 2015B, APPROVING FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENTS, INDENTURES, CONTINUING DISCLOSURE AGREEMENTS, A PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENTS AND A LOAN AGREEMENT; AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH.

RECOMMENDED ACTION: Adopt Resolution No. CC 2015-41.

- 6.5 Consideration of a Quitclaim Deed for various storm drain and sewer easements granted to the City within and across Assessor Parcel Numbers 8264-020-050, 8264-020-051, and 8264-020-052 located at 18639 Railroad Street.

RECOMMENDED ACTION: Approve the Quitclaim Deed.

- 6.6 Consideration of Minor Lot Line Adjustment Application No. 77 submitted by Nelson Avenue Investment Group to reconfigure the existing property lines to form two developable parcels located at 15334-15336 Nelson Avenue.

RECOMMENDED ACTION: Approve Minor Lot Line Adjustment No. 77.

- 6.7 Consideration of a work authorization under Consultant Contract No. 1-Kimley 13-01, in the budget amount of \$46,500.00 for Kimley-Horn, Inc. to provide an engineering and traffic survey, including a radar speed survey for ninety-three roadway segments on thirty-nine arterial corridors within the City of Industry.

RECOMMENDED ACTION: Approve the work authorization.

- 6.8 Consideration of Mayor's appointment to the City of Industry Planning Commission.

RECOMMENDED ACTION: Council to approve Mayor's appointment.

- 6.9 Discussion and direction regarding the Industry Property and Housing Management Authority's board composition.

RECOMMENDED ACTION: Discuss and provide direction to Staff.

- 6.10 Discussion and direction regarding the rescheduling and/or cancellation of the regular meetings scheduled for Thursday, November 26, 2015, and Thursday, December 24, 2015.

RECOMMENDED ACTION: Discuss and provide direction to Staff.

7. **CITY COUNCIL COMMITTEE REPORTS**

8. **AB 1234 REPORTS**

9. **CITY COUNCIL COMMUNICATIONS**

10. **CLOSED SESSION**

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

10.2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4):
Two Cases.

10.3 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: 20/20 Network LLC v. City of Industry
Los Angeles Superior Court Alhambra Courthouse
Case No. 15G07576

11. Adjournment.

CITY COUNCIL

ITEM NO. 5.1

**CITY OF INDUSTRY
AUTHORIZATION FOR PAYMENT OF BILLS
CITY COUNCIL MEETING OF NOVEMBER 12, 2015**

FUND RECAP:

<u>FUND</u>	<u>DESCRIPTION</u>	<u>DISBURSEMENTS</u>
100	GENERAL FUND	3,507,938.68
103	PROP A FUND	7,349.43
105	AQMD GRANT FUND	156.88
120	CAPITAL IMPROVEMENT FUND	233,004.51
161	IPUC - ELECTRIC	416,807.25
440	INDUSTRY PUBLIC FACILITY AUTHORITY	205.11
TOTAL ALL FUNDS		4,165,461.86

BANK RECAP:

<u>BANK</u>	<u>NAME</u>	<u>DISBURSEMENTS</u>
BOFA	BANK OF AMERICA - CKING ACCOUNTS	296,030.74
PROP/A	PROP A - CKING ACCOUNT	7,349.43
REF	REFUSE - CKING ACCOUNT	1,706,736.98
WFBK	WELLS FARGO- CKING ACCOUNT	2,155,344.71
TOTAL ALL BANKS		4,165,461.86

CITY OF INDUSTRY

Bank of America

November 12, 2015

Check	Date			Payee Name	Check Amount
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CITYELEC.CHK - City Electric

1365	10/20/2015			CITY OF INDUSTRY	\$293,151.34
	Invoice	Date	Description		Amount
	10/20/15	10/20/2015	TRANSFER FUNDS-ELECTRIC		\$293,151.34

PARKCIT.CHK - Parking Citation Checking

544	10/19/2015			SUPERIOR COURT OF CALIFORNIA,	\$2,490.50
	Invoice	Date	Description		Amount
	10/19/15	10/19/2015	PARKING CITATION REPORT-SEP 2015		\$2,490.50
545	10/19/2015			TURBO DATA SYSTEMS, INC	\$388.90
	Invoice	Date	Description		Amount
	23432	09/30/2015	CITATION PROCESSING-AUG/SEP 2015		\$388.90

Checks	Status	Count	Transaction Amount
	Total	3	\$296,030.74

CITY OF INDUSTRY

PROP A

November 12, 2015

Check	Date		Payee Name	Check Amount
PROPA.CHK - Prop A Checking				
11599	10/19/2015		CITY OF INDUSTRY-REFUSE	\$78.80
	Invoice	Date	Description	Amount
	2295937	10/01/2015	DISP SVC-METROLINK	\$78.80
11600	10/19/2015		INDUSTRY SECURITY SERVICES	\$6,918.92
	Invoice	Date	Description	Amount
	14-15360	09/18/2015	SECURITY SVC-METROLINK	\$1,729.73
	14-15388	09/25/2015	SECURITY SVC-METROLINK	\$1,729.73
	14-15454	10/02/2015	SECURITY SVC-METROLINK	\$1,729.73
	14-15561	10/09/2015	SECURITY SVC-METROLINK	\$1,729.73
11601	10/22/2015		VOIDED- PRINTER JAM	\$0.00
11602	10/19/2015		SO CAL INDUSTRIES	\$93.87
	Invoice	Date	Description	Amount
	196662	09/15/2015	RR RENTAL-METROLINK	\$93.87
11603	10/19/2015		WALNUT VALLEY WATER DISTRICT	\$257.84
	Invoice	Date	Description	Amount
	2104303	10/07/2015	9/3-9/30/15 SVC-PLATFORM METROLINK	\$18.29
	2103420	10/06/2015	9/1-9/30/15 SVC-METROLINK SPANISH LN	\$239.55

Check	Status	Count	Transaction Amount
	Total	5	\$7,349.43

**CITY OF INDUSTRY
WELLS FARGO REFUSE
November 12, 2015**

Check	Date		Payee Name	Check Amount
REFUSE - Refuse Account				
WT192	11/03/2015		CITY OF INDUSTRY DISPOSAL CO.	\$1,305,981.33
	Invoice	Date	Description	Amount
	233192	10/31/2015	REFUSE SVC 10/1-10/31/15	\$1,305,981.33
4169	10/15/2015		CITY OF INDUSTRY	\$400,000.00
	Invoice	Date	Description	Amount
	10/15/15	10/15/2015	INVESTMENT	\$400,000.00
4170	10/15/2015		CITY OF INDUSTRY DISPOSAL CO.	\$705.06
	Invoice	Date	Description	Amount
	10/15/15	10/15/2015	REFUND-REIMBURSEMENT ERROR	\$705.06
4171	10/15/2015		CARGO SOLUTION INTERNATIONAL	\$41.60
	Invoice	Date	Description	Amount
	10/15/15	10/15/2015	REFUND-ACCT #073597	\$41.60
4172	10/15/2015		QUALITY DISC ICE CREAM DIST	\$8.99
	Invoice	Date	Description	Amount
	10/15/15	10/15/2015	REFUND-ACCOUNT #073326	\$8.99

Checks	Status	Count	Transaction Amount
	Total	5	\$1,706,736.98

**CITY OF INDUSTRY
WELLS FARGO VOIDED CHECKS
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
61839	06/11/2015		BURKE, WILLIAMS & SORENSEN,	(\$40,913.55)
	Invoice	Date	Description	Amount
	05/22/15	05/22/2015	VOIDED-MISPLACED	(\$2,170.50)
	06/01/15	06/01/2015	VOIDED-MISPLACED	(\$38,743.05)

Checks	Status	Count	Transaction Amount
	Total	1	(\$40,913.55)

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
62882	10/19/2015		LOS ANGELES AREA COUNCIL	\$115,089.31
	Invoice	Date	Description	Amount
	10/19/2015	10/19/2015	REIMBURSE FOR LEGAL SERVICES FROM 2010-2013	\$115,089.31
62883	10/20/2015		EXXON MOBIL	\$806.60
	Invoice	Date	Description	Amount
	72006767510	10/09/2015	FUEL-SECURITY VEHICLES	\$806.60
62884	10/20/2015		GAS COMPANY, THE	\$38.54
	Invoice	Date	Description	Amount
	2016-00000434	10/16/2015	09/16-10/14/15 SVC - 610 S BREA CYN RD	\$38.54
62885	10/20/2015		PAETEC COMMUNICATIONS	\$765.98
	Invoice	Date	Description	Amount
	58838795	10/10/2015	PHONE SVC-OCT 2015	\$765.98
62886	10/20/2015		PITNEY BOWES, INC.	\$103.75
	Invoice	Date	Description	Amount
	8554990-OT15	10/13/2015	POSTAGE MACHINE-OCT 2015	\$103.75
62887	10/20/2015		RICOH USA, INC.	\$3,448.87
	Invoice	Date	Description	Amount
	47485397	10/10/2015	COPIER LEASE-OCT 2015	\$3,166.14
	47492611	10/10/2015	COPIER LEASE-HR	\$282.73
62888	10/20/2015		SO CALIFORNIA EDISON COMPANY	\$2,013.34
	Invoice	Date	Description	Amount
	2016-00000435	10/14/2015	09/11-10/13/15 SVC - 490 7TH U	\$72.71
	2016-00000436	10/15/2015	10/02-10/14/15 SVC - 19835 E WALNUT DR	\$62.74
	2016-00000437	10/17/2015	09/16-10/16/15 SVC - 17635 GALE	\$1,838.86
	2016-00000438	10/17/2015	09/16-10/16/15 SVC - 1341 FULLERTON RD	\$39.03

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
62889	10/20/2015		VERIZON	\$468.32
	Invoice	Date	Description	Amount
	2016-00000439	10/04/2015	10/04-11/03/15 SVC - GS-21620 VALLEY BLVD	\$58.64
	2016-00000440	10/07/2015	10/07-11/06/15 SVC - GS-408 BREA CYN RD	\$25.23
	2016-00000442	10/10/2015	10/10-11/09/15 SVC - 600 BREA CYN RD	\$223.73
	2016-00000443	10/10/2015	10/10-11/09/15 SVC - EM-21808 GARCIA LN-ALARM	\$62.97
	841 7TH-OCT15	10/10/2015	10/10-11/09/15 SVC - 841 S. 7TH	\$97.75
62890	10/20/2015		VERIZON	\$110.48
	Invoice	Date	Description	Amount
	2016-00000441	10/10/2015	10/10-11/09/15 SVC - EM-21508 BAKER PKWY BLDG	\$110.48
62891	10/20/2015		VERIZON WIRELESS - LA	\$961.68
	Invoice	Date	Description	Amount
	9752992804	09/26/2015	08/27-09/26/15 SVC - VARIOUS WIRELESS	\$961.68
62892	10/20/2015		CASSO & SPARKS, LLP	\$87,210.38
	Invoice	Date	Description	Amount
	20129	10/20/2015	COI-LEGAL SVC FOR JULY 2015	\$87,210.38
62893	10/21/2015		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	DP15-13/ZE15-3	10/21/2015	FEE-NOTICE OF EXEMPTION	\$75.00
62894	10/27/2015		AT & T	\$113.41
	Invoice	Date	Description	Amount
	2016-00000455	10/17/2015	10/17-11/16/15 SVC - TONNER-GUARD SHACK	\$113.41
62895	10/27/2015		AT & T	\$123.42
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	2016-00000456	10/17/2015	10/17-11/16/15 SVC - TONNER-RADIO	\$123.42
62896	10/27/2015		CITY OF CHINO HILL UTILITY	\$233.46
	Invoice	Date	Description	Amount
	2016-00000457	10/19/2015	09/16-10/15/15 SVC - 1550 RANCHO HILLS DR	\$233.46
62897	10/27/2015		GAS COMPANY, THE	\$39.44
	Invoice	Date	Description	Amount
	2016-00000458	10/23/2015	09/23-10/21/15 SVC - 15415 DON JULIAN RD	\$39.44
62898	10/27/2015		INDUSTRY PUBLIC UTILITY	\$3,375.43
	Invoice	Date	Description	Amount
	2016-00000459	10/14/2015	09/10-10/10/15 SVC - 600 BREA CYN RD	\$3,375.43
62899	10/27/2015		SAN GABRIEL VALLEY WATER CO.	\$451.28
	Invoice	Date	Description	Amount
	2016-00000460	10/19/2015	09/16-10/16/15 SVC - 14329 VALLEY	\$226.77
	2016-00000461	10/20/2015	09/17-10/19/15 SVC - 336 EL ENCANTO	\$55.12
	841 7TH-OCT15	10/21/2015	09/18-10/20/15 SVC - 841 S SEVENTH	\$169.39
62900	10/27/2015		SO CALIFORNIA EDISON COMPANY	\$62,748.43
	Invoice	Date	Description	Amount
	2016-00000444	10/20/2015	09/16-10/16/15 SVC - 15415 DON JULIAN RD	\$2,876.99
	2016-00000445	10/20/2015	09/16-10/16/15 SVC - VARIOUS SITES	\$4,372.83
	2016-00000446	10/20/2015	08/17-10/16/15 SVC - VARIOUS SITES	\$133.07
	2016-00000448	10/20/2015	09/16-10/16/15 SVC - PECK RD S/O PELLISSIER	\$36.16
	841 7TH-OCT15	10/20/2015	08/17-10/16/15 SVC - 841 7TH	\$2,209.86
	2016-00000449	10/20/2015	08/17-10/16/15 SVC - VARIOUS SITES	\$2,866.87
	2016-00000450	10/20/2015	03/24-10/01/15 SVC - VARIOUS SITES	\$4,529.68
	2016-00000451	10/20/2015	04/30-10/01/15 SVC - VARIOUS SITES	\$38,722.54
	2016-00000452	10/20/2015	08/17-10/16/15 SVC - VARIOUS SITES	\$3,502.05

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	2016-00000453	10/20/2015	09/16-10/16/15 SVC - 15415 DON JULIAN RD	\$220.19
	2016-00000454	10/20/2015	09/16-10/16/15 SVC - VARIOUS SITES	\$3,134.98
	2016-00000464	10/23/2015	09/22-10/22/15 SVC - 21380 VALLEY PED	\$91.71
	2016-00000465	10/23/2015	09/22-10/22/15 SVC - 575 S BREA CYN	\$25.82
	2016-00000466	10/23/2015	09/22-10/22/15 SVC - 580 S BREA CYN	\$25.68
62901	10/27/2015		SO CALIFORNIA EDISON COMPANY	\$467.42
	Invoice	Date	Description	Amount
	2016-00000447	10/20/2015	07/17-09/16/15 SVC - 19001 TONNER CYN RD	\$467.42
62902	10/27/2015		SO CALIFORNIA EDISON COMPANY	\$12,483.12
	Invoice	Date	Description	Amount
	7500597097	10/16/2015	09/01-09/30/15 SVC - OLD RANCH RD/MAYO AVE	\$5,623.22
	7500597098	10/16/2015	09/01-09/30/15 SVC - 208 S. WADDINGHAM WAY	\$3,930.83
	7500597099	10/16/2015	09/01-09/30/15 SVC - 745 ANAHEIM-PUENTE RD	\$1,027.46
	7500597110	10/16/2015	09/01-09/30/15 SVC - 133 N. AZUSA AVE	\$1,901.61
62903	10/27/2015		SUBURBAN WATER SYSTEMS	\$2,258.63
	Invoice	Date	Description	Amount
	180040742095	10/22/2015	09/24-10/22/15 SVC - AZUSA & GEMINI	\$2,258.63
62904	10/27/2015		VERIZON	\$423.60
	Invoice	Date	Description	Amount
	2016-00000463	10/10/2015	10/10-11/09/15 SVC - GENERATOR SITE-TELEMETRY	\$147.10
	2016-00000467	10/16/2015	10/16-11/15/15 SVC - GENERATOR SITE-TELEMETRY	\$47.97
	2016-00000468	10/16/2015	10/16-11/15/15 SVC - PH AUTO PLAZA	\$162.76
	2016-00000469	10/16/2015	10/16-11/15/15 SVC - BREA CYN PUMP STN	\$65.77
62905	10/27/2015		VERIZON	\$0.96
	Invoice	Date	Description	Amount
	2016-00000462	10/10/2015	10/10-11/09/15 SVC - GENERATOR SITE-TELEMETRY	\$0.96

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date	Payee Name		Check Amount
CITY.WF.CHK - City General Wells Fargo				
62906	11/02/2015	HOLLYWOOD SOUND SYSTEMS		\$7,989.04
	Invoice	Date	Description	Amount
	53906	10/26/2015	DEPOSIT FOR AUDIO EQUIPMENT-IMC	\$7,989.04
62907	11/03/2015	SAN GABRIEL VALLEY WATER CO.		\$6,513.73
	Invoice	Date	Description	Amount
	2016-00000477	10/29/2015	09/28-10/28/15 SVC - IRRIG SALT LAKE/SEVENTH	\$206.96
	2016-00000478	10/29/2015	09/28-10/28/15 SVC - CROSSROADS PKWY SOUTH	\$672.69
	2016-00000479	10/29/2015	09/28-10/28/15 SVC - CROSSROADS PKWY SOUTH	\$189.21
	2016-00000480	10/29/2015	09/28-10/28/15 SVC - CROSSROADS PKWY SOUTH	\$1,412.59
	2016-00000481	10/29/2015	09/28-10/28/15 SVC - CROSSROADS PKWY NORTH	\$309.35
	2016-00000482	10/29/2015	09/28-10/28/15 SVC - CROSSROADS PKWY NORTH	\$952.23
	2016-00000483	10/29/2015	09/28-10/28/15 SVC - CROSSROADS PKWY NORTH	\$321.34
	2016-00000484	10/29/2015	09/28-10/28/15 SVC - PELLISSIER	\$233.38
	2016-00000485	10/29/2015	09/28-10/28/15 SVC - PELLISSIER	\$387.40
	2016-00000486	10/29/2015	09/28-10/28/15 SVC - PECK/UNION PACIFIC BRIDGE	\$666.09
	2016-00000487	10/29/2015	09/28-10/28/15 SVC - S/E COR OF PELLISSIER	\$927.03
	2016-00000488	10/29/2015	09/28-10/28/15 SVC - PELLISSIER	\$235.46
62908	11/03/2015	SO CALIFORNIA EDISON COMPANY		\$1,913.98
	Invoice	Date	Description	Amount
	2016-00000490	10/27/2015	09/24-10/26/15 SVC - 17378 E GALE B	\$48.13
	2016-00000491	10/27/2015	09/01-10/23/15 SVC - 600 S BREA CYN RD	\$134.60
	2016-00000492	10/27/2015	09/24-10/26/15 SVC - 745 ANAHEIM PUENTE RD CP	\$67.94
	2016-00000493	10/28/2015	09/24-10/26/15 SVC - BREA CYN-VARIOUS SITES	\$596.88
	2016-00000494	10/29/2015	09/28-10/28/15 SVC - 137 N HUDSON AVE	\$336.86
	2016-00000495	10/30/2015	09/28-10/28/15 SVC - 5010 ENGLISH	\$89.69
	2016-00000496	10/30/2015	09/28-10/28/15 SVC - 205 N HUDSON AVE	\$639.88
62909	11/03/2015	SO CALIFORNIA EDISON COMPANY		\$20.04

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	2016-00000489	10/24/2015	09/23-10/23/15 SVC - 5010 ENGLISH RD	\$20.04
62910	11/03/2015		SUBURBAN WATER SYSTEMS	\$52.64
	Invoice	Date	Description	Amount
	180050689475	10/21/2015	09/23-10/21/15 SVC - 205 HUDSON AVE	\$52.64
62911	11/03/2015		VERIZON	\$329.12
	Invoice	Date	Description	Amount
	2016-00000471	10/19/2015	10/19-11/18/15 SVC - FOLLOW'S CAMP	\$65.48
	2016-00000472	10/19/2015	10/19-11/18/15 SVC - EM - 21415 BAKER PKWY	\$53.39
	2016-00000473	10/19/2015	10/19-11/18/15 SVC - ELECTRIC MODEM	\$55.72
	2016-00000474	10/19/2015	10/19-11/18/15 SVC - GENERATOR SITE-TELEMETRY	\$42.50
	2016-00000475	10/22/2015	10/22-11/21/15 SVC - ELECTRIC MODEM	\$53.39
	2016-00000476	10/22/2015	10/22-11/21/15 SVC - GENERATOR SITE-TELEMETRY	\$58.64
62912	11/12/2015		1st CHOICE ROOFING	\$1,175.00
	Invoice	Date	Description	Amount
	1521	10/13/2015	ROOD REPAIR-205 HUDSON	\$1,175.00
62913	11/12/2015		ABORTA-BUG PEST CONTROL	\$95.00
	Invoice	Date	Description	Amount
	17148	10/30/2015	QTRLY SVC-TONNER CYN	\$95.00
62914	11/12/2015		ADMIN SURE	\$1,900.00
	Invoice	Date	Description	Amount
	8925	10/15/2015	CLAIM ADMIN-NOV 2015	\$1,900.00
62915	11/12/2015		ADVANCED DISCOVERY, INC.	\$16,857.70
	Invoice	Date	Description	Amount
	B160100	09/30/2015	PROF SVC-LITIGATION	\$16,857.70

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
62916	11/12/2015		ARAMARK REFRESHMENT SERVICE,	\$192.01
	Invoice	Date	Description	Amount
	9272448	10/27/2015	COFFEE/OFFICE SUPPLIES	\$192.01
62917	11/12/2015		AT & T	\$176.00
	Invoice	Date	Description	Amount
	2342969209	10/23/2015	09/19-10/18/15 SVC - METROLINK	\$176.00
62918	11/12/2015		AVANT-GARDE, INC	\$5,795.00
	Invoice	Date	Description	Amount
	3837	10/16/2015	PROJECT MGMT SVC-CITY BRIDGES	\$1,317.50
	3838	10/16/2015	PROJECT MGMT SVC-AZUSA AVE BRIDGE	\$4,477.50
62919	11/12/2015		BALLAS, JOHN	\$1,041.65
	Invoice	Date	Description	Amount
	8/17-8/30/15	11/02/2015	CHILD CARE-P/R 8/31/15	\$208.33
	8/31-9/13/15	11/02/2015	CHILD CARE-P/R 9/15/15	\$208.33
	9/14-9/27/15	11/02/2015	CHILD CARE-P/R 9/30/15	\$208.33
	9/28-10/11/15	11/02/2015	CHILD CARE-P/R 10/15/15	\$208.33
	10/12-10/25/15	11/02/2015	CHILD CARE-P/R 10/31/15	\$208.33
62920	11/12/2015		BLAKE AIR CONDITIONING	\$1,019.00
	Invoice	Date	Description	Amount
	M32908	10/13/2015	A/C MAINT-CITY HALL	\$1,019.00
62921	11/12/2015		BRYAN PRESS	\$454.36
	Invoice	Date	Description	Amount
	0073806	10/27/2015	BUSINESS CARDS-A. CRUZ	\$44.15
	0073744-C	10/22/2015	LETTERHEAD-IDA AND IPFA	\$410.21

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CITY.WF.CHK - City General Wells Fargo				
62922	11/12/2015		BYRNE & NIXON, LLP	\$12,335.00
	Invoice	Date	Description	Amount
	8364	06/30/2015	LEGAL SVC-JUN 2015	\$9,460.00
	8419	08/31/2015	LEGAL SVC-AUG 2015	\$550.00
	8428	09/30/2015	LEGAL SVC-SEP 2015	\$2,325.00
62923	11/12/2015		CASC ENGINEERING AND	\$8,864.00
	Invoice	Date	Description	Amount
	34444	09/30/2015	NPDES ENG SVC-COI	\$8,037.00
	34445	09/30/2015	NPDES ENG SVC-FOLLOW'S CAMP	\$827.00
62924	11/12/2015		CHEM PRO LABORATORY, INC	\$269.00
	Invoice	Date	Description	Amount
	595208	09/23/2015	WATER TREATMENT-SEP 2015	\$269.00
62925	11/12/2015		CITY OF INDUSTRY-MEDICAL	\$160,000.00
	Invoice	Date	Description	Amount
	REG 11/12/15	11/04/2015	TRANSFER FUNDS	\$160,000.00
62926	11/12/2015		CITY OF INDUSTRY-PAYROLL ACCT	\$100,000.00
	Invoice	Date	Description	Amount
	P/R 10/31/15	11/02/2015	PAYROLL REIMBURSEMENT FOR 10/31/15	\$100,000.00
62927	11/12/2015		CITY OF SOUTH EL MONTE	\$4,000.00
	Invoice	Date	Description	Amount
	1071	10/15/2015	COALITION SR60 PROJ-OCT & NOV 2015	\$4,000.00
62928	11/12/2015		CNC ENGINEERING	\$310,247.50
	Invoice	Date	Description	Amount
	112015	11/01/2015	MEALS/WHEELS RENT-NOV 2015	\$5,000.00
	43987	10/29/2015	66KV ELECTRICAL SUBSTATION FACILITY	\$1,940.86

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Check	Date	Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo			
43988	10/29/2015	ON-CALL STREET MAINT	\$2,333.06
43989	10/29/2015	WALNUT DR SOUTH WIDENING	\$1,904.82
43990	10/29/2015	CLARK AVE WIDENING	\$4,541.04
43991	10/29/2015	GENERAL ENGINEERING SVC-CIP	\$81,899.74
43992	10/29/2015	GENERAL ENGINEERING SVC 10/5-10/25/15	\$70,050.46
43993	10/29/2015	INDUSTRY HILLS LEASE	\$162.72
43994	10/29/2015	TONNER CYN PROPERTY	\$2,826.24
43995	10/29/2015	ATLAS-LEGAL DESCRIPTIONS	\$313.76
43996	10/29/2015	PUENTE VALLEY OPERABLE UNIT	\$156.88
43997	10/29/2015	MAINT OF CITY HALL	\$1,381.71
43998	10/29/2015	MAINT OF IMC BLDG	\$1,737.34
43999	10/29/2015	HOMESTEAD MUSEUM MAINT	\$313.76
44000	10/29/2015	VALLEY BLVD RESURFACING	\$17,401.80
44001	10/29/2015	PUC RAILROAD SAFETY UPGRADE	\$1,411.92
44002	10/29/2015	LOS ANGELES SUB QUIET ZONE	\$1,451.14
44003	10/29/2015	CITY STREETS AND UPRR CROSSINGS	\$470.64
44004	10/29/2015	PUC RAILROAD SAFETY UPGRADE	\$156.88
44005	10/29/2015	CITY AERIALS AND PHOTOMAPPER SYSTEM 11/12	\$244.07
44006	10/29/2015	OPERATION AND MAINT OF THE METRO PARKING	\$4,504.47
44007	10/29/2015	INDUSTRY HILLS REALIGNMENT OF HANDORF RD	\$78.44
44009	10/29/2015	SAN JOSE AVE RECONSTRUCTION	\$9,659.78
44010	10/29/2015	TRAFFIC SIGNAL AND INTERSECTION AT	\$162.71
44011	10/29/2015	LAUNDRY BLDG SETTLEMENT ISSUES	\$14,384.49
44012	10/29/2015	INDUSTRY HILLS-FUEL STN MAINT	\$470.64
44013	10/29/2015	PACIFIC PALMS REPAIRS-PARKING LOT	\$156.88
44014	10/29/2015	PROPERTY MGMT FOR CITY OWNED PROPERTIES	\$3,807.72
44015	10/29/2015	HWY BRIDGE PROGRAM FUNDING	\$352.98
44016	10/29/2015	205 HUDSON AVE-SHERIFF YAL OFFICES	\$784.40
44017	10/29/2015	FISCAL YEAR BUDGET	\$3,500.13
44018	10/29/2015	STORM DRAIN IN AJAX AVE	\$5,177.04
44019	10/29/2015	FOLLOW'S CAMP PROPERTY	\$4,657.40

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CITY.WF.CHK - City General Wells Fargo				
44020	10/29/2015	VARIOUS ASSIGNMENTS-SA TO IUDA	\$10,864.92	
44021	10/29/2015	CITY PROPERTY 110 ACRES SOUTH OF	\$443.35	
44022	10/29/2015	METROLINK STN/COMMUTER RAIL STATION	\$470.64	
44023	10/29/2015	AQMD GRANT FOR ELECTRICAL CAR CHARGING	\$156.88	
44024	10/29/2015	NELSON AVE AND PUENTE AVE WIDENING	\$1,411.92	
44025	10/29/2015	GATEWAY CITIES COUNCIL OF GOVERNMENTS	\$569.49	
44026	10/29/2015	MAINT OF YARD AT 1123 HATCHER AVE	\$1,007.53	
44027	10/29/2015	ARENTH AVE RECONSTRUCTION	\$31,391.65	
44028	10/29/2015	CITY OF INDUSTRY MUNICIPAL CODE COMPLIANCE	\$470.64	
44029	10/29/2015	CIVIC FINANCAIL CENTER PARKING LOT EXPANSION	\$380.01	
44030	10/29/2015	FULLERTON RD GRADE SEPARATION	\$2,720.77	
44031	10/29/2015	ALAMEDA CORRIDOR EAST RELATED PROJECTS	\$940.24	
44032	10/29/2015	FAIRWAY DR GRADE SEPARATION	\$2,158.99	
44033	10/29/2015	NOGALES GRADE SEPARATION	\$5,177.04	
44008	10/29/2015	TRAFFIC SIGNAL AT DON JULIAN RD/SIXTH	\$8,687.51	
62929	11/12/2015	CONSOLIDATED ELECTRICAL DIST.	\$774.86	
	Invoice	Date	Description	Amount
	3301-497803	10/13/2015	REPLACE LIGHTS-IMC	\$774.86
62930	11/12/2015	COUNTRY ESTATE FENCE, INC.	\$1,363.99	
	Invoice	Date	Description	Amount
	22155	10/15/2015	FENCE SUPPLIES-OLD RANCH RD/FERRERO PKY	\$1,363.99
62931	11/12/2015	COUNTY OF LA DEPT OF PUBLIC	\$128,988.08	
	Invoice	Date	Description	Amount
	PW-15100100977	10/02/2015	PAVEMENT STRIPING-CROSSROADS PKY	\$8,336.03
	PW-15100100976	10/02/2015	PAVEMENT MARKING-CROSSROADS PKY	\$7,565.83
	PW-15100100985	10/02/2015	SLURRY SEAL-VAROUS STREETS	\$5,832.48
	PW-15100100883	10/02/2015	PUMP HOUSE MAINT	\$5,483.86
	PW-15100100940	10/02/2015	PAVEMENT STRIPING-VARIOUS STREETS	\$850.49

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Check	Date	Payee Name	Check Amount	
CITY.WF.CHK - City General Wells Fargo				
	PW-15100100904	10/02/2015	STORM DRAIN PERMIT-WALNUT DR \$471.78	
	PW-15100100879	10/02/2015	TRAFFIC ENGINEERING SVC \$700.36	
	PW-15100100874	10/02/2015	TRAFFIC SIGNING \$832.12	
	PW-15100100870	10/02/2015	STORM DRAIN MAINT \$538.46	
	PW-15100100871	10/02/2015	STORM DAMAGE RESPONSE \$275.17	
	PW-15100100872	10/02/2015	EMERGENCY HAZARDOUS WASTE DISPOSAL \$80.53	
	PW-15100100873	10/02/2015	STREET INSPECTION \$2,229.23	
	PW-15100100864	10/02/2015	LITTER/DEBRIS REMOVAL \$1,413.54	
	PW-15100100863	10/02/2015	CONCRETE REPAIRS \$1,268.97	
	PW-15100100865	10/02/2015	SIDEWALK INSPECTION/REPAIR \$102.39	
	PW-15100101100	10/02/2015	TRAFFIC SIGNAL MAINT \$15,620.61	
	PW-15100101099	10/02/2015	TRAFFIC SIGNAL MAINT \$77,386.23	
62932	11/12/2015	CROWELL & MORING, LLP	\$50,890.27	
	Invoice	Date	Description	Amount
	1501933	07/20/2015	LEGAL SVC-JUN 2015	\$8,343.50
	1504063	08/16/2015	LEGAL SVC-JUL 2015	\$4,207.00
	1506994	09/16/2015	LEGAL SVC-AUG 2015	\$7,471.57
	1510162	10/16/2015	LEGAL SVC-SEP 2015	\$30,868.20
62933	11/12/2015	D M V RENEWAL	\$209.00	
	Invoice	Date	Description	Amount
	6PKM569-15	11/03/2015	REGISTRATION RENEWAL-LIC 6PKM569	\$209.00
62934	11/12/2015	D M V RENEWAL	\$264.00	
	Invoice	Date	Description	Amount
	6UQX922-15	10/27/2015	REGISTRATION RENEWAL-LIC 6UQX922	\$264.00
62935	11/12/2015	DAKOTA BACKFLOW CO.	\$1,600.00	
	Invoice	Date	Description	Amount
	36812	10/16/2015	ANNUAL TESTING-VARIOUS SITES	\$440.00

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CITY.WF.CHK - City General Wells Fargo				
	36811	10/16/2015	ANNUAL TESTING-VARIOUS SITES	\$1,160.00
62936	11/12/2015		DEPT OF ANIMAL CARE & CONTROL	\$2,598.41
	Invoice	Date	Description	Amount
	10/15/15	10/15/2015	SHELTER COSTS-SEP 2015	\$2,598.41
62937	11/12/2015		DEPT OF TRANSPORTATION	\$22,659.71
	Invoice	Date	Description	Amount
	SL160177	10/13/2015	MAINT SIGNAL LIGHTS JUL-SEP 2015	\$2,117.21
	16001922	10/02/2015	COOP 07-4832 FOR JUN-AUG 2015	\$20,542.50
62938	11/12/2015		ELECTRA-MEDIA, INC	\$1,763.00
	Invoice	Date	Description	Amount
	3906	10/15/2015	PH AUTO DISPLAY-NOV 2015	\$1,763.00
62939	11/12/2015		ENCO UTILITY SERVICES	\$7,609.50
	Invoice	Date	Description	Amount
	0612-000390S	10/07/2015	METER SYTEM MONITORING-SEP 2015	\$2,846.00
	0113-0033MR	10/07/2015	METER READING-SEP 2015	\$2,263.50
	20-3-10-15	10/31/2015	PROF SVC-OCT 2015	\$2,500.00
62940	11/12/2015		ENVIRONS, INC.	\$4,897.50
	Invoice	Date	Description	Amount
	2852	10/14/2015	LANDSCAPE PLANS-VALLEY BLVD	\$4,897.50
62941	11/12/2015		FRAZER, LLP	\$128,765.00
	Invoice	Date	Description	Amount
	139859	10/15/2015	COI-ACCTG SVC 10/1-10/15/15	\$44,640.00
	139861	10/15/2015	COI-PROF SVC FOR SEP 2015	\$37,190.00
	139926	10/31/2015	COI-ACCTG SVC 10/16-10/31/15	\$46,935.00

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
62942	11/12/2015		FUEL PROS, INC.	\$622.90
	Invoice	Date	Description	Amount
	0000022049	09/25/2015	INDUSTRY HILLS-FUEL STN MAINT	\$150.00
	0000022129	09/28/2015	INDUSTRY HILLS-FUEL STN MAINT	\$472.90
62943	11/12/2015		GAS COMPANY, THE	\$100.18
	Invoice	Date	Description	Amount
	1135HATCH-2OCT15	10/30/2015	09/30-10/28/15 SVC - 1135 HATCHER AVE	\$16.64
	2016-00000497	10/30/2015	09/30-10/28/15 SVC - 710 NOGALES ST	\$13.81
	2016-00000498	10/30/2015	09/02-10/02/15 SVC - 2700 CHINO HILLS PKWY	\$54.03
	2016-00000510	11/03/2015	10/02-10/30/15 SVC - 1 INDUSTRY HILLS PKWY	\$15.70
62944	11/12/2015		GONSALVES & SON, JOE A.	\$5,000.00
	Invoice	Date	Description	Amount
	25635	10/20/2015	LEGISLATIVE SVC-NOV 2015	\$5,000.00
62945	11/12/2015		GREATLAND CORPORATION	\$112.94
	Invoice	Date	Description	Amount
	4895477 RI	10/28/2015	1099 TAX FORMS	\$112.94
62946	11/12/2015		HUNTER ELECTRIC SERVICE, INC.	\$2,646.62
	Invoice	Date	Description	Amount
	2015-136	09/28/2015	RELOCATE TV MONITOR-CITY HALL	\$589.28
	2015-141	09/28/2015	INSTALL LED LIGHTING-HOMESTEAD	\$688.00
	2015-139	09/28/2015	REPLACE LIGHT-CITY HALL	\$1,029.34
	2015-164	10/17/2015	REPAIR LIGHTING-IMC	\$340.00
62947	11/12/2015		INDUSTRY SECURITY SERVICES	\$58,532.13
	Invoice	Date	Description	Amount
	14-15614	10/16/2015	SECURITY SVC 10/9-10/15/15	\$16,196.24
	14-15625	10/16/2015	SECURITY SVC-TRES HERMANOS	\$2,187.12

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CITY.WF.CHK - City General Wells Fargo				
	14-15629	10/16/2015	SECURITY SVC FOR RODEO	\$2,081.97
	14-15718	10/30/2015	SECURITY SVC-TRES HERMANOS	\$2,187.12
	14-15707	10/30/2015	SECURITY SVC 10/23-10/29/15	\$17,062.96
	14-15641	10/23/2015	SECURITY SVC 10/16-10/22/15	\$16,629.60
	14-15652	10/23/2015	SECURITY SVC-TRES HERMANOS	\$2,187.12
62948	11/12/2015		INTERNATIONAL LINE BUILDERS	\$21,663.73
	Invoice	Date	Description	Amount
	777201	06/30/2015	TRENCH AND CONDUIT INSTALL-66KV SUBSTATION	\$21,663.73
62949	11/12/2015		IUDA-ADMINISTRATIVE ACCOUNT	\$39,070.80
	Invoice	Date	Description	Amount
	11/02/15	11/02/2015	REIMBURSE FOR LEGAL FEES FROM NORTON ROSE	\$39,070.80
62950	11/12/2015		KIMLEY-HORN & ASSOCIATES, INC.	\$15,905.93
	Invoice	Date	Description	Amount
	7147966	08/31/2015	NOGALES GRADE SEPARATION	\$499.97
	7147975	08/31/2015	GENERAL TRAFFIC-ENGINEERING/REVIEW	\$3,512.83
	7070386	09/30/2015	GENERAL TRAFFIC-ENGINEERING/REVIEW	\$1,943.92
	7147993	08/31/2015	HWY PAVEMENT MGMT SYSTEMS	\$500.20
	7070389	09/30/2015	TRAFFIC SIGNAL DESIGN-FAIRWAY DR	\$9,449.01
62951	11/12/2015		KLEINFELDER, INC.	\$12,870.40
	Invoice	Date	Description	Amount
	001071282-R	08/14/2015	BALANCE DUE FROM INVOICE #001071282	\$530.00
	001078885	10/13/2015	ENVIRONMENTAL SVC-NOGALES-FULLERTON	\$1,770.00
	001078938	10/13/2015	GEO SVC-IBC EAST TANK LOCATION	\$4,320.00
	001079249	10/15/2015	SOIL/MATERIAL OBSERVATION-SLURRY SEAL	\$285.00
	001079755	10/16/2015	SOIL TESTING-VARIOUS SITES	\$5,965.40
62952	11/12/2015		L A COUNTY DEPT OF PUBLIC	\$78,992.83

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	IN160000384	10/22/2015	PAVEMENT PATCHING FY 14/15	\$78,992.83
62953	11/12/2015		L A COUNTY DEPT OF PUBLIC	\$28,265.00
	Invoice	Date	Description	Amount
	SA160000104	10/08/2015	FINAL ACCTG FY 14/15, EST 15/16, AGRMT #29597	\$28,265.00
62954	11/12/2015		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	DP15-16	11/02/2015	FEE-NOTICE OF INTENT	\$75.00
62955	11/12/2015		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	CUP-14-7	10/26/2015	FEE-NOTICE OF EXEMPTION	\$75.00
62956	11/12/2015		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	DP15-18	10/26/2015	FEE-NOTICE OF EXEMPTION	\$75.00
62957	11/12/2015		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	CUP-14-10	10/26/2015	FEE-NOTICE OF EXEMPTION	\$75.00
62958	11/12/2015		L A COUNTY SHERIFF'S	\$21,471.32
	Invoice	Date	Description	Amount
	161008NH	10/08/2015	HELICOPTER SVC-AUG 2015	\$176.92
	161169NH	10/20/2015	SPECIAL EVENT-DIRECTED PATROL	\$21,294.40
62959	11/12/2015		LA PUENTE VALLEY COUNTY	\$1,422.47
	Invoice	Date	Description	Amount
	15660STAFF-OCT15	10/19/2015	08/19-10/19/15 SVC - 15660 STAFFORD ST	\$179.80

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CITY.WF.CHK - City General Wells Fargo					
	2016-00000503	10/19/2015	08/19-10/19/15 SVC - 15414 DON JULIAN RD		\$374.01
	2016-00000504	10/19/2015	08/19-10/19/15 SVC - 15414 DON JULIAN RD (IRRI)		\$472.10
	2016-00000505	10/19/2015	08/19-10/19/15 SVC - 15625 STAFFORD ST		\$318.53
	2016-00000506	10/19/2015	08/19-10/19/15 SVC - 15625 STAFFORD ST		\$78.03
62960	11/12/2015			LA PUENTE VALLEY COUNTY	\$286.48
	Invoice	Date	Description	Amount	
	BS;10/15	10/19/2015	WATER MONITORING-BOY SCOUTS RESERVOIR	\$286.48	
62961	11/12/2015			LOCKS PLUS	\$50.71
	Invoice	Date	Description	Amount	
	23055	10/13/2015	DUPLICATE KEYS	\$50.71	
62962	11/12/2015			LOS ANGELES TIMES	\$236.60
	Invoice	Date	Description	Amount	
	10007093243-2016	10/17/2015	SUBSCRIPTION 11/10/15-11/7/16	\$236.60	
62963	11/12/2015			MERRITT'S ACE HARDWARE	\$18.51
	Invoice	Date	Description	Amount	
	088631	10/07/2015	REPLACE LIGHTS-CITY HALL	\$18.51	
62964	11/12/2015			METHOD TECHNOLOGIES	\$95.00
	Invoice	Date	Description	Amount	
	22466	10/14/2015	UPDATE CITY WEBSITE	\$71.25	
	22694	10/30/2015	UPDATE CITY WEBSITE	\$23.75	
62965	11/12/2015			MR PLANT & INTERIOR BOTANICAL	\$710.00
	Invoice	Date	Description	Amount	
	NOV 2619	11/01/2015	PLANT MAINT-NOV 2015	\$122.00	
	NOV 2620	11/01/2015	PLANT MAINT-NOV 2015	\$588.00	

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November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
62966	11/12/2015		MX GRAPHICS, INC.	\$213.61
	Invoice	Date	Description	Amount
	8227	10/01/2015	BLUEPRINT SVC-JN 6201	\$213.61
62967	11/12/2015		MYERS & SONS HI-WAY SAFETY,	\$801.20
	Invoice	Date	Description	Amount
	36566	10/05/2015	STOCK SIGNS	\$303.69
	36766	10/08/2015	STOCK SIGNS	\$80.95
	36615	10/06/2015	STOCK SIGNS	\$416.56
62968	11/12/2015		NATIONAL NOTARY ASSOCIATION	\$59.00
	Invoice	Date	Description	Amount
	151922750-B	10/20/2015	MEMEBERSHIP-C. DUNLAP	\$59.00
62969	11/12/2015		NORTON ROSE FULBRIGHT US LLP	\$17,923.50
	Invoice	Date	Description	Amount
	11563549	10/16/2015	LEGAL SVC-SEP 2015	\$17,923.50
62970	11/12/2015		OLMOS PROFESSIONAL SERVICES	\$8,782.00
	Invoice	Date	Description	Amount
	190	10/31/2015	JANITORIAL SVC-IMC	\$1,467.00
	191	10/31/2015	JANITORIAL SVC-FIRE STATION	\$1,815.00
	192	10/31/2015	JANITORIAL SVC-CITY HALL	\$5,500.00
62971	11/12/2015		PHILIPS, PAUL J.	\$39.66
	Invoice	Date	Description	Amount
	10/20/15	10/20/2015	REIMBURSE FOR EXPENSES-LUNCH MEETING	\$39.66
62972	11/12/2015		PLACEWORKS	\$2,843.21
	Invoice	Date	Description	Amount
	57403	09/30/2015	INDUSTRY CLIMATE ACTION PLAN	\$2,843.21

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
62973	11/12/2015		POST ALARM SYSTEMS	\$76.30
	Invoice	Date	Description	Amount
	820566	10/13/2015	12V, 7AMP BATTERIES	\$76.30
62974	11/12/2015		ProcureIT USA, LLC	\$57.00
	Invoice	Date	Description	Amount
	PIT17084	10/07/2015	COMPUTER SUPPLIES	\$57.00
62975	11/12/2015		QUALITY CODE PUBLISHING LLC	\$1,310.84
	Invoice	Date	Description	Amount
	2015-384	10/27/2015	SUPPLEMENT TO MUNICIPAL CODE	\$1,310.84
62976	11/12/2015		QUINN COMPANY	\$418.34
	Invoice	Date	Description	Amount
	PC810721012	10/27/2015	PARTS FOR CATERPILLAR 953	\$418.34
62977	11/12/2015		R.P. LAURAIN & ASSOCIATES, INC.	\$3,400.00
	Invoice	Date	Description	Amount
	9186	10/14/2015	APPRAISAL OF WALNUT DR STORM DRAIN	\$3,400.00
62978	11/12/2015		RICOH USA, INC.	\$2,169.92
	Invoice	Date	Description	Amount
	5038538297	10/15/2015	METER READING	\$578.31
	5038651364	10/21/2015	METER READING	\$1,591.61
62979	11/12/2015		ROWLAND WATER DISTRICT	\$864.62
	Invoice	Date	Description	Amount
	2016-00000499	10/28/2015	09/14-10/19/15 SVC - 17217 & 17229 CHESTNUT - IRR	\$154.56
	2016-00000500	10/28/2015	09/14-10/19/15 SVC - AZUSA AVE (RC)	\$119.48
	2016-00000501	10/28/2015	09/14-10/19/15 SVC - 755 NOGALES (RC)	\$130.84

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	2016-00000502	10/28/2015	09/14-10/20/15 SVC - 1100 AZUSA AVE	\$152.66
	1123DHATCH-OCT15	10/28/2015	09/15-10/19/15 SVC - 1123D HATCHER ST	\$64.66
	1123CHATCH-OCT15	10/28/2015	09/15-10/19/15 SVC - 1123C HATCHER ST	\$180.66
	1135HATCH-OCT15	10/28/2015	09/15-10/19/15 SVC - 1135 HATCHER ST	\$61.76
62980	11/12/2015		SAF-R-DIG UTILITY SURVEYS, INC.	\$8,580.00
	Invoice	Date	Description	Amount
	151003	10/20/2015	UTILITY POTHOLING-VALLEY BLVD	\$8,580.00
62981	11/12/2015		SAN BERNARDINO COUNTY TAX	\$42,256.70
	Invoice	Date	Description	Amount
	1000-011-19-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$3,710.41
	1000-031-15-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$7,598.79
	1000-011-20-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$3,692.56
	1000-011-21-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$1,435.50
	1000-011-22-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$2,343.17
	1000-021-13-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$7,501.58
	1000-021-14-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$11,524.34
	1000-031-14-0 15	10/22/2015	FY 15/16-TRES HERMANOS	\$4,450.35
62982	11/12/2015		SAN GABRIEL VALLEY FAMILY	\$4,300.00
	Invoice	Date	Description	Amount
	2716	09/30/2015	GRAFFITI REMOVAL-SEP 2015	\$4,300.00
62983	11/12/2015		SATSUMA LANDSCAPE & MAINT.	\$153,633.75
	Invoice	Date	Description	Amount
	1015CHTA	10/28/2015	LANDSCAPE SVC-OCT 2015	\$118,708.75
	1015TACH	10/28/2015	LANDSCAPE SVC-VARIOUS SITES	\$34,925.00
62984	11/12/2015		SCS FIELD SERVICES	\$34,750.66
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	0261686	08/31/2015	PACIFIC PALMS-3RD QTR TESTING	\$2,329.00
	0261685	08/31/2015	MAINT LANDFILL GAS SYSTEM	\$20,449.66
	0263842	09/30/2015	PACIFIC PALMS-3RD QTR TESTING	\$1,034.00
	0263838	09/30/2015	MAINT LANDFILL GAS SYSTEM	\$10,938.00
62985	11/12/2015		SHELL ENERGY NORTH AMERICA-	\$86,832.00
	Invoice	Date	Description	Amount
	1535855	11/03/2015	WHOLESALE USE-OCT 2015	\$86,832.00
62986	11/12/2015		SNOWDEN ELECTRIC COMPANY,	\$11,921.00
	Invoice	Date	Description	Amount
	15-0393	10/13/2015	PACIFIC PALMS-RELAY TESTING	\$6,836.00
	15-0396	10/14/2015	STREET LIGHT MAINT-APR THRU SEP 2015	\$5,085.00
62987	11/12/2015		SO CAL INDUSTRIES	\$268.70
	Invoice	Date	Description	Amount
	199942	10/09/2015	FENCE RENTAL-INDUSTRY HILLS	\$89.93
	200374	10/14/2015	RR RENTAL-TONNER CYN RD	\$93.87
	201221	10/21/2015	RR RENTAL-TONNER CYN RD	\$84.90
62988	11/12/2015		SO CALIFORNIA EDISON COMPANY	\$729.57
	Invoice	Date	Description	Amount
	7500598351	10/27/2015	07/01-07/31/15 SVC - RELIABILITY SVC	\$729.57
62989	11/12/2015		SQUARE ROOT GOLF &	\$183,236.97
	Invoice	Date	Description	Amount
	1198ELHM	10/29/2015	LANDSCAPE SVC-OCT 2015	\$19,778.00
	1199ELHM	10/29/2015	LANDSCAPE SVC-OCT 2015	\$42,376.54
	1200H	10/29/2015	LANDSCAPE SVC-OCT 2015	\$121,082.43
62990	11/12/2015		STAPLES BUSINESS ADVANTAGE	\$937.96

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	8036363134	10/10/2015	OFFICE SUPPLIES	\$441.97
	8036540158	10/24/2015	OFFICE SUPPLIES	\$176.96
	8036452830	10/17/2015	OFFICE SUPPLIES	\$319.03
62991	11/12/2015		STATE COMPENSATION INS. FUND	\$2,728.83
	Invoice	Date	Description	Amount
	NOVEMBER 2015	11/02/2015	PREMIUM 11/01-12/01/15	\$2,728.83
62992	11/12/2015		THEE BEST ROOTER & PLUMBING	\$314.50
	Invoice	Date	Description	Amount
	4692	10/27/2015	PLUMBING REPAIR-CITY HALL	\$314.50
62993	11/12/2015		THIENES ENGINEERING INC.	\$2,340.85
	Invoice	Date	Description	Amount
	41397	10/05/2015	REIMBURSE EXPENSES-BREA CYN GRADING	\$20.85
	41268	09/28/2015	BREA CYN GRADING REPAIR	\$2,320.00
62994	11/12/2015		UNDERGROUND SERVICE ALERT OF	\$34.50
	Invoice	Date	Description	Amount
	920150156	10/01/2015	DIG ALERTS	\$34.50
62995	11/12/2015		WALNUT VALLEY WATER DISTRICT	\$3,857.58
	Invoice	Date	Description	Amount
	8269-036-270 15	11/02/2015	PROP TAX FY 15/16-VARIOUS SITES	\$3,857.58
62996	11/12/2015		WALNUT VALLEY WATER DISTRICT	\$33,055.50
	Invoice	Date	Description	Amount
	8760-028-903 15	11/02/2015	PROP TAX FY 15/16-VARIOUS SITES	\$88.30
	8719-007-906 15	11/02/2015	PROP TAX FY 15/16-PART OF IBC	\$32,967.20

**CITY OF INDUSTRY
WELLS FARGO BANK
November 12, 2015**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
62997	11/12/2015		WEATHERITE SERVICE	\$914.00
	Invoice	Date	Description	Amount
	L164640	10/02/2015	A/C MAINT-15660 STAFFORD/15559 RAUSCH	\$370.00
	L164623	10/02/2015	A/C MAINT-IMC	\$152.00
	L164622	10/02/2015	A/C MAINT-IMC	\$392.00
62998	11/12/2015		WEST COAST ARBORISTS, INC.	\$1,800.00
	Invoice	Date	Description	Amount
	1-2122	10/08/2015	PRUNE PINE TREES-HACIENDA BLVD	\$1,800.00
62999	11/12/2015		WILLDAN ENGINEERING	\$8,997.50
	Invoice	Date	Description	Amount
	00613538	09/29/2015	ENGINEERING SVC-VARIOUS SITES	\$2,353.00
	00613541	09/29/2015	ENGINEERING SVC-VARIOUS SITES	\$462.50
	00613580	10/12/2015	ENGINEERING SVC-VARIOUS SITES	\$6,182.00

Checks	Status	Count	Transaction Amount
	Total	118	\$2,196,258.26

CITY COUNCIL

ITEM NO. 5.2

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
SEPTEMBER 3, 2015
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 9:01 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
Newell W. Ruggles, Council Member

ABSENT: Roy Haber, Council Member

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

PUBLIC COMMENTS

There were no public comments.

CONSIDERATION AND DIRECTION REGARDING APPOINTMENT OR THE CALLING OF A SPECIAL ELECTION TO FILL THE UNEXPIRED VACANCY OF ONE COUNCIL SEAT WITH A TERM EXPIRING ON JUNE 6, 2017

City Manager Philips presented a staff report.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES TO SOLICIT INTEREST IN APPOINTING A PERSON TO FILL THE ONE VACANT COUNCIL SEAT. MOTION 3-0, WITH COUNCIL MEMBER HABER ABSENT.

ADJOURNMENT

There being no further business, the City Council adjourned at 9:12 a.m.

CITY COUNCIL SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
SEPTEMBER 3, 2015
PAGE 2

MARK D. RADECKI
MAYOR

CECELIA DUNLAP
DEPUTY CITY CLERK

CITY COUNCIL

ITEM NO. 5.3



MEMORANDUM

To: Honorable Mayor Radecki and Members of the City Council
From: Paul Philips, City Manager *Paul J. Philips*
Staff: Alex Gonzalez, Director of Administrative Services
Date: November 12, 2015
SUBJECT: Public Safety Equipment Purchase

The City of Industry receives asset forfeiture funding from property seizures completed by the Los Angeles County Sheriff's Department, City of Industry Special Assignment Team. These funds are to be used for the purchase of public safety related equipment that will be used in the City of Industry. The Sheriff's Department has requested the purchase of \$14,189.78 in equipment using forfeiture funds, as noted below. It is recommended that the Council approve the purchase of this equipment.

<u>Qty.</u>	<u>Name</u>	<u>Use</u>	<u>Est. Cost</u>
1	Mini Ram Breaching Tool	Warrant Operations	\$399.99
1	Halligan Breaching Tool	Warrant Operations	\$303.92
1	Ballistic Shield	Warrant Operations	\$2,499.99
1	Tactical Ladder	Warrant Operations	\$486.70
10	Tactical Tourniquet	Special Operations (safety)	\$299.50
3	Pro Pruner (small cutter)	Marijuana Grows	\$80.91
3	Bypass Lopper (big cutter)	Marijuana Grows	\$119.91
1	Axis Covert IP Camera	Surveillance	\$1,290.00
1	Expandable Mirror	Warrant Operations	\$167.37
1	Sony Voice recorder	Warrant Operation	\$59.99
1	Panasonic Toughbook	Bait Operations	\$1,690.00
10	GE Video Camcorder	Patrol/Traffic Investigations	\$1,506.50
3	LTI 20-20 Truspeed (Lidar units)	Traffic Enforcement 3 shifts Superior to antiquated radar	\$6,285.00
		<u>Approximate Total:</u>	\$14,189.78
		(does not include tax and shipping)	

CITY COUNCIL

ITEM NO. 5.4



CITY OF INDUSTRY

Incorporated June 18, 1957

MEMORANDUM

To: Honorable Mayor and Members of the City Council

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

Staff: Clement N. Calvillo, CNC Engineering *CNC*

Date: November 4, 2015

SUBJECT: Staff Report Regarding Veteran of Foreign Wars (VFW) Request for Financial Consideration – Puente Post No. 1944, 16157 E. Gale Avenue (JN-6201)

The Quartermaster for the Puente Post No. 1944, VFW, Mr. Henry Roman, has requested of the City of Industry, a financial consideration of \$27,500.00, toward the repair of the roof and parking lot at the VFW building on 16157 E. Gale Avenue. He is anticipating major damage to the roof, and other facility damage, as a result of El Niño weather forecast this winter.

The cost of the roof repair is \$38,000.00 by Cortez Roofing Co., and \$43,000.00 for the parking lot repair by Allied Paving Enterprises, Inc. A total of \$81,000.00.

Mr. Roman met with Supervisor Don Knabe's office and with Supervisor Hilda Solis' office. Supervisor Knabe and Solis did commit to the 1/3 amount of \$27,500.00 each. If the City of Industry were to commit to the \$27,500.00, that would complete the cost needed for construction.

CNC has reviewed the proposal for the parking lot by Allied Paving Enterprises, Inc., in the amount of \$43,888.00 to cold-mill, replace and repair 16,240 square feet with four inches of new asphalt, paving, striping and new wheel stops. CNC met with Premier Paving at the site and substantiated Allied's proposal.

The proposal for Cortez Roofing Co., is to remove the existing roof and install a new roof.

CNC is not familiar with Cortez Roofing but they are in good standing with the Contractor's State License Board.

It is recommended that the City Council support the VFW.

PJP/CC:af

8292-16-30



CITY OF INDUSTRY

2015 OCT 21 PM 3:56

PUENTE POST NO. 1944
16157 E. Gale Avenue
City of Industry, California 91745

October 18, 2015

Mr. Mark D. Radecki, Mayor
City of Industry
15651 Stafford Street
City of Industry, California 91744

Dear Mayor Radecki:

My name is Henry Roman, Quartermaster for Puente Post 1944, VFW. This is to request your financial consideration in the amount of \$27,500, which is 1/3 of \$81,000 to repair the roof and parking lot repairs for the Veterans of Foreign War (VFW) Post 1944 (Post) located in City of Industry, California.

I met with Supervisor Don Knabe's staff Rick Velasquez, Chief of Staff, and Angie Valenzuela, Sr. Field Deputy, and Supervisor Hilda Solis staff Mr. Joseph Martinez to request their financial help. Each office has been supportive of our 1/3 request, in fact I was notified last week Supervisor Knabe has approved \$27,500.

We have patched the roof and the parking lot, but it's come to the point that this is no longer an option. The National Weather Service is predicting El Niño weather for this winter; with El Niño heavy rain is expected, consequently we are concerned our roof will collapse and cause other damage to our facility. The cost for repairing the roof is \$38,000 and the parking lot is \$43,000. We applied for a Home Depot Grant and they approved funds but for other needed repairs. Similar to American Legion and VFW Posts throughout our Country we have struggled financially and as a result many have closed. The La Puente American Legion Post 75 lost their building due to financial hardship and are now using our Post to continue to serve veterans. Fortunately, we own our building, however we are in need of a new roof and our parking lot is in disrepair.

NO ONE DOES MORE FOR VETERANS.

VFW La Puente Post 1944 was established in 1954 and over the years we had over 1,000 members and now have 321 and 86 Ladies Auxiliary members. As veterans we find it difficult to ask for help, especially since 60 percent of the membership is over 80 years old and the remaining 40 percent consist of members in their 50 and 60s and always have taken pride in being self-supportive over the years. I mention this, because it has been a challenge to recruit new volunteers to help conduct fundraising events that will generate significant amount of funds to pay for a new roof or repair of the parking lot.

The VFW and American Legion members' sponsor wholesome programs to mentor youth in our local communities, visit wounded veterans at VA hospitals, prepare care packages for our troops, advocate patriotism, provide burial teams at the request of families, and ensure veterans receive their earned entitlements and recognition for the sacrifices they and their loved ones have made on behalf of this great country.

Your consideration to finance \$27,500 for the roof and parking lot repairs for VFW La Puente Post 1944 is appreciated. If you or your staff have any questions or require further information, please contact me at (626) 965-6792 or e-mail me at oldguy1948@verizon.net.

Respectfully,



HENRY ROMÁN

Quartermaster

VFW La Puente Post 1944

cc: Mr. Cory C. Moss, Mayor Pro Tem
Mr. Roy Haber, Council Member
Mr. Newell W. Ruggles, Council Member
Mr. Abraham N. Cruz, Council Member

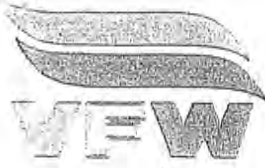
C: Paul Philips, City Manager ✓

Mr. Philips

Enclosed are the estimates for repairing the roof and parking lot at VFW Post 1944. If you have any questions or required additional information, please call me at (626) 965-6792 (home) or (626) 617-4606 (cell). We truly appreciate your consideration.

Thank you

Henry Roman



Veterans of Foreign Wars of the United States
Department of California

July 9, 2014

Harry Sheets, Commander
Puente VFW Post No. 1944
16157 Gale Avenue
City of Industry, CA 91745-1709

Dear Comrade Sheets,

This letter will confirm that Puente VFW Post No. 1944, is recognized and exempt under section 501 (c) (19) of the Internal Revenue Code. Our group exemption number is 1416.

The Federal Tax Identification No. for Puente VFW Post No. 1944, located in City of Industry, California is 95-6207040.

Please provide a copy of this letter to your Post Quartermaster for his records. If you have any questions, please call me at 916-509-8712.

Yours in comradeship,

A handwritten signature in cursive script that reads 'J. Nichols Guest'.

J. Nichols Guest
State Adjutant/Quartermaster

JNG:mpk



CORTEZ ROOFING CO.

1308 E. Greenville Dr., / West Covina, CA 91790
 Office (626) 918-1007 cortezroofing@gmail.com

45 Westbrook Ln. / Pomona, CA 91766
 Office (909) 865-6782 Fax (626) 918-1534 Cell (626) 786-1307

St. Lic. C39-B #762520

PROPOSAL AND LEGAL CONTRACT WHEN SIGNED BY HOME OWNER

CORTEZ ROOFING CO. agrees to provide the following labor, materials and first class workmanship to install roofing in accordance with the description of work herein upon the following described property.

NE 5635

PROPOSAL SUBMITTED TO:				JOB ADDRESS:			
Property Owner: HENRY ROMAN				Job Name: SAME.			
Street:				Street: 16157 E. GALE AVE.			
City:		State:		City:		State:	
Phone:		Fax:		City: CITY OF INDUSTRY		CA.	
				Cell: 626-617-4606		Date: 09-15-15	

REMOVE EXISTING ROOF. REPLACE ANY VISIBLE ROTTEN WOOD.
 INSTALL NEW 2x2 METAL TRIM WHERE NEEDED, INSTALL ONE LAYER OF 75LB. BASE SHEET UNDERLAYMENT, INSTALL NEW PIPE FLASHINGS, INSTALL TWO LAYERS OF 11LB. FIBERGLASS SHEET PLY APPLIED WITH HOT ASPHALT TYPE 111 AT 500 DEGREES.
 INSTALL CANT STRIP WHERE NEEDED, INSTALL A FINAL LAYER OF GAF GAFGLASS CAP SHEET ENERGY CAP BUR WHITE WITH HOT ASPHALT.
 SEAL AND PAINT PIPES AND VENTS, CLEAN AND HAUL AWAY ANY ROOFING DEBRIS FOR THE PRICE OF: \$38,000.00
 PRICE INCLUDES: MATERIAL AND LABOR ONLY.

LABOR GUARANTEE 8 YRS.

Flat or patio roof will be done using a heat welded system per manufacturers specifications.
 Price for flat roof will be an additional \$ INCLUDED Yes No (Initials)

Roof Ventilation:
 Adequate roof ventilation is essential to the roofing system, and it is recommended that you install () Dormer vents.
 Price for each vent is \$ N/A Yes No (Initials)

Any dry rot wood found will be replaced at the rate of \$ INCLUDED per Foot Roof Sheathing and \$ INCLUDED per Foot Fascia.
 Cortez Roofing Co. will not be responsible for any unchanged wood. Cortez Roofing Co. is not responsible for painting of changed lumber.

Owner is responsible for checking gas and heater pipes after roof is 100% complete.

Material Type	Price:	(Initials)
COOL CAP	\$ 38,000.00	(Initials)
	\$	(Initials)
	\$	(Initials)
	\$	(Initials)

Color to be: (Initials) Metal Color: (Initials)

CONTRACT PRICE: Owner agrees to pay CORTEZ ROOFING CO. for performance of this work the sum of: Dollars (\$)
 TERMS: Net Cash on completion of work unless otherwise specified below.
 ADDITIONAL TERMS OF PAYMENT:
 And for additional work, if any, as follows:

ALLIED PAVING ENTERPRISES, INC.

P.O. Box 91264 * City of Industry, CA 91715-1264
Phone (626)330-0029 * FAX (626)330-8757
alliedpaving@att.net * www.allied-enterprisesinc.com
Lic. #674641

TO: V. F. W. POST 1944

Address: 16157 EAST GALE AVENUE

City: CITY OF INDUSTRY

State: CA

ZIP: 91745

Attn: HENRY ROMAN

TG#: L. A. 678, D-2

Phone: (626) 617-4606

FAX:

Job Address: SAME AS ABOVE oldquy1948@verizon.net

WE PROPOSE TO DO THE FOLLOWING SCOPE OF WORK:

1. REMOVE (20) DAMAGED 4' CONCRETE WHEEL STOPS AND HAUL AWAY TO LEGAL DUMP SITE.
2. COLD-MILL (GRIND) APPROX. 16,240 SQ. FT. OF DAMAGED ASPHALT AND HAUL AWAY TO LEGAL DUMP SITE.
3. FINE GRADE APPROX. 16,240 SQ. FT. OF EXISTING SUBGRADE, ROLL AND COMPACT WITH 3 TO 5 TON ROLLER.
4. CLEAN, APPLY TACK AND PAVE APPROX. 16,240 SQ. FT. WITH 4" HOT PG 64-10 ASPHALT, ROLL AND COMPACT.
5. FURNISH AND INSTALL (20) NEW 4' CONCRETE WHEEL STOPS AND STRIPE PARKING PER EXISTING LAY-OUT.
6. CLEAN AND SWEEP ALL WORK RELATED AREAS.

PRICE \$ 43,888.00

NOTE: WORK DURATION (3) DAYS.

Terms: Net cash ten (10) days from date of invoice. If any billing is not paid when due, Allied Paving Enterprises, Inc. has the right to stop work and keep the job title until past due payments are paid. The General Contractor agrees to be the primary responsible party to Allied Paving Enterprises, Inc. for all payments. If contract price is not paid according to terms the General Contractor/ Owner agree to pay attorney's fees and other costs incurred in recovery of agreed price to Allied Paving Enterprises, Inc.

Date: SEPTEMBER 16th., 2015

ALLIED PAVING ENTERPRISES, INC.
Subject to office approval

Per JOSE MENDOZA

I / We accept the within proposal. You are authorized to perform the work comprehended hereunder, and I / We agree to pay the said amount in accordance with the terms set forth.

Company:

Date:

By:

CITY COUNCIL

ITEM NO. 5.5



CITY OF INDUSTRY

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

MEMORANDUM

To: Honorable Mayor Radecki and Members of the City Council

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

Staff: Carlos Cuevas, Director of Human Resources *CC*

Date: November 12, 2015

SUBJECT: Resolution 2015-39 Adopting a Salary Range Schedule for City Employees and Officers

It is necessary for the City Council to periodically adopt a salary range schedule.

It is recommended that the City Council adopt Resolution 2015-39 (attached).

RESOLUTION NO. CC 2015-39

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
INDUSTRY, CALIFORNIA, ADOPTING A SALARY RANGE
SCHEDULE FOR CITY EMPLOYEES AND OFFICERS**

THE CITY COUNCIL OF THE CITY OF INDUSTRY RESOLVES AS FOLLOWS:

Section 1. Findings. The City Council finds as follows:

- A. The City Council is authorized under Government Code Section 36506 to establish salary ranges for appointed City employees and officers.
- B. The City has followed all legal prerequisites prior to the adoption of this Resolution.

Section 2. Adoption of Salary Schedule. The City Council hereby approves the City of Industry Salary Range Schedule attached as Exhibit A. All prior Salary Range Schedules are superseded by this Resolution.

Section 3. Public Review. The City of Industry Salary Range Schedule will be promptly made available for public review during normal business hours upon request. A copy of the Salary Range Schedule will be retained for at least five years following the effective date of this Resolution.

Section 4. Certification. The City Clerk is directed to certify to the passage and adoption of this resolution.

PASSED, APPROVED and ADOPTED on this 12th day of November, 2015.

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

EXHIBIT A

CITY OF INDUSTRY SALARY RANGE SCHEDULE

[Attached]

(Exhibit "A")

**CITY OF INDUSTRY
SALARY RANGE SCHEDULE
(Effective November 12, 2015)**

<u>CATEGORY</u>	<u>POSITION</u>	<u>ANNUAL SALARY RANGE</u>
Administrative Services A	Receptionist	\$42,000 - \$62,000
Administrative Services B	Administrative Analyst	\$63,000 - \$88,000
	Human Resources Assistant	\$53,000 - \$78,000
	Planning Assistant	\$53,000 - \$78,000
Administrative Services C	Assistant Human Resources Director	\$73,000 - \$115,000
	Deputy City Clerk	\$73,000 - \$115,000
	Deputy City Treasurer	\$73,000 - \$115,000
	Executive Assistant to the City Manager	\$73,000 - \$115,000
	Field Operations and Asset Superintendent	\$73,000 - \$115,000
	Senior Planner	\$73,000 - \$115,000
Executive Staff	City Clerk	\$105,000 - \$115,000
	City Controller	\$115,000 - \$225,000
	City Manager *	\$275,000
	City Treasurer	\$115,000 - \$195,000
	Director of Administrative Services	\$115,000 - \$195,000
	Director of Business Innovation and Sustainability +	\$105,000 - \$170,000
	Director of Public Works	\$115,000 - \$195,000
	Executive Director of Economic Development +	\$115,000 - \$195,000
	Human Resources Director	\$105,000 - \$170,000
	Planning Director	\$105,000 - \$170,000
Planning Commission	Board Member	\$600 - \$700 (Monthly Stipend)
Civic-Recreational-Industrial-Authority	Board Member	\$600 - \$700 (Monthly Stipend)

* Employment contract position

+ Future position, recruitment with City Council authorization

CITY COUNCIL

ITEM NO. 6.1



CITY OF INDUSTRY

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

MEMORANDUM

To: Honorable Mayor and Members of the City Council

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

Staff: John Ballas, City Engineer *John Ballas*

Date: November 4, 2015

SUBJECT: Consideration of a Professional Services Agreement between the City and Biggs Cardosa Associates, Inc., to Provide a Project Report for Nelson Avenue Bridge Project, and for services previously rendered providing a Feasibility Analysis on 10 City-Owned Bridges for Potential Funding Opportunities in a Total Amount Not to Exceed \$40,000.00

On August 19, 2014, the City submitted an application for the replacement of the Nelson Avenue Bridge over Puente Creek through the Local Highway Bridge Program administered by the Local Assistance Division of Caltrans District 7. The total project cost is estimated at \$2,427,650. The requested federal grant funds will be utilized to pay for Preliminary Engineering and Construction activities. Subsequently, the City was notified that Caltrans approved \$2,149,199 in grant funds which have been programmed for the project.

The Federal Highway Administration ("FHWA") is the federal agency involved in transportation projects undertaken with federal funding. FHWA has the authority and responsibility for implementing and monitoring federal laws, regulations, and executive orders affecting projects that are funded with federal dollars. Caltrans has obtained major delegations of authority and/or responsibility from FHWA as allowed under the provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005 and previous Transportation Acts. Caltrans has the responsibility to ensure that cities are administering the federal-aid program in conformance with the applicable federal requirements. With each delegation goes the accountability for initiating and completing each project phase in accordance with the appropriate state and federal laws and regulations without extensive FHWA, or State oversight. Caltrans has the responsibility to ensure that locals are administering the federal-aid program in conformance with the applicable federal requirements

Prior to beginning work for which federal reimbursement will be requested, the project or project phase must be formally authorized by Caltrans. Each federal phase of work such

as: Preliminary Engineering, Environmental, Right of Way and Construction requires a separate federal authorization.

In fulfillment of this requirement, on March 18, 2015, staff submitted a Request for Authorization to Proceed with Preliminary Engineering to secure the E-76, which is the formal approval document. In June 2015, Caltrans' Structure Local Assistance (SLA) responded with the recommendation that the appropriate scope of work for this project is rehabilitation rather than replacement. The City must complete a Project Report (PR) to compare the replacement alternative with a widening/rehabilitation alternative and conduct a cost-benefit analysis. Once the report is approved by Caltrans SLA, the scope of work will either be to rehabilitate or to replace the existing bridge structure.

As a result of Caltrans' request, staff requested Biggs Cardosa to provide a proposal to conduct the Project Report for the Nelson Avenue Bridge to either justify a replacement or conclude that widening/rehabilitation is feasible and conduct a cost-benefit analysis. This consultant is familiar with the project, having provided the original technical support for the grant funding application. Upon completion of the Project Report and approval by Caltrans SLA, staff will submit another Request for Authorization to secure the E-76 to proceed with Preliminary Engineering and Design. When the E-76 is secured, staff will proceed and conduct a Request for Proposals for Professional Services in accordance with the Caltrans guidelines to solicit firms to provide design and engineering services.

On April 11, 2014, the City Manager approved a letter proposal in the amount of \$20,000 for Biggs Cardosa to prepare the feasibility analysis on 10 city-owned bridges for potential funding opportunities, which included the application for Highway Bridge Replacement and Rehabilitation Program ("HBRRP") grant funding for the Nelson Avenue Bridge. This work has been completed, invoiced and paid by the City.

With the recent request by Caltrans for the described Project Report, the consultant estimates that an additional \$20,000 is needed to prepare the report. Under the City's purchasing policies for professional services, approval of Biggs Cardosa's agreement requires Council's consideration. As such, it is staff's recommendation that the City Council approve a Professional Services Agreement between the City of Industry and Biggs Cardosa Associates Inc. for all work completed to date and the required Project Report for a total not-to-exceed amount of \$40,000 to be invoiced on a time and material basis.

PJP:JDB:mk

CITY OF INDUSTRY

PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement"), is made and effective as of April 11, 2014 ("Effective Date"), between the City of Industry, a municipal corporation ("City") and Biggs Cardosa Associates, 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 May 1, 2016, 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 engineering consulting 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

The City Manager or his designee 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 Forty Thousand Dollars (\$40,000.00) 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. 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: James M. Casso, City Attorney
P.O. Box 4131
West Covina, CA 91791

To Consultant: Michael Thomas, SE
Principal
Biggs Cardosa Associates, Inc.
500 S. Main Street, Suite 400
Orange, CA 92868

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 and 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”
Biggs Cardosa Associates, Inc.

By: _____
Paul J. Philips, City Manager

By: _____
Michael Thomas, Principal

Attest:

By: _____
Cecelia Dunlap, 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

Consultant shall provide engineering consulting services to determine eligibility for Highway Bridge Program federal funding for various City owned bridges. Based on Caltrans' local bridge inventory, the City of Industry owns 35 bridges. Of these, 10 are on the Eligible Bridge List (EBL), which means they are eligible for HBRR funds due to a Sufficiency Rating (SR) below 80 and being classified as Structurally Deficient (SD) or Functionally Obsolete (FO). The 10 bridges on the EBL are:

BrNo.	Street	Feature Intersected	Flag	SR
53C0178	Valley Blvd.	SP/UPRR	SO	59.0
53C0286	Hacienda Blvd.	Hacienda OLVD (SPTCO)	SO	68.0
53C0287	Hacienda Blvd.	San Jose Creek	FO	68.1
53C0467	Nogales St.	San Jose Creek	SO	65.0
53C0816	Water Street	San Jose Creek	FO	74.0
53C1009	Don Julian Rd.	Puente Creek	FO	77.9
53CJ020	Nelson Avenue	Puente Creek	FO	75.5
53C1611	Arenth Avenue	Unnamed Channel	FO	76.4
53C1629	Gale Avenue	Unnamed Channel	FO	74.0
53C2204	Faure Avenue	San Jose Creek	RO	79.2

Said engineering consulting services shall include the following:

- Obtaining, reviewing and cataloguing the as-built plans and maintenance reports for each of these bridges.
- Filling out the Sufficiency Rating Computation Spreadsheet for each of these bridges in their current condition to replicate the Caltrans SR. This will be the basis for strategizing generating the strategy for each bridge.
- Performing a field review and generating a photo log.
- Meeting with the City to jointly strategize what the desire is for the disposition of each bridge. Formulating an approach to obtain the desired outcome for the City, while maintaining the HBRR funding eligibility for each bridge.
- Generating a conceptual cost estimate for the proposed work for each bridge.
- In conjunction with the City, generating a priority list for funding, designing and constructing the proposed improvements at each bridge.

- Preparing a strategy report summarizing the results from the tasks above, including a matrix of funding needs for budgeting purposes.

(The above items of work have already been completed under a previous Consultant Contract No. 1-Biggs 14-01 MP 10-08 3 approved by the City Manager on April 11, 2014).

As part of the above scope of work, Biggs Cardosa prepared an application for Highway Bridge Program (“HBP”) funding to widen or replace the existing Nelson Avenue Bridge over the Puente Creek. As a result, \$2,427,650.00 was awarded to the City of Industry for preliminary engineering and construction activities. The scope of work listed below will be performed relative to the Nelson Avenue Bridge Project.

Prepare a justification report for Nelson Avenue Bridge to either justify a replacement or conclude that a widening is feasible based upon a cost benefit analysis.

Participate in discussions with Caltrans Local Assistance to obtain approval for replacement instead of rehabilitation.

Assist in processing Request for Authorization (“RFA”) for the design phase for the Nelson Avenue Bridge at Puente Creek.

EXHIBIT B
CHARGE RATE SCHEDULE

Principal	\$210 to \$270.00 /hr.
Associate	186.00
Engineering Manager	160.00
Project Administrator	132.00
Senior Engineer	144.00
Project Engineer	130.00
Staff Engineer	118.00
Assistant Engineer	108.00
Junior Engineer	102.00
Senior Computer Drafter	118.00
Computer Drafter	102.00
Junior Computer Drafter	92.00
Secretarial Services	85.00
Construction Manager	192.00
Senior Structures Representative	170.00
Structures Representative	150.00
Assistant Structures Representative	120.00
Subconsultants	at Cost
Expenses	at Cost
In-House CADD Plots	
Prints	\$.30 /sq. ft.
Plots	\$1.50 /sq. ft.
Mylar Plots	\$3.00 /sq. ft.

Charge Rates Applicable October 1, 2015 thru September 30, 2016

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 Agency.

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 Agency, 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 Agency 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

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

MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Paul J. Philips, City Manager

DATE: October 22, 2015

SUBJECT: Consideration of a Purchase Agreement between the City and CT Chestnut LLC, for the City Owned Property Located at 948 S. Azusa Avenue

BACKGROUND: The City currently owns the real property located at 948 S. Azusa Avenue (“Property”). With the exception of a billboard, for which the City receives revenue, the Property is vacant. In March 2015, the Successor Agency to the Industry Urban-Development Agency (“Agency”) entered into a purchase agreement with CT Chestnut LLC, (“Developer”) for the sale of real property located adjacent to the Property on the east side of Azusa, North of Railroad Street and 17300 Chestnut Street, in the City. Under the terms of the purchase agreement for the Agency property, the Developer is required to construct a Class-A industrial project of approximately 550,000-650,000 square feet, with a maximum of eight buildings.

The Developer now wishes to purchase the City owned Property for the purpose of completing the aforementioned development project.

DISCUSSION: The City and Developer have been engaged in discussions regarding the sale of the Property to allow the Developer to construct a more comprehensive, aesthetically pleasing development, while simultaneously allowing the City to dispose of a remnant parcel that is predominately vacant. Should the sale occur, the City will no longer be responsible for the maintenance and all other associated costs of the Property. Further, under the terms of the Purchase Agreement, the Developer will be required to use the Property for the development of the project set forth in its agreement with the Agency.

The California Government Code provides the City Council with the discretionary power to determine what real property is sold, and how the sale takes place. The only restriction provided in the Government Code is that the sale must be for the benefit of the City and its constituents. California law does not require the City to follow a competitive bidding procedure, or establish any rules, regulations or procedures for the sale of property. Here, the public benefit is the potential development of a parcel that is predominately vacant, which will improve the aesthetics of the City and assist in the elimination of blight.

The salient facts regarding the Property and the general terms of the Purchase Agreement are set forth below:

Developer will purchase the Property from the City for the fair market value of \$880,000.00, which is based on an appraisal that was conducted in early October 2015. Further, at close of escrow, Developer will reimburse the City for the cost of the appraisal and for its legal costs, in an amount not to exceed \$25,000.00. The agreement requires a \$50,000.00 deposit, which will be non-refundable 21 days after the purchase agreement is approved.

Close of escrow will occur concurrently with the close of escrow for the Agency owned property. Under the terms of the Agency agreement, escrow will close the earlier of: 15 business days following the satisfaction of all of the closing requirements, or fifteen months following the expiration of the due diligence period. The due diligence period will expire on or about October 20, 2015.

The Property was previously developed as a gas station. When the City acquired the Property in 2005, it discovered hazardous materials as a result of the previous development. The prior owner was required to remediate the environmental issues, and in October 2014, the City received a no further action letter for the Property. Under the Agreement, in the event further remediation is required, Developer is responsible. As required by State law, the information regarding the environment issues was provided to Developer, and is included in the Purchase Agreement.

As set forth above, there is an existing billboard on the Property. The billboard lease with the M&P Outdoor Advertising, LLC is set to expire on or before June 17, 2017. Pursuant to the terms of the Purchase Agreement, the City will continue to receive all revenue from the lease, however, the City will not extend the lease past its current term.

Sometime in 2008, the City widened Railroad Avenue, and used approximately 2,728 square feet of the Property for the widening, resulting in a net usable land area of 19,602 square feet. As a condition of the sale, the resolution requires that, at close of escrow, the Developer dedicate an irrevocable right of way and easement, to account for the widening of Railroad Avenue. The dedication will ensure that the City is able to continue its use of the widened street. The resolution also requires that the Planning Commission make a finding that the sale of the Property conforms to the City's General Plan. An item will be placed on a future Planning Commission agenda.

Lastly, the Purchase Agreement contains standard insurance and indemnification provisions, which require the Developer to indemnify the City against any claims made as a result of the sale of the Property.

BUDGET IMPACT: Based on an appraisal, the Property was valued at \$880,000.00. The Developer has agreed to pay the fair market value of \$880,000.00. The value of the Property is based on the 19,602 square feet of usable land area.

RECOMMENDATION: Staff recommends that the City Council adopt the attached resolution, approving the Purchase Agreement between the City and CT Chestnut LLC for the property located at 948 Azusa, and direct Staff to file the Notice of Exemption regarding same.

Attachments: Resolution approving the purchase agreement
Notice of Exemption
Purchase and Sale Agreement

RESOLUTION NO. CC 2015-38

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, APPROVING A PURCHASE AGREEMENT BETWEEN THE CITY AND CT CHESTNUT LLC, FOR THE PROPERTY LOCATED AT 948 S. AZUSA AVENUE, CITY OF INDUSTRY, CALIFORNIA AND ADOPTING THE NOTICE OF EXEMPTION REGARDING SAME

RECITALS

WHEREAS, the City of Industry is the owner of certain real property located at 948 S. Azusa, City of Industry, California (APN: 8264-025-911) ("Property"); and

WHEREAS, the Property consists of approximately 22,330 square feet, with a zoning designation of Commercial and a general plan designation of Employment; and

WHEREAS, in or around 2008, as part of a public works project, the City widened Railroad Avenue at its intersection with Azusa Avenue, which resulted in a loss of approximately 2,728 square feet of usable land area at the Property; and

WHEREAS, on or about March 10, 2015, the Successor Agency to the Industry Urban-Development Agency ("Agency") and CT Chestnut LLC ("Developer"), entered into a Purchase Agreement for the real property located adjacent to the Property on the East Side of Azusa, North of Railroad Street and 17300 Chestnut Street in the City of Industry, California ("Agency Property"); and

WHEREAS, pursuant to the terms of the Purchase Agreement for the Agency Property, the Developer is required to construct a Class-A industrial project of approximately 550,000-650,000 square feet, with a maximum of eight buildings; and

WHEREAS, Developer wishes to purchase the Property from the City, for the purpose of constructing certain improvements set forth in the Purchase Agreement for the Agency Property; and

WHEREAS, pursuant to Government Code Section 37350, the City may dispose of real property for the common benefit; and

WHEREAS, California law does not establish any rules, regulations or procedures for the City's sale of real property; and

WHEREAS, by selling the Property to Developer, the City is making use of a remnant parcel that is predominately vacant, and will no longer be responsible for the maintenance and upkeep and the associated costs of the Property; and

WHEREAS, the sale of the Property allows for the development of the Property, which will improve the aesthetics of the City, assist in the elimination of blight, and will allow for a cohesive, well-planned, new development; and

WHEREAS, the future development of the Property will bring additional employment opportunities to the City, and will improve the economic and physical conditions of the City which is a benefit to the City's residents, business owners and members of the community; and

WHEREAS, the sale of the Property is categorically exempt from the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et seq.*), pursuant to Section 15061(b)(3) of the CEQA Guidelines (Title 14, Chapter 3 of the California Code of Regulations), because the sale of the property does not have a potential for causing a significant effect on the environment. Any future development will require further analysis pursuant to the requirements of CEQA; and

WHEREAS, based on the foregoing, the City desires to sell the Property to Developer for the fair market value price of Eight Hundred Eighty Thousand Dollars (\$880,000.00).

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

SECTION 1: The City Council finds that all of the facts set forth in the Recitals are true and correct, and are incorporated herein by reference.

SECTION 2: All necessary public meetings and opportunities for public testimony and comment have been conducted in compliance with State law and the City's Code.

SECTION 3: Based upon independent review and consideration of the information contained in the Staff Report and the Notice of Exemption for the sale of the Property, City Council hereby finds and determines that the sale of the Property will not result in or have a significant impact on the environment, because the sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Further, any future development at the Property will be subject to additional environmental review and independent analysis as required by CEQA. Therefore, the proposed project is exempt from the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et seq.*), pursuant to Section 15061(b)(3). Based on these findings, the City Council adopts the Notice of Exemption and directs staff to file same as required by law.

SECTION 4: The City Council hereby approves the sale of the Property to Developer, pursuant to the terms and conditions set forth in the Purchase Agreement, attached hereto as Exhibit A, and incorporated herein by reference, and subject to the following conditions:

- a. Said approval of the sale shall be contingent upon the Planning Commission's finding that the sale of the Property conforms to the City's General Plan; and
- b. Said approval of the sale shall be contingent upon Developer's dedication of an irrevocable right of way and easement, to account for the widening of Railroad Avenue at the Property. The dedication shall be made at close of escrow.

SECTION 5: The officers and staff of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

SECTION 6: The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 7: That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Industry at a regular meeting held on October 22, 2015 by the following vote:

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

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

NOTICE OF EXEMPTION

To: County Clerk
County of Los Angeles
Environmental Filings
12400 East Imperial Highway #2001
Norwalk, CA 90650

From: City of Industry
15625 E. Stafford Street, Suite 100
City of Industry, CA 91744

Project Title: Sale of property located at 948 Azusa, City of Industry, California

Project Location - Specific: 948 Azusa, City of Industry, California (APN 8264-025-911)

Project Location-City: City of Industry **Project Location-County:** Los Angeles

Description of Project: The project is the sale of a vacant parcel owned by the City of Industry to CT Chestnut LLC, a Delaware limited liability company.

Name of Public Agency Approving Project: City Council, City of Industry

Name of Person or Agency Carrying Out Project: CT Chestnut, LLC

Exempt Status: *(check one)*

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. *State type and section number:*
- Statutory Exemptions. *State code number:*
- General Rule Exemption (Sec. 15061): *State type and section number:* 15061(b)(3)

Reasons why project is exempt: Section 15061(b)(3) of the CEQA Guidelines exempts projects covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The sale of the property does not involve any land use entitlements that will allow for development on the property. The sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Any future development at the property will be subject to additional environmental review and independent analysis as required by CEQA.

Lead Agency

Contact Person: Brian James

Telephone: (626) 333-2211

Signature: _____

Date:

Title: Planning Director

EXHIBIT A

PURCHASE AGREEMENT
948 S. AZUSA AVE., CITY OF INDUSTRY, CA

CITY OF INDUSTRY, a municipal corporation
"City"

CT CHESTNUT LLC,
a Delaware limited liability company
"Developer"

_____, 2015

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PURCHASE AGREEMENT
948 S. AZUSA AVENUE, CITY OF INDUSTRY, CA

THIS PURCHASE AGREEMENT for the property located at 948 S. AZUSA AVENUE, CITY OF INDUSTRY, CA (this “**Agreement**”), dated as of October _____, 2015 (the “**Effective Date**”) is entered into by and between the **CITY OF INDUSTRY, a municipal corporation** (the “**City**”), and **CT CHESTNUT LLC**, a Delaware limited liability company (the “**Developer**”). The City and the Developer are hereinafter sometimes individually referred to as a “**party**” and collectively referred to as the “**parties**”.

RECITALS

This Agreement is entered into with reference to the following facts:

A. The City owns the fee interest in that certain real property located in the City of Industry, County of Los Angeles, State of California, consisting of approximately 22,330 square feet of land and as more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference (such real property is referred to herein as the “**Property**”).

B. In addition, the Successor Agency to the Industry Urban-Development Agency (“**Agency**”) and Developer previously entered into that certain Purchase Agreement [East Side of Azusa North of Railroad Street and 17300 Chestnut Road] dated March 10, 2015, as amended by that certain (i) Consent to Extension of Due Diligence Period dated May 11, 2015, (ii) Second Consent to Extension of Due Diligence Period dated June 1, 2015, (iii) Third Consent to Extension of Due Diligence Period dated July 29, 2015, and (iv) Fourth Amendment to Purchase Agreement dated as of October 8, 2015 (collectively the “**Agency Agreement**”), with respect to the real property located adjacent to the Property on the East Side of Azusa, North of Railroad Street and 17300 Chestnut Street in the City of Industry, California, which is more particularly described in the Agreement (the “**Agency Property**”).

C. The Developer wishes to acquire fee title to the Property from the City to enable the Developer to utilize the Property to construct certain improvements, as set forth in the Agency Agreement (the “**Project**”).

D. Development of the Project will assist in the elimination of blight, provide jobs, and substantially improve the economic and physical conditions in the City, and is in the best interests of the City, and the health, safety and welfare of the residents and taxpayers of the City.

E. A material inducement to the City to enter into this Agreement is the agreement by the Developer to develop the Project within a limited period of time, and the City would be unwilling to enter into this Agreement in the absence of an enforceable commitment by the Developer to develop the Project within such period of time.

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Agreement means this Purchase Agreement.

1.1.2 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.3 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.4 Deemed Disapproved Exceptions is defined in Section 2.5.2.

1.1.5 Default is defined in Section 5.2.

1.1.6 Deposit is defined in Section 2.2.1.

1.1.7 Developer means CT Chestnut LLC, a Delaware limited liability company. The principal office of the Developer for purposes of this Agreement is c/o CT Realty Corporation, 65 Enterprise, Aliso Viejo, California 92656.

1.1.8 Disapproved Exceptions is defined in Section 2.5.2.

1.1.9 Disapproval Notice is defined in Section 2.5.2.

1.1.10 Due Diligence Period is defined in Section 2.7.

1.1.11 Escrow is defined in Section 2.3.1.

1.1.12 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com.

1.1.13 Grant Deed is defined in Section 2.5.3.

1.1.14 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” “toxic substances,” “pollutant or contaminant,” “imminently hazardous chemical substance or mixture,” “hazardous air pollutant,” “toxic pollutant,” or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act

of 1980, 42 U.S.C. § 9601, et seq. (“**CERCLA**”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term “**Hazardous Materials**” shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl’s; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.15 Holder is defined in Section 3.2.2.

1.1.16 Outside Date is defined in Section 2.3.2.

1.1.17 Project is defined in Recital C.

1.1.18 Property is defined in Recital A.

1.1.19 Purchase Price is defined in Section 2.1.

1.1.20 Released Parties is defined in Section 2.8.

1.1.21 Review Period is defined in Section 2.5.2.

1.1.22 Right of Entry Agreement is defined in Section 2.7.

1.1.23 [Intentionally Left Blank]

1.1.24 Survey is defined in Section 2.5.1.

1.1.25 Title Company is defined in Section 2.5.4.

1.1.26 Title Policy is defined in Section 2.5.4.

1.1.27 Title Report is defined in Section 2.5.1.

1.1.28 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2 PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The City agrees to sell the Property to the Developer, and the Developer agrees to purchase the Property from the City, for the sum of Eight Hundred Eighty Thousand Dollars (\$880,000.00) (the "**Purchase Price**"). The parties acknowledge and agree that the Purchase Price equals approximately Forty Five Dollars (\$45.00) per square foot based on a net usable land area comprising the Property of approximately 19,602 square feet (19,602 square feet represents the net usable area after the widening of Railroad Street, the total Property area is 22,330 square feet). In addition to the Purchase Price, Developer shall reimburse the City for the City's costs of obtaining an appraisal of the Property and the City's legal costs in connection with this Agreement and the disposition of the Property under this Agreement. Such costs shall not exceed Twenty Five Thousand Dollars (\$25,000.00) (the "**Disposition Costs**") and will be paid by Developer to the City at the closing through Escrow.

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Developer as follows:

2.2.1 Deposit. Within five (5) business days following the opening of Escrow, Developer shall deposit with Escrow Holder the sum of FIFTY THOUSAND DOLLARS (\$50,000.00), in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the "**Deposit**"). The Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Developer and City with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing, and except as otherwise provided herein, shall be nonrefundable at the expiration of the Due Diligence Period.

2.2.2 Closing Funds. Prior to the Close of Escrow, Developer shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus an amount equal to all other costs, expenses and prorations payable by Developer hereunder, less any credit due Developer under Section 2.1.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties' full execution of this Agreement, the Developer and the City shall open an escrow (the "**Escrow**") with the Escrow Holder for the transfer of the Property to the Developer. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in

writing by mutual agreement of the parties) for the Escrow. If the parties supplement this Agreement by executing the Escrow Holder's standard form of escrow instructions, then in the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of such standard form escrow instructions, the terms and provisions of this Agreement shall control. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. “**Close of Escrow**” or “**Closing**” means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price (less any costs, expenses and prorations payable by the City) to the City. Possession of the Property shall be delivered to the Developer on the Close of Escrow. Close of Escrow shall occur simultaneously with the close of escrow of for the purchase by Developer of land owned by the Successor Agency to the Industry Urban Development Agency at 17300 Chestnut Street, City of Industry, California. If the Closing does not occur for any reason, then, except as otherwise provided in this Agreement, this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Developer, Developer shall pay any Escrow cancellation charges.

2.3.3 Delivery of Closing Documents.

(a) The City and Developer agree to deliver to Escrow Holder, at least two (2) business days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the City, conveying a fee simple interest in the Property to Developer, subject only to such exceptions to title as Developer may have approved or have been deemed to have been approved pursuant to Section 2.5.2;

(ii) The City's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iii) A Certification of Non-Foreign Status signed by City in accordance with Internal Revenue Code Section 1445; and

(iv) Such proof of the City's and Developer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

The City and the Developer further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the City and Developer to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the City, the Developer shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Developer hereunder (including the Disposition Costs).

2.4.2 For the benefit of the City, all actions and deliveries to be undertaken or made by Developer on or prior to the Close of Escrow as set forth in this Agreement shall have occurred, as reasonably determined by the City.

2.4.3 For the benefit of the Developer, all actions and deliveries to be undertaken or made by the City on or prior to the Close of Escrow as set forth in this Agreement shall have occurred.

2.4.4 [Intentionally Left Blank]

2.4.5 For the benefit of the City, the Developer shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Developer shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of the Developer, the City shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the City shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of the City, the representations and warranties of the Developer contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of the Developer, the representations and warranties of the City contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of the Developer, Title Company shall be irrevocably committed to issuing in favor of the Developer the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Developer, as provided in Section 2.5.2.

2.4.10 For the benefit of the City and Developer, the simultaneous close of escrow for the purchase and sale of the Agency Land under the Agency Agreement.

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall, at the option of the benefitted party, become null and void and in which event, neither party shall have, except as expressly set forth in this Agreement, any further rights, duties or obligations hereunder, and, unless the condition or conditions not met were for the City's benefit, Developer shall be entitled to the immediate refund of the Deposit.

2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, the City shall deliver to the Developer for the Developer's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and the most legible copies available of any instruments noted as exceptions thereon, and (ii) any survey of the Property in the City's possession. The Developer at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and the City shall cooperate with the same. Any survey provided by the City or obtained by the Developer are each a "**Survey**" hereunder.

2.5.2 The Developer shall have until the expiration of the Due Diligence Period (the "**Review Period**") to disapprove any exceptions to title shown on the Title Report or reflected on the Survey (collectively, "**Disapproved Exceptions**") and to provide City with notice thereof describing the defect with reasonable particularity (the "**Disapproval Notice**"). Any exceptions to title not disapproved within the Review Period shall be deemed approved. Within five (5) days after the City's receipt of the Disapproval Notice, the City shall notify the Developer whether or not the City intends to remove or endorse over the Disapproved Exceptions. The City shall be under no obligation to remove or endorse over any Disapproved Exception, but the City agrees to cooperate in good faith with the Developer in the Developer's efforts to eliminate or endorse over any Disapproved Exception, provided the City is not obligated to pay any sum or assume any liability in connection with the elimination or endorsing over of any such Disapproved Exception. If the City notifies the Developer that the City intends to eliminate or endorse over all of the Disapproved Exception, the City shall do so concurrently with or prior to the Close of Escrow. If the City notifies the Developer that the City does not intend to eliminate or endorse over some or all of the Disapproved Exception(s), the Developer, by notifying the City within five (5) days after its receipt of such notice, may elect to terminate this Agreement and receive a refund of the Deposit or take the Property subject to the Disapproved Exception(s) which the City will not eliminate or endorse over (which Disapproved Exceptions will be deemed approved). Notwithstanding the foregoing, the City covenants to pay in full all loans secured by deeds of trust, any mechanics' and materialmen's liens, and any other monetary liens (other than liens for charges, assessments, taxes, and impositions subject to proration as provided in Section 2.6.2) (collectively, the "**Deemed Disapproved Exceptions**") prior to, or concurrently with, the Close of Escrow, and Escrow Holder is hereby directed to cause the same to be paid from the Purchase Price. The Title Policy shall include such endorsements as the Developer shall reasonably request. Any endorsements to the Title Policy are to be paid for by the Developer, except that endorsements obtained by the City respecting Disapproved Exceptions as provided above shall be paid for by the City. Notwithstanding the foregoing, the Developer may notify the City of its disapproval of an exception to title (including exceptions reflected on the Survey) first raised by Title Company or the surveyor after the Review Period, or otherwise first disclosed to the Developer after the Review Period, by the earlier of (a) within ten (10) days after the same was first raised or disclosed to the Developer in writing, and (b) fifteen (15) days prior to the Close of Escrow. With respect to any exceptions disapproved by the Developer in such notice, the City shall have the same option to eliminate or endorse over such exceptions that applies

to Disapproved Exceptions, and the Developer shall have the same option to accept title subject to such exceptions or to terminate this Agreement and receive a refund of the Deposit.

2.5.3 At the Close of Escrow, the Developer shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "C" and incorporated herein by this reference (the "**Grant Deed**").

2.5.4 At Closing, the Developer shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), together with all endorsements requested by the Developer or obtained by the City pursuant to Section 2.5.2, issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring that title to the Property is vested in Developer and is free and clear of all Disapproved Exceptions, all Deemed Disapproved Exceptions and all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as the Developer approves in writing including those reflected in the Title Report for the Property approved by Developer, or as are deemed approved by Developer as provided in Section 2.5.2. The Developer may obtain an extended coverage policy of title insurance at its own costs.

2.6 Escrow and Title Charges; Prorations.

2.6.1 The City shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy, together with the cost of any endorsements obtained by the City pursuant to Section 2.5.2. Developer shall pay the costs of (i) any Survey obtained by the Developer, (ii) any endorsements to the Title Policy obtained by Developer and (iii) any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the City. In addition, the Developer shall pay any and all other usual and customary costs, expenses and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs, with the exception of the Disposition Costs, which shall be paid by Developer.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes, if any, and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be pro-rated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the City and Developer shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall

survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Due Diligence Period; Access. During the period (the “**Due Diligence Period**”) commencing on the Effective Date and ending at 5:00 p.m. on the date which is twenty (21) days after the Effective Date, the Developer may inspect the Property as necessary to (i) approve all zoning and land use matters relating to the Property, (ii) approve the physical condition of the Property, and (iii) satisfy any due diligence requirements of the Developer’s lender, if any. Subject to the terms of the Right of Entry and Access Agreement in the form of which is attached hereto as Exhibit “D” (the “**Right of Entry Agreement**”), the Developer and its agents shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Prior to the Developer’s entry upon the Property, the parties shall execute the Right of Entry Agreement. The City shall reasonably cooperate with the Developer in its conduct of the due diligence review during the Due Diligence Period. In the event the Developer does not approve of the condition of the Property by written notice given to the City prior to the expiration of the Due Diligence Period, this Agreement shall terminate, the Deposit shall be returned to Developer (including any interest earned thereon) and, except as otherwise expressly stated in this Agreement, neither party shall have any further rights or obligations to the other party.

2.8 Condition of the Property. The Property shall be conveyed from the City to the Developer on an “AS IS” condition and basis with all faults and the Developer agrees that the City has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Developer and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the City, and its elected and appointed officials, officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the City’s behalf (collectively, the “**Released Parties**”) from any and all claims, responsibility and/or liability that the Developer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.8 and Section 2.9 below. This release includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer’s release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Property in a condition suitable for development of the Project thereon. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE CITY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR

PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (viii) WITH RESPECT TO ANY OTHER MATTER, THE DEVELOPER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE DEVELOPER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE CITY.

THE DEVELOPER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BY INITIALING BELOW, DEVELOPER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Developer's Initials

The waivers and releases by the Developer herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.9 Environmental.

2.9.1 Condition of the Property. California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of Hazardous Substances has come to be located on or beneath the real property to provide written notice of same to the buyer of real property. The City hereby discloses the following information for the Property, or portions of the Property:

The City acquired the Property in or about 2005, from ConocoPhillips Company (“Conoco”). During the time Conoco owned the Property, it discovered the release of motor fuel hydrocarbons

and other Hazardous Substances on, at or under the Property originating from its activities or the activities of its predecessors in interest.

Conoco prepared a remedial action plan (“RAP”) for the Property, which was approved by the Los Angeles Regional Water Quality Control Board (“RWQCB”) on or about October 6, 2003. Under the RAP, an ozone groundwater treatment system was installed on the Property to remediate fuel hydrocarbon-impacted groundwater. Operation of the system began on November 24, 2008, and discharges micro-encapsulated ozone below the groundwater table to remediate impacted groundwater.

A Notice of Termination Request was submitted to the California Regional Water Quality Control Board on April 17, 2013, and the Termination of General Waste Discharge Requirements was obtained from the State RWQCB on April 26, 2013.

On April 15, 2014, the Los Angeles RWQCB provided the City with a letter indicating that the underground storage tank release at the Property met the low threat criteria for case closure.

On October 13, 2014, the City received a no further action letter from the RWQCB for the Property.

The Parties acknowledge that the City will not be conducting a public records search of the RWQCB’s or any other regulatory agency files, although the City urges Developer to do so to satisfy itself regarding the environmental condition of the Property. By execution of this Agreement, Developer (i) acknowledges its receipt of the foregoing notice given pursuant to Cal. Health & Safety Code section 25359.7; (ii) acknowledges that it will have an opportunity to conduct its own independent review and investigation of the Property prior to the Close of Escrow; (iii) agrees to rely solely on its own experts in assessing the environmental condition of the Property and its sufficiency for its intended use; and (iv) waives any and all rights Developer may have to assert that the Agency has not complied with the requirements of Health & Safety Code section 25359.7.

2.9.2 Investigation of Property. The Developer shall have the right, at its sole cost and expense, to engage its own environmental consultant to make such investigations as Developer deems necessary, during the Due Diligence Period. Developer understands that regardless of the delivery by the City to the Developer of any materials, including, without limitation, third party reports, Developer will rely entirely on Developer’s own experts and consultants in proceeding with this transaction.

2.9.3 Remediation of the Property. In the event that the Developer’s investigations show that Hazardous Substances are present on, or under the Property at levels that are inappropriate for the anticipated use, then prior to the expiration of the Due Diligence Period, Developer may terminate this Agreement and thereupon Developer shall have no further obligations or liabilities hereunder and the City shall refund the balance of the Deposit to Developer or, in the alternative, Developer may elect to remediate the Property on its own, at its sole cost and expense, after close of escrow. Effective at the close of escrow and in furtherance of the indemnity obligations of Developer pursuant to Section 7.2 of this Agreement, to the extent permitted by law, the City hereby assigns and transfers to Developer any and all claims,

causes of action and rights of recovery against any person or entity for any release, discharge, migration or deposit of Hazardous Substances on, under or about the Property, including without limitation all claims, causes of action and rights of recovery against Conoco.

Any remedial work must be performed in a timely and safe manner and in accordance with applicable Governmental Requirements for the use of the Property. For purposes of this Agreement, "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders, directives and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Property is located, and of any political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Property.

2.10 Escrow Holder.

2.10.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Developer for any fees, charges and costs payable by the Developer under this Article. Before such payments are made, the Escrow Holder shall notify the City and the Developer of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the City for any fees, charges and costs payable by the City under this Article. Before such payments are made, the Escrow Holder shall notify the City and the Developer of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the City and the Developer; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

2.10.2 Any amendment of these escrow instructions shall be in writing and signed by both the City and the Developer.

2.10.3 All communications from the Escrow Holder to the City or the Developer shall be directed to the addresses and in the manner established in Section 6.3 of this Agreement for notices, demands and communications between the City and the Developer.

2.10.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3
BILLBOARD LEASE

3.1 Billboard Lease.

3.1.1 City acknowledges the existence of that certain billboard lease with M&P Outdoor Advertising, LLC (“Lease”). A copy of the Lease is attached hereto as Exhibit D and incorporated herein by reference. City will retain all rights and interests in the Lease, including, without limitation, the right to receive all rent thereunder up to and through the Close of Escrow. After the Close of Escrow, Developer shall forward all rental income payments from the Lease to the City until the termination of the Lease. The City represents, warrants, and covenants the following:

- a. To the best of the City’s knowledge, the Lease will terminate on or before June 30, 2017; provided, however, that the Developer shall be responsible, at its sole cost and expense, for the removal of the billboard sign.
- b. The City will not extend the term of the lease for any reason beyond the termination date.
- c. Rent of \$2,000 a month is collected (\$1,000.00) per side.
- d. A notification to Tenant of the purchase by Developer will be executed by City and will be delivered to Tenant from Escrow upon Close of Escrow.
- e. In its discretion, Developer may request that the City deliver to and request from the Tenant an estoppel certificate certifying as to key terms of the Lease such as the rental rate and term. In the event Developer fails to request an estoppel certificate, the City shall not be liable for any of the representations set forth in this Section 3.1.1.

3.1.2 Developer shall not, partially or wholly obstruct the billboard during the term of the Lease. In the event that the billboard is partially or wholly obstructed Developer shall be responsible for any and all damages, and/or claims for damages brought by M&P Outdoor Advertising, or its successors and assigns, including any reduction in rent paid to the City as a result thereof.

ARTICLE 4
LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS

4.1 Limitation As To Transfer of the Property and Assignment of Agreement. Prior to the City’s issuance of the Certificate of Completion (as defined in the Agency Agreement), the Developer may assign its rights and obligations under this Agreement to Forever Chestnut, LLC, a California limited liability company, any entity controlled by, or under common control with Developer or its manager, CT Realty Corporation, or to any entity owned or controlled by any institutional investor for which Developer, or CT Realty Corporation, is then acting as investment or development manager, without the City’s prior consent, but only upon twenty (20) business days prior written notice to the City and pursuant to an assignment agreement by which

the assignee shall expressly assume all of the Developer's rights and obligations under this Agreement and otherwise in form and substance reasonably acceptable to City. Except as provided in the preceding sentence and prior to the City's issuance of the Certificate of Completion, the Developer shall not transfer its rights and obligations, in whole or in part, under this Agreement, or sell, assign, transfer, encumber, pledge or lease the Property, nor cause or suffer a change of more than 49% of the ownership interests in Developer, directly or indirectly, in one or a series of transactions, without the City's prior written consent, which consent may be granted or withheld in the sole and absolute discretion of the City. The Developer acknowledges that the identity of the Developer is of particular concern to the City, and it is because of the Developer's identity that the City has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement in violation of the terms hereof. Notwithstanding any provision contained herein to the contrary, this prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Project, or any mortgage or deed of trust permitted by this Agreement. Upon the City's issuance of the Certificate of Completion, the Developer may transfer the Property to a transferee without restriction so long as the transferee agrees to all of the applicable covenants and conditions set forth in Article 5 of this Agreement. Any assignment or other transfer by Developer prior to issuance of the Certificate of Completion shall not release Developer from any of its obligations under this Agreement.

4.2 Security Financing; Right of Holders.

4.2.1 No Encumbrances Except Mortgages, Deeds of Trust, Conveyances or Other Conveyance for Financing For Development.

(a) Notwithstanding Section 4.1 or any other provision herein to the contrary, only mortgages, deeds of trust, sales and leasebacks, or any other form of encumbrance, conveyance, security interest or assignment required for any reasonable method of construction and permanent financing are permitted prior to the issuance of a Certificate of Completion, but only for the purpose of securing loans of funds to be used for the purchase of the Property or financing the direct and indirect costs of the development of the Project (including reasonable and customary developer fees, loan fees and costs, and other normal and customary project costs), and each such loan secured by the Property shall expressly allow for its prepayment or assumption (upon payment of a market standard prepayment or assumption fee) by and at the option of the City upon the exercise of its option to purchase provided in Section 5.7.

(b) The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing commonly used in real estate acquisition, construction and land development. Any reference herein to the "holder" of a mortgage or deed of trust shall be deemed also to refer to a lessor under a sale and leaseback.

4.2.2 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the City shall deliver a notice or demand to the Developer with respect to any Default by the Developer in completion of development of the Project or otherwise, the City shall at the same time deliver a copy of such notice or demand to each holder of record of any first mortgage, deed of trust or other security

interest authorized by this Agreement who has previously made a written request to the City for special notice hereunder (a “**Holder**”). No notice of Default to the Developer shall be effective against any such Holder unless given to such Holder as aforesaid. Such Holder shall (insofar as the rights of the City are concerned) have the right, at such Holder’s option, within sixty (60) days after receipt of the notice, to cure or remedy any such Default and to add the cost thereof to the security interest debt and the lien of its security interest; provided, however, that if longer than sixty (60) days is required to cure such Default, such longer period shall be granted to Holder, provided that Holder diligently pursues such cure during such longer period. If such Default shall be a default which can only be remedied or cured by such Holder upon obtaining possession of the Property, such Holder shall seek to obtain possession of the Property with diligence and continuity through a receiver or otherwise, and shall remedy or cure such Default within a reasonable period of time as necessary to remedy or cure such Default of the Developer. If such Default shall be a default as to or by Developer which cannot be cured, City shall not seek to enforce the same against Holder and Holder shall not be subject thereto.

4.2.3 Noninterference with Holders. The provisions of this Agreement do not limit the right of Holders to foreclose or otherwise enforce any mortgage, deed of trust, or other security instrument encumbering the Property and the improvements thereon, or the right of Holders to pursue any remedies for the enforcement of any pledge or lien encumbering the Property; provided, however, that in the event of a foreclosure sale under any such mortgage, deed of trust or other lien or encumbrance, or sale pursuant to any power of sale contained in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns, and the Property, shall be, and shall continue to be, subject to all of the conditions, restrictions and covenants of this Agreement and all documents and instruments recorded pursuant hereto.

ARTICLE 5 USE OF THE PROPERTY

5.1 Use. The Developer covenants and agrees for itself, and its successors and its assigns, that the Developer, such successors, and such assigns shall use the Property, and every part thereof, only for the construction of the Project thereon, and thereafter for any use permitted by applicable laws. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Project thereon in accordance with this Agreement, the Developer shall be relieved of any further responsibility under this Section 5.1 as to the Property so conveyed.

5.2 Maintenance of the Property. After completion of the Project, Developer shall maintain the Property and the Project (including landscaping) in a commercially reasonable condition and repair to the extent practicable and in accordance with industry health and safety standards. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Project thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 4.2 as to the Property so conveyed.

5.3 Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Developer (itself or any person claiming under or through the Developer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 4.3 as to the Property so conveyed.

5.4 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation clauses:

5.4.1 In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.4.2 In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of

discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.4.3 In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.5 Restrictive Covenant. In order to insure the Developer’s compliance with the covenants set forth in Sections 5.1, 5.2, 5.3, and 5.4 hereof, such covenants shall be set forth in the Grant Deed. Such covenants shall run with the Property for the benefit of the City.

5.6 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Developer and its successors and assigns and shall remain in effect for the following periods, and each of which shall be set forth with particularity in any document of transfer or conveyance by the Developer:

(1) The use and non-discrimination and non-segregation requirements set forth in Sections 5.1, 5.3 and 5.4 shall remain in effect in perpetuity;

(2) The maintenance requirements set forth in Section 5.2 shall remain in effect for the period described therein, and;

(3) Easements to the City, or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

ARTICLE 6
EVENTS OF DEFAULT, REMEDIES AND TERMINATION

6.1 Developer Events of Defaults. Occurrence of any or all of the following, if uncured after the expiration of any applicable cure period, shall constitute a default (“**Developer Event of Default**”) under this Agreement:

6.1.1 The Developer’s sale, lease, or other transfer, or the occurrence of any involuntary transfer, of the Property or any part thereof or interest therein in violation of this Agreement; or

6.1.2 Filing of a petition in bankruptcy by or against the Developer or appointment of a receiver or trustee of any property of the Developer, or an assignment by the Developer for the benefit of creditors, or adjudication that the Developer is insolvent by a court, and the failure of the Developer to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days;

6.1.3 The Developer’s failure to perform any requirement or obligation of Developer set forth herein, on or prior to the date for such performance set forth herein (subject to delays pursuant to Section 7.9), and, so long as such failure is not caused by any wrongful act of the City, the Developer’s failure to cure such breach within thirty (30) days after receipt of written notice from the City of the Developer’s breach; or

6.1.4 The Developer’s failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

6.2 City Events of Default. Occurrence of any or all of the following, if uncured after the expiration of the applicable cure period, shall constitute a default (“**City Event of Default**”, and together with the Developer Event of Default, a “**Default**”) under this Agreement:

6.2.1 The City, in violation of the applicable provision of this Agreement, fails to convey the Property to Developer at the Close of Escrow; or

6.2.2 The City breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Developer shall first notify the City in writing of its purported breach or failure, giving the City thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the City to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

6.3 Remedies in the Event of Default.

6.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Developer or City, prior to the Close of Escrow, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party. If such breach or default is not cured within such ten (10) day period (other than a failure by the City to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate, and if Developer is the non-defaulting party, Developer shall thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

In the event of a Default under this Agreement after the Close of Escrow, the non-defaulting party may seek against the defaulting party any available remedies at law or equity, including but not limited to the right to receive reimbursement for its documented out-of-pocket costs relating to this purchase transaction or to pursue an action for specific performance, but in no event shall such non-defaulting party be entitled to receive any consequential or special damages.

IF THE DEVELOPER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE DEVELOPER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE CITY SHALL BE ENTITLED TO SUCH DEPOSIT, AND ANY DISPOSITION COSTS, WHICH AMOUNTS SHALL BE ACCEPTED BY THE CITY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE CITY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNTS CONSTITUTE A REASONABLE ESTIMATE OF THE DAMAGES TO THE CITY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. THE CITY AND DEVELOPER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE CITY WOULD SUFFER UPON THE DEVELOPER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE DEVELOPER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE DEVELOPER AND CITY DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE CITY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE DEVELOPER AND CITY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

City Developer

6.3.2 Liberal Construction. The rights established in this Agreement are to be interpreted in light of the fact that the City will convey the Property to the Developer for development and operation of the Project thereon and not for speculation in undeveloped land or for construction of different improvements. The Developer acknowledges that it is of the

essence of this Agreement that the Developer is obligated to complete all Improvements comprising the Project.

6.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the City shall personally be liable to the Developer, or any successor in interest of the Developer, in the event of any Default or breach by the City, or for any amount which may become due to the Developer, or any successor in interest, on any obligation under the terms of this Agreement.

6.5 Legal Actions.

6.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

6.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.5.3 Acceptance of Service of Process. If any legal action is commenced by the Developer against the City, service of process on the City shall be made by personal service upon the City Manager or City Clerk of the City, or in such other manner as may be provided by law. If any legal action is commenced by the City against the Developer, service of process on the Developer shall be made by personal service upon the Developer, or in such other manner as may be provided by law, whether made within or without the State of California.

6.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

6.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE 7 GENERAL PROVISIONS

7.1 Insurance.

7.1.1 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall obtain (or cause the General Contractor to obtain), at the Developer's sole cost and expense, and shall maintain in force until completion of construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the City, broad form commercial general public liability

insurance, insuring the Developer and the City against claims and liability for bodily injury, death, or property damage arising from the use, occupancy, condition, or operation of the Property and the Improvements thereon, which insurance shall provide combined single limit protection of at least Two Million Dollars (\$2,000,000.00), and include contractual liability endorsement. Such insurance shall name the City, as additional insureds.

7.1.2 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall also obtain, or cause to be obtained, at the Developer's sole cost and expense, and shall maintain in force until completion of the construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the City (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a reputable and financially responsible insurance company reasonably acceptable to the City, and (ii) workers' compensation insurance covering all persons employed in connection with work. The builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors', subcontractors', and construction managers' tools and equipment and property owned by contractors' and subcontractors' employees.

7.1.3 Prior to the commencement of any demolition or construction work on the Property by the Developer, the Developer shall also furnish or cause to be furnished to the City evidence satisfactory to the City that any contractor with whom it has contracted for the performance of work on the Property carries workers' compensation insurance as required by law.

7.1.4 With respect to each policy of insurance required above, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on the insurance carrier's form setting forth the general provisions of the insurance coverage. The required certificate shall be furnished by the Developer prior to commencement of any demolition or construction work on the Property.

7.1.5 All such policies required by this Section shall be nonassessable and shall contain language to the effect that (i) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to the City, and (ii) the City shall not be liable for any premiums or assessments. All such insurance shall have deductibility limits reasonably satisfactory to the City. The provisions of this Section shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

7.2 Indemnity.

From and after the Close of Escrow, Developer hereby agrees to indemnify, defend, protect and hold harmless, with counsel of the City's choosing, the City and any and all officials, officers, agents, employees, attorneys and representatives of the City (collectively "City Representatives"), and each of them, from and against all losses, liabilities, claims, damages, penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and demands of any nature whatsoever, including

attorneys' fees (collectively "Losses and Liabilities"), related directly or indirectly to, or arising out of or in any way connected with the Developer's use, ownership, management, occupancy or possession of the Property; any breach or Default of Developer hereunder; any of the Developer's activities on the Property (or the activities of the Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Property), including without limitation, the construction of the Improvements on the Property; the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Developer or Developer's affiliates, agents or employees; Developer's obligation upon Developer's acquisition of the Property to remediate the existing Hazardous Substances thereon so that the Property is in compliance with all applicable environmental laws relating to the anticipated use of the Property, the construction of any improvements on the Property, or the use or condition of any such improvements; any other fact, circumstance or event related to the Developer's performance hereunder of any covenant to be performed following the closing, or which may otherwise arise from the Developer's ownership, use, possession, improvement, operation or disposition of the Property after the Closing, regardless of whether such damages, losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement. This indemnification requires Developer to indemnify the City and any and all City Representatives from and against all Losses and Liabilities, including attorneys' fees, related directly or indirectly to, or arising out of or in any way connected with any existing or future Hazardous Substances on the Property after the acquisition thereof by Developer. Developer's obligation to defend shall arise regardless of any claim or assertion that the Agency and/or City caused or contributed to the Losses and/or Liabilities. The terms of this Section shall survive the expiration or earlier termination of this Agreement.

7.3 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery (including by commercial messenger service) or by facsimile transmission. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, (d) on the day of facsimile transmission, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

City: City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Paul Philips, City Manager
Facsimile: (626) 961-6795

with a copy to: Casso & Sparks, LLP
Post Office Box 4131
West Covina, CA 91791
Attention: James M. Casso

Developer: CT Chestnut LLC
c/o CT Realty Corporation
65 Enterprise, Suite 150
Aliso Viejo, California 92656
Attention: Michael W. Traynham
Facsimile: (949) 330-5571

7.4 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

7.5 Developer's Warranties. The Developer warrants and represents to the City as follows:

7.5.1 The Developer has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Developer, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Developer is a party.

7.5.2 As of the Close of Escrow, the Developer will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

7.5.3 The Developer has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

7.6 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

7.7 Time of the Essence; Definition of Business Day. Time is of the essence of this Agreement. For purposes of this Agreement, "business day" means any day other than Saturday, Sunday or a holiday observed by national or federally chartered banks. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. (California time) on such date or dates, and references to "days" shall refer to calendar days except if such references are to business days. Any event specified to occur on a non-business day shall be extended automatically to the end of the first business day thereafter.

7.8 Attorneys' Fees. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable

attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

7.9 Enforced Delay: Extension of Times of Performance. Notwithstanding anything to the contrary in this Agreement, unexcused failure to commence construction of the Improvements on or prior to the Commencement Date, as defined in the Agency Agreement, or to complete construction of the Improvements on or prior to the Completion Date, as defined in the Agency Agreement, shall constitute a Default hereunder as herein set forth; provided, however, nonperformance of such obligations or any other obligations to be performed hereunder shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of the party responsible for such performance: (i) war, insurrection, riot, flood, severe weather, earthquake, fire, casualty, acts of public enemy, governmental restriction, litigation, acts or failures to act of any governmental or quasi-governmental agency or entity, including the City, or public utility, or any declarant under any applicable conditions, covenants, and restrictions affecting the Property, or (ii) inability to secure necessary labor, materials or tools, strikes, lockouts, delays of any contractor, subcontractor or supplier or (iii) other matters generally constituting a force majeure event in circumstances similar to those contemplated by this Agreement (but which shall not in any event include the availability of financing to construct the Improvements). In the event of an occurrence described in clauses (i), (ii) or (iii) above, such nonperformance shall be excused and the time of performance shall be extended by the number of days the matters described in clauses (i), (ii) or (iii) above materially prevent or delay performance.

7.10 Approvals by the City and the Developer. Unless otherwise specifically provided herein, wherever this Agreement requires the City or the Developer to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

7.11 Developer's Private Undertaking. The development covered by this Agreement is a private undertaking, and the Developer shall have full power over and exclusive control of the Property while the Developer holds title to the Property; subject only to the limitations and obligations of the Developer under this Agreement.

7.12 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Developer and the City acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Developer or the City.

7.13 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.14 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

7.15 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

7.16 Representations of City. The City warrants and represents to the Developer as follows:

(a) The City has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the City, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the City is a party.

(b) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the City's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(c) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(d) The City has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the City has not dealt with any broker or finder purporting to act on behalf of the City or otherwise.

(e) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property, with the exception of the billboard lease, as set forth in Article 3, which shall affect the Property on or following the Close of Escrow.

(f) As of the Close of Escrow and to the actual knowledge of the City, the City has not received any written notice from any governmental entity regarding the violation of any law or governmental regulation with respect to the Property.

7.17 Developer's Broker(s). Developer shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Developer, and shall defend, indemnify and hold City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

DEVELOPER

CT CHESTNUT LLC,
a Delaware limited liability company

By: CT Realty Corporation,
a California corporation, its Manager

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

CITY OF INDUSTRY

By: _____
Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

APPROVED AS TO FORM:

By: _____
James M. Casso, City Attorney

LIST OF EXHIBITS

- Exhibit "A" Legal Description of the Property
- Exhibit "B" Form of Grant Deed
- Exhibit "C" Form of Right of Entry Agreement
- Exhibit "D" Billboard Lease

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the City of Industry, County of Los Angeles, State of California, and is described as follows:

A PORTION OF LOT 2 OF THE BIDART TRACT, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN MAP BOOK 15, PAGE 79 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THAT CERTAIN PARCEL 2, DESCRIBED IN QUITCLAIM DEED TO TOSCO OPERATING COMPANY INC., RECORDED DECEMBER 29, 2000, AS INSTRUMENT NO. 00-2027298 OF OFFICIAL RECORDS OF SAID COUNTY, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF RAILROAD STREET, 60.00 FEET WIDE, DESCRIBED IN DEED RECORDED APRIL 30, 1964, AS INSTRUMENT NO. 1517, IN BOOK D2453, PAGE 676 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE, NORTH 84° 15' 00" WEST, 120.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 47.12 FEET TO THE EASTERLY LINE OF AZUSA AVENUE, 120.00 FEET WIDE, AS SHOWN ON PARCEL MAP NO. 113, RECORDED IN BOOK 91, PAGE 51, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE TANGENT TO THE LAST CURVE AND ALONG SAID EASTERLY LINE, NORTH 05° 45' 00" EAST, 73.73 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 1440.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 01° 50' 51", AN ARC DISTANCE OF 46.44 FEET TO ITS INTERSECTION WITH THE NORTHERLY LINE OF SAID TOSCO OPERATING COMPANY INC. PARCEL; THENCE ALONG SAID NORTHERLY LINE, SOUTH 84° 15' 00" EAST, 149.25 FEET TO THE EASTERLY LINE OF SAID PARCEL; THENCE ALONG SAID EASTERLY LINE, SOUTH 05° 45' 00" WEST, 150.20 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ONE-HALF OF ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES THAT MAY BE PRODUCED IN, UNDER OR UPON SAID LAND BUT WITHOUT THE RIGHT TO LOCATE DRILLING RIG, OR RIGS WITHIN 100 FEET OF ANY IMPROVEMENTS THEREON AT THE TIME OF DRILLING, AS RESERVED IN THE DEED FROM BESSIE ISRAEL, A WIDOW, AND EDITH E. SERCOMBE, A MARRIED WOMAN, EACH AS TO AN UNDIVIDED ONE-HALF INTEREST, RECORDED FEBRUARY 09, 1955 IN BOOK 46858, PAGE 390 OF OFFICIAL RECORDS.

APN: 8264-025-911

EXHIBIT "B"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: City Clerk

[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]

GRANT DEED

Documentary Transfer Tax: \$ _____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **CITY OF INDUSTRY** (the "**Grantor**"), hereby grants to **CT CHESTNUT LLC**, a Delaware limited liability company (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all of Grantor's right, title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase Agreement [_____] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2015, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. The Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the construction of certain improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law.

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that after completion of the Project (as defined in the Agreement), the Grantee and the Grantee's transferees, successors and assigns, shall maintain the Site and the Project (including landscaping) in a commercially reasonable condition and repair for a period of fifteen (15) years, and following construction of certain improvements thereon shall use the Site for any such uses as are allowed under applicable law.

(b) The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of

the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(c) In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or

remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

6. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures appear on next page.]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR:

CITY OF INDUSTRY

By: _____
Name: Mark D. Radecki
Title: Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

GRANTEE:

CT CHESTNUT LLC,
a Delaware limited liability company

By: CT Realty Corporation,
a California corporation, its Manager

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

LEGAL DESCRIPTION OF THE PROPERTY

(Attached.)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the City of Industry, County of Los Angeles, State of California, and is described as follows:

A PORTION OF LOT 2 OF THE BIDART TRACT, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN MAP BOOK 15, PAGE 79 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THAT CERTAIN PARCEL 2, DESCRIBED IN QUITCLAIM DEED TO TOSCO OPERATING COMPANY INC., RECORDED DECEMBER 29, 2000, AS INSTRUMENT NO. 00-2027298 OF OFFICIAL RECORDS OF SAID COUNTY, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF RAILROAD STREET, 60.00 FEET WIDE, DESCRIBED IN DEED RECORDED APRIL 30, 1964, AS INSTRUMENT NO. 1517, IN BOOK D2453, PAGE 676 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE, NORTH 84° 15' 00" WEST, 120.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 47.12 FEET TO THE EASTERLY LINE OF AZUSA AVENUE, 120.00 FEET WIDE, AS SHOWN ON PARCEL MAP NO. 113, RECORDED IN BOOK 91, PAGE 51, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE TANGENT TO THE LAST CURVE AND ALONG SAID EASTERLY LINE, NORTH 05° 45' 00" EAST, 73.73 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 1440.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 01° 50' 51", AN ARC DISTANCE OF 46.44 FEET TO ITS INTERSECTION WITH THE NORTHERLY LINE OF SAID TOSCO OPERATING COMPANY INC. PARCEL; THENCE ALONG SAID NORTHERLY LINE, SOUTH 84° 15' 00" EAST, 149.25 FEET TO THE EASTERLY LINE OF SAID PARCEL; THENCE ALONG SAID EASTERLY LINE, SOUTH 05° 45' 00" WEST, 150.20 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ONE-HALF OF ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES THAT MAY BE PRODUCED IN, UNDER OR UPON SAID LAND BUT WITHOUT THE RIGHT TO LOCATE DRILLING RIG, OR RIGS WITHIN 100 FEET OF ANY IMPROVEMENTS THEREON AT THE TIME OF DRILLING, AS RESERVED IN THE DEED FROM BESSIE ISRAEL, A WIDOW, AND EDITH E. SERCOMBE, A MARRIED WOMAN, EACH AS TO AN UNDIVIDED ONE-HALF INTEREST, RECORDED FEBRUARY 09, 1955 IN BOOK 46858, PAGE 390 OF OFFICIAL RECORDS.

APN: 8264-025-911

EXHIBIT “C”

RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this “**Agreement**”) is made and entered into as of _____, 2015, by the **SUCCESSOR CITY OF INDUSTRY**, a public body, corporate and politic (herein called “**Grantor**”), and **CT CHESTNUT LLC**, a Delaware limited liability company (herein called “**Grantee**”).

W I T N E S S E T H:

WHEREAS, Grantor is the owner of the real property more particularly described on Exhibit A, which exhibit is attached hereto and incorporated herein by reference (herein called the “**Property**”);

WHEREAS, concurrently with the execution of this Agreement, Grantor and Grantee contemplate entering into a Purchase Agreement related to the Property (the “**Purchase Agreement**”);

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of undertaking tests, inspections and other due diligence activities (herein called the “**Due Diligence Activities**”) in connection with the proposed acquisition by Grantee of the Property;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee’s entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

(a) Subject to Grantee’s compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the expiration of the Due Diligence Period (as defined in the Purchase Agreement); or (ii) the earlier termination of this Agreement, Grantee and Grantee’s agents, employees, contractors, representatives and other designees (herein collectively called “**Grantee’s Designees**”) shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee’s Designees onto the

Property in connection with the Due Diligence Activities shall not materially damage the Property in any manner whatsoever or disturb or interfere with the rights or possession of any tenant on the Property, (ii) in the event the Property is materially altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to substantially the same condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys' fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee's Designees onto the Property; provided, however, that in no event shall Grantee be liable for any liabilities, damages, losses, costs or expenses of any kind or nature that relate, directly or indirectly, to (y) consequential or punitive damages; or (z) matters that are merely discovered, but not exacerbated, by Grantee. Notwithstanding any provision of this Agreement to the contrary, Grantee shall not have the right to undertake any invasive activities or tests upon the Property, or any environmental testing on the Property beyond the scope of a standard "Phase I" investigation, without the prior written consent of Grantor of a workplan for such "Phase II" or invasive testing. If Grantor does not respond or reject any workplan within ten (10) days of Grantee's delivery of the written workplan proposal to Grantor pursuant to the notice provisions of this Agreement, then Grantor shall be deemed to have approved the submitted workplan and Grantee may proceed with such testing. If Grantor rejects such proposed workplan in whole or in part, then this Agreement shall become null and void at the sole option of Grantee, which option must be exercised by Grantee's giving Grantor written notice on or before the expiration of the Due Diligence Period, as defined in the Purchase Agreement.

2. Lien Waivers. Upon receipt of a written request from Grantor, Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. Grantee hereby indemnifies Grantor from and against any claims or demands for payment, or any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

3. Insurance. Grantee shall, and shall cause all of Grantee's Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than One Million Dollars (\$1,000,000.00), and to deliver to Grantor a certificate of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

4. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

5. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

6. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or shall be sent by nationally recognized commercial courier for next business day delivery, to the addresses set forth below the respective executions of the parties hereof, or to such other addresses as are specified by written notice given in accordance herewith, or shall be transmitted by facsimile to the number for each party set forth below their respective executions hereof, or to such other numbers as are specified by written notice given in accordance herewith. All notices, demands, or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier as hereinabove provided shall be deemed given on the date of deposit with the commercial courier; and those given by facsimile shall be deemed given on the date of facsimile transmittal. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address or facsimile number of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery, on the date of facsimile transmittal, on the first calendar day after deposit with commercial courier, or on the third calendar day following deposit in the United States Mail, as the case may be.

7. Assignment. This Agreement may be assigned by Grantee, in whole or in part.

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

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

10. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, all the day and year first written above.

GRANTEE:

CT CHESTNUT LLC,
a Delaware limited liability company

By: CT Realty Corporation,
a California corporation, its Manager

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address for notices: CT Chestnut LLC
c/o CT Realty Corporation
65 Enterprise, Suite 150
Aliso Viejo, California 92656
Attention: Michael W. Traynham
Facsimile: (949) 330-5571

(Signatures continued)

GRANTOR:

CITY OF INDUSTRY

By: _____

Name: Mark D. Radecki

Title: Mayor

Address for notices: City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Paul Philips, City Manager
Telephone: (626) 333-1480
Facsimile: (626) 336-4273

With a copy to: Casso & Sparks, LLP
Post Office Box 4131
West Covina, CA 91791
Attn.: James M. Casso, Esq.
Telephone: (626) 512-5470

Exhibit A

LEGAL DESCRIPTION OF THE PROPERTY

(Attached.)

EXHIBIT "A"

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BEGINNING AT THE SOUTHEAST CORNER OF THAT CERTAIN PARCEL 2, DESCRIBED IN QUITCLAIM DEED TO TOSCO OPERATING COMPANY INC., RECORDED DECEMBER 29, 2000, AS INSTRUMENT NO. 00-2027298 OF OFFICIAL RECORDS OF SAID COUNTY, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF RAILROAD STREET, 60.00 FEET WIDE, DESCRIBED IN DEED RECORDED APRIL 30, 1964, AS INSTRUMENT NO. 1517, IN BOOK D2453, PAGE 676 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE, NORTH 84° 15' 00" WEST, 120.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 47.12 FEET TO THE EASTERLY LINE OF AZUSA AVENUE, 120.00 FEET WIDE, AS SHOWN ON PARCEL MAP NO. 113, RECORDED IN BOOK 91, PAGE 51, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE TANGENT TO THE LAST CURVE AND ALONG SAID EASTERLY LINE, NORTH 05° 45' 00" EAST, 73.73 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 1440.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 01° 50' 51", AN ARC DISTANCE OF 46.44 FEET TO ITS INTERSECTION WITH THE NORTHERLY LINE OF SAID TOSCO OPERATING COMPANY INC. PARCEL; THENCE ALONG SAID NORTHERLY LINE, SOUTH 84° 15' 00" EAST, 149.25 FEET TO THE EASTERLY LINE OF SAID PARCEL; THENCE ALONG SAID EASTERLY LINE, SOUTH 05° 45' 00" WEST, 150.20 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ONE-HALF OF ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES THAT MAY BE PRODUCED IN, UNDER OR UPON SAID LAND BUT WITHOUT THE RIGHT TO LOCATE DRILLING RIG, OR RIGS WITHIN 100 FEET OF ANY IMPROVEMENTS THEREON AT THE TIME OF DRILLING, AS RESERVED IN THE DEED FROM BESSIE ISRAEL, A WIDOW, AND EDITH E. SERCOMBE, A MARRIED WOMAN, EACH AS TO AN UNDIVIDED ONE-HALF INTEREST, RECORDED FEBRUARY 09, 1955 IN BOOK 46858, PAGE 390 OF OFFICIAL RECORDS.

APN: 8264-025-911

EXHIBIT “D”

BILLBOARD LEASE

[Attached]

M&P OUTDOOR ADVERTISING, LLC

42 Via Paradiso

Henderson, Nevada 89011

Telephone: (702) 566-7473 -- Fax: (702) 566-7481

City: Industry State: California Date

1. The undersigned Lessor hereby Leases exclusively to M&P OUTDOOR ADVERTISING (Lessee) subject to cancellation by either party only as herein provided the use of the following described premises and full right of access to the premises for the purpose of maintaining printed or illuminated advertising signs (14x48' sign face) including necessary structures, devices and connections:

APN: 8264-025-002

LOCATION: Azusa Blvd & Railroad Street N.E.

Situated in the City of Industry, County of Los Angeles, State of California for a period of Ten (10) years from date construction of the sign structure is completed.

2. The consideration shall be One Thousand Dollars (\$1000.00) per month per face, payable by Lessee monthly in advance, commencing the first day of each month after the sign is constructed.
3. Lessee shall save the Lessor harmless from all damage to persons or property by reason of accidents resulting from the negligent acts of its agents, employees or others employed in the construction, maintenance, repair or removal of its signs on the premises.
4. Lease shall continue in full force and effect for its term and thereafter on a month-to-month basis until terminated by either party giving 30 days' written notice thereof. If this Lease is for a portion of land which is unimproved, Lessor shall have the right to terminate the Lease at any time during the period of this Lease if the Lessor is to improve the unimproved property by erecting thereon a permanent private commercial or residential building and Lessee's sign structure would interfere with placing of same, Lessee shall remove its signs within thirty (30) days after receipt of a copy of the applicable building permit, but only if in addition it has been paid in full at the time notice of building is given and the consideration described in the sentence which follows immediately is paid. The Lessor will upon giving such notice of commencement of construction, return to the Lessee all rent paid for the unexpired term plus the total cost of the construction and the removal of Lessee's signs, less 1/60th of such cost for each full month of this Lease prior to the notice of termination. If the Lessor fails to commence the erection of the private commercial or residential building within ninety (90) days after Lessee removes its signs, Lessee shall again have the right to occupy the premises and maintain advertising signs subject to the provisions of this Lease. If any portions of the property are not to be utilized for such building, the Lessee has the option to relocate its signs on the remaining portion on the same terms. At the expiration of the full term of this Lease, Lessor shall not have any obligation to pay compensation of any nature to Lessee.
5. If the view of the property or advertising sign or signs is partially or wholly obstructed, or the advertising value impaired or diminished by reduced vehicular circulation, or the use of such sign or signs is prevented or restricted by law or if permits are not obtained or once obtained, canceled or revoked, the Lessee may immediately at its option either reduce rental in direct proportion to the diminution in value as a result of such obstruction, impairment, prevention or restriction of use, or cancel this agreement and receive all rent paid for the unexpired term of this Lease, by giving the Lessor notice in writing of such obstruction, impairment, prevention or restriction of use.
6. Lessor agrees that he, his tenants, agents, employees, or any other persons acting in his behalf, shall not place or maintain any object on the property or on any neighboring property which would in any way wholly or partially obstruct the view of Lessee's sign structures. If such obstruction occurs the Lessee has the option of requiring the Lessor to remove said obstruction, or the Lessee may itself remove the obstruction charging the cost of said removal to the Lessor or the Lessee may reduce the rental herein paid to the sum of Five Dollars (\$5.00) per year so long as such obstruction continues.
7. The Lessee is and shall remain the owner of all signs, building permits, governmental approvals and improvements placed by it upon Lessor's property.
8. The Lessor represents that they are the owner of the above described property and has the authority to make this Lease and grant the rights herein provided.
9. The word "Lessor" as herein used shall include all "Lessors." This Lease is binding upon the heirs, assigns and successors of both the Lessor and Lessee.
10. In the event of any litigation to determine the rights of either party under this Lease or to construe the said Lease, or the obligations of either party in regard hereto, the prevailing party shall be entitled to reasonable attorney's fees and all court costs.
11. Lessee shall not be bound by any terms, conditions or oral representations made to Lessor by its officers, agents, or employees, unless the same are incorporated in this Lease.
12. The parties agree that in the event of any conflict between the printed form of this Lease and any rider or addendum hereto, the language contained in such rider or addendum shall govern and prevail.
13. The lessor will have the right of approval as to all advertising that includes nudity, profanity, or deemed lewd, crude or offensive.
14. Lessee will not display any advertising that is in direct competition with current or future tenants of Lessor.
15. Throughout the term of this Lease, Lessee shall maintain liability insurance with policy limits of not less than a combined single limit of Two Million Dollars (\$2,000,000.00) and naming Lessor as an additional insured.

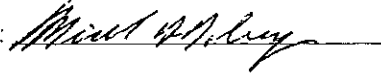
M&P OUTDOOR ADVERTISING, LLC

42 Via Paradiso

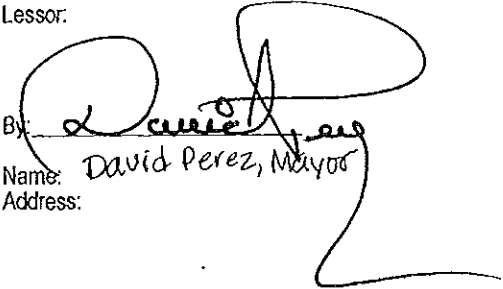
Henderson, Nevada 89011

Telephone: (702) 566-7473 -- Fax: (702) 566-7481

Accepted: M&P Outdoor Advertising, LLC
a California Limited Liability Company

By: 

Lessor:

By: 
Name: David Perez, Mayor
Address:

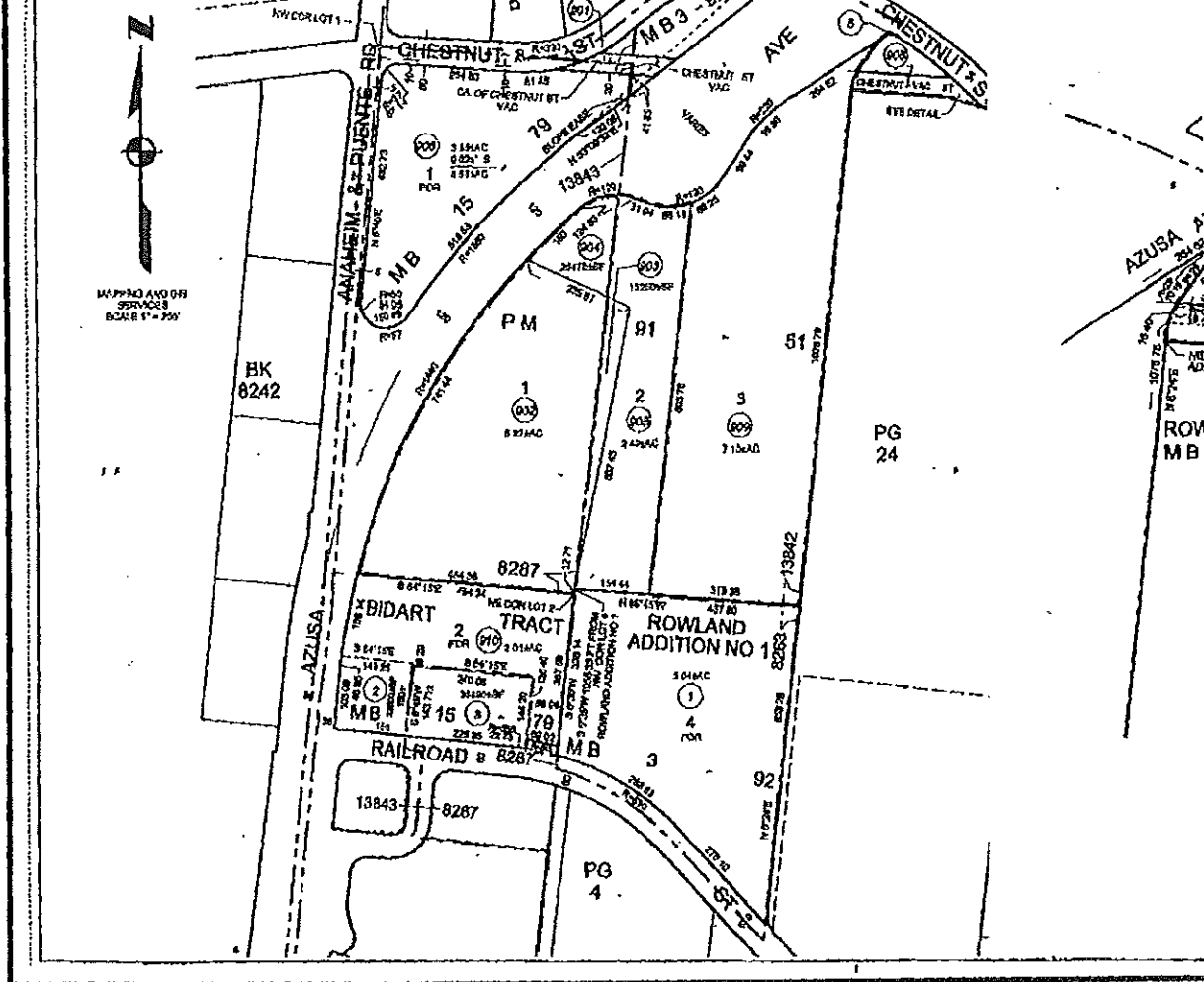
CITY OF INDUSTRY
P.O. Box 3366
City of Industry, CA 91744

View Enlarged Map

County of Los Angeles, Rick Auerbach, Assessor

8264	25 SHEET	P.A. 8264-4	TRA 8263 13843 8267	12842	REVISED 03101205025001-27 940814	200101240203001-27 200108250203004-27 200102260203001-27	200304080904004-27 2005031504012001-27 20051205
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2006



Addendum to Lease Agreement

Addendum to Lease Agreement by and between M & P Outdoor Advertising, LLC and the City of Industry, California regarding the property located at Azusa Avenue and Railroad Street N/E.

Paragraph 4 line 8 of the Lease Agreement is amended as follows:

removal of Lessee's sign not to exceed \$72,000.00, less 1/60th of such cost for each full month of this lease prior to the notice of termination.

Paragraph 5 line 3 of the following wording is deleted:

at its option either reduce rental in direct proportion to the diminution in value.

The following three paragraphs are added to the Lease Agreement:

1. Lessee shall arrange and pay for providing a supply of electrical power to the sign or signs and shall be responsible for the cost of all electrical power used in the construction, operation and maintenance of the sign or signs.
2. Lessee, at its own cost and expense, shall keep and maintain the sign or signs and all facilities appurtenant to the sign or signs in good order and repair and in as safe, clean and attractive condition as when erected, and shall promptly repair any damage to the sign or signs as a result of graffiti, vandalism, storms and weather, or other causes. If Lessee fails to do so for any period of 30 or more days after receipt from Lessor of a notice to maintain the sign or signs, then Lessor shall have the option to repair the sign or signs and recoup the costs from Lessee or to demolish and remove the sign or signs at Lessee's expense.
3. Lessee, at Lessee's own cost and expense, shall comply with the statutes, ordinances, regulations, and requirements of all governmental entities, whether Federal, State, County, or local relating to Lessee's use of the premises, whether those statutes, ordinances, regulations, or requirements are now in force or are yet to be enacted. The judgement of any court of competent jurisdiction, or the admission by Lessee in a proceeding brought against Lessee by any government entity, that Lessee has violated any such statute, ordinance, regulation, or requirement shall be conclusive as between Lessor and Lessee and shall be grounds for termination of this Agreement by Lessor.

Accepted:

M & P Outdoor Advertising, LLC
Lessee

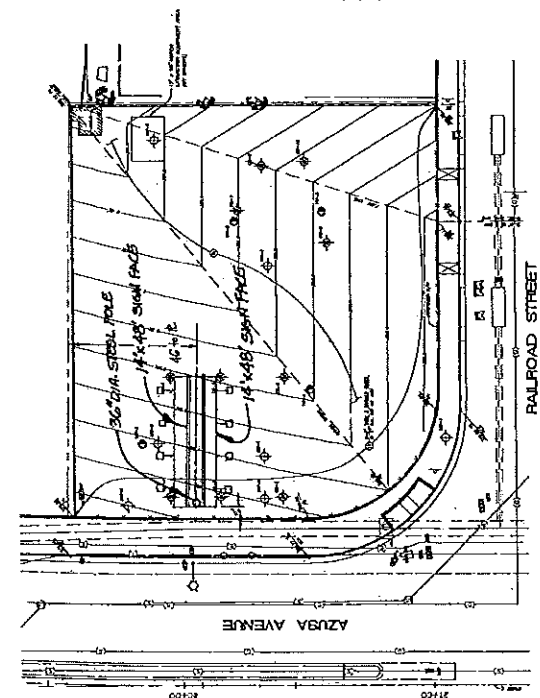
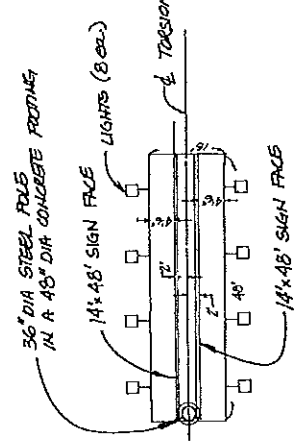
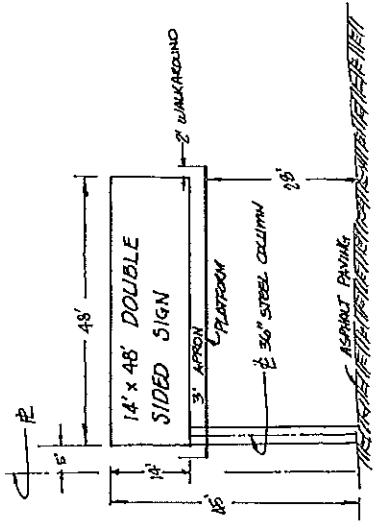
By: 

Date: 2/2/07

City of Industry
Lessor

By: 

Date: JAN 25 2007



- Legend symbols for LIGHTING, CONSTRUCTION MARKS, and POINTS.

PROPERTY ADDRESS:
465 Kansas Avenue
City of Industry, CA 91744

PLOT PLAN

NO.	DATE	REVISION	BY

JOB NO.: _____

DATE BY _____

SCALE: _____

NOTE: The plan showing the proposed asphalt paving over this parcel was prepared by CEC Engineering Inc. and is submitted for City Review at 100% Final Construction Plans. The location of the proposed paving should be verified.

CITY COUNCIL

ITEM NO. 6.3



CITY OF INDUSTRY

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

MEMORANDUM

To: City Council

November 5, 2015

From: Paul J. Philips, City Manager 

Staff: Brian James, Planning Director

Subject: Development Plan 15-18

Overview

Development Plan Application 15-18 is proposed by Sears, Roebuck and Company to change the existing Sears Auto Center into an in-line retail center with drive-thru at 1552 Azusa. Sections 17.36.020 and 17.36.100 of the Municipal Code require approval of a Development Plan by the City Council for new construction and expansions that exceed \$75,000. The proposed project has a valuation of approximately \$1,000,000.

Project Description

The existing 20,582 square foot Sears Auto Center includes an approximately 5,000 square foot office/sales/parts area on the southern end of the building, five double-loading maintenance bays, and a basement for storage. The Auto Center is located on an approximately 111,330 square foot site (2.6 acres) that is bound by Azusa Avenue, the entry at Pepper Brook Way, an unnamed mall driveway entry to the north, and the mall ring road. The project site is part of a larger 13.03 acre parcel (APN 8265-004-045) owned by Sears, Roebuck and Company and a smaller 77,536.8 square foot parcel (1.78 acres) that includes the entry road at Pepper Brook Way and parking area (APN 8265-004-039).

As shown on the site plan (Attachment 1), the building would be converted into a 20,621 square foot in-line retail center with five tenant suites and a drive-thru on the northern end of the building. The main entries for the tenants would be oriented to the west facing Azusa Avenue and south toward the entry road at Pepper Brook Way. Trash and recycling facilities for each tenant would be located on the eastern side of the building. Cars entering the drive-thru would queue and order on the east side of the building and pick-up orders on the northern side of the building. The basement would be used as storage and would not be accessed by the public.

The 2.6 acre project site currently includes 116 standard parking stalls. With the proposed project, parking would be reduced to 110 standard sized parking stalls (9'x19'). Existing landscaping would not be altered but new landscaping pockets would be added around the building. In total, there would be 14,320 square feet of landscaping on the site.

The façade would be remodeled from the existing stucco building with mansard roof (Attachment 2) to one that has leveled roof lines, variations in roof heights, and a variety of colors and materials including wood siding, stone veneer, and smooth stucco (Attachments 3 through 8). The store entries are highlighted by changes in materials or the use of canopies and trim caps. A pedestrian sidewalk would be constructed around the building that could accommodate outdoor seating on the western and southern sides of the building.

Location and Surroundings

As shown on the location map (Attachment 9), the project site is located on the west side of Azusa Avenue at 1552 Azusa Avenue within the Puente Hills Mall. The project site is located south of Krispy Kreme and United Pacific Bank. The project site is bound by Azusa Avenue, the entry at Pepper Brook Way, an unnamed mall driveway entry to the north, and the mall ring road. Residential uses in Los Angeles County are located to the west across Azusa Avenue.

Staff Analysis

Development Plan Application

The proposed development project is consistent with the Zoning (“C” – Commercial) and General Plan (Commercial) designations of the site and complies with the following development and design standards in Section 17.36, *Design Review*, of the Industry Municipal Code. Specifically, the project:

- Meets development standards. Chapter 17.36 includes standards regarding building height, setback, lot coverage, landscaping, and trash/recycling enclosures to which the proposed project complies.
- Meets design guidelines. Sections 17.36.060 A-J of the Municipal Code call for well-designed and coordinated buildings, walls, lighting, and landscaping. The building is well designed with a variety of colors and materials befitting of its location on Azusa Avenue and at an entry to the Puente Hills mall.
- Exceeds access requirements. Sections 17.36.060.K and N of the Municipal Code require a minimum driveway and drive-aisle width of 26 feet. The three existing driveways providing access from Pepper Brook Way and the mall ring road will remain and vary between 26 feet and 30 feet in width. Drive-aisle widths of 26 to 40 feet are proposed to provide internal circulation.

Staff recommends that the City Council approve Development Plan 15-18 based on the following findings:

- The Property is suitable for development in accordance with the Development Plan because the Property has already been developed in accordance with requirements of the City’s Code, and the Property is designated as Commercial in the General Plan and zoned Commercial, which are consistent with and allow for the proposed building remodel; and
- The total development is arranged so as to avoid traffic congestion, ensure the public health, safety and general welfare or prevent adverse effects upon neighboring properties because the addition is a negligible expansion of an existing use that will not increase traffic congestion, existing driveways access from Azusa Avenue will not be altered and will continue to serve the project. There are no known natural or reported man-made hazards, and the modified building will be updated to meet current building, electrical, plumbing,

mechanical, and fire codes and so will ensure public health, safety, and general welfare; and

- The development is in general accord with all elements of the Industry Zoning Ordinance because, with the approval of the Development Plan, the Project complies with development standards in regards to building setbacks, height, access, screening, and design; and
- The development is consistent with the provisions of the City's General Plan because is the Property is designated as Commercial, which allows for the improvement of commercial buildings; and
- The proposed project is exempt from the California Environmental Quality Act (CEQA) of 1970, as amended pursuant to Section 15301 (a) and a Notice of Exemption will be filed as described below.

Environmental Analysis

The proposed project is exempt from the California Environmental Quality Act (CEQA) and staff will file a Notice of Exemption (Attachment 10) upon approval per Section 15301 (a), which exempts interior and exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances. The proposed modification would convert an existing Sears Auto Center into an in-line retail center with five retail suites and a drive-thru and a new façade and would involve a negligible expansion of an existing use.

Recommendation

Because the Development Plan application proposes a project that complies with the development standards of the Municipal Code, does not pose a significant impact on the environment, and satisfies the above-mentioned findings, Staff recommends that the City Council adopt Resolution No. CC 2015-40 (Attachment 11) approving Development Plan No. 15-18 with the Standard Requirements and Conditions of Approval contained in the Resolution.

Attachments

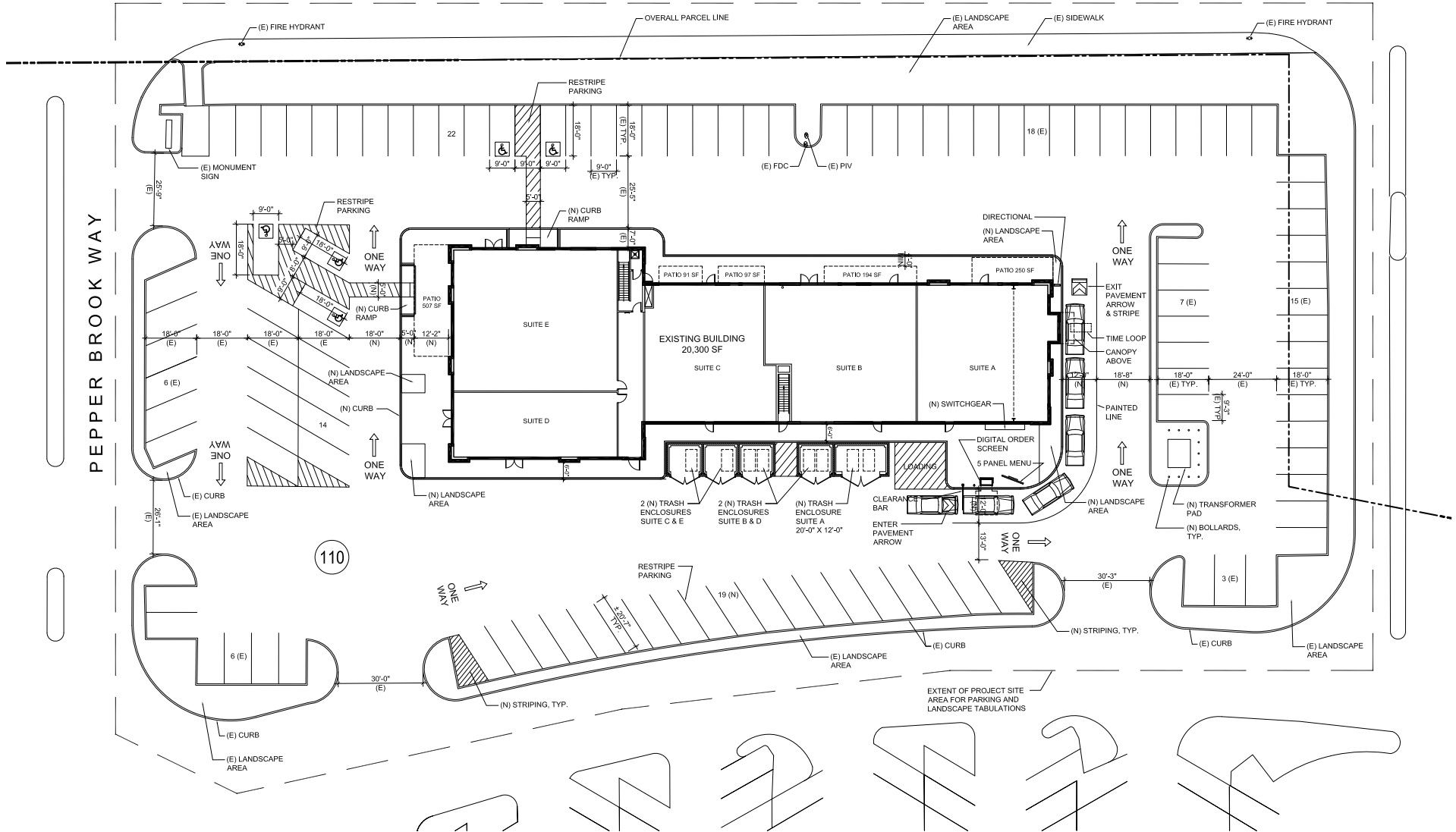
- Attachment 1: Site Plan
- Attachment 2: Existing Elevations
- Attachment 3: Proposed Elevations
- Attachment 4: Proposed Elevations
- Attachment 5: Rendering
- Attachment 6: Rendering
- Attachment 7: Rendering
- Attachment 8: Rendering
- Attachment 9: Location Map
- Attachment 10: Notice of Exemption
- Attachment 11: Resolution No. CC 2015-40

Attachment 1

Site Plan

DP 15-18 Site Plan

S. AZUSA AVENUE

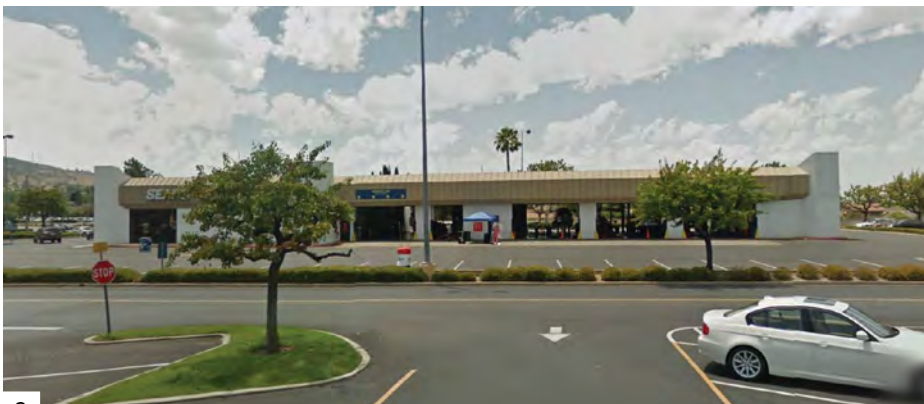


Attachment 2

Existing Elevations

DP 15-18

Existing Elevations



Attachment 3

Proposed Elevations

DP 15-18 Elevations



① WEST ELEVATION



② SOUTH ELEVATION

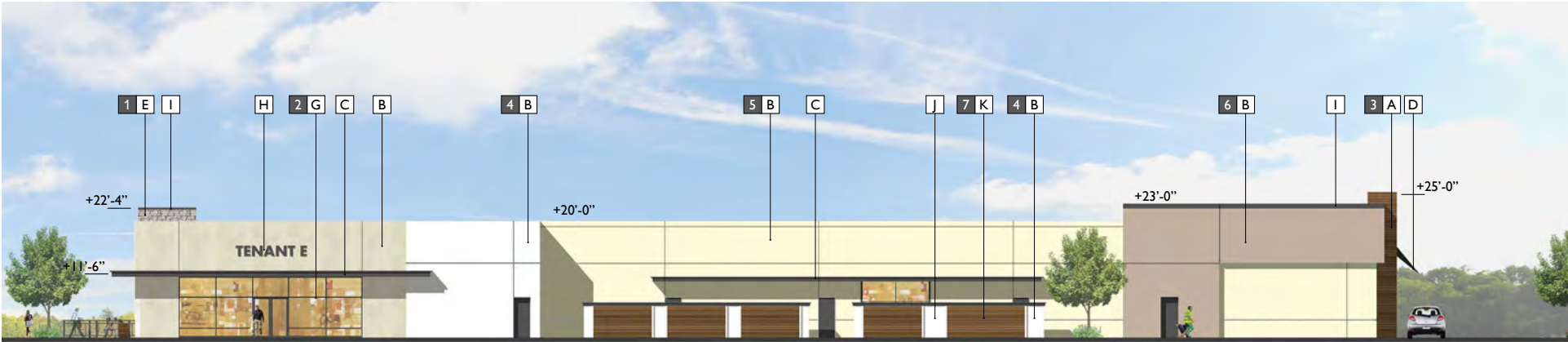
MATERIALS

A	WOOD SIDING/HARDIE BOARD
B	LIGHT SAND STUCCO FINISH
C	METAL EYEBROW
D	FABRIC CANOPY
E	STONE VENEER
F	PRECAST BASE
G	ALUMINUM STOREFRONT
H	TENANT SIGNAGE
I	COPING
J	TRASH ENCLOSURES
K	METAL DOORS

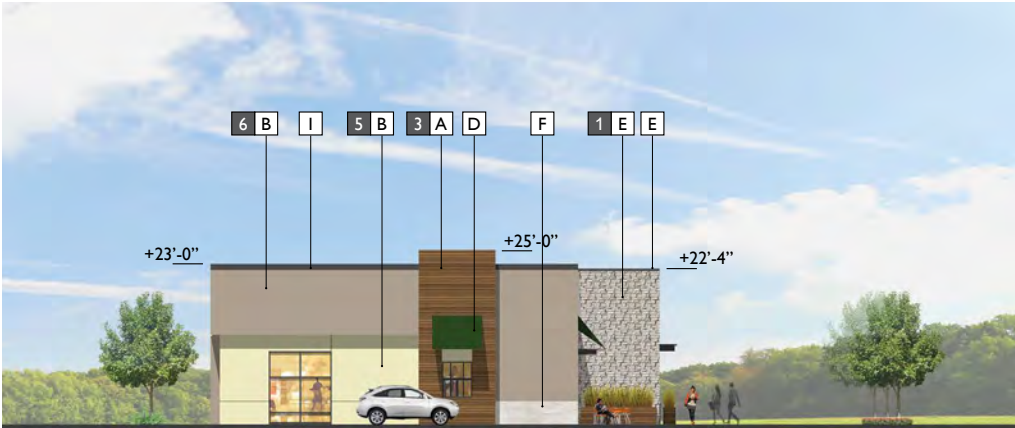
Attachment 4

Proposed Elevations

DP 15-18 Elevations



East Elevation



North Elevation

Attachment 5

Rendering

DP 15-18

Western Rendering



CONCEPTUAL RENDERING - VIEW 1

SEARS HOLDINGS CORPORATION

SEARS AUTO CENTER

CITY OF INDUSTRY, CA
STEP #150123
DATE 10.14.15

KTGY Group, Inc.
Architecture+Planning
17911 Von Karman Ave.
Irvine, CA 92614
949.851.2133



Attachment 6

Rendering

DP 15-18

Southwestern Rendering



CONCEPTUAL RENDERING - VIEW 3

SEARS HOLDINGS CORPORATION

SEARS AUTO CENTER

CITY OF INDUSTRY, CA
ESTD: 01/30/23
DATE: 10.14.15

KTGY Group, Inc.
Architecture+Planning
17911 Von Karman Ave.
Irvine, CA 92614
949.851.2133

⊕ PRI.3



Attachment 7

Rendering

DP 15-18 Northwestern Rendering



CONCEPTUAL RENDERING - VIEW 4

SEARS HOLDINGS CORPORATION

SEARS AUTO CENTER

CITY OF INDUSTRY, CA
ESTD: 01/30/23
DATE: 10.14.15

KTGY Group, Inc.
Architecture+Planning
17911 Von Karman Ave.
Irvine, CA 92614
949.851.2133

PRI.4

ktgy

Attachment 8

Rendering

DP 15-18

Western Rendering



CONCEPTUAL RENDERING - VIEW 2

SEARS HOLDINGS CORPORATION

SEARS AUTO CENTER

CITY OF INDUSTRY, CA
ESTD: 01/20/23
DATE: 10.14.15

KTGY Group, Inc.
Architecture+Planning
17911 Von Karman Ave.
Irvine, CA 92614
949.851.2133

⊕ PRI.2

ktgy

Attachment 9

Location Map

DP 15-18 Location Map



Attachment 10

Notice of Exemption

NOTICE OF EXEMPTION

To: County Clerk
County of Los Angeles
Environmental Filings
12400 East Imperial Highway #2001
Norwalk, CA 90650

From: City of Industry
15625 E. Stafford Street, Suite 100
City of Industry, CA 91744

Project Title: DP 15-18

Project Location - Specific: 1552 Azusa Avenue (APN 8265-004-045)

Project Location-City: City of Industry **Project Location-County:** Los Angeles

Description of Project: 15-18 is to change an existing 20,582 square foot Sears Auto Center into an in-line retail center with drive-thru.

Name of Public Agency Approving Project: City Council, City of Industry

Name of Person or Agency Carrying Out Project: KTG Y Group Inc. on behalf of Sears, Roebuck and Company

Exempt Status: *(check one)*

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. *State type and section number:* 15301 (a)
- Statutory Exemptions. *State code number:*

Reasons why project is exempt: The proposed project is exempt from the California Environmental Quality Act (CEQA) and staff will file a notice of exemption upon approval per Section 15301 (a), exempts interior and exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances. The proposed modification would convert an existing Sears Auto Center into an in-line retail center with five retail suites and a drive-thru and a new façade and would involve a negligible expansion of an existing use.

Lead Agency

Contact Person: Brian James

Telephone: (626)333-2211

Signature: _____

Date: _____

Title: Planning Director

Attachment 11

Resolution No. CC 2015-40

RESOLUTION NO. CC 2015-40

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA APPROVING DEVELOPMENT PLAN NO. 15-18 FOR THE REMODEL OF A RETAIL BUILDING LOCATED AT 1552 AZUSA AVENUE IN THE CITY OF INDUSTRY, CALIFORNIA, AND THE NOTICE OF EXEMPTION REGARDING SAME

RECITALS

WHEREAS, on October 19, 2015, KTG Y Group, Inc. on behalf of Sears, Roebuck and Company ("Applicant") filed a complete application requesting the approval of Development Plan ("DP") No. 15-18 described herein ("Application"); and

WHEREAS, the Application applies to an 13.03 acre property at 1552 Azusa Avenue, City of Industry, California, Assessor's Parcel Number 8265-004-045 ("Property"); and

WHEREAS, the Applicant desires to remodel an existing 20,582 square foot auto center into a 20,621 square foot in-line retail center with five suites and a drive-thru, within the "C"-Commercial Zone (the "Project"), and in accordance with Section 17.36.020 of the City's Municipal Code ("Code"), a Development Plan is required for this type of activity; and

WHEREAS, the Land Use Element of the General Plan designates the Property as Commercial. The Project is consistent with the General Plan as it would allow the remodel of a commercial building, similar to other properties in the same land use designation, and does not conflict with the established goals and objectives of the Land Use Element; and

WHEREAS, an Environmental Assessment form was submitted by the Applicant pursuant to the City's requirements. Based upon the information received and Staff's review and assessment, the Project was determined not to have a significant impact on the environment and is categorically exempt from the California Environmental Quality Act ("CEQA"), pursuant to Section 15301 (a), which exempts interior and exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances. The proposed modification would convert an existing Sears Auto Center into an in-line retail center with five retail suites and a drive-thru and a new façade and would involve a negligible expansion of an existing use; and

WHEREAS, on November 12, 2015, the City Council of the City of Industry conducted a duly noticed public meeting on the Application, and considered all testimony written and oral; and

WHEREAS, all legal prerequisites have occurred prior to the adoption of this Resolution.

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

SECTION 1: The City Council finds that all of the facts set forth in the Recitals are true and correct, and are incorporated herein by reference.

SECTION 2: All necessary public meetings and opportunities for public testimony and comment have been conducted in compliance with State law and the City's Code.

SECTION 3: Based upon independent review and consideration of the information contained in the Staff Report and the Notice of Exemption for Development Plan No. 15-18, the City Council hereby finds and determines that the Project will not result in or have a significant impact on the environment, because the project involves interior and exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances. The proposed modification would convert an existing Sears Auto Center into an in-line retail center with five retail suites and a drive-thru and a new façade and would involve a negligible expansion of an existing use. Therefore, the proposed project is categorically exempt from the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et seq.*), pursuant to Section 15301 (a). Based on these findings, the City Council adopts the Notice of Exemption and directs staff to file same as required by law.

SECTION 4: Based upon substantial evidence presented to the City Council during the November 22, 2015 public meeting, including public testimony and written and oral staff reports, the City Council finds as follows:

A. The Property is suitable for development in accordance with the Development Plan because the Property has already been developed in accordance with requirements of the City's Code, and the Property is designated as Commercial in the General Plan and zoned Commercial, which are consistent with and allow for the proposed building remodel; and

B. The total development is arranged so as to avoid traffic congestion, ensure the public health, safety and general welfare or prevent adverse effects upon neighboring properties because the addition is a negligible expansion of an existing use that will not increase traffic congestion, existing driveways access from Azusa Avenue will not be altered and will continue to serve the project. There are no known natural or reported man-made hazards and the modified building will be updated to meet current building, electrical, plumbing, mechanical, and fire codes and so will ensure public health, safety, and general welfare; and

C. The development is in general accord with all elements of the Industry Zoning Ordinance because, with the approval of the Development Plan, the Project

complies with development standards in regards to building setbacks, height, access, screening, and design; and

D. The development is consistent with the provisions of the City's General Plan because the Property is designated as Commercial, which allows for the improvement of commercial buildings.

E. Based on the foregoing, the City Council approves Development Plan No. 15-18, subject to the Conditions of Approval, attached hereto as Exhibit A, and incorporated herein by reference.

SECTION 5: The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 6: That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Industry at a regular meeting held on November 12, 2015 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk



CITY OF INDUSTRY

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

EXHIBIT A

Standard Requirements and Conditions of Approval

Application: Development Plan 15-18

Applicant: KTG Y Group, Inc. on behalf of Sears, Roebuck and Company

Location: 1552 Azusa Avenue

Conditions of Approval

Conditions of approval are unique provisions, beyond the requirements of law, the municipal code, or standard practices that are applied to a project by the City Council per Section 17.36.080 of the Zoning Code. Please note that if the design of your project or site conditions change, the conditions of approval may also change. If you have any questions regarding these requirements, please contact the City of Industry.

1. Prior to building final, the parking lot shall be resurfaced and restriped per the approved site plan.
2. High definition 24-hour time lapse security cameras shall be installed and properly maintained on the interior of the business at locations recommended by the Sheriff's Department capable of color recording and storing a minimum of 30 days of continuous video. The security cameras shall be in operation at all times when the business is operating. To the extent allowed by law, the establishment operators may be required to provide any tapes or other recording media from the security cameras to the Sheriff's Department. The exact location, quantity of all security cameras and type of security system shall be subject to approval by the Sheriff's Department prior to building final.
3. A Conditional Use Permit is required for alcohol, full-service restaurants, fast-food restaurants with more than 50 seats, and live entertainment per Industry Municipal Code Section 17.12.030.
4. Roof-top address numbers that would only be visible from the air shall be installed to assist air borne patrols. The numbering should be a minimum of 3 feet and of a color that contrasts with the roof. If applicable, addresses will include designators for individual tenant addresses, such as Unit A.
5. The basement area may not be used by the public or for commercial purposes.
6. Outdoor seating areas are limited to those areas depicted on the approved site plan. Any enclosures must be approved in advance by the Planning Department and must be designed to complement the materials, colors, and design of the building.

Code Requirements and Standards

The following is a list of code requirements and standards deemed applicable to the proposed project. The list is intended to assist the Applicant by identifying requirements that must be satisfied during the various stages of project permitting, implementation, and operation. It should be noted that this list is in addition to any "conditions of approval" adopted by the City Council and noted above. Please note that if the design of your project or site conditions change, the list may also change. If you have any questions regarding these requirements, please contact the City of Industry.

1. The approval expires twelve (12) months after the date of approval by the City Council if a building permit for each building and structure thereby approved has not been obtained within such period.
2. In conformance with Chapter 13.18 of the Municipal Code, the Applicant shall provide landscaping and automatic irrigation plans to be approved by the Planning Director prior to the issuance of a building permit. Such plans shall be in substantial conformity with the approved development plan.
3. The Applicant shall construct adequate fire protection facilities to the satisfaction of the Los Angeles County Fire Department.
4. All exterior surfaces of buildings and appurtenant structures shall be painted in accordance with the approved development plan.
5. Depending upon the nature of the proposed use, the Applicant shall obtain an Industrial Waste Permit or receive Domestic Wastewater Clearance from the City Engineer.
6. The Applicant shall provide off-street parking as shown on the approved development plan.
7. The Applicant shall supply sanitary sewer facilities to serve all buildings to the satisfaction of the City Engineer prior to the final approval of the development and hook-up of utilities. One sewer connection per parcel is permitted and, in the case of multiple units or buildings, all sewer lines must join together at the connection point.
8. The Applicant shall provide drainage and grading plans to be approved by the City Engineer prior to the issuance of a building permit. Such plans shall be in substantial conformity with the development plans.
9. The Applicant shall provide building plans to be approved prior to the issuance of a building permit. Such plans shall be in substantial conformity with the development plans. Building plans shall be submitted to and approved by the Los Angeles County Engineer's Office - Building and Safety Division prior to the issuance of a building permit. All development shall be completed in substantial compliance with the approved development plan.
10. Demolition and construction operations shall be limited to the hours prescribed by the Los Angeles County Noise Ordinance (Los Angeles County Municipal Code, Section 12.08.390).
11. No outdoor storage of any personal property, building materials, or other property not permanently affixed to the Property is allowed.

12. Should archeological resources be uncovered during site preparation, grading, or excavation, work shall be stopped for a period not to exceed 14 days. The find shall be immediately evaluated for significance by a county-certified archaeologist. If the archaeological resources are found to be significant, the archaeologist shall perform data recovery, professional identification, radiocarbon dates as applicable, and other special studies; submit resources to the California State University Fullerton; and provide a comprehensive final report including appropriate records for the California Department of Parks and Recreation (Building, Structure, and Object Record; Archaeological Site Record; or District Record, as applicable).
13. Prior to Planning Final, all outstanding fees and invoices due to the City shall be paid in full. If requested by City Staff, the Applicant shall provide proof of payment.

Interpretation and Enforcement

1. The Applicant shall comply with all applicable code requirements, conditions of approval, laws, rules, and regulations applicable to the development of the project.
2. The Planning Director may interpret the implementation of each condition of approval and, with advanced notice, grant minor amendments to approved plans and/or conditions of approval based on changed circumstances, new information, and/or relevant factors as long as the spirit and intent of the approved condition of approval is satisfied. Permits shall not be issued until the proposed minor amendment has been reviewed and approved for conformance with the intent of the approved condition of approval. If the proposed changes are substantial in nature, an amendment to the original entitlement may be required pursuant to the provisions of Industry Municipal Code.

Indemnification and Hold Harmless Condition

1. The Applicant and each of its heirs, successors and assigns, shall defend, indemnify and hold harmless the City of Industry and its agents, officers, and employees from any claim, action or proceedings, liability cost, including attorney's fees and costs against the City or its agents, officers or employees, to attack, set aside, void or annul any approval of the City, including but not limited to any approval granted by the City Council and Planning Commission concerning this project. The City shall promptly notify the Applicant of any claim, action or proceeding and should cooperate fully in the defense thereof.

CITY COUNCIL

ITEM NO. 6.4



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

Date: November 12, 2015
To: The Honorable Mayor and Members of the City Council
From: Paul Philips, City Manager *Paul J. Philips*
Staff Support: Eric Scriven, City Financial Advisor

RECOMMENDED ACTION

That the City Council of the City of Industry (the "City") adopt:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY AUTHORIZING AND DIRECTING THE SALE OF NOT TO EXCEED \$380,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF INDUSTRY SENIOR SALES TAX REVENUE REFUNDING BONDS, SERIES 2015A AND \$90,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF INDUSTRY SUBORDINATE SALES TAX REVENUE BONDS, SERIES 2015B, APPROVING FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENTS, INDENTURES, CONTINUING DISCLOSURE AGREEMENTS, A PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENTS AND A LOAN AGREEMENT; AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

BACKGROUND

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

On April 5, 2005 the City issued and delivered its Taxable Sales Tax Revenue Bonds Issue of 2005 (the "2005 Sales Tax Revenue Bonds") in the aggregate principal amount of \$113,420,000 of which \$72,735,000 are outstanding and on April 8, 2008 the City issued and delivered its Sales Tax Revenue Bonds Issue of 2008 (the "2008 Sales Tax Revenue Bonds") (collectively, the "Prior

(collectively, the "Prior Bonds") in the aggregate principal amount of \$77,540,000 of which \$57,600,000 are outstanding. Additionally, on April 13, 2010 the City issued its 2010 Taxable Sales Tax Revenue Bonds (the "2010 Sales Tax Revenue Bonds") in the aggregate principal amount of \$45,380,000 of which \$36,665,000 are outstanding. Prior Bonds and 2010 Bonds were issued to finance various public capital improvements in the City. The 2005 Sales Tax Revenue Bonds and the 2008 Sales Tax Revenue Bonds are presently candidates for refunding. The 2010 Sales Tax Revenue Bonds are not presently a candidate for refunding.

RECOMMENDATIONS

City staff RECOMMENDS that the City issue its Senior Sales Tax Revenue Refunding Bonds, Series 2015 (Taxable) in an aggregate principal amount not to exceed \$380,000,000 (the "2015A Senior Bonds") on a negotiated basis to refund all of the outstanding Prior Bonds and raise additional proceeds to finance public capital improvements in the City. Current interest rates are such that a refinancing of the Prior Bonds achieves significant savings. Based upon redemption features of the 2010 Bonds, City staff RECOMMENDS that the 2010 Bonds not be refunded at this time.

Staff RECOMMENDS that the City utilize the current, highly favorable market interest rates to restructure the repayment of the Prior Bonds to a 35 year term through the issuance of the 2015A Senior Bonds and increase the annual payment from approximately \$20 million to \$23 million to secure maximum additional funds for public capital projects in the City. Given the most recent figures presented to City staff by its underwriter for the 2015A Senior Bonds, Stifel Nicolaus & Company, Incorporated, it is estimated that approximately \$450 million of the Bond Authorization will be utilized by the issuance of the 2015A Senior Bonds.

Additionally, City staff RECOMMENDS that Subordinate Sales Tax Revenue Bonds, Series 2015 (Taxable) (the "2015B Subordinate Bonds") be issued in an amount that utilizes the remainder of the Bond Authorization. Current figures presented by the underwriter suggest that the 2015B Subordinate Bond issuance will be approximately \$50 million par amount of bonds. Combined, it is estimated that the 2015A Senior Bonds and the 2015B Subordinate Bonds will raise approximately \$250 million of proceeds that can be used by the City for additional public capital projects.

The City, under the laws of the State of California and the Charter of City, including Sections 200 and 201 thereof, is permitted to loan funds to other governmental agencies, including the City of Industry Public Facilities Authority (the "Authority"). The Authority, pursuant to Section 6584 *et. seq.* of the Government Code and the powers granted to the Authority under the joint exercise of powers agreement under which it was formed, is authorized to purchase bonds issued by the City.

In light of the foregoing, it is further recommended by City staff that the Authority, through a loan from available City funds, purchase the 2015B Subordinate Bonds and receive market interest rates and terms from this investment. The payment of debt service, using Subordinate Sales Tax Revenues to repay the 2015B Subordinate Bonds will not have a

materially detrimental financial impact upon the City's General Fund. The recommended structure achieves the City's objective of securing the full amount of the Bond Authorization in this very low interest rate environment. Bond Counsel advises that this City loan to the Authority, which then purchases the 2015B Subordinate Bonds, is permitted under laws pertaining to such issuances.

RESOLUTION AND DOCUMENTS TO BE APPROVED

Approval of the attached **Resolution** will approve, as to form, various documents that provide for the security and source of repayment for the 2015A Senior Bonds and the 2015B Subordinate Bonds. The City will be obligated to pay the principal of and interest and premium (if any) on the 2015A Senior Bonds and 2015B Subordinate Bonds from a lien upon its Sales Tax Revenue receipts, amounts deposited in the Debt Service Account, debt service reserve account and other accounts established under each Bond's respective Trust Indenture.

The Resolution, if adopted, would authorize the execution and delivery of the following documents in connection with the 2015A Senior Bonds and 2015B Subordinate Bonds and approve certain continuing disclosure compliance procedures that would apply to all applicable issues of the City:

Indenture of Trust (2015A Senior Bonds) – Pursuant to the Indenture of Trust, U.S. Bank National Association will agree to serve as Trustee for the 2015A Senior Bonds, hold certain funds and accounts thereunder and pay when due the principal of and interest on the 2015A Senior Bonds.

Indenture of Trust (2015B Subordinate Bonds) – Pursuant to the Indenture of Trust, U.S. Bank National Association will agree to serve as Trustee for the 2015B Subordinate Bonds, hold certain funds and accounts thereunder and pay when due the principal of and interest on the 2015B Subordinate Bonds.

2015A Bond Purchase Agreement (2015A Senior Bonds) – Pursuant to the Bond Purchase Agreement between the City and Stifel, Nicolaus & Company, Incorporated, as underwriter, the City will make certain representations and agree to the final pricing terms when the 2015A Senior Bonds are sold. Under the Bond Purchase Agreement, the underwriter will agree to purchase all of the 2015A Bonds from the City at an established price, together with any premium or discount.

2015B Bond Purchase Agreement (2015B Subordinate Bonds) – Pursuant to the Bond Purchase Agreement between the City and the Authority, the City will make certain representations and agree to the final pricing terms when the 2015B Subordinate Bonds are sold. Under the Bond Purchase Agreement, the Authority will agree to purchase all of the 2015B Subordinate Bonds from the City at an established price, together with any premium or discount.

Loan Agreement – The Loan Agreement describes the terms of the loan from the City to the Authority in connection with the Authority’s purchase of the 2015B Subordinate Bonds from the City.

Continuing Disclosure Agreement (2015A Senior Bonds) – Pursuant to the Continuing Disclosure Agreement by and between the City and a dissemination agent to be named therein, as selected by the Mayor or his designee, or the Mayor Pro Tem, the City will be obligated to provide certain annual financial and operating information and notices of enumerated events to the Electronic Municipal Market Access (“EMMA”) website for purposes of complying with Rule 15c2-12 (“Rule 15c2-12”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended.

Continuing Disclosure Agreement (2015B Subordinate Bonds) – Pursuant to the Continuing Disclosure Agreement by and between the City and a dissemination agent to be named therein, as selected by the Mayor or his designee, or the Mayor Pro Tem, the City will be obligated to provide certain annual financial and operating information and notices of enumerated events to the Electronic Municipal Market Access (“EMMA”) website for purposes of complying with Rule 15c2-12 (“Rule 15c2-12”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended.

Preliminary Official Statement (2015A Senior Bonds) – The Preliminary and final Official Statements describe the terms of the 2015A Senior Bonds, including the security for repayment of the 2015A Senior Bonds, the prepayment provisions and other material information, statistics, and summaries from the Resolution and Trust Indenture that prospective purchasers of the 2015A Senior Bonds are likely to consider material in making an investment decision. The information, statistics, and summaries included in the Preliminary Official Statement have been provided and/or reviewed by City staff.

Official Statement (2015B Subordinate Bonds) – The Official Statements describes the terms of the 2015B Subordinate Bonds, including the security for repayment of the 2015B Subordinate Bonds, the prepayment provisions and other material information, statistics, and summaries from the Resolution and Trust Indenture that purchasers of the 2015B Subordinate Bonds are likely to consider material in making an investment decision. The information, statistics, and summaries included in the Official Statement have been provided and/or reviewed by City staff.

PROFESSIONAL SERVICES

Norton Rose Fulbright US LLP is serving as Bond Counsel and Disclosure Counsel in connection with the issuance, sale and delivery of the 2015A Senior Bonds and the 2015B Subordinate Bonds and NHA Advisors LLC is serving as municipal advisor in connection with the issuance, sale and delivery of the Bonds under professional services agreements are on file with the City Manager. These two firms, along with Stifel Nicolaus and Company, Incorporated

serving as underwriter, successfully executed the City of Industry Public Facilities Authority's Tax Allocation Refunding Bond transaction in July, 2015

FISCAL IMPACT

Approving the documents referenced above and the 2015A Senior Bonds and 2015B Subordinate Bonds will increase annual debt service, which is payable only from sales tax revenues, \$3 million (from \$20 million to \$23 million) and extend the term of repayment from January 1, 2027 to January 1, 2051.

SCHEDULE

If City Council approves the resolutions, it is expected that the bond structure for both the 2015A Senior and 2015B Subordinate Bonds will be finalized and the preliminary official statement for the 2015A Senior Bonds will be posted for potential bond investors' review within a day. Depending upon bond market conditions, expected pricing of the 2015A Senior Bonds would then occur on November 18, 2015 and closing would occur on or about December 3, 2015.

ATTACHMENTS

- A. Trust Indenture – 2015A Senior Bonds
- B. Trust Indenture – 2015B Subordinate Bonds
- C. Bond Purchase Agreement – 2015A Senior Bonds
- D. Bond Purchase Agreement – 2015B Subordinate Bonds
- E. Preliminary Official Statement – 2015A Senior Bonds
- F. Official Statement – 2015B Subordinate Bonds
- G. Loan Agreement
- H. Continuing Disclosure Agreement – 2015A Senior Bonds
- I. Continuing Disclosure Agreement – 2015B Subordinate Bonds
- J. Summary of 2015A Senior and 2015B Subordinate Bonds Cash Flows

ATTACHMENT A

INDENTURE OF TRUST

By and between

CITY OF INDUSTRY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of December 1, 2015

Relating to

\$_____

City of Industry
Senior Sales Tax Revenue Refunding Bonds
Series 2015A (Taxable)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of December 1, 2015 (this "Indenture"), by and between the CITY OF INDUSTRY (the "City"), a charter city and municipal corporation organized and existing under the Constitution and the laws of the State of California (the "State") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, organized and existing under the laws of the United States of America and having a corporate trust office in Los Angeles, California, as trustee for the Bonds (as defined herein) (the "Trustee," "2005 Trustee" and "2008 Trustee").

WITNESSETH:

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

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

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

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

WHEREAS, the City has previously issued its 2005 Taxable Sales Tax Revenue Bonds in the original aggregate principal amount of \$113,420,000 (the "2005 Bonds") under the provisions of the Bond Law and an Indenture of Trust, dated as of April 1, 2005 (the "2005 Indenture"), its 2008 Sales Tax Revenue Bonds in the original aggregate principal amount of \$77,540,000 (the "2008 Bonds" and, together with the 2005 Bonds, the "Refunded Bonds") under the provisions of the Bond Law and an Indenture of Trust, dated as of April 1, 2008 (the "2008 Indenture") and its 2010 Taxable Sales Tax Revenue Bonds (the "2010 Bonds") in the original aggregate principal amount of \$45,380,000 under the provisions of the Bond Law and an Indenture of Trust, dated as of April 1, 2010 (the "2010 Indenture");

WHEREAS, the City has determined to redeem the Refunded Bonds and finance Working Capital Expenditures and/or Project Costs (each as defined herein) by issuing an additional series of Sales Tax Revenue Bonds as Bonds hereunder;

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

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

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

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

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

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

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

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

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

“Bond Year” means each twelve-month period beginning on January 2 of each year and ending on January 1 of the following year. With respect to the Bonds, the first such Bond Year shall begin on the Closing Date and end on January 1, 2016.

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

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

“City” means the City of Industry, California.

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

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

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

“Defeasance Obligations” means:

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

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

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

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, or other similar electronic means of communication confirmed by writing or written transmission.

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

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

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

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

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

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

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

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

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

“Interest Payment Date” means January 1 and July 1, commencing July 1, 2016.

“Maximum Annual Debt Service” means, with respect to the Outstanding 2010 Bonds, Bonds or Parity Debt, the largest amount of principal (including principal coming due and payable by operation of mandatory sinking fund redemption) and interest coming due with respect to the Outstanding 2010 Bonds, Bonds or Parity Debt during the current or any future Bond Year.

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

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

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

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

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

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

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

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

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

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

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

(f) Repurchase obligations with a term not exceeding 30 days pursuant to a written agreement between the Trustee and either a primary dealer on the Federal Reserve reporting dealer list

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

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

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

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

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

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

(i) term must be limited to the final maturity of the Bonds;

(ii) moneys invested thereunder may be withdrawn without any penalty, premium, or charge on not more than two (2) Business Days' notice; provided, that such notice may be amended or cancelled at any time prior to the withdrawal date;

(iii) the agreement is not subordinated to any other obligations of the provider;

(iv) the agreement provides that the City in its sole discretion shall have the right to terminate such agreement if the provider's ratings are downgraded below the requirements set forth in this paragraph (k); and

(v) the City receives an opinion of counsel that such agreement is an enforceable obligation of the provider.

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

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

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

"Principal Payment Date" means January 1 of each year, commencing January 1, 2017, so long as any Bonds remain Outstanding hereunder.

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

"Project Fund" means the fund by that name established with the Trustee as provided in Section 3.3.

"Project Costs" means an expenditure for any land, improvements, facilities, equipment or other property of any nature whatsoever, that constitutes property for which the City is authorized to expend Sales Tax Revenues.

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

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

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

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

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

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

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

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

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

“State” means the State of California.

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

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

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

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

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

“Written Certificate” and **“Written Request”** of the City means a written certificate or written request signed in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.2, each such certificate or request shall include the statements provided for in Section 1.2.

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

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

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

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

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

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

Section 1.4 **Indenture Constitutes Contract.** In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the City, the Trustee and the Owners of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

ARTICLE II

THE BONDS

Section 2.1 **Authorization of Bonds.** The City hereby authorizes the issuance of the Bonds hereunder and under the Bond Law. The Bonds shall constitute limited obligations of the City. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full and timely payment of the principal of and interest on all such Bonds, subject to the covenants, provisions and conditions herein. For the purpose of providing moneys to redeem the Refunded Bonds, finance Working Capital Expenditures and finance Project Costs, the City hereby authorizes the issuance of an initial series of Bonds hereunder designated the “City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable).” The aggregate principal amount of Bonds which may be issued hereunder and Outstanding shall not exceed \$_____.

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

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

Maturity Date	Principal Amount	Interest Rate
	\$	%

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States

designated by such Owner. Principal of on any Bond shall be paid upon presentation and surrender thereof at maturity at the Principal Office. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months.

Each Bond shall be initially dated as of the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before June 15, 2016, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.3 **Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. The Trustee shall not be obligated to make any transfer of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount or maturity amount, as applicable, in an Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

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

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

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

With respect to the Bonds registered in the Bond Register in the name of the Nominee, neither the City nor the Trustee shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository (the

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

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

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

In the event of a reduction in aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, Depository in its discretion, (a) may request the City to prepare and issue a new Bond or (b) may make an appropriate notation on the Bond indicating the date and amounts of such reduction in principal, but in such event, the Bond Register maintained by the

Trustee shall be conclusive as to what amounts are outstanding on the Bond, except in the case of final maturity in which case the Bond must be presented to the Trustee prior to payment.

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

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

Section 2.6 **Form and Execution of Bonds.** The Bonds shall be issued substantially in the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture, and shall otherwise comply with the requirements of this Indenture. The Bonds shall be executed in the name and on behalf of the City with the manual or facsimile signature of its Mayor (or any duly authorized deputy to the Mayor) or the manual or facsimile signature of its City Manager, in each case, attested by the manual or facsimile signature of the Clerk (or any Assistant Clerk) of the City. Such Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the City before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though those who signed and attested the same had continued to be such officers of the City, and also any Bonds may be signed and attested on behalf of the City by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the City although at the nominal date of such Bonds any such Person shall not have been such officer of the City.

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

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

Section 2.8 **Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the City. If any

Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to it shall be given, the City, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a replacement Bond, the, Trustee may pay the same without surrender thereof upon receipt of the above-mentioned indemnity). The City may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the City and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

ARTICLE III

ISSUANCE OF BONDS AND PARITY BONDS; APPLICATION OF PROCEEDS

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

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

(a) \$_____ to the 2005 Trustee for redemption of the applicable Refunded Bonds pursuant to the 2005 Indenture.

(b) \$_____ to the 2008 Trustee for redemption of the applicable Refunded Bonds pursuant to the 2008 Indenture.

(c) \$_____ to the Project Fund to pay Working Capital Expenditures or Project Costs.

(d) \$_____ to the Reserve Fund to satisfy the Reserve Requirement.

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

Section 3.3 **Project Fund.** There is hereby established a fund to be known as the "Project Fund," which shall be held in trust by the Trustee. Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of Working Capital Expenditures or Project Costs. Before any payment from the Project Fund shall be made, the City shall file or cause to be filed with the Trustee, a Requisition of the City which shall be substantially in the form attached hereto as Exhibit B. The Trustee shall be entitled to rely on the representations of the City contained in such Requisition and shall not be required to independently verify the contents of such Requisition.

Within three (3) Business Days following receipt of each such Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Project Fund. Upon

the Written Request of the City accompanied by a Written Certificate of the City stating that all Working Capital Expenditures and Project Costs have been paid or provision made for their payment, any unexpended moneys in the Project Fund shall be transferred to the Debt Service Fund.

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

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

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

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

(c) The Sales Tax Revenues, as shown in audited financial statements for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Maximum Annual Debt Service on all 2010 Bonds, Bonds and Parity Debt that will be Outstanding following the issuance of the Parity Debt.

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

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

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

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

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

the Principal Account, the Redemption Account or the Reserve Account which are established for the Bonds.

Section 3.6 **Issuance of Subordinate Debt.** The City may from time to time issue its bonds, notes or other obligations which are payable from Sales Tax Revenues, in such principal amount as the City may determine, provided that such bonds, notes or other obligations are unsecured or are secured by a pledge of or lien on any Sales Tax Revenues which is subordinate to the pledge and lien which secures the Bonds and any Parity Debt.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1 **Redemption.**

(a) **Optional Redemption.** The Bonds maturing on or after January 1, 20__ shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after January 1, 20__, in any order deemed reasonable by the City, and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

(b) **Mandatory Redemption.** The Term Bonds are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on January 1 in the respective years as set forth in the following table; provided, however, that if some but not all of the Term Bonds have been redeemed under subsection (a) of this Section, the total amount of all future sinking fund redemptions will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund redemption amounts on a *pro rata* basis in integral multiples of \$5,000 (as set forth in a schedule provided by the City to the Trustee).

**Sinking Fund Redemption Date
(January 1)**

**Principal Amount to be
Redeemed**

\$

If some but not all of the Term Bonds have been redeemed pursuant to mandatory or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future sinking account payment on a *pro rata* basis (as nearly as practicable) in Authorized Denominations, as shall be designated pursuant to a Written Certificate of the City submitted to the Trustee. In the event of any reductions in the amount of sinking account payments due as a result of some but not all of the Term Bonds being redeemed pursuant to optional redemptions, the City shall provide the Trustee with a revised schedule reflecting such reductions.

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

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

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

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

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

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

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS

Section 5.1 **Security for the Bonds; Equal Security.** For the security of the Bonds, the City hereby grants a first pledge of and lien on, and a security interest in, all of the Sales Tax Revenues on a parity with the pledge, lien and security interest which secures the 2010 Bonds, the Bonds and any Parity

Debt. Such pledge, lien and security interest are for the equal security of the 2010 Bonds, the Bonds and any Parity Debt without preference or priority for number, date of execution or date of delivery.

In addition, the Bonds (but not the 2010 Bonds or any Parity Debt) are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Interest Account, the Principal Account, the Reserve Account and the Redemption Account. Except for the Sales Tax Revenues and such other moneys, no funds of the City are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. Nothing herein prevents the City from paying principal of and interest and premium (if any) on the Bonds from any source of legally available funds of the City.

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

Section 5.2 **Deposit of Sales Tax Revenues; Transfer of Amounts to Trustee.** There is hereby established the “Sales Tax Revenues Fund,” which shall be held by the Trustee for the benefit of the Owners and the owners of the 2010 Bonds and any Parity Debt. The City shall promptly upon receipt deposit all Sales Tax Revenues received in the then current Fiscal Year into the Sales Tax Revenues Fund until amounts on deposit in the Sales Tax Revenues Fund are sufficient to pay the principal of and interest on the Outstanding Bonds, the outstanding 2010 Bonds and any outstanding Parity Debt coming due in the Bond Year beginning in that Fiscal Year and cure any deficiency in the Reserve Account, the reserve account for the 2010 Bonds or the reserve account for any Parity Debt, as applicable. On the date that either (i) amounts on deposit in the Sales Tax Revenues Fund are sufficient to pay the principal and interest on the Bonds, the 2010 Bonds and any Parity Debt coming due in the Bond Year beginning in that Fiscal Year and cure any deficiency in the Reserve Account, the reserve account for the 2010 Bonds or the reserve account for any Parity Debt, or (ii) is five Business Days prior to each January 1 or July 1, whichever is to occur first, the Trustee shall allocate, as appropriate, such amounts to the Debt Service Fund established pursuant to this Section 5.2 and to the trustees for the 2010 Bonds and any Parity Debt; *provided, however*, that if on the date that is five Business Days prior to any July 1 or January 1, there are insufficient amounts on deposit in the Sales Tax Revenues Fund to pay the entire amount of principal or interest coming due on such date for all of the Outstanding Bonds, the outstanding 2010 Bonds and the outstanding Parity Debt, then amounts in Sales Tax Revenues Fund shall be allocated on a *pro rata* basis based on the par amounts of the Outstanding Bonds, the outstanding 2010 Bonds and the outstanding Parity Debt. Notwithstanding anything herein to the contrary, the trustee for the Bonds, the 2010 Bonds and any Parity Debt and the 2015 Subordinate Bonds shall be the same financial institution.

There is hereby established a separate fund to be known as the “Debt Service Fund” which shall be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth herein, so long as any of the Bonds remain Outstanding. The Trustee will transfer Sales Tax Revenues from the Sales Tax Revenues Fund in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee with respect to the Bonds, in the following order of priority:

First *Interest Account.* On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Trustee will deposit in the Interest Account an amount

which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on that date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Second Principal Account. On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable at maturity or upon mandatory sinking fund redemption, the Trustee will deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds, including the principal amount of the Term Bonds which are subject to mandatory sinking fund redemption on that date under Section 4.1(b). The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

Third Reserve Account. The Trustee shall value the balance in the Reserve Account on each December 1. If the amount on deposit in the Reserve Account at any time falls below the Reserve Requirement, the Trustee will transfer an amount of available Sales Tax Revenues from the Sales Tax Revenues Fund sufficient to maintain the amount of the Reserve Requirement on deposit in the Reserve Account. The Trustee will apply amounts in the Reserve Account solely (i) for the purpose of making transfers to the Interest Account and the Principal Account, in that order of priority, on any date on which the principal of or interest on the Bonds is due and payable hereunder, if there is a deficiency at any time in any of such accounts, or (ii) at any time for the retirement of all the Outstanding Bonds at the Written Request of the City. So long as no Event of Default has occurred and is continuing, the Trustee shall withdraw any amount in the Reserve Account in excess of the Reserve Requirement no later than the 5th Business Day preceding each Interest Payment Date and deposit such amount in the Interest Account.

For purposes of determining the value of Permitted Investments credited to the Reserve Account, such Permitted Investments shall be valued at the lesser of the cost thereof (excluding accrued interest, if any) or the maturity value thereof.

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

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

Fifth Surplus Account. Any Sales Tax Revenues remaining following the transfers to the trustees for the 2010 Bonds and any Parity Debt and the deposits described in First, Second, Third and Fourth, if applicable, above shall be deposited into the Surplus Account. On January 2 of each year, commencing January 2, 2017, so long as no Event of Default under Section 7.1(a) or 7.1(b) has occurred and is continuing, the Trustee shall transfer any amounts on deposit in the Surplus Account to the trustee for the 2015 Subordinate Bonds, and amounts transferred in accordance with this Section shall constitute

“Subordinate Sales Tax Revenues” and shall be released from the pledge and lien which secures the Bonds.

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

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

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

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

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

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

meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

PARTICULAR COVENANTS

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

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

Section 6.3 **Compliance with Parity Debt Documents.** The City will faithfully observe and perform all of the conditions, covenants and requirements of the 2010 Indenture and the respective documents authorizing the issuance of any other Parity Debt. The City shall not take any action, or omit to take any action within its control, which constitutes or which with the passage of time if not cured would constitute an event of default under and within the meaning of the 2010 Indenture and the respective documents authorizing the issuance of any other Parity Debt.

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

Section 6.5 **Books and Accounts; Financial Statements; Additional Information.** The City shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries are made of all transactions relating to the Sales Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing. The City shall cause to be prepared annually,

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

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

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

Section 6.8 **Further Assurances.** The City will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

- (a) failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise;
- (b) failure to pay any installment of interest on the Bonds when due;
- (c) failure by the City to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of sixty (60) days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the City by the Trustee; provided, however, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 60-day period, such failure will not constitute an Event of Default if the City institutes corrective action within such 60-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time;
- (d) the occurrence of an Event of Bankruptcy with respect to the City; or
- (e) the occurrence and continuation of an event of default under and as defined in the 2010 Indenture or under any Supplemental Indenture authorizing the issuance of Parity Debt.

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

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

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

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

Section 7.3 **Application of Sales Tax Revenues and other Funds After Default.** All of the Sales Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

(a) First, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 8.6, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.

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

Section 7.4 **Trustee to Represent Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be

conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, any applicable Supplemental Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Sales Tax Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture, the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.5 **Owners' Direction of Proceedings.** The Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 7.6 **Limitation on Owners' Right to Sue.** No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Agreement, the Bond Law or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and the tender of indemnity shall have been made to, the Trustee.

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

manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

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

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

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

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

ARTICLE VIII

THE TRUSTEE

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

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any Co-Trustee shall be bound by the same standard of care, duties and obligations as the Trustee as if such Co-Trustee were the sole Trustee.

(b) The City may remove the Trustee at any time unless an Event of Default, or an event that with the passage of time or giving of notice would constitute an Event of Default, shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or

insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

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

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

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

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

Section 8.3 **Liability of Trustee.**

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

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds as determined pursuant to Section 11.12 hereof, at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

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

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

existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

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

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

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

Section 8.4 **Right to Rely on Documents.** The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be Bond Counsel or other counsel of or to the City, with regard to legal questions, and absent negligence or willful misconduct, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, the Trustee shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

Except as otherwise expressly provided in this Indenture, the Trustee shall not be bound to recognize any Person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

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

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

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

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

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.1 **Amendments Permitted.**

(a) *Amendment With Owner Consent.* This Indenture and the rights and obligations of the City and of the Owners may be modified or amended by the City and the Trustee upon a Written Request of the City at any time by the execution and delivery of a Supplemental Indenture, with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.12. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Owners. No such modification or amendment may:

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

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

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

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

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

(ii) to provide additional security for the Bonds;

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

(iv) to provide for the issuance of Parity Debt under Section 3.04, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.04; or

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

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

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

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

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

ARTICLE X

DEFEASANCE

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

- (a) by paying or causing to be paid the principal of and interest and premium, if any, on the Bonds or any portion thereof, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust (pursuant to an escrow agreement), at or before maturity, money or Defeasance Obligations in the necessary amount (as provided in Section 10.3) to pay or redeem all or any portion of the Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all or any portion of the Bonds then Outstanding.

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

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

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

Section 10.3 **Deposit of Money or Securities with Trustee.** Subject to Section 11.9 hereof, whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

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

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

Section 10.4 **Payment of Bonds After Discharge of Indenture.** Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds (other than amounts provided by Treasurer) and remaining unclaimed for two (2) years, after the principal of all of the Bonds has become due and payable, if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture and the applicable Supplemental Indenture, and all liability of the Trustee, as applicable, with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City as aforesaid, the Trustee shall at the Written Request of the City and at the cost of the City, mail, by first class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee, as applicable, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.1 **Liability of City Limited to Sales Tax Revenues.** Notwithstanding anything in this Indenture or in the Bonds contained, neither the City, nor any member thereof, shall be required to advance any moneys derived from any source other than the Sales Tax Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the City may,

but shall not be required to, advance for any of the purposes hereof any funds of the City which may be made available to it for such purposes.

Section 11.2 **Successor Is Deemed Included in All References to Predecessor.** Whenever in this Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

Section 11.4 **Insurance Policy Requirements. [to come if applicable]**

Section 11.5 **Destruction of Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the City of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and upon the Written Request of the City deliver a certificate of such destruction to the City.

Section 11.6 **Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.7 **Notices.** All notices or communications herein required or permitted to be given to the City or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by first-class mail, postage prepaid, or by Electronic Notice (provided that the Trustee shall also accept notice as provided in Section 8.04(h)) addressed as follows:

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

If to the Insurer: See Section 11.4

Section 11.8 **Waiver of Notice: Requirement of Mailed Notice.** Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.9 **Evidence of Rights of Owners.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the City if made in the manner provided in this Section.

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

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

Section 11.10 **Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.4 but without any liability for interest thereon.

Section 11.11 **Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12 **Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the City, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that

the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City, the Successor Agency or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.13 **Determination of Percentage of Owners.** Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Bonds Outstanding (including the Owners of a majority in aggregate principal amount of the Bonds Outstanding), such percentage shall be calculated on the basis of a principal amount of the Outstanding Bonds.

Section 11.14 **Payment on Non-Business Days.** If any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if payment had been made on such non-Business Day.

Section 11.15 **Waiver of Personal Liability.** No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.16 **No Liability of City.** Notwithstanding anything contained herein, the City shall not be required to risk, expend or advance any of its own funds or otherwise incur any financial liability hereunder or with respect to the Bonds, other than with respect to the Sales Tax Revenues. Any action against the City hereunder shall be limited to a writ of mandamus for specific performance of the covenant of the City set forth in Section 6.1. The City in no event shall be liable for any direct, consequential, indirect or punitive damages for its actions hereunder.

Section 11.17 **Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.18 **Governing Laws.** This Indenture shall be governed by and construed in accordance with the laws of the State.

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

CITY OF INDUSTRY

By: _____
Mayor

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

REGISTERED

REGISTERED

R - ____

\$ _____

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

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

\$ _____
CITY OF INDUSTRY
SENIOR SALES TAX REVENUE REFUNDING BONDS
SERIES 2015A (TAXABLE)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: *** _____ DOLLARS***

The CITY OF INDUSTRY (the “City”), for value received, hereby promises to pay (but only out of the Sales Tax Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns (the “Owner”), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated after a Record Date (as hereinafter defined) and on or prior to the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before **[June 15, 2016]**, in which event it shall bear interest from the Dated Date stated above) until payment of such Principal Sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each January 1 and July 1 (each an “Interest Payment Date”), commencing **[July 1, 2016]**. The principal hereof is payable upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the “Trustee”), in Los Angeles, California (or such other office designated by the Trustee, herein called the “Principal Office” of the Trustee). Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (the “Record Date”) at the address shown on the registration books maintained by the Trustee or, upon written request filed with the Trustee prior to the fifteenth (15th) day preceding the applicable

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

This Bond is one of a duly authorized issue of bonds of the City designated as the “City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the “Bonds”), in the aggregate principal amount of \$_____, all issued pursuant to the provisions of the City of Industry Sales Tax Revenue Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code as in effect on the Closing Date or as thereafter amended in accordance with its terms (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of December 1, 2015, by and between the City and the Trustee (the “Indenture”). The Bonds are issued pursuant to the Constitution and laws of the State of California.

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

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

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

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

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

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

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

The Indenture and the rights and obligations of the City and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided, that no such modification or amendment shall (1) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, without the consent of the owner hereof, or (2) reduce the percentage of Bonds the consent of the owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Sales Tax Revenues and other assets pledged as security for the Bonds prior to or on a parity with the lien created by the Indenture, or deprive the owners of the Bonds of the lien created by the Indenture on such Sales Tax Revenues and other assets (except as expressly provided in the indentures), without the consent of the owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

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

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

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

CITY OF INDUSTRY

By: _____
Mayor

ATTEST:

By: _____
Clerk

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee:

By: _____
Authorized Officer

STATEMENT OF INSURANCE

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

NOTE: The signature on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever

EXHIBIT B

FORM OF PROJECT FUND REQUISITION

REQUISITION NO. __

To: U.S. Bank National Association, as Trustee

Re: City of Industry Senior Sales Tax Revenue Refunding Bonds Series 2015A (Taxable)

The undersigned, on behalf of the City of Industry (the "City"), hereby requests payment, from the Project Fund for the Bonds identified above, the total amount shown on Schedule I attached hereto to the order of the payee or payees named on Schedule I. The payee(s), the purpose and the amount of the disbursement requested, are on Schedule I.

All capitalized terms used herein have the meanings given such terms in the Indenture of Trust, dated as of December 1, 2015 (the "Indenture"), by and between you and the City and relating to the above-captioned Bonds. The undersigned hereby certifies as follows:

1. No Event of Default has occurred and is continuing under the Indenture.
2. Each of the items for which payment is requested is authorized for payment under the Indenture and is a proper charge against the Project Fund.
3. None of the items for which payment is requested has been reimbursed previously from the Project Fund.

All payments made pursuant to this Requisition shall be made by check or wire transfer in accordance with payment instructions attached hereto and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof, other than in accordance with the provisions of the Indenture.

Dated: _____, 20__

CITY OF INDUSTRY

By: _____
Authorized Representative

SCHEDULE I

PAYEE

PURPOSE

AMOUNT

Total

ATTACHMENT B

INDENTURE OF TRUST

By and between

CITY OF INDUSTRY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of December 1, 2015

Relating to

\$_____

City of Industry
Subordinate Sales Tax Revenue Bonds
Series 2015B (Taxable)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of December 1, 2015 (this "Indenture"), by and between the CITY OF INDUSTRY (the "City"), a charter city and municipal corporation organized and existing under the Constitution and the laws of the State of California (the "State") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, organized and existing under the laws of the United States of America and having a corporate trust office in Los Angeles, California, as trustee for the Bonds (as defined herein) (the "Trustee" and "2005 Trustee").

WITNESSETH:

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

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

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

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

WHEREAS, the City has previously issued its 2005 Taxable Sales Tax Revenue Bonds in the original aggregate principal amount of \$113,420,000 (the "2005 Bonds") under the provisions of the Bond Law and an Indenture of Trust, dated as of April 1, 2005 (the "2005 Indenture"), its 2008 Sales Tax Revenue Bonds in the original aggregate principal amount of \$77,540,000 (the "2008 Bonds") under the provisions of the Bond Law and an Indenture of Trust, dated as of April 1, 2008 (the "2008 Indenture") and its 2010 Taxable Sales Tax Revenue Bonds (the "2010 Bonds") in the original aggregate principal amount of \$45,380,000 under the provisions of the Bond Law and an Indenture of Trust, dated as of April 1, 2010 (the "2010 Indenture");

WHEREAS, the City has determined to finance Working Capital Expenditures and/or Project Costs (each as defined herein) by issuing a series of Subordinate Sales Tax Revenue Bonds as "Bonds" hereunder;

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

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

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

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

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

“Authorized Denomination” means the denomination of \$100,000 or any integral multiple of \$5,000 thereof.

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

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

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

“Bond Year” means each twelve-month period beginning on February 2 of each year and ending on February 1 of the following year. With respect to the Bonds, the first such Bond Year shall begin on the Closing Date and end on February 1, 2016.

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

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

“City” means the City of Industry, California.

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

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

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

“Defeasance Obligations” means:

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

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

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

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, or other similar electronic means of communication confirmed by writing or written transmission.

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

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

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

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

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

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

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

“Interest Payment Date” means February 1 and August 1, commencing August 1, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) term must be limited to the final maturity of the Bonds;

(ii) moneys invested thereunder may be withdrawn without any penalty, premium, or charge on not more than two (2) Business Days' notice; provided, that such notice may be amended or cancelled at any time prior to the withdrawal date;

(iii) the agreement is not subordinated to any other obligations of the provider;

(iv) the agreement provides that the City in its sole discretion shall have the right to terminate such agreement if the provider's ratings are downgraded below the requirements set forth in this paragraph (k); and

(v) the City receives an opinion of counsel that such agreement is an enforceable obligation of the provider.

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

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

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

“Principal Payment Date” means February 1 of each year, commencing February 1, 2017, so long as any Bonds remain Outstanding hereunder.

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

“Project Fund” means the fund by that name established with the Trustee as provided in Section 3.3.

“Project Costs” means an expenditure for any land, improvements, facilities, equipment or other property of any nature whatsoever, that constitutes property for which the City is authorized to expend Subordinate Sales Tax Revenues.

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

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

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

“Reserve Requirement” means, as of the date of any calculation, an amount equal to the Maximum Annual Debt Service on the Bonds.

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

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

“Senior Bonds” means, collectively, the 2010 Bonds and the 2015 Bonds.

“Senior Bonds Trustee” means U.S. Bank National Association, or such other trustee as then serving as trustee for the Senior Bonds.

“State” means the State of California.

“Subordinate Sales Tax Revenues” means all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the State Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law that are released each year from the first lien provided to the Senior Bonds.

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

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

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

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

“Written Certificate” and **“Written Request”** of the City means a written certificate or written request signed in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.2, each such certificate or request shall include the statements provided for in Section 1.2.

“2015 Bonds” means the City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable).

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

Any such certificate or opinion made or given by an officer of the City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or a financial consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion

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

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

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

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

Section 1.4 **Indenture Constitutes Contract.** In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the City, the Trustee and the Owners of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

ARTICLE II

THE BONDS

Section 2.1 **Authorization of Bonds.** The City hereby authorizes the issuance of the Bonds hereunder and under the Bond Law. The Bonds shall constitute limited obligations of the City. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full and timely payment of the principal of and interest on all such Bonds, subject to the covenants, provisions and conditions herein. For the purpose of providing moneys to finance Working Capital Expenditures and finance Project Costs, the City hereby authorizes the issuance of an initial series of Bonds hereunder designated the "City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable)." The aggregate principal amount of Bonds which may be issued hereunder and Outstanding shall not exceed \$_____.

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM SUBORDINATE SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL

SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN THE SALES TAX) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN THE SALES TAX).

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

Maturity Date	Principal Amount	Interest Rate
	\$	%

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

Each Bond shall be initially dated as of the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before July 15, 2016, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.3 **Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. The Trustee shall not be obligated to make any transfer of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount or maturity amount, as applicable, in an Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 2.4 **Exchange of Bonds.** The Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount or maturity amount, as applicable, of Bonds of Authorized

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

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

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

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

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

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

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

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

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

Section 2.6 **Form and Execution of Bonds.** The Bonds shall be issued substantially in the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture, and shall otherwise comply with the requirements of this Indenture. The Bonds shall be executed in the name and on behalf of the City with the manual or facsimile signature of its Mayor (or any duly authorized deputy to the Mayor) or the manual or facsimile signature of its City Manager, in each case, attested by the manual or facsimile signature of the Clerk (or any Assistant Clerk) of the City. Such Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the City before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though those who signed and attested the same had continued to be such officers of the City, and also any Bonds may be signed and attested on behalf of the City by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the City although at the nominal date of such Bonds any such Person shall not have been such officer of the City.

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

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

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

ARTICLE III

ISSUANCE OF BONDS AND PARITY BONDS; APPLICATION OF PROCEEDS

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

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

- (a) \$_____ to the Project Fund to pay Working Capital Expenditures or Project Costs.
- (b) \$_____ to the Reserve Account to satisfy the Reserve Requirement.
- (c) \$_____ to the Costs of Issuance Fund to pay Costs of Issuance.

Section 3.3 **Project Fund.** There is hereby established a fund to be known as the “Project Fund,” which shall be held in trust by the Trustee. Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of Working Capital Expenditures or Project Costs. Before any payment from the Project Fund shall be made, the City shall file or cause to be filed with the Trustee, a Requisition of the City which shall be substantially in the form attached hereto as Exhibit B. The Trustee shall be entitled to rely on the representations of the City contained in such Requisition and shall not be required to independently verify the contents of such Requisition.

Within three (3) Business Days following receipt of each such Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Project Fund. Upon the Written Request of the City accompanied by a Written Certificate of the City stating that all Working Capital Expenditures and Project Costs have been paid or provision made for their payment, any unexpended moneys in the Project Fund shall be transferred to the Debt Service Fund.

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

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

- (a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.
- (b) The issuance of such Parity Debt has been authorized by at least 2/3 of the voters of the City as required by Section 18 of Article XVI of the California Constitution.
- (c) The Subordinate Sales Tax Revenues, as shown in audited financial statements for the most recent Fiscal Year for which audited financial statements are available, are at least equal to ____% of Maximum Annual Debt Service on all Bonds and Parity Debt that will be Outstanding following the issuance of the Parity Debt.
- (d) The Supplemental Indenture or other document authorizing the issuance of such Parity Debt must provide that:

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

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

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

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

Section 3.6 **Issuance of Subordinate Debt.** The City may from time to time issue its bonds, notes or other obligations which are payable from Subordinate Sales Tax Revenues, in such principal amount as the City may determine, provided that such bonds, notes or other obligations are unsecured or are secured by a pledge of or lien on any Subordinate Sales Tax Revenues which is subordinate to the pledge and lien which secures the Bonds and any Parity Debt.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1 **Redemption.**

(a) **Optional Redemption.** The Bonds shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date, in any order deemed reasonable by the City, and by lot within a maturity, at a redemption price equal to 105% of the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption.

(b) **Mandatory Redemption.** The Term Bonds are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on February 1 in the respective years as set forth in the following table; provided, however, that if some but not all of the Term Bonds have been redeemed under subsection (a) of this Section, the total amount of all future sinking fund redemptions will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund redemption amounts on a *pro rata* basis in integral multiples of \$5,000 (as set forth in a schedule provided by the City to the Trustee).

**Sinking Fund Redemption Date
(February 1)**

**Principal Amount to be
Redeemed**

\$

If some but not all of the Term Bonds have been redeemed pursuant to mandatory or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption

shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as practicable) in Authorized Denominations, as shall be designated pursuant to a Written Certificate of the City submitted to the Trustee. In the event of any reductions in the amount of sinking account payments due as a result of some but not all of the Term Bonds being redeemed pursuant to optional redemptions, the City shall provide the Trustee with a revised schedule reflecting such reductions.

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

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

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

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

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

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

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS

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

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

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

Section 5.2 **Deposit of Subordinate Sales Tax Revenues; Transfer of Amounts to Trustee.** The Trustee shall promptly deposit all Subordinate Sales Tax Revenues received from the Senior Bonds Trustee when received into the Debt Service Fund (defined below). The Trustee shall hold the Subordinate Sales Tax Revenues in trust for the benefit of the Owners and the owners of any Parity Debt, and will apply the Subordinate Sales Tax Revenues solely for the uses and purposes set forth herein so long as any of the Bonds remain Outstanding.

All Subordinate Sales Tax Revenues remaining on deposit with the Trustee on February 2 of each year, commencing February 2, 2017, after making the transfers previously required to be made by the Trustee under this Section 5.2, are released from the pledge and lien which secures the Bonds. The Trustee shall send any such remaining Subordinate Sales Tax Revenues to the City pursuant to a Written Request of the City.

There is hereby established a separate fund to be known as the "Debt Service Fund" which shall be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth herein, so long as any of the Bonds remain Outstanding. The Trustee shall transfer Subordinate Sales Tax Revenues (or other legally available amounts) in the following amounts at the following times, for deposit in the following respective special accounts within the Debt

Service Fund, which accounts are hereby established with the Trustee with respect to the Bonds, in the following order of priority:

First *Interest Account.* On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Trustee will deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on that date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Second *Principal Account.* On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable at maturity or upon mandatory sinking fund redemption, the Trustee will deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds, including the principal amount of the Term Bonds which are subject to mandatory sinking fund redemption on that date under Section 4.1(b). The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

Third *Reserve Account.* The Trustee shall value the balance in the Reserve Account on each December 1. If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time falls below the Reserve Requirement, the Trustee shall promptly notify the City of that fact. Upon receipt of any such notice, the City shall transfer to the Trustee an amount of available Subordinate Sales Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. The Trustee will apply amounts in the Reserve Account solely (i) for the purpose of making transfers to the Interest Account and the Principal Account, in that order of priority, on any date on which the principal of or interest on the Bonds is due and payable hereunder, if there is a deficiency at any time in any of such accounts, or (ii) at any time for the retirement of all the Outstanding Bonds at the Written Request of the City. So long as no Event of Default has occurred and is continuing, the Trustee shall withdraw any amount in the Reserve Account in excess of the Reserve Requirement no later than the 5th Business Day preceding each Interest Payment Date and deposit such amount in the Interest Account.

For purposes of determining the value of Permitted Investments credited to the Reserve Account, such Permitted Investments shall be valued at the lesser of the cost thereof (excluding accrued interest, if any) or the maturity value thereof.

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

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

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

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

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

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

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

The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee therefor. Upon the Written Request of the City, or as required for the purposes of the provisions of this Indenture, the Trustee shall sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

PARTICULAR COVENANTS

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

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

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

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

Section 6.5 **Books and Accounts; Financial Statements; Additional Information.** The City shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries are made of all transactions relating to the Subordinate Sales Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing. The City shall cause to be prepared annually, within nine months after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Subordinate Sales Tax Revenues and all disbursements thereof as of the end of such Fiscal Year. The City shall furnish a copy of

such statements, upon reasonable request, to the Trustee and any Owner. The Trustee has no duty to review any such financial statement.

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

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

Section 6.8 **Further Assurances.** The City will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

(a) failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise;

(b) failure to pay any installment of interest on the Bonds when due;

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

(d) the occurrence of an Event of Bankruptcy with respect to the City; or

(e) the occurrence and continuation of an event of default under and as defined under any Supplemental Indenture authorizing the issuance of Parity Debt.

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

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

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

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

Section 7.3 **Application of Subordinate Sales Tax Revenues and other Funds After Default.** All of the Subordinate Sales Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

(a) **First,** to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 8.6, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.

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

Section 7.4 **Trustee to Represent Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of

Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, any applicable Supplemental Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Subordinate Sales Tax Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture, the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.5 **Owners' Direction of Proceedings.** The Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 7.6 **Limitation on Owners' Right to Sue.** No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Agreement, the Bond Law or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and the tender of indemnity shall have been made to, the Trustee.

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

Section 7.7 **Absolute Obligation of City.** Nothing in this Indenture or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the

principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Subordinate Sales Tax Revenues and other assets herein pledged therefor and received by the City or the Trustee, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

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

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

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

ARTICLE VIII

THE TRUSTEE

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

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any Co-Trustee shall be bound by the same standard of care, duties and obligations as the Trustee as if such Co-Trustee were the sole Trustee.

(b) The City may remove the Trustee at any time unless an Event of Default, or an event that with the passage of time or giving of notice would constitute an Event of Default, shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.12 hereof (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing. Notwithstanding anything to the contrary herein, the Trustee shall be the same financial institution as the Senior Bonds Trustee.

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

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

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

Section 8.2 **Merger or Consolidation.** Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be

eligible under subsection (e) of Section 8.1, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.3 **Liability of Trustee.**

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

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds as determined pursuant to Section 11.12 hereof, at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

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

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

(f) The Trustee shall be under no obligation to institute any suit or take any remedial action under this Indenture, or to enter any appearance in or in any way defend any suit in which it may be made

defendant, or to take any steps in the execution of the trust hereby created or in the exercise of any rights or powers hereunder at the request, order, or direction of any Owners of Bonds or otherwise unless it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays and counsel fees and other disbursements, and against all liability not due to its negligence or willful misconduct, provided, however, that if the Trustee intends to rely on this Section 8.3(f) as a basis for non-action it shall so inform the Owners of the Bonds and the City as soon as possible.

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

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

Section 8.4 **Right to Rely on Documents.** The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be Bond Counsel or other counsel of or to the City, with regard to legal questions, and absent negligence or willful misconduct, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, the Trustee shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

Except as otherwise expressly provided in this Indenture, the Trustee shall not be bound to recognize any Person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

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

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

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

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

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.1 **Amendments Permitted.**

(a) *Amendment With Owner Consent.* This Indenture and the rights and obligations of the City and of the Owners may be modified or amended by the City and the Trustee upon a Written Request of the City at any time by the execution and delivery of a Supplemental Indenture, with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.12. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Owners. No such modification or amendment may:

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

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

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

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

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

(ii) to provide additional security for the Bonds;

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

(iv) to provide for the issuance of Parity Debt under Section 3.04, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.04; or

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

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

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

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

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

ARTICLE X

DEFEASANCE

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

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

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

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

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

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

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

Section 10.3 **Deposit of Money or Securities with Trustee.** Subject to Section 11.9 hereof, whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

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

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

Section 10.4 **Payment of Bonds After Discharge of Indenture.** Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds (other than amounts provided by Treasurer) and remaining unclaimed for two (2) years, after the principal of all of the Bonds has become due and payable, if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture and the applicable Supplemental Indenture, and all liability of the Trustee, as applicable, with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City as aforesaid, the Trustee shall at the Written Request of the City and at the cost of the City, mail, by first class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee, as applicable, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

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

Section 11.2 **Successor Is Deemed Included in All References to Predecessor.** Whenever in this Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

Section 11.4 **Reserved.**

Section 11.5 **Destruction of Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the City of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and upon the Written Request of the City deliver a certificate of such destruction to the City.

Section 11.6 **Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.7 **Notices.** All notices or communications herein required or permitted to be given to the City or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by first-class mail, postage prepaid, or by Electronic Notice (provided that the Trustee shall also accept notice as provided in Section 8.04(h)) addressed as follows:

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

Section 11.8 **Waiver of Notice: Requirement of Mailed Notice.** Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall

not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.9 **Evidence of Rights of Owners.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the City if made in the manner provided in this Section.

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

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

Section 11.10 **Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.4 but without any liability for interest thereon.

Section 11.11 **Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12 **Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the City, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City, the Successor Agency or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.13 **Determination of Percentage of Owners.** Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Bonds Outstanding (including the Owners of a majority in aggregate principal amount of the Bonds Outstanding), such percentage shall be calculated on the basis of a principal amount of the Outstanding Bonds.

Section 11.14 **Payment on Non-Business Days.** If any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if payment had been made on such non-Business Day.

Section 11.15 **Waiver of Personal Liability.** No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.16 **No Liability of City.** Notwithstanding anything contained herein, the City shall not be required to risk, expend or advance any of its own funds or otherwise incur any financial liability hereunder or with respect to the Bonds, other than with respect to the Subordinate Sales Tax Revenues. Any action against the City hereunder shall be limited to a writ of mandamus for specific performance of the covenant of the City set forth in Section 6.1. The City in no event shall be liable for any direct, consequential, indirect or punitive damages for its actions hereunder.

Section 11.17 **Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.18 **Governing Laws.** This Indenture shall be governed by and construed in accordance with the laws of the State.

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

CITY OF INDUSTRY

By: _____
Mayor

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

REGISTERED

REGISTERED

R - ____

\$ _____

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

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

\$ _____
CITY OF INDUSTRY
SUBORDINATE SALES TAX REVENUE BONDS
SERIES 2015B (TAXABLE)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: *** _____ DOLLARS***

The CITY OF INDUSTRY (the “City”), for value received, hereby promises to pay (but only out of the Subordinate Sales Tax Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns (the “Owner”), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated after a Record Date (as hereinafter defined) and on or prior to the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before July 15, 2016, in which event it shall bear interest from the Dated Date stated above) until payment of such Principal Sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each February 1 and August 1 (each an “Interest Payment Date”), commencing August 1, 2016. The principal hereof is payable upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the “Trustee”), in Los Angeles, California (or such other office designated by the Trustee, herein called the “Principal Office” of the Trustee). Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (the “Record Date”) at the address shown on the registration books maintained by the Trustee or, upon written request filed with the Trustee prior to the fifteenth (15th) day preceding the applicable

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

This Bond is one of a duly authorized issue of bonds of the City designated as the “City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) (the “Bonds”), in the aggregate principal amount of \$_____, all issued pursuant to the provisions of the City of Industry Sales Tax Revenue Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code as in effect on the Closing Date or as thereafter amended in accordance with its terms (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of December 1, 2015, by and between the City and the Trustee (the “Indenture”). The Bonds are issued pursuant to the Constitution and laws of the State of California.

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

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

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

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

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

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

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

The Indenture and the rights and obligations of the City and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided, that no such modification or amendment shall (1) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, without the consent of the owner hereof, or (2) reduce the percentage of Bonds the consent of the owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Subordinate Sales Tax Revenues and other assets pledged as security for the Bonds prior to or on a parity with the lien created by the Indenture, or deprive the owners of the Bonds of the lien created by the Indenture on such Subordinate Sales Tax Revenues and other assets (except as expressly provided in the indentures), without the consent of the owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

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

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

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

CITY OF INDUSTRY

By: _____
Mayor

ATTEST:

By: _____
Clerk

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee:

By: _____
Authorized Officer

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

NOTE: The signature on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever

EXHIBIT B

FORM OF PROJECT FUND REQUISITION

REQUISITION NO. __

To: U.S. Bank National Association, as Trustee

Re: City of Industry Subordinate Sales Tax Revenue Bonds Series 2015B (Taxable)

The undersigned, on behalf of the City of Industry (the "City"), hereby requests payment, from the Project Fund for the Bonds identified above, the total amount shown on Schedule I attached hereto to the order of the payee or payees named on Schedule I. The payee(s), the purpose and the amount of the disbursement requested, are on Schedule I.

All capitalized terms used herein have the meanings given such terms in the Indenture of Trust, dated as of December 1, 2015 (the "Indenture"), by and between you and the City and relating to the above-captioned Bonds. The undersigned hereby certifies as follows:

1. No Event of Default has occurred and is continuing under the Indenture.
2. Each of the items for which payment is requested is authorized for payment under the Indenture and is a proper charge against the Project Fund.
3. None of the items for which payment is requested has been reimbursed previously from the Project Fund.

All payments made pursuant to this Requisition shall be made by check or wire transfer in accordance with payment instructions attached hereto and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof, other than in accordance with the provisions of the Indenture.

Dated: _____, 20__

CITY OF INDUSTRY

By: _____
Authorized Representative

SCHEDULE I

PAYEE

PURPOSE

AMOUNT

Total

ATTACHMENT C

[**\$PAR AMOUNT**]
CITY OF INDUSTRY
SENIOR SALES TAX REVENUE REFUNDING BONDS
SERIES 2015A (TAXABLE)

PURCHASE CONTRACT

[_____, 2015]

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

Ladies and Gentlemen:

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

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of [**\$PAR AMOUNT**] in aggregate principal amount of the City’s Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the “**Bonds**”). The Bonds shall bear interest at the rates with the yields to maturity (or yields to the call date) and initial public offering prices, shall mature in the years and shall be subject to redemption as shown on Exhibit A hereto, which is incorporated herein by this reference. The Bonds shall otherwise be as described in the Indenture of Trust, dated as of December 1, 2015 (the “**Indenture**”), by and between the City and U.S. Bank National Association, as trustee (the “**Trustee**”) and the Official Statement (defined below).

The Underwriter shall purchase the Bonds at a price of [\$______], consisting of the aggregate principal amount of the Bonds in the amount of [**\$PAR AMOUNT**], [plus/less] [net] original issue [premium/discount] of [\$______], and less an Underwriter’s discount of [\$______].

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

2. **The Bonds.** The Bonds shall be dated as of their date of delivery and shall mature on January 1 in the years shown on Exhibit A hereto. Interest on the Bonds shall accrue from the date of delivery thereof and is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2016. The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be issued pursuant to and in accordance with (i) the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California; (ii) the Charter of the City (the "**Charter**"); (iii) the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the "**Bond Law**"); (iv) a vote of more than two-thirds of the voters of the City at an election held for that purpose on September 26, 2000 authorizing the issuance of up to \$500 million of bonds (the "**Bond Election**"); (v) a resolution adopted by the City Council on _____, 2015 (the "**Resolution**"); and (vi) the Indenture.

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

The proceeds of the sale of the Bonds are expected to be applied to (i) refund all of the City's outstanding 2005 Sales Tax Revenue Refunding Bonds and all of the City's outstanding 2008 Sales Tax Revenue Refunding Bonds (collectively, the "**Prior Bonds**"), (ii) finance certain improvements and expenditures of the City, (iii) fund a reserve account for the Bonds and (iv) pay certain costs of issuance of the Bonds.

The Bonds shall be payable from and secured by all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the State Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law (the "**Sales Tax Revenues**").

3. **Use of Documents.** The City hereby authorizes the Underwriter to use, in connection with the offering and sale of the Bonds, this Purchase Contract, the Preliminary Official Statement and the Official Statement (each as defined below), the Resolution, the Indenture and all information contained herein and therein and all of the documents, certificates

or statements furnished by the City to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

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

5. **Official Statement.** The City has caused to be drafted and previously delivered to the Underwriter a Preliminary Official Statement, dated November __, 2015 (including the cover page, the inside cover page, the appendices thereto, and any supplement or amendment thereof, the “**Preliminary Official Statement**”), relating to the Bonds. The City represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering prices, interest rates, yields to maturity or call date, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, redemption provisions, and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”) promulgated under the Securities Exchange Act of 1934, as amended (the “**Securities Exchange Act**”). The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds.

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

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

During the period ending on the 25th day after the End of the Underwriting Period (as defined below) (or such other period as may be agreed to by the City and the Underwriter), the City (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter (which shall

not be unreasonably withheld) and (ii) shall notify the Underwriter promptly if any event shall occur of which the City has knowledge, or information comes to the attention of the City, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the City shall prepare and furnish to the Underwriter, at the City's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the City and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the City also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement to the same extent as the City has represented with respect to the Official Statement in this Purchase Contract.

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

6. **Closing.** At 9:00 a.m., California Time, on December __, 2015, or at such other time or on such other date as shall have been mutually agreed upon by the City and the Underwriter (the “**Closing**”), the City will deliver the Bonds to the Underwriter through the facilities of DTC, and the City will deliver to the Underwriter the documents, opinions and certificates called for herein at the offices of Fulbright & Jaworski LLP in Los Angeles, California (“**Bond Counsel**” and “**Disclosure Counsel**”), or at such other time and place as the parties may mutually agree upon. The Bonds shall be delivered in book-entry form, duly executed and registered as provided in Section 2 above, and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the City.

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

A. The City is a charter City duly organized and validly existing under its Charter, the Constitution of the State of California and the laws of the State of California (the “**State**”), with the full legal right, power and authority (i) to issue the Bonds pursuant to the Charter, the Bond Act, the Bond Election and the Resolution; (ii) to enter into, execute and deliver this Purchase Contract, the Indenture, the Continuing Disclosure Agreement in the form appended to the Official Statement (the “**Continuing Disclosure Agreement**”), the Escrow Instructions, each dated as of December __, 2015 (the “**Escrow Instructions**”) from the City to U.S. Bank National Association, as trustee for the Prior Bonds; and (iii) to adopt to the Resolution and (iv) to refund the Prior Bonds.

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

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

D. To the best knowledge of the City, the issuance of the Bonds, and the execution, delivery and performance of the City Documents, and the compliance with the provisions thereof and hereof do not conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

E. As of the time of acceptance hereof, no action, suit, hearing or investigation is pending of which notice has been received by the City or, to the best knowledge of the City, threatened: (i) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or the entitlement of the officials of the City to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase

Contract, the other City Documents or the Resolution or contesting the powers of the City or its authority with respect to the City Documents; or (iii) in which a final adverse decision, ruling or finding could (a) materially adversely affect the operations of the City or the consummation of the transactions contemplated by this Purchase Contract or the Official Statement, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, (c) adversely affect the exemption of the interest paid on the Bonds from California personal income taxation or (d) materially adversely affect the Sales Tax Revenues.

F. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the City will not issue any bonds, notes or other obligations for borrowed money except for (i) credit extended to the City for purchases in the ordinary course of business and (ii) such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement or otherwise acknowledged in writing by the Underwriter. The City expects to issue [\$ _____] aggregate principal amount of its Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) (the “**Subordinate Bonds**”) concurrently with the issuance of the Bonds. The Subordinate Bonds shall be payable from and secured by Sales Tax Revenues on a basis subordinate to the Bonds.

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

H. In accordance with the requirements of the Rule, the City will enter into the Continuing Disclosure Agreement, upon or prior to the Closing of the sale of the Bonds, in which the City will undertake, for the benefit of the Owners of the Bonds, to provide certain information as set forth therein. The City, for the past five years, has not been in default with respect to any continuing disclosure obligation it has incurred prior to the date hereof in connection with the delivery or issuance of any debt instruments, bonds, notes or lease-purchase obligations, and has not failed, in the five years preceding the date hereof, to file annual reports or reports of specified events as required by the Rule and its previous continuing disclosure undertakings, except as may be disclosed in the Preliminary Official Statement.

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

incur any costs under this subsection, any such costs to be paid by the Underwriter).

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

K. The financial statements of, and other financial information regarding the City, contained in the Preliminary Official Statement and the Official Statement fairly represent the financial position and operating results of the City as of the dates and for the periods set forth therein. Since the date of the Preliminary Official Statement, there has been no adverse change of a material nature in such financial position, results of operation or condition, financial or otherwise, of the City. Except as otherwise described in the Preliminary Official Statement and the Official Statement, the City is not a party to any litigation or other proceeding pending of which it has received notice or, to its knowledge, threatened which, if decided adversely to the City, would have a materially adverse effect on the financial condition of the City, the Sales Tax Revenues or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds.

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

M. If the Official Statement is supplemented or amended pursuant to Section 5 of this Purchase Contract, at the time of each supplement or amendment thereto the City agrees to provide the Underwriter upon the Underwriter's request with a certificate dated the date of any such supplement or amendment stating that the Official Statement as so supplemented or amended (excluding therefrom information therein relating to DTC and the book-entry system, information under the caption "UNDERWRITING," the prices or yields of the Bonds and information contained in Appendix E) does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

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

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

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

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

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

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

(i) by or on behalf of any State authority, which would have the purpose or effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds (as applicable) in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that (a) the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), or (b) the Resolution or Indenture, or instruments of the general character of the Resolution or Indenture, are not exempt from qualification under the Trust Indenture Act of 1939 (the “**Trust Indenture Act**”);

(2) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters such as, and including, the Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information set forth in the Official Statement, or results in an omission to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or any event occurring or information becoming known, of a material nature, which would require or has resulted in an amendment of or supplement to the Official Statement;

(7) there shall have occurred since the date of this Purchase Contract any materially adverse change in the affairs or financial condition of the City, the Sales Tax Revenues, or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds;

(8) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing, including the Securities Act, the Securities Exchange Act and the Trust Indenture Act;

(9) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the Sales

Tax Revenues or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds;

(10) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(11) a downgrading or suspension of any rating (without regard to credit enhancement) by Standard & Poor's Financial Services LLC ("S&P") of the Bonds, or (ii) there shall have occurred or any notice shall have been given of any intended review, possible downgrade or any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by S&P of the Bonds.

E. At or prior to the date of the Closing, the Underwriter shall receive the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bond Counsel as to the validity of the Bonds, in substantially the form attached to the Official Statement as Appendix C, dated the date of Closing, addressed to the City;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in E(1) above to the same extent as if addressed to them;

(3) A supplemental opinion from Bond Counsel, addressed to the Underwriter and the City, to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement under the captions "THE BONDS" (excluding any and all information relating to The Depository Trust Company and its book-entry system), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "CONTINUING DISCLOSURE" and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Bonds, the Resolution, the Indenture, the Continuing Disclosure Agreement and the approving opinion of Bond Counsel, are true and correct in all material respects;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Agreement, the Escrow Instructions and the Purchase Contract have each been duly authorized, executed and delivered by the City and constitute legal, valid and binding agreements of the City and are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by

bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(4) A defeasance opinion of Bond Counsel with respect to the Prior Bonds, addressed to the City;

(5) A certificate signed by the Mayor of the City to the effect that (i) such officer is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the City herein are true and correct as of the date of Closing, (iii) the City has taken all actions required to be taken by it in order to authorize the issuance and delivery of the Bonds and has complied with all the terms of Charter, the Bond Act, the Bond Election, the Resolution, the Indenture and this Purchase Contract to be complied with by the City prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement (excluding therefrom information therein relating to DTC and the book-entry system, information under the caption "UNDERWRITING," the prices or yields of the Bonds and information contained in Appendix E) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract conform to the descriptions thereof contained in the Indenture and the Official Statement and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending of which notice has been received by the City or, to his or her knowledge, threatened against the City contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the City, the due adoption of the Resolution or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds;

(6) An opinion of Disclosure Counsel, in the form attached as Exhibit B hereto, dated the Closing date and addressed to the City and the Underwriter;

(7) (7) An opinion, dated the date of Closing and addressed to the City, of Casso & Sparks, LLP, as City Attorney, that there is no action,

suit, proceeding or investigation before or by any court, public board or body pending, with service of process completed, or to the knowledge of such counsel threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices; (ii) enjoin or restrain the issuance, sale and delivery of the Bonds, the receipt of any other moneys or property pledged or to be pledged under the Indenture or the pledge thereof; (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (iv) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds; or (v) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract or the Official Statement;

(8) An opinion of counsel to the Underwriter in form and substance satisfactory to the Underwriter;

(9) Evidence satisfactory to the Underwriter that the Bonds shall have been rated “___” by S&P (or such other equivalent rating as such rating agency may give) and that such ratings have not been revoked or downgraded;

(10) A certificate, together with a fully executed copy of the Resolution, of the Clerk of the City to the effect that:

(i) such copy is a true and correct copy of the Resolution; and

(ii) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect as of the Closing;

(11) A “deemed final” certificate of the appropriate official of the City with respect to the Preliminary Official Statement in accordance with the Rule;

(12) The Official Statement manually executed by the Mayor or the City Manager;

(13) The Continuing Disclosure Agreement, in substantially the form appended to the Official Statement, signed by the Mayor of the City;

(14) A fully executed copy of each of the City Documents;

(15) A copy of the Charter, certified by the Clerk of the City as being a true and correct copy.

(16) A certificate of the Trustee, dated the date of closing, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriter, to the effect that (i) such entity has all necessary power and authority to enter into and perform its duties under the Indenture; (ii) the Trustee has duly authorized, executed and delivered the Indenture, and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture constitutes the valid and binding agreement of the Trustee enforceable against the Trustee in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (iii) the execution and delivery of the Indenture and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Trustee and, to the best knowledge of the Trustee, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Trustee is subject or by which it is bound; (iv) the Trustee has complied in all respects with the covenants and agreements contained in the Indenture, as of the date hereof; (v) all approvals, consents and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect as of the date hereof; (vi) the Indenture was duly executed and delivered by a duly authorized officer of the Trustee; and (vii) no litigation is pending or, to the best knowledge of the Trustee, threatened (either in state or federal courts) against the Trustee in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture;

(17) An opinion of counsel to the Trustee addressed to the City and the Underwriter to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into and perform under the Indenture;

(ii) the Indenture has been duly authorized, executed and delivered by the Trustee and constitutes the valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Indenture will not conflict with or cause a default under any law, ruling,

agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Indenture have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the Bonds or the Indenture; and

(18) Evidence that the Subordinate Bonds are being issued concurrently with the Bonds;

(19) A copy of a verification report or reports of Grant Thornton LLP as to the sufficiency of moneys deposited into the redemption accounts for the payment of redemption price on the Prior Bonds;

(20) A copy of the Report of Proposed Debt Issuance and the Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission; and

(21) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request in order to evidence compliance (i) by the City with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the City herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City.

If the City shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the City in writing or by telephone or telecopy, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

If purchase of the Bonds provided for in this Purchase Contract is not consummated because any condition to the Underwriter's obligations hereunder is not satisfied, or if for any reason the City shall fail to or be unable to perform all of its obligations under this Purchase Contract, and this Purchase Contract is terminated by the Underwriter, the City shall not be liable to the Underwriter for any damages alleged as loss of anticipated profits arising out of the transactions covered by this Purchase Contract and neither the Underwriter nor the City shall be under any further obligation under this Purchase Contract, except as provided by Section 10 hereof.

9. **Conditions to Obligations of the City.** The performance by the City of its respective obligations under this Purchase Contract is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the City and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than themselves.

10. **Expenses.** Subject to the immediately following paragraph, the Underwriter shall be under no obligation to pay, and the City shall pay or cause to be paid, all expenses incident to the performance of their obligations under this Purchase Contract, including but not limited to the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees for Bond ratings, including all expenses related to obtaining the ratings, such as meals, transportation and lodging, if any; (iv) the cost of the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; (v) the fees and disbursements of the Trustee, the Escrow Agent and the Verification Agent; (vi) the fees and disbursements of counsel retained by the Underwriter; and (vii) all other fees and expenses incident to the issuance and sale of Bonds.

Except as provided above, the Underwriter shall pay (i) the cost of preparation of this Purchase Contract; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) the fees of the California Debt and Investment Advisory Commission; (iv) any costs associated with qualifying the Bonds for offer and sale under Blue Sky or other securities laws of any state or jurisdiction designated by the Underwriter; (v) the fees charged by DTC, the CUSIP Service Bureau, the MSRB and any securities association; and (vi) all other expenses incurred by it in connection with the public offering of the Bonds. Upon agreement between the City and the Underwriter, any such fees may be reimbursed by the City through the expense portion of the Underwriter's discount.

The City acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

11. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the City, to the City of Industry, 15625 E. Stafford Street, Suite 100, City of Industry, California 91744, Attention: City Manager, or if to the Underwriter, to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 37th Floor, San Francisco, California 94104, Attention: _____.

12. **Parties In Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the City in writing as heretofore specified shall constitute the entire agreement between the City and the Underwriter. This Purchase Contract is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the City in this Purchase Contract shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

13. **Execution in Counterparts.** This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

14. **Integration.** This Purchase Contract, including the exhibits hereto, constitutes the entire agreement among the parties and between any of them, relating to the Bonds, and supersedes all prior agreements and understandings, whether oral or written, concerning the purchase, sale, delivery and terms of payment and redemption, of the Bonds.

15. **Applicable Law.** This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Managing Director

The foregoing is hereby agreed to and accepted as
of the date first above written:

CITY OF INDUSTRY

By: _____
Mayor

Accepted at _____ p.m. California Time
on this ____th day of November, 2015.

EXHIBIT A

[to come]

EXHIBIT B

FORM OF OPINION OF DISCLOSURE COUNSEL

[to come]

ATTACHMENT D

BOND PURCHASE AGREEMENT

\$ _____
City of Industry
Subordinate Sales Tax Revenue Bonds
Series 2015B (Taxable)

THIS PURCHASE AGREEMENT, dated _____, 2015 (the “Purchase Agreement”), is by and between the CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “Authority”), and the CITY OF INDUSTRY, CALIFORNIA, a charter city and municipal corporation organized and existing under the Constitution and the laws of the State of California (the “City”).

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City and the Industrial Development Agency of the City of Industry (the “IDA”), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations and to purchase obligations of the City pursuant to a bond purchase agreement; and;

WHEREAS, pursuant to this Purchase Agreement, the Authority intends to purchase from the City, as an investment, the City’s \$ _____ aggregate principal amount of Subordinate Sales Tax Revenue Bonds (the “Bonds”);

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority and the City agree as follows:

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the City hereby agrees to sell to the Authority, and the Authority hereby agrees to purchase from the City all of the aggregate principal amount of the Bonds, such Bonds to bear the interest rates and to be sold to the Authority at the purchase price set forth in Exhibit A attached hereto and hereby made a part hereof, plus accrued interest, if any, from the dated date of the Bonds to the date of delivery of the Bonds to the Authority (the “Closing Date”).

2. The City hereby specifies December 3, 2015 (or as soon thereafter as shall be feasible), as the Closing Date and the City hereby confirms that it reasonably expects to deliver the Bonds to the Authority on such date.

3. Any action under this Purchase Agreement taken by the Authority, including payment for and acceptance of the Bonds, and delivery and execution of any receipt for the Bonds and any other instruments in connection with the closing on the Closing Date, shall be valid and sufficient for all purposes and binding upon the Authority, provided that any such action shall not impose any obligation or liability upon the Authority other than as may arise as expressly set forth in this Purchase Agreement.

4. It is a condition to the City’s sale of the Bonds and the obligation of the City to deliver the Bonds to the Authority, and to the Authority’s purchase of the Bonds and the obligations of the

Authority to accept delivery of and to pay for the Bonds, that the entire aggregate principal amount of the Bonds of \$_____ shall be delivered by the City, and accepted and paid for by the Authority, on the Closing Date.

5. The City represents and warrants to the Authority that:

(a) The City is a charter city duly organized and validly existing under its charter, the Constitution and the laws of the State of California (the "State"), with the full legal right, power and authority to enter into, execute, deliver and perform this Purchase Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Purchase Agreement. The City has taken all necessary action and has complied with all provisions of the law required to make this Purchase Agreement a valid and binding limited obligation of the City, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the City, the execution, delivery and performance of this Purchase Agreement, and compliance with the provisions hereof do not conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the City which affects or seeks to prohibit, restrain or enjoin the delivery of the Bonds or the execution and delivery of this Purchase Agreement, affects or questions the ability to perform under this Purchase Agreement or questions the existence or status of the City.

6. The Authority represents and warrants to the City that:

(a) The Authority is a joint exercise of powers agency duly organized and validly existing under the Constitution and the laws of the State, with the full legal right, power and authority to enter into, execute, deliver and perform this Purchase Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Purchase Agreement. The Authority has taken all necessary action and has complied with all provisions of the law required to make this Purchase Agreement a valid and binding limited obligation of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the Authority, the execution, delivery and performance of this Purchase Agreement, and compliance with the provisions hereof do not conflict with or constitute on the part of the Authority a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture,

mortgage, lease or other instrument to which the Authority is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority which affects or seeks to prohibit, restrain or enjoin the acceptance of the Bonds or the execution and delivery of this Purchase Agreement, affects or questions the ability to perform under this Purchase Agreement or questions the existence or status of the Authority.

7. At 8:00 a.m., Los Angeles Time, on the Closing Date, or at such other time or on such other date as is mutually agreed by the City and the Authority, the City will deliver the Bonds to the Authority in definitive form, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Authority will accept such delivery and pay or cause to be paid the purchase price of the Bonds as referenced in paragraph 1 hereof by certified or bank cashier's check or wire transfer or other funds which are good funds on the Closing Date. Delivery and payment, as aforesaid, shall be made at such place as shall have been mutually agreed upon by the City and the Authority.

8. The Authority and the City have each entered into this Purchase Agreement in reliance upon the representations, warranties and agreements contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the parties of their obligations hereunder, both as of the date hereof and as of the Closing Date. The Authority's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date, the Indenture of Trust, dated as of December 1, 2015 (the "Indenture", by and between the City and U.S. Bank National Association, as trustee, relating to the Bonds shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by both the Authority and the City;

(c) As of the Closing Date, all official action of the City relating to the Indenture shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Norton Rose Fulbright US LLP ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Bonds and with the transactions contemplated hereby;

(d) On or prior to the Closing Date, the Authority shall have received each of the following documents:

(1) The resolution relating to the Bonds adopted by the City and certified by an authorized official of the City authorizing the execution and delivery of the Bonds, the Indenture, a continuing disclosure agreement, dated December 3, 2015 (the "Continuing Disclosure Agreement"), by and between the City and Digital Assurance Certification LLC and the Official Statement, dated November __, 2015 (the "Official Statement") relating to the Bonds;

(2) The Indenture and Continuing Disclosure Agreement, each duly executed and delivered by the respective parties thereto;

(3) The Official Statement manually executed by the Mayor or the City Manager;

(4) An opinion, in form and substance satisfactory to the City and the Authority, dated as of the Closing Date, of Bond Counsel regarding the validity of the Bonds;

(5) A supplementary opinion, dated the date of the Closing and addressed to the Authority, of Bond Counsel to the effect that (i) this Purchase Agreement has been duly authorized, executed and delivered by, and, assuming due authorization, execution and delivery by, the Authority, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms, except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought; and (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bonds Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(6) A certificate dated the Closing Date, addressed to the Authority, signed by the City Manager, to the effect that:

(i) The representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) There is no action, suit, proceeding or investigation before or by any court, public board or body pending, with service of process completed, or to the knowledge of the City, threatened, wherein an unfavorable decision, ruling or finding would: (A) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices, (B) enjoin or restrain the issuance, sale and delivery of the Bonds, (C) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the Subordinate Sales Tax Revenues or moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds, (D) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds or the Indenture, or (E) in any way question or affect this Purchase Agreement or the transactions contemplated by this Purchase Agreement or the Indenture; and

(iii) The City has complied with all agreements, covenants and arrangements, and satisfied all conditions, on its part to be complied with or satisfied on or prior to the Closing Date;

(7) An opinion, dated the date of Closing and addressed to the City, of Casso & Sparks, LLP, as City Attorney, that there is no action, suit, proceeding or investigation before or by any court, public board or body pending, with service of process completed, or to the knowledge of such counsel threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or

the titles of its members and officers to their respective offices; (ii) enjoin or restrain the issuance, sale and delivery of the Bonds, the receipt of any other moneys or property pledged or to be pledged under the Indenture or the pledge thereof; (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the Subordinate Sales Tax Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (iv) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds; or (v) in any way question or affect this Purchase Agreement or the transactions contemplated by this Purchase Agreement or the Bonds Indenture; and

(8) Such additional legal opinions, certificates, instruments and documents as the Authority may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City's representations and warranties contained herein.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the City shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Authority to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and neither the Authority nor the City shall be under further obligation hereunder, except that the respective obligations of the City and the Authority set forth in paragraphs 9 and 10 hereof shall continue in full force and effect.

9. The Authority shall be under no obligation to pay, and the City shall pay the following expenses, if any, incident to the performance of the City's obligations hereunder: (i) the cost of the preparation of the Bonds and all legal documentation related thereto; and (ii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the City and the Authority.

10. This Purchase Agreement is made solely for the benefit of the City and the Authority (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Authority or (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement. The agreements contained in this paragraph and in paragraph 10 shall survive any termination of this Purchase Agreement.

11. This Purchase Agreement shall become effective upon the execution of the acceptance hereof by the signatures of the City Manager of the City and the Executive Director of the Authority, and shall be valid and enforceable as of the time of such execution.

12. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

14. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in such State.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Authority and the City have each caused this Purchase Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY

By: _____
Chairperson

CITY OF INDUSTRY

By: _____
Mayor

EXHIBIT A

\$_____

City of Industry
Subordinate Sales Tax Revenue Bonds
Series 2015B (Taxable)

Annual Interest Rates
and Purchase Price

PURCHASE PRICE - \$_____

Maturity Date
(April 1)

Principal
Amount

Interest
Rate

Total

ATTACHMENT E

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2015

NEW ISSUE—BOOK-ENTRY ONLY

RATING

S&P: “__”

Moody’s: “__”

See “**RATINGS**” herein.

*In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. The City has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes. See “**TAX MATTERS**” herein.*

\$ _____ *

City of Industry

Senior Sales Tax Revenue Refunding Bonds

Series 2015A (Taxable)

Dated: Delivery Date

Due: January 1, as shown on the inside cover

The City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the “Bonds”) are limited obligations of the City of Industry (the “City”) payable from and secured by a pledge of Sales Tax Revenues. Sales Tax Revenues consist of all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the California State Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2015 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”), and are being issued by the City to (i) refund all of the outstanding City of Industry, California 2005 Sales Tax Revenue Refunding Bonds, (ii) refund all of the outstanding City of Industry, California 2008 Sales Tax Revenue Refunding Bonds, (iii) finance certain improvements and expenditures of the City, (iv) fund a reserve account for the Bonds and (v) pay certain costs of issuance of the Bonds. See “**PLAN OF FINANCE**” and “**ESTIMATED SOURCES AND USES OF FUNDS**” herein.

Interest on the Bonds is payable semiannually on January 1 and July 1 of each year commencing July 1, 2016. The Bonds will be delivered in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York. Ownership interests in the Bonds will be in denominations of \$5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive physical certificates representing their interests in the Bonds, but will receive a credit balance on the books of the nominees for such beneficial owners. The principal and interest with respect to the Bonds will be paid by the Trustee to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

The Bonds are subject to redemption as described herein. See “**THE BONDS – Redemption**” herein.

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

* Preliminary; subject to change.
35659907.5

CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN SALES TAX REVENUES).

The City has applied for a policy of municipal bond insurance with respect to the Bonds. If bond insurance is purchased, payment of the principal of and interest on any insured Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the issuance of the Bonds. See "BOND INSURANCE" herein.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the City. Certain legal matters will be passed on for the City by Norton Rose Fulbright US LLP as Disclosure Counsel and for the City by Casso & Sparks, LLP as City Attorney. Certain legal matters will be passed on for the Underwriter by their counsel, Nixon Peabody LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about December __, 2015.

Stifel

Dated: November __, 2015

\$ _____ *

CITY OF INDUSTRY
SENIOR SALES TAX REVENUE REFUNDING BONDS
SERIES 2015A (TAXABLE)

MATURITY SCHEDULE

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†] (Base _____)
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
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2050					
2051					

* Preliminary subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriter, or the Financial Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, salesman or any other person has been authorized by the City of Industry, California (the "City") or the underwriter of the Bonds listed on the cover page hereof (the "Underwriter") to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from the City and other sources believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries contained herein of the Indenture (defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the City except statistical information or other statements where some other date is indicated in the text.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") website. The City maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue any updates or revisions to forward-looking statements in any event.

CITY OF INDUSTRY

Mark D. Radecki, *Mayor*
Cory C. Moss, *Mayor Pro Tem*
Roy Haber III, *Council Member*
Newell W. Ruggles, *Council Member*
Abraham N. Cruz, *Council Member*

OFFICIALS OF THE CITY OF INDUSTRY

Paul Philips, *City Manager*
Phyllis Tucker, *Treasurer*
Cecelia Dunlap, *Deputy City Clerk*

SPECIAL SERVICES

Bond and Disclosure Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

City Attorney
Casso & Sparks, LLP
West Covina, California

Financial Advisor
NHA Advisors
San Rafael, California

Verification Agent
Grant Thornton LLP
Minneapolis, Minnesota

Trustee and Escrow Agent
U.S. Bank National Association
Los Angeles, California

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\$ _____^{*}
City of Industry
Senior Sales Tax Revenue Refunding Bonds
Series 2015A (Taxable)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, table of contents and appendices hereto, is provided to furnish information in connection with the sale by the City of Industry, California (the “City”) of its \$ _____^{*} aggregate principal amount of Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the “Bonds”). The Bonds are being issued by the City to (i) refund all of the outstanding City of Industry, California 2005 Sales Tax Revenue Refunding Bonds (the “2005 Bonds”), currently outstanding in the aggregate principal amount of \$72,735,000, (ii) refund all of the outstanding City of Industry, California 2008 Sales Tax Revenue Refunding Bonds (the “2008 Bonds” and, together with the 2005 Bonds, the “Refunded Bonds”), currently outstanding in the aggregate principal amount of \$57,735,000, (iii) finance certain improvements and expenditures of the City, (iv) fund a reserve account for the Bonds and (v) pay certain costs of issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance of the Bonds

The Bonds are being issued under (i) the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (the “State”); (ii) the Charter of the City (the “Charter”); (iii) the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the “Bond Law”); (iv) a vote of more than two-thirds of the voters of the City at an election held for that purpose on September 26, 2000 authorizing the issuance of up to \$500 million of bonds; and (v) a resolution adopted by the City Council on November 12, 2015 (the “Resolution”). In addition, the Bonds are being issued pursuant to an Indenture of Trust dated as of December 1, 2015 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

The Bonds

Interest on the Bonds is payable on July 1, 2016, and semiannually thereafter on each January 1 and July 1. The Bonds will be issued in denominations of \$5,000, or any integral multiple thereof (each an “Authorized Denomination”). The Bonds will initially be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be

^{*} Preliminary; subject to change.

made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Registered Owner of the Bonds, references to the Bondholders or Registered Owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the beneficial owners. See “THE BONDS” herein and APPENDIX E – “BOOK-ENTRY SYSTEM.”

The Bonds are subject to redemption, as described under the caption “THE BONDS — Redemption” herein.

Security and Sources of Payment for the Bonds

The Bonds are limited obligations of the City payable from and secured by a pledge of “Sales Tax Revenues.” Sales Tax Revenues are defined in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Sales Tax Revenues” herein.

The City has previously issued the 2005 Bonds, the 2008 Bonds and its 2010 Taxable Sales Tax Revenue Bonds (the “2010 Bonds”) under the Bond Law. The 2010 Bonds are currently outstanding in the aggregate principal amount of \$36,665,000. The 2005 Bonds and the 2008 Bonds will be refunded with proceeds of the Bonds. Following the redemption of the Refunded Bonds, the Bonds will be secured on a parity with only the 2010 Bonds.

Concurrently with the issuance of the Bonds, the City will issue its \$_____† aggregate principal amount of Subordinate Sales Tax Revenue Bonds (the “Subordinate Bonds”). The Subordinate Bonds will be payable from Sales Tax Revenues on a subordinate basis to the Bonds and the 2010 Bonds.

Following the issuance of the Bonds and the Subordinate Bonds, the City will have no remaining authorization under the Bond Law.

Reserve Account

The Indenture establishes a Reserve Account for the Bonds to be held by the Trustee for the benefit of the Owners of the Bonds (the “Reserve Account”). Amounts in the Reserve Account will be used to make payments of principal and interest on the Bonds to the extent amounts in the Interest Account or Principal Account are not sufficient to pay in full the principal or interest due. The Reserve Account shall be funded in an amount equal to the Reserve Requirement. In lieu of making a Reserve Account deposit in cash or in replacement of moneys then on deposit in any Reserve Account, the City may deliver to the Trustee a letter of credit or surety bond, subject to certain requirements of the Indenture, in an amount, equal to the Reserve Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Account” herein.

Limited Obligations

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH

† Preliminary; subject to change.

THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN SALES TAX REVENUES).

Continuing Disclosure

The City will covenant for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City and notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”). These covenants are being made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12 (the “Rule”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended. See “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

References

The descriptions and summaries of the Indenture and various other documents hereinafter referenced do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. See APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

THE CITY

The City is a charter city operating under a charter approved by the voters of the City on June 8, 1976. Located in the County of Los Angeles (the “County”) in the State of California (the “State”), the City consists of approximately 12 square miles and is located 20 miles east of the City of Los Angeles. The City was incorporated on June 18, 1957 and has a City Council/Manager form of government. Since its incorporation, the City has pursued a unique urban concept, namely, that a city may be conceived, developed and operated primarily for manufacturing, distribution and related industrial and commercial activities. See APPENDIX A – “CITY OF INDUSTRY – INFORMATION STATEMENT.”

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will be issued as fully registered bonds without coupons in Authorized Denominations. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2016 (each an “Interest Payment Date”) to the Registered Owner thereof as of the close of business on the fifteenth calendar day of the month preceding each Interest Payment Date. Principal of and premium (if any) on the Bonds will be payable on January 1 in each of the years and in the amounts shown on the inside cover page hereof.

The Bonds will initially be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Registered Owner of the Bonds, references to the Bondholders or Registered Owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by

the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the beneficial owners. See “APPENDIX E – BOOK-ENTRY SYSTEM.”

Redemption

The Bonds are subject to redemption prior to their stated maturities as described below.

Optional Redemption of the Bonds. The Bonds maturing on or after January 1, 20__ are subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after January 1, 20__, in any order deemed reasonable by the City, and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Redemption of the Bonds. The Term Bonds are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on January 1 in the respective years as set forth in the following table.

Sinking Fund Redemption Date (<u>January 1</u>)	Principal Amount to be <u>Redeemed</u>
--	---

If some but not all of the Term Bonds have been redeemed pursuant to mandatory or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future sinking account payment on a *pro rata* basis (as nearly as practicable) in Authorized Denominations, as shall be designated pursuant to a Written Certificate of the City submitted to the Trustee.

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

Notice of Redemption. The City shall be required to give the Trustee written notice or Electronic Notice of its intention to redeem Bonds at least thirty (30) days prior to the date fixed for such redemption, unless the Trustee shall agree to a shorter period for such notice. The Trustee on behalf of and at the expense of the City will mail (by first class mail, postage prepaid, by Electronic Notice or other means acceptable to the recipient thereof) notice of any redemption at least twenty (20) days but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the City filed with the Trustee at the time the City notifies the Trustee of its intention to redeem Bonds; but such sending of notice will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the

cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Principal Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Any notice of redemption of the Bonds described above may be rescinded by written notice given to the Trustee by the City and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given, but in no event later than the date set for redemption.

Effect of Redemption

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

PLAN OF FINANCE

General

Proceeds of the Bonds are being used by the City to (i) refund all of the outstanding 2005 Bonds, (ii) refund all of the outstanding 2008 Bonds, (iii) finance certain improvements and expenditures of the City, (iv) fund a Reserve Account for the Bonds and (v) pay certain costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Refunding of the Refunded Bonds

A portion of the proceeds of the Bonds will be used to refund the 2005 Bonds. Pursuant to the terms of escrow instructions (the “2005 Escrow Instructions”) delivered by the City to U.S. Bank National Association, as trustee for the 2005 Bonds (the “Prior Trustee”), a portion of the proceeds of the Bonds, together with other available moneys (collectively, the “2005 Escrow Deposit”), will be deposited into the redemption account established pursuant to the indenture under which the 2005 Bonds were issued (the “2005 Redemption Account”).

A portion of the proceeds of the Bonds will be used to refund the 2008 Bonds. Pursuant to the terms of escrow instructions (the “2008 Escrow Instructions”) delivered by the City to the Prior Trustee, as trustee for the 2008 Bonds, a portion of the proceeds of the Bonds, together with other available moneys (collectively, the “2008 Escrow Deposit”), will be deposited into a redemption account established by the Prior Trustee pursuant to the indenture under which the 2008 Bonds were issued (the “2008 Redemption Account”).

Amounts deposited in the 2005 Redemption Account and the 2008 Redemption Account, respectively, will be held as uninvested cash and will be applied on [December 13, 2015] by the Prior Trustee to pay the Refunded Bonds of the respective issue at a price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, plus a redemption premium for each Refunded Bond equal to 1/8 of 1% for each whole year and any remaining fraction of a whole year

between the redemption date and the stated maturity date of applicable Refunded Bond (the “Redemption Price”).

Grant Thornton LLP, (the “Verification Agent”), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it by the City, relating to the sufficiency of moneys deposited into 2005 Redemption Fund and the 2008 Redemption Fund, respectively, to provide for the payments to be made on the applicable Refunded Bonds. The report of the Verification Agent will include a statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

The Project

The City intends to use a portion of the proceeds of the Bonds to finance capital improvement projects, including the acquisition of real property, the construction of capital improvements and other improvements to infrastructure, within the City as well as working capital expenditures.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds, and other available amounts, are expected to be applied as follows:

Sources of Funds	
Principal Amount.....	\$
Discount/Premium	
Other Sources.....	
Total Sources.....	\$
Uses of Funds	
Redemption Accounts.....	\$
Project Account.....	
Reserve Account	
Costs of Issuance Account ⁽¹⁾	
Underwriter’s Discount.....	
Total Uses	\$

⁽¹⁾ Includes rating agency fees, Trustee fees, printing costs, Verification Agent fees, Bond Counsel, Disclosure Counsel, and Financial Advisor fees and expenses and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements (with principal and interest shown separately) on the Bonds and the outstanding 2010 Bonds. The 2005 Bonds are currently outstanding in the aggregate principal amount of \$72,735,000, and the 2008 Bonds are currently outstanding in the aggregate principal amount of \$57,735,000. The liens of the 2005 Bonds and the 2008 Bonds on the Sales Tax Revenues are expected to be defeased upon the delivery of the Bonds and funding of the Redemption Accounts; other than the 2010 Bonds, upon such defeasance there will be no obligations of the City secured by a parity or more senior lien on Sales Tax Revenues than that securing the Bonds.

Fiscal Year Ending June 30	Bonds Principal	Bonds Interest	2010 Bonds Debt Service⁽¹⁾	Combined Debt Service⁽¹⁾
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
Total				

⁽¹⁾ Includes mandatory sinking fund payments.

BOND INSURANCE

The City has applied for a policy of municipal bond insurance with respect to the Bonds. If bond insurance is purchased, payment of the principal of and interest on any insured Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the issuance of the Bonds. The terms of any such municipal bond insurance will be described in the final Official Statement

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are limited obligations of the City payable from and secured by a pledge of Sales Tax Revenues received by the City. The Bonds are secured on a parity with the 2010 Bonds. In addition, the Bonds are secured by a first pledge and lien on amounts in the Interest Account, Principal Account, the Reserve Account and the Redemption Account established under the Indenture.

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

Sales Tax Revenues

Sales Tax Revenues consist of all sales and use taxes levied by the City on taxable sales transactions within the City collected by the State Board of Equalization (the “Board of Equalization”) and transmitted to the City periodically under Section 7204 of the Bradley-Burns Uniform Local Sales and Use Tax Law, being Sections 7200 and following of the California Revenue and Taxation Code (the “Sales Tax Law”). In general, the Sales Tax Revenues consist of the City’s share of the general sales tax levy on taxable transactions in the City, less amounts payable by the City to the Board of Equalization for costs and expenses for its services in connection with administration of the sales and use tax.

The table below shows the total of annual taxable transactions within the City for 2010 through 2013 and the aggregate amount for the first and second quarter of 2014. Annual data for 2014 is not currently available from the Board of Equalization.

CITY OF INDUSTRY
Permits and Taxable Transactions
(In Thousands)

Type of Business	2010		2011		2012		2013		2014 ⁽¹⁾	
	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions
Retail and Food Services										
Motor Vehicle and Parts Dealers	98	\$ 234,663	100	\$ 303,871	106	\$ 373,058	106	\$ 405,136	104	\$ 215,525
Home Furnishings and Appliance Stores	177	294,550	179	302,068	191	301,498	164	282,240	154	135,624
Building Material and Garden Equipment and Supplies	48	81,189	56	88,082	51	95,536	51	106,676	50	52,781
Food and Beverage Stores	50	14,864	45	14,969	53	17,297	52	19,532	49	9,443
Gasoline Stations	17	78,289	16	95,591	16	110,838	16	106,207	15	48,470
Clothing and Clothing Accessories Stores	407	70,256	359	70,435	358	74,459	298	80,079	279	39,755
General Merchandise Stores	210	251,793	156	267,135	155	285,320	137	285,644	119	131,525
Food Services and Drinking Places	156	112,911	160	126,055	166	141,980	174	152,795	186	80,029
Other Retail Group	2,318	76,662	2,365	88,529	2,352	84,752	2,096	89,387	2,118	48,365
Total Retail and Food Services	3,481	1,215,176	3,436	1,356,734	3,448	1,484,737	3,094	1,527,696	3,074	761,518
All Other Outlets	1,313	\$1,218,820	1,320	\$1,306,541	1,327	\$1,513,796	1,322	\$1,197,380	1,329	\$ 593,725
Totals All Outlets	4,794	\$2,433,996	4,756	\$2,663,275	4,775	\$2,998,533	4,416	\$2,725,077	4,403	\$1,355,242

⁽¹⁾ 2014 data only available for the first and second quarter.
Source: Board of Equalization.

The sales and use tax represents the City's one percent (1.0%) share of the State retail transaction and use tax that is allocated to cities based upon the dollar amount of taxable transactions occurring within their boundaries. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property. The use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State. The sales and use tax is imposed upon the same transactions and items subject to the statewide sales tax and the statewide use tax.

On March 2, 2004, voters approved a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, to be payable from a fund to be established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation provided for counties to reimburse local governments with Sales Tax in-lieu payments made from such county's Education Revenue Augmentation Fund ("ERAF"), originally set up for schools. Because the ERAF moneys were previously earmarked for schools, the legislation provided for schools to receive other state general fund revenues. Due to the "Triple Flip," the City is currently being allocated an additional 0.25% of total sales tax rate, which, when combined with the Sales Tax Revenues, will total 1.00%. In the Fiscal Year 2015-16, the "Triple Flip" will be unwound by the State. As a result, starting with the monthly advances from the Board of Equalization being in March 2016 and continuing thereafter, Sales Tax Revenues shall revert to 1.00% and the City will no longer be allocated the additional amount of total sales tax rate associated with the "Triple Flip."

[Remainder of Page Intentionally Left Blank]

Currently, taxable transactions in the City are taxed at an aggregate rate of 9.00%, including the 0.75% rate which generates Sales Tax Revenues pledged to the Bonds. The table below shows the breakdown of the overall sales tax rate levied on taxable transactions in the City.

**CITY OF INDUSTRY
Sales Tax Rates**

	Fiscal Year 2014-15	Total	Fiscal Year 2016-17	Total
State Tax		6.50%		6.25%
State General Fund	3.94 ⁽¹⁾ %		3.69%	
Other State Funds	0.50		0.50	
State Local Revenue Fund	1.56		1.56	
State Local Public Safety Fund	0.50		0.50	
Local Tax		2.50%		2.75
“Sales Tax Revenues” (as used in this Official Statement)	0.75%		1.00	
County Transportation Funds	1.75		1.75	
Total:		9.00%		9.00%

(1) Includes 0.25% associated with the “Triple Flip.”
Source: City of Industry.

Certain transactions are exempt from the sales and use tax and, hence, are not included in the Sales Tax Revenues. Exempt transactions include:

- sales of food products for home consumption;
- sales of prescription medicine;
- sales of newspapers and periodicals; sales of edible livestock and their feed;
- sales of seed and fertilizer used in raising food for human consumption; and
- sales of gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the Board of Equalization’s July 2014 publication entitled “Sales and Use Taxes: Exemptions and Exclusions,” which can be found on the Board of Equalization’s website at <http://www.boe.ca.gov>.

Historical Sales Tax Revenues

The following table sets forth the Sales Tax Revenues received by the City for the last 10 Fiscal Years. The City received \$5,697,312 of Sales Tax Revenues in the first quarter of Fiscal Year 2015-16.

CITY OF INDUSTRY Historical Sales Tax Revenues

Fiscal Year	Sales Tax Revenues⁽¹⁾
2005-06	\$30,983,797
2006-07	33,537,487
2007-08	33,048,407
2008-09	27,169,412
2009-10	23,486,124
2010-11	24,414,131
2011-12	28,659,966
2012-13	32,592,793
2013-14	40,619,388 ⁽²⁾
2014-15	33,620,881 ⁽³⁾

⁽¹⁾ Sales and use tax receipts net of the Board of Equalization administrative fees.

⁽²⁾ Amount includes proceeds of a \$8.61 million taxpayer settlement.

⁽³⁾ Unaudited.

Source: City of Industry.

Debt Service Coverage

The Maximum Annual Debt Service coverage for the Bonds and the 2010 Bonds is _____. The Maximum Annual Debt Service coverage is based on Sales Tax Revenues received by the City for the Fiscal Year 2014-15.

Top Twenty-Five Sales Tax Producers

The following table provides the top twenty-five sales tax producers for the Fiscal Year 2014-15. The aggregate share of Sales Tax Revenues produced by the top twenty-five sales tax producers was 39.7% of total Sales Tax Revenues received by the City during that period. The top ten sales tax producers represented 25.0% of total Sales Tax Revenues received by the City during that period. Within the tables below, the parties are presented in alphabetical order.

CITY OF INDUSTRY
Top Twenty-Five Sales Tax Producers
Fiscal Year 2014-15⁽¹⁾
(in Alpha Order)

1 Through 10

Costco
 Diamond Honda
 Frys Electronics
 Newegg.
 Owens & Minor Distribution
 Puente Hills Nissan
 Puente Hills Toyota Scion
 Quinn Power Systems
 Sysco Food Services
 US Air Conditioning Distributors

11 Through 25

Cal Lift Golden State Foods HD Supply Home Depot Lowes PRL Glass Systems Puente Hills Chevrolet Puente Hills Chrysler Dodge Jeep Ram	Puente Hills Hyundai Puente Hills Subaru Rush Truck Center Super Ford Lincoln Mercury Target Walmart Yale Chase Material Handling
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⁽¹⁾The Fiscal Year 2014-15 total sales tax revenues were \$33,620,881.

Source: City of Industry.

Sales Tax Collection Procedures

Collection of the sales and use tax is administered by the Board of Equalization. The Board of Equalization distributes quarterly tax revenues to cities, counties and special districts using the following method: Using the prior year’s like quarterly tax allocation as a starting point, the Board of Equalization first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The Board of Equalization disburses 90 percent to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter’s actual receipts. Ten percent is withheld as a reserve against unexpected

occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30 percent of the 90 percent distribution, while the third advance represents 40 percent. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board of Equalization to the City in administering the sales and use tax; the fee is deducted from revenue generated by the sales and use tax before it is distributed to the City. Additional information relating to historical and comparative trends in the City's taxable sales and other economic data can be found below under APPENDIX A – "CITY OF INDUSTRY – INFORMATION STATEMENT" herein.

Pledge of Sales Tax Revenues and Certain Amounts Held Under the Indenture

Under the Indenture, the City grants a first pledge of and lien on, and a security interest in, all of the Sales Tax Revenues on a parity with the pledge, lien and security interest that secures the 2010 Bonds and any Parity Debt. Such pledge, lien and security interest are for the equal security of the 2010 Bonds and any Parity Debt without preference or priority for number, date of execution or date of delivery.

In addition, the Bonds (but not the 2010 Bonds or any Parity Debt) are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Interest Account, the Principal Account, the Reserve Account and the Redemption Account established under the Indenture.

Except for the Sales Tax Revenues, no funds of the City are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

Deposit of Sales Tax Revenues and Transfers of Amounts to Trustee

Pursuant to each of the Indenture, there is established the "Sales Tax Revenues Fund," which will be held by the Trustee for the benefit of the Owners and the owners of the 2010 Bonds and any Parity Debt. The City will promptly upon receipt deposit all Sales Tax Revenues received in the then current Fiscal Year into the Sales Tax Revenues Fund until amounts on deposit in the Sales Tax Revenues Fund are sufficient to pay the principal of and interest on the Outstanding Bonds, the outstanding 2010 Bonds and any outstanding Parity Debt coming due in the Bond Year beginning in that Fiscal Year and cure any deficiency in the Reserve Account, the reserve account for the 2010 Bonds or the reserve account for any Parity Debt, as applicable. On the date that either (i) amounts on deposit in the Sales Tax Revenues Fund are sufficient to pay the principal and interest on the Bonds, the 2010 Bonds and any Parity Debt coming due in the Bond Year beginning in that Fiscal Year and to cure any deficiency in the Reserve Account, the reserve account for the 2010 Bonds or the reserve account for any Parity Debt, or (ii) is five Business Days prior to each January 1 or July 1, whichever is to occur first, the Trustee shall allocate, as appropriate, such amounts to the Debt Service Fund established pursuant to this Section 5.2 and to the trustees for the 2010 Bonds and any Parity Debt; *provided, however*, that if on the date that is five Business Days prior to any July 1 or January 1, there are insufficient amounts on deposit in the Sales Tax Revenues Fund to pay the entire amount of principal or interest coming due on such date for all of the Outstanding Bonds, the outstanding 2010 Bonds and the outstanding Parity Debt, then amounts in Sales Tax Revenues Fund shall be allocated on a *pro rata* basis based on the par amounts of the Outstanding Bonds, the outstanding 2010 Bonds and the outstanding Parity Debt. Notwithstanding anything herein to the contrary, the trustee for the Bonds, the 2010 Bonds and any Parity Debt and the Subordinate Bonds shall be the same financial institution.

The Indenture establishes a separate fund known as the “Debt Service Fund” which will be held by the Trustee for the benefit of the Owners. The Trustee will transfer Sales Tax Revenues from the Sales Tax Revenues Fund in the amounts described below at the times described below, for deposit by the Trustee in the special accounts established within the Debt Service Fund, in the following order of priority:

First *Interest Account.* On or before the fifth Business Day preceding each date on which interest on the Bonds is due and payable, the Trustee will deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account that equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on that date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Second *Principal Account.* On or before the fifth Business Day preceding each date on which principal of the of Bonds is due and payable at maturity or upon mandatory sinking fund redemption, the Trustee will deposit in the Principal Account an amount which, when added to the amount then on deposit in such Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds, including the principal amount of the Term Bonds which are subject to mandatory sinking fund redemption on that date under the Indenture. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

Third *Reserve Account.* The Trustee will value the balance in the Reserve Account on each December 1. If the amount on deposit in the Reserve Account at any time falls below the Reserve Requirement, the Trustee will transfer an amount of available Sales Tax Revenues from the Sales Tax Revenues Fund sufficient to maintain the amount of the Reserve Requirement on deposit in the Reserve Account. The Trustee will apply amounts in the Reserve Account solely (i) for the purpose of making transfers to the Interest Account and the Principal Account for the Bonds, in that order of priority, on any date on which the principal of or interest on the Bonds is due and payable, if there is a deficiency at any time in any of such accounts, or (ii) at any time for the retirement of all the Outstanding Bonds at the Written Request of the City. So long as no Event of Default has occurred and is continuing, the Trustee must withdraw any amount in the Reserve Account in excess of the Reserve Requirement no later than the fifth Business Day preceding each Interest Payment Date and deposit such amount in the Interest Account.

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

Fifth *Surplus Account.* Any Sales Tax Revenues remaining following the transfers to the trustees for the 2010 Bonds and any Parity Debt and the deposits described in First, Second, Third and Fourth, if applicable, above shall be deposited into the Surplus Account. On January 2 of each year, commencing January 2, 2017, so long as no Event of Default relating to the payment of principal of and interest on the Bonds has occurred and is continuing, the Trustee shall transfer any amounts on deposit in the Surplus Account to the trustee for the Subordinate Bonds, and amounts so transferred will be released from the pledge and lien which secures the Bonds.

Reserve Account

The Indenture establishes a Reserve Account for the Bonds to be held by the Trustee for the benefit of the Owners of the Bonds. Amounts in the Reserve Account will be used to make payments of principal and interest on the Bonds to the extent amounts in the Interest Account or the Principal Account are not sufficient to pay in full the principal or interest due. The Reserve Account shall be funded in an amount as of any date of calculation equal to the Reserve Requirement. In lieu of making a Reserve Account deposit in cash or in replacement of moneys then on deposit in any bond reserve account, the City may deliver to the Trustee an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company (a “Qualified Reserve Account Credit Instrument”), subject to certain requirements of the Indenture, in an amount, equal to the Reserve Requirement. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

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

The City may purchase a municipal bond debt service reserve insurance policy (the “Reserve Policy”) to satisfy the Reserve Requirement with respect to the Bonds. If the City decides to purchase the Reserve Policy, it would be in an amount sufficient to satisfy the Reserve Requirement and would be deposited with the Trustee in the Reserve Account. Such Reserve Policy will comply with the definition of “Qualified Reserve Fund Credit Instrument” as provided in the Indenture. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Issuance of Parity Debt

Under the Indenture, the City is permitted to issue Parity Debt in such principal amount as it determines, under the Bond Law or under any other law that permits the City to issue its obligations secured in whole or in part by a pledge of and lien on the Sales Tax Revenues, subject to the following conditions precedent:

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

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

(c) The Sales Tax Revenues, as shown in audited financial statements for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Maximum Annual Debt Service on all 2010 Bonds, Bonds and Parity Debt that will be Outstanding following the issuance of the Parity Debt.

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

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

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

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

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

Issuance of Subordinate Bonds

The City may from time to time issue its bonds, notes or other obligations which are payable from Sales Tax Revenues, in such principal amount as determined by the City, provided that such bonds, notes or other obligations are unsecured or are secured by a pledge of or lien on any Sales Tax Revenues that is subordinate to the pledge and lien that secures the Bonds and any Parity Debt.

Certain Covenants of the City

As long as the Bonds are outstanding, the City will faithfully observe and perform all of the conditions, covenants and requirements contained in the Indenture, including the following:

Punctual Payment. The City will punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and the Indenture from Sales Tax Revenues.

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

Compliance with Parity Debt Documents. The City will faithfully observe and perform all of the conditions, covenants and requirements of the indenture under which the 2010 Bonds were issued (the "2010 Indenture") and the respective documents authorizing the issuance of any other Parity Debt. The City will not take any action, or omit to take any action within its control, which constitutes or which with the passage of time if not cured would constitute an event of default under and within the meaning of the 2010 Indenture and the respective documents authorizing the issuance of any other Parity Debt.

Payment of Claims. The City will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the City or upon the Sales Tax Revenues or any part thereof, or upon any funds held

by the Trustee hereunder, or which might impair the security of the Bonds. Nothing herein requires the City to make any such payment so long as the City in good faith contests the validity of such claims.

Books and Accounts; Financial Statements; Additional Information. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries are made of all transactions relating to the Sales Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing. The City will cause to be prepared annually, within nine months after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Sales Tax Revenues and all disbursements thereof as of the end of such Fiscal Year. The City shall furnish a copy of such statements, upon reasonable request, to the Trustee and any Owner. The Trustee has no duty to review any such financial statement.

CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIII B of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution (“Article XIII B”). In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111, which is described below. Article XIII B limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population, and cost of services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies, so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations of an entity of local government subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limits. Proposition 111 made several changes to Article XIII B. First, the term “change in the cost of living” was redefined as the change in the California per

capita personal income (“CPCPI”) for the preceding year. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. Second, the appropriations limit for the fiscal year was recomputed by adjusting the 1986-87 limit by the CPCPI for the three subsequent years. Third and lastly, Proposition 111 excluded appropriations for “qualified capital outlay for fiscal year 1990-91 as defined by the legislature” from proceeds of taxes.

Article XIII B allows voters to approve a temporary waiver of a government’s Article XIII B limit. Such a waiver is often referred to as a “Gann limit waiver.” The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to the City or allow the City to finance additional services.

Debt service on the Bonds is subject to the Article XIII B appropriations limitations. The City’s appropriations limit for 2015-16 is \$460,672,587. The City’s appropriations subject to the limit for 2015-16 is projected to be \$87,000,000. The City has never made appropriations that exceeded the limitation on appropriations under Article XIII B. The impact of the appropriations limit on the City’s financial needs in the future is unknown.

Articles XIII C and XIII D of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, State voters approved Proposition 218, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Article XIII C (“Article XIII C”) and Article XIII D (“Article XIII D”) to the California Constitution, which Articles contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees, and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund such as a general fund of the City, require a two-thirds vote. Article XIII C further provides that any general purpose tax imposed, extended, or increased, without voter approval, after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees, and charges, regardless of the date such taxes, assessments, fees, and charges were imposed. Article XIII C expands the initiative power to include reducing or repealing assessments, fees, and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIII C to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of the City’s general fund. “Assessments,” “fees,” and “charges” are not defined in Article XIII C, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as for Article XIII D described below. If not, the scope of the initiative power under Article XIII C potentially could include any general fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIID also added several new provisions relating to how local agencies may levy and maintain “assessments” for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, and (iii) a majority protest procedure that involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing, and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. “Assessment” in Article XIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIID added several provisions affecting “fees” and “charges,” defined for purposes of Article XIID to mean “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water, and refuse collection services, or fees for electrical and gas service, which fees or charges are not treated as “property related” for purposes of Article XIID, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the City, two-thirds voter approval by the electorate residing in the affected area.

The City does not believe that the provisions of Article XIIC or Article XIID will directly impact the Sales Tax Revenues available to the City to pay principal of and interest on the Bonds.

Future Initiatives

Article XIIB, Article XIIC, and Article XIID were each adopted as measures that qualified for the ballot pursuant to the State’s Constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase or apply revenues and to make or increase appropriations, all of which could adversely impact the amount of Sales Tax Revenues received by the City.

RISK FACTORS

Economy of the City and the State

The Bonds are secured by a pledge of Sales Tax Revenues, which consist of all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the City, which is, in turn, dependent upon the level of economic activity in the City and in the State generally. As a result, any substantial deterioration in the level of economic activity within the City or in the State could have a material adverse impact upon the level of Sales Tax Revenues and therefore upon the ability of the City to pay principal of and interest on the Bonds.

Limited Obligations

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

Parity Debt

Subject to certain restrictions set forth in the Indenture, the City is permitted to issue Parity Debt that constitutes additional charges against its Sales Tax Revenues without the consent of Owners of the Bonds. To the extent that Parity Debt is issued by the City, the Sales Tax Revenues available to pay debt service on the Bonds may be decreased. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Limitations on Remedies; Bankruptcy

The City may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the City file for bankruptcy, there could be adverse effects on the holders of the Bonds.

If the City is in bankruptcy, the parties (including the holders of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Bonds from funds in the Trustee’s possession.

The City as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including the Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause the Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy court determines that the rights of the Trustee and the holders of the Bonds will be adequately protected. The City may also be able, without the consent and over the objection of the Trustee and the holders of the Bonds, to alter the priority, interest rate,

payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Bonds, provided that the bankruptcy court determines that the alterations are “fair and equitable.”

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the holders of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Constitutional Limitations on Appropriations

California law imposes various taxing, revenue, and appropriations limitations on public agencies such as the City. See “CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS” herein for a discussion of these limitations.

California State Legislature or Electorate May Change Items Subject to Sales and Use Tax

With limited exceptions, the sales and use tax will be imposed upon the same transactions and items subject to the sales tax levied statewide by the State. In the past, the California State Legislature and the State electorate have made changes to the transactions and items subject to the State’s general sales tax and, therefore, the sales and use tax. In 1991, the California State Legislature enacted legislation that expanded the transactions and items subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment, and newspapers and magazines. In 1992, the State electorate approved an initiative that eliminated candy, gum, bottled water, and confectionery items as items subject to the State’s general sales tax. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the sales and use tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues received by the City. For a further description of the Sales Tax Revenues, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Increases in Sales Tax Rate May Cause Declines in Sales Tax Revenues

On November 6, 2012, State voters approved Proposition 30, which, among other things, increased the statewide tax rate by one quarter of one percent (increasing the statewide rate from 7.25% to 7.50%) for four years, effective January 1, 2013, through December 31, 2016. Additional future increases, if any, in the State sales tax, the City’s sales and use tax or the sales tax levied in the County could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction of Sales Tax Revenues generated within the City.

Increased Internet Use May Reduce Sales Tax Revenues

The increasing use of the internet to conduct electronic commerce may affect the levels of sales and use tax. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the sales and use tax. However, under the federal constitution the State may be materially restricted in its ability to cause out of state retailers not going business in the State to collect use tax. In addition, the historic pattern of voluntary payment of use by taxpayers in the State has varied and it may be that some taxpayers in the State fail to pay use tax on Internet transactions through error or deliberate nonreporting and this potentially reduces the amount of the sales and use tax. As a result, the more that Internet use

increases, along with a failure to collect sales taxes on such Internet purchases, the more Sales Tax Revenues may be reduced.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the City has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bondholders on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Concentration of Sales Tax Producers

The risk of reduction in Sales Tax Revenues as a result of factors described herein may generally increase where the production of Sales Tax Revenues is concentrated among a relatively few number of taxpayers. The top ten sales tax producers accounted for 24.96% of total Sales Tax Revenues received by the City in Fiscal Year 2014-15. In the event that all or a significant portion of such taxpayers leave the City, and as a result no longer contribute Sales Tax Revenues, there may be a material adverse effect on the City's ability to pay debt service on the Bonds as such payments become due and payable. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS –Top Ten Sales Taxpayers" herein.

TAX MATTERS

State Tax Exemption. In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. Except as set forth in the preceding sentence, Bond Counsel will provide no opinion in connection with the issuance or offering of the Bonds with regard to any federal, state or local tax consequence of the ownership or disposition of or the receipt of interest on any Bond. A copy of the form of opinion of Bond Counsel relating to the Bonds is included in Appendix C.

Federal Income Tax Considerations. The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Internal Revenue Code of 1986 (the "Code"), United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurance can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will hold the Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

Interest on the Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from gross income for federal income tax purposes. The City has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant

to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The City intends to treat the Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. THE CITY EXPECTS THAT THE INTEREST PAID ON A BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.

Disposition of Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount.

An owner of Bonds will generally recognize gain or loss on the sale or exchange of the Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued interest) and the owner's adjusted tax basis in Bonds. Generally, the owner's adjusted tax basis in the Bonds will be the owner's initial cost, increased by original issue discount (if any) previously included in the owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner's holding period for the Bonds.

Under current law, a purchaser of a Bond who did not purchase that Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that Bond (or, in the case of a Bond bearing original issue discount, is less than the "revised issue price" of that Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Bonds could have a material effect on the market value of such Bonds.

Stated Interest and Reporting of Interest Payments. The stated interest on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each owner of a Bond for federal income tax purposes.

Original Issue Discount. If the first price at which a substantial amount of the Bonds of any stated maturity is sold (the "Issue Price") is less than the stated redemption price at maturity of those Bonds, the excess of the stated redemption price at maturity of each Bond of that maturity over the Issue Price of that maturity is "original issue discount." If the original issue discount on a Bond is less than the product of one quarter of one percent of its face amount times the number of complete years to its maturity, the original issue discount on that Bond will be treated as zero. Original issue discount on a Bond will be amortized over the life of the Bond using the "constant yield method" provided in the Treasury Regulations. As original issue discount on a Bond would accrue under the constant yield method, the owner of a Bond issued with original issue discount will be required to include such accrued amount in its gross income as interest, regardless of its regular method of accounting. This can result in taxable income to the beneficial owner of such a Bond that exceeds actual cash distributions to that owner

in a taxable year. To the extent that a Bond is purchased at a price that exceeds the sum of the stated redemption price at maturity of that Bond and all original issue discount previously includible by any holder in gross income (the “revised issue price” of that Bond), the subsequent accrual of original issue discount to that purchaser must be reduced to reflect that premium.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the Service and to the owners. The portion of the original issue discount included in each owner’s gross income while the owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such owner.

Amortizable Bond Premium. An owner that purchases a Bond for an amount that is greater than its stated redemption price at maturity will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. The owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Owners of the Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

Defeasance. Persons considering the purchase of a Bond should be aware that the bond documents permit the City under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Indenture (a “defeasance”). A defeasance could be a taxable event resulting in the realization of gain or loss by the owner of a defeased Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange; in addition, the defeased instrument may be treated as having been reissued with original issue discount or bond issuance premium with the consequences described above. Owners of Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Backup Withholding. Under section 3406 of the Code, an owner of a Bond who is a United States person may, under certain circumstances, be subject to “backup withholding” of current or accrued interest on a Bond or with respect to proceeds received from a disposition of the Bond. This withholding applies if such owner of a Bond: (i) fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of

perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the Bonds. Owners of the Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business.

Assuming the interest income of such an owner of the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

FINANCIAL STATEMENTS

The financial statements of the City for the Fiscal Year ended June 30, 2014, included in APPENDIX B of this Official Statement have been audited by Eadie & Payne, LLP (the "Auditor"), independent auditors, as stated in their report therein. The Auditor was not requested to consent to the inclusion of its report in APPENDIX B, nor has it undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report. The Auditor has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, as Disclosure Counsel, and for the Underwriter by Nixon Peabody LLP, as Underwriter's Counsel. Payment of fees of Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds.

FINANCIAL ADVISOR

NHA Advisors is serving as Financial Advisor to the City with respect to the Bonds. The Financial Advisor has assisted the City in the matters relating to the planning, structuring, execution and delivery of the Bonds. Because of its limited participation in reviewing this Official Statement, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Financial Advisor will receive compensation from the City contingent upon the sale and delivery of the Bonds.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the City, relating to the sufficiency of monies deposited into the 2005 Redemption Account and the 2008 Redemption Account, respectively, to pay, when due, the Redemption Price of the Refunded Bonds.

The report of the Verification Agent will include the statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report.

ABSENCE OF LITIGATION

There is no pending litigation, notice of which has been received by the City, or, to the knowledge of the City, threatened litigation seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued or the levy, collection and pledge of Sales Tax Revenues.

The City is a party to various litigation from time to time. See, for example, APPENDIX B – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014,” Note 22. The City does not expect any pending litigation, notice of which has been received by the City, to have a material adverse effect on the City's ability to pay debt service on the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine (9) months following the end of the City's Fiscal Year (presently June 30) (the “Annual Report”), commencing with the report for the Fiscal Year ended June 30, 2015, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the Dissemination Agent on behalf of the City with the MSRB. The filing of the Annual Report

and notices of enumerated events will be made in accordance with the EMMA system of the MSRB or in another manner approved under the Rule. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” The City has not failed to comply with an undertaking pursuant to the Rule in the past five years, except as provided in the following paragraph.

The City, as an obligated person under the Rule, has undertaken to provide required continuing disclosures with respect to its outstanding general obligation bonds, revenue bonds, and sales tax revenue bonds, as well as certain outstanding lease revenue bonds issued by the City of Industry Public Finance Authority (the “Authority”). The City failed to file on a timely basis its audited financial statements for (i) fiscal years ended June 30, 2010 and June 30, 2012 in connection with certain issues of its outstanding general obligation bonds and (ii) fiscal years ended June 30, 2010 through June 30, 2013 in connection with certain issues of its outstanding sales tax revenue bonds, an outstanding issue of the City’s revenue bonds and certain issues of the City of Industry Public Facilities Authority’s outstanding lease revenue bonds. The City’s audited financials for the past five fiscal years have now been posted on EMMA. In addition, the City failed to file on a timely basis required annual financial and operating data for fiscal years ended June 30, 2010 through June 30, 2014 in connection with certain of its outstanding general obligation, sales tax revenue bonds and revenue bonds and certain issues of the City of Industry Public Facilities Authority’s outstanding lease revenue bonds. Amended filings have been posted on EMMA to address these annual reporting omissions. In the past five years, like many issuers, the City did not file notices of rating changes of the bond insurers. The City has filed notices with EMMA regarding the current ratings of its insured bonds. After making the filings described above in this paragraph, the City is in compliance in all material respects with its continuing disclosure undertakings under the Rule for the last five years. On March 27, 2014, the City adopted Continuing Disclosure Compliance Procedures to assist the City in complying with its undertakings under the Rule. The City believes that with such Continuing Disclosure Compliance Procedures in-place it will timely comply with its continuing disclosure undertaking entered into in connection with the issuance of the Bonds. The City anticipates that certain City staff will receive disclosure compliance training provided by Disclosure Counsel within sixty days of issuance of the Bonds.

RATINGS

Standard and Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned a rating of “__” and “__”, respectively, to the Bonds. This ratings reflect only the views of S&P and Moody’s and do not constitute a recommendation to buy, sell or hold the Bonds. An explanation of this rating and any outlook associated with such rating should be obtained from S&P and Moody’s, as applicable.

The City has furnished to S&P and Moody’s certain information regarding the Bonds and the City, including information not included herein. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The ratings are subject to revision or withdrawal at any time by such rating agencies and there is no assurance that the ratings will continue for any period of time or that it will not be lowered, suspended or withdrawn. The City undertakes no responsibility to oppose any revision, suspension or withdrawal of any rating. Any reduction, suspension or withdrawal of a rating, or other actions by S&P relating to their ratings, may have an adverse effect on the market price for, or marketability of, the Bonds.

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated, as Underwriter of the Bonds (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Bonds at a price of \$_____ (representing \$_____ aggregate principal amount of Bonds, less original issue discount of \$_____, less an Underwriter’s discount of \$_____). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased.

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MISCELLANEOUS

The references herein to the Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of such provisions reference is made to each document, as the case may be. Copies of the documents mentioned under this heading are available for inspection at the City and following delivery of the Bonds will be on file at the offices of the Trustee in Los Angeles, California. References are made herein to certain other documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement and its distribution have been duly authorized and approved by the City.

CITY OF INDUSTRY, CALIFORNIA

By _____
Mayor

APPENDIX A

CITY OF INDUSTRY – INFORMATION STATEMENT

The following information regarding the City of Industry (the “City”) and the surrounding area is presented for general information only. The Bonds are payable solely from and are secured by the sources described in the Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

General

The City is a charter city operating under a charter approved by the voters of the City on June 8, 1976. The City was incorporated on June 18, 1957. Located in the County of Los Angeles (the “County”) in the State of California (the “State”), the City consists of approximately 12 square miles and is located 20 miles east of the City of Los Angeles. As of January 1, 2015, the City had a population of 440 people.

The City is governed by a City Council which elects a Mayor from among its members. The City has adopted the Council-Manager form of government under which the City Council may appoint a City Manager who is responsible for supervising the day-to-day operations of the City and allied agencies and carrying out policies set by the Council.

The basic purpose of the City is to provide a center for industry and commerce of all types. The City serves as a substantial employment base for the approximately 2 million people living in the San Gabriel Valley. Approximately 15% of Industry’s area is available for development. The remaining 85% of the available land has been developed at a ratio of approximately 95% industrial and 5% commercial. The industrial area within the City represents nearly 10% of the total industrial acreage in the County.

The City of Industry has a total plan of development. The City has planned the location of future streets, storm drains, sewers and utility lines in presently undeveloped areas. The planned improvements are designed to facilitate industrial development. Development of the City is now about 80% complete.

Government

The City is governed by a City Council which elects a Mayor from among its members. The City has adopted the Council-Manager form of government under which the City Council may appoint a City Manager who is responsible for supervising the day-to-day operations of the City and allied agencies and carrying out policies set by the City Council. As of September 30, 2015, the City had approximately 17 employees.

The members of the City Council are listed below.

Name and Office	Expiration of Term
Mark D. Radecki , Mayor	June 2019
Cory C. Moss, Mayor Pro Tem	June 2019
Roy Haber III, Council Member	June 2017
Newell W. Ruggles, Council Member	June 2019
Abraham N. Cruz, Council Member	June 2017

Location

Situated in the eastern section of Los Angeles County in the San Gabriel Valley, the City is located near the center of a vast five-county population concentration in Southern California. The region includes Los Angeles, Ventura, San Bernardino, Orange and Riverside Counties. The City is located in an established industrial area, centered in the core of a 40-mile radius encompassing other major industrial centers in the Los Angeles Basin.

The City of Industry enjoys easy access to the region's freeways, seaports, airports and rail facilities. The City is 22 miles from downtown Los Angeles and is bounded on the north by the San Bernardino (I-10), the south by the Pomona (I-60), the east by the Orange (I-57) and the west by the San Gabriel River (I-605) Freeways, all of which have immediate accessibility to the central Los Angeles/Orange and San Bernardino Counties freeway network.

The City is 40 miles from the seaports of Los Angeles and Long Beach, 45 miles from Los Angeles International Airport, 20 miles from Ontario International Airport, and is served by two transcontinental rail lines including a line to the harbors.

Industrial Activity

Although the economic impacts of the City of Industry are felt in varying degrees throughout Southern California, the impact of the economic activities centered in the City are felt primarily in the communities of the San Gabriel Valley area.

Approximately 2,500 industrial manufacturing plants and distribution facilities are located within the City. These facilities employ approximately 65,000 people as of June 2015 and have an annual payroll estimated to be in excess of \$2.6 billion. The vast majority of the workforce in the City live in the neighboring communities of the San Gabriel Valley.

The San Gabriel Valley has a total residential population of over 1,800,000. About one third of these residents are employed in a wide range of occupations. Industries in which employment is provided include: manufacturing, trade service, retail, government, transportation, finance, insurance, real estate, construction and others. A highly diversified source of labor as well as professional management personnel is available to firms that select the City as a location for conducting business.

With only 3.1 percent of the total land area in the San Gabriel Valley, the City is the source of approximately 40 percent of all the basic manufacturing/distribution jobs in the San Gabriel Valley communities. Annual figures for 2014 are unavailable.

The City has also committed itself to being equally responsive to the creation of a setting that is complementary to its neighboring communities. Objectives established by the City government to achieve these goals emphasize development of an employment base for the San Gabriel Valley and the Los Angeles metropolitan areas, initiation of capital improvement programs and incentives designed to provide a full range of industry requirements, the acceleration and sustaining of modern streets and highways, the perpetuation of programs to beautify the City and conserve its natural resources, and the encouragement of commercial, professional and service uses to support industry.

The City of Industry has taken as a matter of public policy a lead role in Southern California's growing leadership in industrial development. Because availability of prime industrial land in Los Angeles County is the key factor in maintaining a strong industrial/employment base, the City of Industry, with prime industrial land available in a municipal area which openly welcomes industry, is able

to attract private enterprise to commit large investments in land and industrial improvement efforts to attain a balanced economy.

Despite the highly competitive nature of the industrial plant location market, the City of Industry has been able to sustain a vigorous pace of economic growth.

The basic jobs in the City of Industry represent an important anchor point for the strength and stability of the entire San Gabriel Valley economy.

Major Employers

The following table sets forth the major employers in the City.

**CITY OF INDUSTRY
Top Employers**

<u>Employer</u>	<u>Number of Employees</u>
Hacienda La Puente Unified School District ⁽¹⁾	2975
LA County Sanitation District ⁽²⁾	1750
SYSCO Food Services of LA	1100
US Postal Service	1100
Viewsonic Corporation	640
Leegin Creative Leather Products Inc.	600
Acorn Engineering Company	520
US Air Conditioning Distributors Inc.	508
Fed Ex Ground Package System Inc.	500
Operon Distributors	500
Snak King Corporation	500
Golden State Foods - Manufacturing	425
Pacific Palms Resort	425
Alta Dena Certified Dairy Inc	420
Closet World	400
Lights of America Inc	400
Golden State Foods Corporation	391
Fiserv	355
Alcoa Fastening Systems	350

⁽¹⁾ Includes employees from schools outside of the City.

⁽²⁾ Includes employees for the full district.

Commercial Activity

The City is home to many industrial, retail and business centers. The Puente Hills Mall is a 66-acre complex, containing over 600,000 square feet of retail space, and is one of Southern California’s largest shopping centers. The Puente Hills Mall has 200 retail outlets. Puente Hills Auto Mall has 12 major dealerships. Puente Hills East Business Center and Crossroads Business Park provides approximately 1.2 million square feet of office and research and development space. The 190 acre Fairway Business Center is a light Industrial complex in a business park environment. The Grand Crossing Industrial Center provides 400 acres of commercial and industrial development space.

Utilities

Electrical energy is distributed to the City and surrounding areas by Southern California Edison Company, an investor-owned electric utility serving Central and Southern California.

Water is supplied to the City by the following companies: San Gabriel Valley Water Company, Suburban Water Systems, Rowland Water District, La Puente Valley County Water District and Walnut Valley Water District.

The Southern California Gas Company provides natural gas to the City.

Meeting and Convention Facilities

Surrounded by 640 acres of public grounds, the Industry Hills Exhibit-Conference Center and Hotel Resort, known as the “Pacific Palms Hotel and Resort,” offers comprehensive meeting and recreational facilities. This resort has two 18-hole championship golf courses. The facility is designed to support the needs of the firms in the City and others in Southern California that require the use of exhibit and conference facilities. The center has more than 45,000 square feet of flexible function space, including 28 meeting rooms and breakout rooms with 12,000 square feet alone is for the main event venue space called the “Majestic Ballroom.” The center also has several full food service facilities. Atop the facility is the Hotel, offering 294 hotel rooms and/or suites. There is an equestrian center, clubhouse, spa and fitness center.

Health Services

The City accesses medical care available from local community hospitals and clinics and medical research institutes. For example, the City of Hope National Medical Center is in the nearby City of Duarte, which has been designated a Clinical Cancer Research Center, Inter-Community Medical Center, Presbyterian Intercommunity Hospital, and Citrus Valley Health Partners, that includes: Citrus Valley Medical Center, Foothill Presbyterian Hospital, Queen of the Valley Campus, and Hospice of the San Gabriel Valley.

Transportation

Located within the core of a 40 mile radius, encompassing Los Angeles, Orange County and the Inland Empire, the City has numerous resources for transportation. Firms in the City are serviced by both the Union Pacific and Southern Pacific transcontinental railroads, both running westerly to Los Angeles and easterly toward Riverside. Southern Pacific operates a mainline switching yard and major intermodal (piggy-back) facility in the City which cuts delivery and transit times substantially. In addition, a 41-mile rail bypass opens the City directly into both of the West Coast’s largest seaports: Los Angeles Harbor and the Port of Long Beach. In addition, Metrolink, a community rail line which serves nearby communities, has a station in the city. Local and Los Angeles bus service is provided by the Metropolitan Transit Authority and Foothill Transit, while state and nationwide service is available through Greyhound and Continental Trailways.

The City is bordered by four major freeways. The Pomona Freeway (60) also intersects the Long Beach (710), San Gabriel River (605) and Orange (57) Freeways, providing direct access to Orange County markets. The San Bernardino (10) Freeway borders the City on the north. More than 50 major

trucking lines are franchised to serve the area. Overnight delivery can be made to all major California cities, as well as Phoenix, Arizona and Las Vegas, Nevada.

Air transportation is available at any of the three leading airports serving the Greater Los Angeles area as well as several local private airports. The City is located 18 miles from Ontario International Airport and approximately 40 miles from both Los Angeles International and John Wayne Airport. The airports have excellent air freight facilities. Private aircraft facilities are also available at Brackett Field in La Verne, 9 miles away, and El Monte Airport, just 8 miles away.

Public Safety

The City's law enforcement is provided by contract with the Los Angeles County Sheriff's Department that maintains a station in the City staffed by over 265 deputies and support personnel. The Industry Sheriff's Station serves as headquarters for patrol, detective and juvenile bureaus, and also serves as the local police headquarters for three contract cities. The Industry Station serves an area of 54 square miles with a population of approximately 180,000.

Helicopter patrol is also provided as a contracted service. The Los Angeles County Sheriff's Department has numerous aircraft. The Civic-Financial Center helipad, located adjacent to the Sheriff's Station, can accommodate the largest of these aircraft and has refueling capabilities.

The City of Industry is part of the Consolidated Fire Protection District administered by the Los Angeles County Fire Department. There are three fire stations located within the City. These stations are equipped with the latest in firefighting equipment, including snorkel devices, and are staffed by experienced and well-trained industrial fire fighters. In addition, local fire officials may call upon the resources of the County Fire Department in the case of emergency. These include firefighting helicopters, resuscitators, rescue units and foam trucks.

The County Fire Department also maintains a fire prevention bureau that aids businessmen in solving potentially dangerous situations.

Financial Institutions

The financial requirements of the business and commercial community are well accommodated by the City of Industry's numerous banks and savings and loan associations. Specialists in every banking field are available and financial services are provided for both large and small businesses.

Education

Education at all levels is to be found in the communities surrounding the City of Industry.

There are five unified school districts in the immediate vicinity of the City of Industry. They are: Walnut Unified School District, Rowland Unified School District, Hacienda-La Puente Unified School District, Bassett Unified School District, and Pomona Unified School District.

There are two community colleges serving the area. Mt. San Antonio College, located in Walnut, offers academic and vocational instruction as does Rio Hondo College in Whittier. Both colleges offer daytime and evening classes.

Located within a 15-mile radius of the City of Industry are several state and private colleges and universities including: California State Polytechnic University in Pomona (6 miles); Whittier College (3 miles); Claremont Colleges (10 miles); La Verne College (9 miles); and Pomona College (10 miles).

Recreation and Leisure

Residents in the communities surrounding the City of Industry are afforded convenient and easy access to numerous recreational areas in Southern California.

The City of Industry has developed its own 6,450-acre Industry Hills Exhibit-Conference Center & Hotel Resort. This area includes two 18-hole championship golf courses and driving range, a 175,000 square foot golf service area which includes clubhouse, retail shop and golf cart facilities, exhibit and conference center, a 292-room hotel, equestrian center, spa and fitness center. The facility is leased to a managing operator and is known as the Pacific Palms Resort.

Medical Facilities

The City of Industry and the surrounding communities are served by a number of medical centers that are complemented by specialists in all phases of medical and dental care. In all, more than 20 hospitals are available, together with some 1,300 doctors and 800 dentists.

Historical

The Workman and Temple Family Homestead Museum is a six-acre site in the City of Industry containing eight structures that document over 100 years of Southern California life and architecture. There is the Workman House, an 1840's adobe which was remodeled in the 1870's, incorporating elements of popular mid-nineteenth century architectural styles; a water tower and pump house dating from circa 1872-1897; a cast stone neoclassical mausoleum, built in 1919; and a Spanish-Colonial Revival residence and its accompanying teepee-like retreat, both constructed in the early 1920's. The facilities are now owned and maintained by the City of Industry.

Climate

The climate of the City is mild through the year with temperatures seldom varying more than 25 degrees between winter and summer. The mean high temperature for the city is 77 degrees. Most rainfall comes during the winter with nearly 85 percent of the annual total occurring from November through March.

Prevailing winds are from the west during the spring, summer and early autumn, with northeasterly winds predominating the remainder of the year.

Air pollution is generally of no greater intensity than throughout other areas of the Los Angeles Basin. The Los Angeles Air Pollution Control District reports that, "because the City of Industry does not have any heavy industry such as steel plants or foundries and does not have heavy concentrations of automotive traffic, concentrations of the emitted or source area contaminants are relatively low in that area."

General Fund Financial Summary

The information contained in the following table of revenues, expenditures and changes in fund balances has been derived from the City's Annual Financial Reports for the fiscal years shown. A copy of the City's Annual Financial Report for the twelve months ended June 30, 2014, is attached as APPENDIX B hereto.

CITY OF INDUSTRY
General Fund
Summary of Revenues, Expenditures and Changes in Fund Balances
Fiscal Years 2009-10 through 2013-14

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Revenues					
Taxes	\$ 30,834,897	\$ 31,155,544	\$ 32,448,959	\$ 38,934,839	\$ 46,899,638
Licenses and permits	2,341,894	2,282,722	2,153,176	2,375,346	2,539,226
Fine, forfeitures and penalties	428,024	434,307	452,252	480,126	415,812
Revenues from use of money and property	<u>25,401,043</u>	<u>17,458,608</u>	<u>11,031,455</u>	<u>7,799,425</u>	<u>12,806,242</u>
Total Revenues	\$ 59,005,858	\$ 51,331,181	\$ 46,085,842	\$ 49,589,736	\$ 62,660,918
Expenditures					
Legislative	\$ 276,662	\$ 292,360	\$ 324,968	\$ 351,063	\$ 357,373
General administration	2,609,917	2,669,904	3,144,094	4,099,759	5,936,313
Support services	5,650,308	5,874,351	8,345,608	7,789,417	6,557,824
Community development	2,285,911	1,181,926	503,448	655,514	689,857
Community services	3,626,231	4,080,945	4,435,215	4,544,184	3,148,503
Public safety	6,476,314	5,879,200	7,741,218	9,681,513	8,729,322
Public works	13,808,050	15,936,074	15,582,528	14,273,519	12,752,783
Capital Projects	<u>221,315</u>	<u>20,497</u>	<u>5,341,694</u>	<u>6,635</u>	<u>--</u>
Total Expenditures	\$ 34,954,708	\$ 35,935,257	\$ 45,418,773	\$ 41,401,604	\$ 38,171,975
Excess of Revenue Over Expenditures	\$ 24,051,150	\$ 15,395,924	\$ 667,069	\$ 8,188,132	\$ 24,488,943
Other Financing Sources (Uses)					
Transfers in from other governmental funds	\$ 46,274,538	\$ 29,076,962	\$ 23,508,061	\$ 97,956,573	\$ 23,873,802
Transfers in from enterprise and fiduciary funds	4,900,739	-	9,933,424	7,967,707	--
Proceeds from sale of capital assets	-	-	-	1,000,000	--
Loss on write off debts due from Successor. Agency	-	-	-	(6,486,139)	--
Proposition A Exchange		(1,039,500)	(2,025,000)	(1,402,000)	2,906,000
Transfers out to enterprise and fiduciary funds	(3,021,414)	(156,152)	(3,420,176)	(3,945,695)	(53,790)
Transfers out to other governmental funds	(52,950,862)	(29,205,821)	(35,359,569)	(76,928,834)	--
Litigation Settlement	--	--	(5,000,000)	--	(42,500,000)
Other Income	--	--	--	--	1,000,000
Total other financings sources (uses)	<u>(4,796,999)</u>	<u>(1,324,511)</u>	<u>(12,363,260)</u>	<u>18,161,612</u>	<u>(20,585,988)</u>
Net changes in fund balance	\$ 19,254,151	\$ 14,071,413	\$(11,696,191)	\$ 26,349,744	\$ 3,902,955
FUND BALANCES, beginning of year	\$185,675,395	\$204,929,546	\$219,000,959	\$207,304,768	\$233,654,512
FUND BALANCES, end of year	\$204,929,546	\$219,000,959	\$207,304,768	\$233,654,512	\$237,557,467

Sources: City of Industry Annual Financial Reports.

CITY INVESTIGATIONS

In April 2015, the City received notification that the Los Angeles County district attorney's office had opened an investigation into certain financial transactions between the City and companies controlled by a former mayor of the City, David Perez, and his relatives. The transactions under investigation occurred over the past 20 years and, according to an audit of the finances of the City performed in 2015 by KPMG at the request of the City, resulted in more than \$326 million being paid by the City to companies owned by Mr. Perez and his family. As of the date of this Official Statement, the findings of the investigation and any determinations by the Los Angeles County district attorney have not been made public by the office of the Los Angeles County district attorney.

In May 2015, the State Controller's office announced that it would conduct an investigation into discrepancies in the financial reporting of the City and an analysis of the City's administrative and internal accounting controls. In addition, the State Controller's office announced that it would examine allegations of wrongdoing by City officials and any irregularities in local, state and federal programs administered by the City. The State Controller's review will begin with the fiscal years 2012-13 and 2013-14. As of the date of this Official Statement, the State Controller's investigation of the City is ongoing.

DEFINED BENEFIT PENSION PLAN

Plan Description

The City's defined benefit pension plan, the Miscellaneous Plan of the City of Industry the "Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. It is a cost-sharing multiple-employer defined benefit plan that is part of the Miscellaneous 2.7% at 55 Risk Pool of the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements.

All full-time and certain part-time employees of the City are covered in this plan. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (or other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California.

Funding policy

Active plan members in the Plan are required to contribute 8% of their annual covered salary. The City makes contributions required of the employees on their behalf. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate of covered payroll for the years ended June 30, 2014, 2013 and 2012 were 17.889%, 15.966%, and 27.940% respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the year ended June 30, 2014, the City's annual employer pension cost amounted to \$461,038. The required contribution for the year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases ranging from 3.30% to 14.20%, which vary depending on age, duration of service and type of employment. Both (a) and (b) include an inflation component of 2.75% and an annual production growth of 0.25%. The actuarial value of the Plan's assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and losses.

The Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period as of June 30, 2011 was 20 years. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Three-Year Trend Information

Fiscal Year <u>June 30</u>	<u>Annual Pension Cost</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Overpayment)</u>
2012	718,818	100.00%	(15,288)
2013	407,345	80.90%	62,515
2014	461,038	114.31%	(3,482)

APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014

The City's audited financial statements are presented for general information only. The Bonds are payable solely from and are secured by Sales Tax Revenues, as described in the Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

APPENDIX C
FORMS OF OPINION OF BOND COUNSEL

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

BOOK-ENTRY SYSTEM

The information in this Appendix E concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s Book-Entry System has been obtained from DTC and the City of Industry (the “City”), U.S. Bank National Association, as trustee (the “Trustee”) and Stifel, Nicolaus & Company, Incorporated takes no responsibility for the completeness or accuracy thereof.

The City, the Trustee and the Underwriter cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants (each as defined below) or others will distribute any (a) payments of principal or purchase price or interest with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. The City, the Trustee and the Underwriter are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a beneficial owner with respect to the Bonds or an error or delay relating thereto.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on this website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The City may

decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

ATTACHMENT F

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. The City has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes. See “TAX MATTERS” herein.

\$ _____
City of Industry
Subordinate Sales Tax Revenue Bonds
Series 2015B (Taxable)

Dated: Delivery Date

Due: February 1, as shown on the inside cover

The City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) (the “Bonds”) are limited obligations of the City of Industry (the “City”) payable from and secured by a pledge of Subordinate Sales Tax Revenues. Subordinate Sales Tax Revenues consist of all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the California State Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law that are released each year from the first lien provided to certain bonds of the City. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2015 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”), and are being issued by the City to (i) finance certain improvements and expenditures of the City, (ii) fund a reserve account for the Bonds and (iii) pay certain costs of issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Interest on the Bonds is payable semiannually on February 1 and August 1 of each year commencing August 1, 2016. The Bonds will be delivered in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York. Ownership interests in the Bonds will be in denominations of \$5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive physical certificates representing their interests in the Bonds, but will receive a credit balance on the books of the nominees for such beneficial owners. The principal and interest with respect to the Bonds will be paid by the Trustee to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

The Bonds are subject to redemption as described herein. See “THE BONDS – Redemption” herein.

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

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.

The Bonds are offered, when, as and if issued and accepted by the Authority, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the City. Certain legal matters will be passed on for the City by 35659927.5

Norton Rose Fulbright US LLP as Disclosure Counsel and for the City by Casso & Sparks, LLP as City Attorney. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about December __, 2015.

Dated: November __, 2015

\$ _____
**CITY OF INDUSTRY
SUBORDINATE SALES TAX REVENUE BONDS
SERIES 2015B (TAXABLE)**

MATURITY SCHEDULE

Maturity Date (February 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP* (Base _____)
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* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City or the Financial Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, salesman or any other person has been authorized by the City of Industry, California (the "City") to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from the City and other sources believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries contained herein of the Indenture (defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the City except statistical information or other statements where some other date is indicated in the text.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") website. The City maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue any updates or revisions to forward-looking statements in any event.

CITY OF INDUSTRY

Mark D. Radecki, *Mayor*
Cory C. Moss, *Mayor Pro Tem*
Roy Haber III, *Council Member*
Newell W. Ruggles, *Council Member*
Abraham N. Cruz, *Council Member*

OFFICIALS OF THE CITY OF INDUSTRY

Paul Philips, *City Manager*
Phyllis Tucker, *Treasurer*
Cecelia Dunlap, *Deputy City Clerk*

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Los Angeles, California

Financial Advisor
NHA Advisors
San Rafael, California

City Attorney
Casso & Sparks, LLP
West Covina, California

Trustee
U.S. Bank National Association
Los Angeles, California

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§ _____
City of Industry
Subordinate Sales Tax Revenue Bonds
Series 2015B (Taxable)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, table of contents and appendices hereto, is provided to furnish information in connection with the sale by the City of Industry, California (the “City”) of its \$_____ aggregate principal amount of Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) (the “Bonds”). The Bonds are being issued by the City to (i) finance certain improvements and expenditures of the City, (ii) fund a reserve account for the Bonds and (iii) pay certain costs of issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance of the Bonds

The Bonds are being issued under (i) the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (the “State”); (ii) the Charter of the City (the “Charter”); (iii) the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the “Bond Law”); (iv) a vote of more than two-thirds of the voters of the City at an election held for that purpose on September 26, 2000 authorizing the issuance of up to \$500 million of bonds; and (v) a resolution adopted by the City Council on November 12, 2015 (the “Resolution”). In addition, the Bonds are being issued pursuant to an Indenture of Trust dated as of December 1, 2015 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

The Bonds

Interest on the Bonds is payable on August 1, 2016, and semiannually thereafter on each February 1 and August 1. The Bonds will be issued in denominations of \$5,000, or any integral multiple thereof (each an “Authorized Denomination”). The Bonds will initially be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Registered Owner of the Bonds, references to the Bondholders or Registered Owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required,

in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the beneficial owners. See “THE BONDS” herein and APPENDIX E – “BOOK-ENTRY SYSTEM.”

The Bonds are subject to redemption, as described under the caption “THE BONDS — Redemption” herein.

Security and Sources of Payment for the Bonds; Subordinate Bonds

The Bonds are limited obligations of the City payable from and secured by a pledge of “Subordinate Sales Tax Revenues.” “Subordinate Sales Tax Revenues” means all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the State Board of Equalization (the “Board of Equalization”) and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law (the “Sales Tax Law”) that are released each year from the first lien provided to the Senior Bonds (defined below). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Subordinate Sales Tax Revenues” herein.

Under the Bond Law, the City has previously issued its 2005 Sales Tax Revenue Refunding Bonds (the “2005 Bonds”), currently outstanding in the aggregate principal amount of \$72,735,000, its 2008 Sales Tax Revenue Refunding Bonds (the “2008 Bonds”), currently outstanding in the aggregate principal amount of \$57,735,000 and its 2010 Taxable Sales Tax Revenue Bonds (the “2010 Bonds”), currently outstanding in the aggregate principal amount of \$36,665,000. Concurrently, with the issuance of the Bonds, the City will issue its \$_____ Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the “2015 Senior Bonds”). A portion of the proceeds of the 2015 Senior Bonds will be used to redeem the all of the outstanding 2005 Bonds and 2008 Bonds. The 2015 Senior Bonds and the 2010 Bonds are collectively referred to herein as the “Senior Bonds.” The Senior Bonds are secured by Sales Tax Revenues. “Sales Tax Revenues” means all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the Board of Equalization and transmitted to the City periodically under the Sales Tax Law.

The Bonds will be secured on a subordinate basis to the Senior Bonds. Following the issuance of the Bonds and the 2015 Senior Bonds, the City will have no remaining authorization under the Bond Law.

Reserve Account

The Indenture establishes a Reserve Account for the Bonds to be held by the Trustee for the benefit of the Owners of the Bonds (the “Reserve Account”). Amounts in the Reserve Account will be used to make payments of principal and interest on the Bonds to the extent amounts in the Interest Account or Principal Account are not sufficient to pay in full the principal or interest due. The Reserve Account shall be funded in an amount equal to the Reserve Requirement. In lieu of making a Reserve Account deposit in cash or in replacement of moneys then on deposit in any Reserve Account, the City may deliver to the Trustee a letter of credit or surety bond, subject to certain requirements of the Indenture, in an amount, equal to the Reserve Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Account” herein.

Limited Obligations

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM SUBORDINATE SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR

STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN SUBORDINATE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN SUBORDINATE SALES TAX REVENUES).

Continuing Disclosure

The City will covenant for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City and notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”). These covenants are being made in order to comply with Rule 15c2-12 (the “Rule”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended. See “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

References

The descriptions and summaries of the Indenture and various other documents hereinafter referenced do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. See APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

THE CITY

The City is a charter city operating under a charter approved by the voters of the City on June 8, 1976. Located in the County of Los Angeles (the “County”) in the State of California (the “State”), the City consists of approximately 12 square miles and is located 20 miles east of the City of Los Angeles. The City was incorporated on June 18, 1957 and has a City Council/Manager form of government. Since its incorporation, the City has pursued a unique urban concept, namely, that a city may be conceived, developed and operated primarily for manufacturing, distribution and related industrial and commercial activities. See APPENDIX A – “CITY OF INDUSTRY – INFORMATION STATEMENT.”

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will be issued as fully registered bonds without coupons in Authorized Denominations. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016 (each an “Interest Payment Date”) to the Registered Owner thereof as of the close of business on the fifteenth calendar day of the month preceding each Interest Payment Date. Principal of and premium (if any) on the Bonds will be payable on February 1 in each of the years and in the amounts shown on the inside cover page hereof.

The Bonds will initially be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Registered Owner of the Bonds, references to the Bondholders or Registered Owners

shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the beneficial owners. See “APPENDIX E – BOOK-ENTRY SYSTEM.”

Redemption

The Bonds are subject to redemption prior to their stated maturities as described below.

Optional Redemption of the Bonds. The Bonds are subject to redemption prior to their respective maturity dates as a whole or in part on any date, in any order deemed reasonable by the City, and by lot within a maturity, at a redemption price equal to 105% of the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption.

Mandatory Redemption of the Bonds. The Term Bonds are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on February 1 in the respective years as set forth in the following table.

Sinking Fund Redemption Date (February 1)	Principal Amount to be <u>Redeemed</u>
--	---

If some but not all of the Term Bonds have been redeemed pursuant to mandatory or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future sinking account payment on a *pro rata* basis (as nearly as practicable) in Authorized Denominations, as shall be designated pursuant to a Written Certificate of the City submitted to the Trustee.

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

Notice of Redemption. The City shall be required to give the Trustee written notice or Electronic Notice of its intention to redeem Bonds at least thirty (30) days prior to the date fixed for such redemption, unless the Trustee shall agree to a shorter period for such notice. The Trustee on behalf of and at the expense of the City will mail (by first class mail, postage prepaid, by Electronic Notice or other means acceptable to the recipient thereof) notice of any redemption at least twenty (20) days but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the City filed with the Trustee at the time the City notifies the Trustee of its intention to redeem Bonds; but such sending of notice will not be a condition precedent to such redemption and neither failure to receive any such notice

nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Principal Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Any notice of redemption of the Bonds described above may be rescinded by written notice given to the Trustee by the City and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given, but in no event later than the date set for redemption.

Effect of Redemption

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

PLAN OF FINANCE

General

Proceeds of the Bonds are being used by the City to (i) finance certain improvements and expenditures of the City, (ii) fund a Reserve Account for the Bonds and (iii) pay certain costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Project

The City intends to use a portion of the proceeds of the Bonds to finance capital improvement projects, including the acquisition of real property, the construction of capital improvements and other improvements to infrastructure, within the City as well as working capital expenditures.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds, and other available amounts, are expected to be applied as follows:

Sources of Funds	
Principal Amount.....	\$
Discount/Premium	
Total Sources.....	\$
Uses of Funds	
Project Account.....	\$
Reserve Account.....	
Costs of Issuance Account ⁽¹⁾	
Total Uses	\$

⁽¹⁾ Includes rating agency fees, Trustee fees, printing costs, Bond Counsel, Disclosure Counsel, and Financial Advisor fees and expenses and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements (with principal and interest shown separately) on the Bonds and the outstanding Senior Bonds.

Fiscal Year Ending June 30	Senior Bonds Debt Service	Bonds Principal	Bonds Interest
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
Total			

⁽¹⁾ Includes mandatory sinking fund payments.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are limited obligations of the City payable from and secured by a pledge of Subordinate Sales Tax Revenues received by the City. The Bonds are secured on a subordinate basis to the Senior Bonds. In addition, the Bonds are secured by a first pledge and lien on amounts in the Interest Account, Principal Account, the Reserve Account and the Redemption Account established under the Indenture.

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

Subordinate Sales Tax Revenues

Subordinate Sales Tax Revenues consist of Sales Tax Revenues that are released each year from the first lien provided to the Senior Bonds. In general, Sales Tax Revenues consist of the City's share of the general sales tax levy on taxable transactions in the City, less amounts payable by the City to the Board of Equalization for costs and expenses for its services in connection with administration of the sales and use tax.

The table below shows the total of annual taxable transactions within the City for 2010 through 2013 and the aggregate amount for the first and second quarter of 2014. Annual data for 2014 is not currently available from the Board of Equalization.

CITY OF INDUSTRY
Permits and Taxable Transactions
(In Thousands)

Type of Business	2010		2011		2012		2013		2014 ⁽¹⁾	
	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions
Retail and Food Services										
Motor Vehicle and Parts Dealers	98	\$ 234,663	100	\$ 303,871	106	\$ 373,058	106	\$ 405,136	104	\$ 215,525
Home Furnishings and Appliance Stores	177	294,550	179	302,068	191	301,498	164	282,240	154	135,624
Building Material and Garden Equipment and Supplies	48	81,189	56	88,082	51	95,536	51	106,676	50	52,781
Food and Beverage Stores	50	14,864	45	14,969	53	17,297	52	19,532	49	9,443
Gasoline Stations	17	78,289	16	95,591	16	110,838	16	106,207	15	48,470
Clothing and Clothing Accessories Stores	407	70,256	359	70,435	358	74,459	298	80,079	279	39,755
General Merchandise Stores	210	251,793	156	267,135	155	285,320	137	285,644	119	131,525
Food Services and Drinking Places	156	112,911	160	126,055	166	141,980	174	152,795	186	80,029
Other Retail Group	2,318	76,662	2,365	88,529	2,352	84,752	2,096	89,387	2,118	48,365
Total Retail and Food Services	3,481	1,215,176	3,436	1,356,734	3,448	1,484,737	3,094	1,527,696	3,074	761,518
All Other Outlets	1,313	\$1,218,820	1,320	\$1,306,541	1,327	\$1,513,796	1,322	\$1,197,380	1,329	\$ 593,725
Totals All Outlets	4,794	\$2,433,996	4,756	\$2,663,275	4,775	\$2,998,533	4,416	\$2,725,077	4,403	\$1,355,242

⁽¹⁾ 2014 data only available for the first and second quarter.
Source: Board of Equalization.

The sales and use tax represents the City's one percent (1.0%) share of the State retail transaction and use tax that is allocated to cities based upon the dollar amount of taxable transactions occurring within their boundaries. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property. The use tax is imposed on the storage, use or other consumption in State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State. The sales and use tax is imposed upon the same transactions and items subject to the statewide sales tax and the statewide use tax.

On March 2, 2004, voters approved a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, to be payable from a fund to be established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation provided for counties to reimburse local governments with Sales Tax in-lieu payments made from such county's Education Revenue Augmentation Fund ("ERAF"), originally set up for schools. Because the ERAF moneys were previously earmarked for schools, the legislation provided for schools to receive other state general fund revenues. Due to the "Triple Flip," the City is currently being allocated an additional 0.25% of total sales tax rate, which, when combined with the Subordinate Sales Tax Revenues, totals 1.00%. In the Fiscal Year 2015-16, the "Triple Flip" will be unwound by the State. As a result, starting with the monthly advances from the Board of Equalization being in March 2016 and continuing thereafter, Sales Tax Revenues shall revert to 1.00% and the City will no longer be allocated the additional amount of total sales tax rate associated with the "Triple Flip."

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Currently, taxable transactions in the City are taxed at an aggregate rate of 9.00%, including the 0.75% rate which generates Subordinate Sales Tax Revenues pledged to the Bonds. The table below shows the breakdown of the overall sales tax rate levied on taxable transactions in the City.

**CITY OF INDUSTRY
Sales Tax Rates**

	Fiscal Year 2014-15	Total	Fiscal Year 2016-17	Total
State Tax		6.50%		6.25%
State General Fund	3.94 ⁽¹⁾ %		3.69%	
Other State Funds	0.50		0.50	
State Local Revenue Fund	1.56		1.56	
State Local Public Safety Fund	0.50		0.50	
Local Tax		2.50%		2.75
“Sales Tax Revenues” (as used in this Official Statement)	0.75%		1.00	
County Transportation Funds	1.75		1.75	
Total:		9.00%		9.00%

(1) Includes 0.25% associated with the “Triple Flip.”
Source: City of Industry.

Certain transactions are exempt from the sales and use tax and, hence, are not included in the Subordinate Sales Tax Revenues. Exempt transactions include:

- sales of food products for home consumption;
- sales of prescription medicine;
- sales of newspapers and periodicals; sales of edible livestock and their feed;
- sales of seed and fertilizer used in raising food for human consumption; and
- sales of gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the Board of Equalization’s July 2014 publication entitled “Sales and Use Taxes: Exemptions and Exclusions,” which can be found on the Board of Equalization’s website at <http://www.boe.ca.gov>.

Historical Sales Tax Revenues

The following table sets forth the Sales Tax Revenues received by the City for the last 10 Fiscal Years. The City received \$5,697,312 of Sales Tax Revenues in the first quarter of Fiscal Year 2015-16. The amounts below do not take into account amounts necessary to pay principal of and interest on the Senior Bonds.

CITY OF INDUSTRY Historical Sales Tax Revenues

Fiscal Year	Sales Tax Revenues⁽¹⁾
2005-06	\$30,983,797
2006-07	33,537,487
2007-08	33,048,407
2008-09	27,169,412
2009-10	23,486,124
2010-11	24,414,131
2011-12	28,659,966
2012-13	32,592,793
2013-14	40,619,388 ⁽²⁾
2014-15	33,620,881 ⁽³⁾

⁽¹⁾ Sales and use tax receipts net of the Board of Equalization administrative fees.

⁽²⁾ Amount includes proceeds of a \$8.61 million taxpayer settlement.

⁽³⁾ Unaudited.

Source: City of Industry.

Debt Service Coverage

The Maximum Annual Debt Service coverage for the Bonds is _____. The Maximum Annual Debt Service coverage is based on Subordinate Sales Tax Revenues received by the City for the Fiscal Year 2014-15.

Top Twenty-Five Sales Tax Producers

The following table provides the top twenty-five sales tax producers for the Fiscal Year 2014-15. The aggregate share of Sales Tax Revenues produced by the top twenty-five sales tax producers was 39.7% of total Sales Tax Revenues received by the City during that period. The top ten sales tax producers represented 25.0% of total Sales Tax Revenues received by the City during that period. Within the tables below, the parties are presented in alphabetical order.

CITY OF INDUSTRY
Top Twenty-Five Sales Tax Producers
Fiscal Year 2014-15⁽¹⁾
(in Alpha Order)

1 Through 10

Costco
Diamond Honda
Frys Electronics
Newegg.
Owens & Minor Distribution
Puente Hills Nissan
Puente Hills Toyota Scion
Quinn Power Systems
Sysco Food Services
US Air Conditioning Distributors

11 Through 25

Cal Lift	Puente Hills Hyundai
Golden State Foods	Puente Hills Subaru
HD Supply	Rush Truck Center
Home Depot	Super Ford Lincoln Mercury
Lowes	Target
PRL Glass Systems	Walmart
Puente Hills Chevrolet	Yale Chase Material Handling
Puente Hills Chrysler Dodge Jeep Ram	

⁽¹⁾The Fiscal Year 2014-15 total sales tax revenues were \$33,620,881.

Source: City of Industry.

Sales Tax Collection Procedures

Collection of the sales and use tax is administered by the Board of Equalization. The Board of Equalization distributes quarterly tax revenues to cities, counties and special districts using the following method: Using the prior year's like quarterly tax allocation as a starting point, the Board of Equalization first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The Board of Equalization disburses 90 percent to each local jurisdiction in three monthly installments (advances) prior to the final

computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30 percent of the 90 percent distribution, while the third advance represents 40 percent. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board of Equalization to the City in administering the sales and use tax; the fee is deducted from revenue generated by the sales and use tax before it is distributed to the City. Additional information relating to historical and comparative trends in the City's taxable sales and other economic data can be found below under APPENDIX A – "CITY OF INDUSTRY – INFORMATION STATEMENT" herein.

Pledge of Subordinate Sales Tax Revenues and Certain Amounts Held Under the Indenture

Under the Indenture, the City grants a pledge of and lien on, and a security interest in, all of the Subordinate Sales Tax Revenues on a parity with the pledge, lien and security interest that secures any Parity Debt. Such pledge, lien and security interest are for the equal security of the Bonds and any Parity Debt without preference or priority for number, date of execution or date of delivery.

In addition, the Bonds (but not any Parity Debt) are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Interest Account, the Principal Account, the Reserve Account and the Redemption Account established under the Indenture.

Except for the Subordinate Sales Tax Revenues, no funds of the City are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

Deposit of Subordinate Sales Tax Revenues and Transfers of Amounts to Trustee

Under the Indenture, the Trustee shall promptly deposit all Subordinate Sales Tax Revenues received from the Senior Bonds Trustee into the Debt Service Fund (defined below). The Trustee will hold the Subordinate Sales Tax Revenues in trust for the benefit of the Owners and the owners of any Parity Debt, and will apply the Subordinate Sales Tax Revenues solely for the uses and purposes set forth in the Indenture so long as any of the Bonds remain Outstanding.

All Subordinate Sales Tax Revenues remaining on deposit with the Trustee on February 2 of each year, after making the transfers previously required to be made by the Trustee under the Indenture, are released from the pledge and lien which secures the Bonds. The Trustee will send any such remaining Subordinate Sales Tax Revenues to the City pursuant to a Written Request of the City.

The Indenture establishes a separate fund known as the "Debt Service Fund" which will be held by the Trustee for the benefit of the Owners. The Trustee will transfer Subordinate Sales Tax Revenues (or other legally available amounts) in the amounts described below at the times described below, for deposit in the special accounts established within the Debt Service Fund, in the following order of priority:

First *Interest Account.* On or before the fifth Business Day preceding each date on which interest on the Bonds is due and payable, the Trustee will deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account that equals the aggregate

amount of the interest coming due and payable on the Outstanding Bonds on that date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Second Principal Account. On or before the fifth Business Day preceding each date on which principal of the of Bonds is due and payable at maturity or upon mandatory sinking fund redemption, the City will transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in such Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds, including the principal amount of the Term Bonds which are subject to mandatory sinking fund redemption on that date under the Indenture. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

Third Reserve Account. The Trustee will value the balance in the Reserve Account on each December 1. If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time falls below the Reserve Requirement, the Trustee will promptly notify the City of that fact. Upon receipt of any such notice, the City shall transfer to the Trustee an amount of available Subordinate Sales Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. The Trustee will apply amounts in the Reserve Account solely (i) for the purpose of making transfers to the Interest Account and the Principal Account for the Bonds, in that order of priority, on any date on which the principal of or interest on the Bonds is due and payable, if there is a deficiency at any time in any of such accounts, or (ii) at any time for the retirement of all the Outstanding Bonds at the Written Request of the City. So long as no Event of Default has occurred and is continuing, the Trustee must withdraw any amount in the Reserve Account in excess of the Reserve Requirement no later than the fifth Business Day preceding each Interest Payment Date and deposit such amount in the related Interest Account.

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

Reserve Account

The Indenture establishes a Reserve Account for the Bonds to be held by the Trustee for the benefit of the Owners of the Bonds. Amounts in the Reserve Account will be used to make payments of principal and interest on the Bonds to the extent amounts in the Interest Account or the Principal Account are not sufficient to pay in full the principal or interest due. The Reserve Account shall be funded in an amount as of any date of calculation equal to the Reserve Requirement. In lieu of making a Reserve Account deposit in cash or in replacement of moneys then on deposit in any bond reserve account, the City may deliver to the Trustee an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company (a “Qualified Reserve Account Credit Instrument”), subject to certain requirements of the Indenture, in an amount, equal to the Reserve Requirement. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

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

Issuance of Parity Debt

Under the Indenture, the City is permitted to issue Parity Debt in such principal amount as it determines, under the Bond Law or under any other law that permits the City to issue its obligations secured in whole or in part by a pledge of and lien on the Subordinate Sales Tax Revenues, subject to the following conditions precedent:

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

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

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

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

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

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

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

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

Issuance of Subordinate Bonds

The City may from time to time issue its bonds, notes or other obligations which are payable from Subordinate Sales Tax Revenues, in such principal amount as determined by the City, provided that such bonds, notes or other obligations are unsecured or are secured by a pledge of or lien on any Subordinate Sales Tax Revenues that is subordinate to the pledge and lien that secures the Bonds and any Parity Debt.

Certain Covenants of the City

As long as the Bonds are outstanding, the City will faithfully observe and perform all of the conditions, covenants and requirements contained in the Indenture, including the following:

Punctual Payment. The City will punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and the Indenture from Subordinate Sales Tax Revenues.

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

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

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

Books and Accounts; Financial Statements; Additional Information. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries are made of all transactions relating to the Subordinate Sales Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing. The City will cause to be prepared annually, within nine months after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Subordinate Sales Tax Revenues and all disbursements thereof as of the end of such Fiscal Year. The City shall furnish a copy of such statements, upon reasonable request, to the Trustee and any Owner. The Trustee has no duty to review any such financial statement.

CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIII B of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution (“Article XIII B”). In June 1990, Article XIII B was

amended by the voters through their approval of Proposition 111, which is described below. Article XIII B limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population, and cost of services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies, so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations of an entity of local government subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limits. Proposition 111 made several changes to Article XIII B. First, the term “change in the cost of living” was redefined as the change in the California per capita personal income (“CPCPI”) for the preceding year. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. Second, the appropriations limit for the fiscal year was recomputed by adjusting the 1986-87 limit by the CPCPI for the three subsequent years. Third and lastly, Proposition 111 excluded appropriations for “qualified capital outlay for fiscal year 1990-91 as defined by the legislature” from proceeds of taxes.

Article XIII B allows voters to approve a temporary waiver of a government’s Article XIII B limit. Such a waiver is often referred to as a “Gann limit waiver.” The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to the City or allow the City to finance additional services.

Debt service on the Bonds is subject to the Article XIII B appropriations limitations. The City’s appropriations limit for 2015-16 is \$460,672,587. The City’s appropriations subject to the limit for 2015-16 is projected to be \$87,000,000. The City has never made appropriations that exceeded the limitation on appropriations under Article XIII B. The impact of the appropriations limit on the City’s financial needs in the future is unknown.

Articles XIII C and XIII D of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, State voters approved Proposition 218, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Article XIII C (“Article XIII C”) and Article

XIIID (“Article XIIID”) to the California Constitution, which Articles contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees, and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund such as a general fund of the City, require a two-thirds vote. Article XIIIC further provides that any general purpose tax imposed, extended, or increased, without voter approval, after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996.

Article XIIIC also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees, and charges, regardless of the date such taxes, assessments, fees, and charges were imposed. Article XIIIC expands the initiative power to include reducing or repealing assessments, fees, and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of the City’s general fund. “Assessments,” “fees,” and “charges” are not defined in Article XIIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as for Article XIIID described below. If not, the scope of the initiative power under Article XIIIC potentially could include any general fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIIID also added several new provisions relating to how local agencies may levy and maintain “assessments” for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a “special benefit,” as defined in Article XIIID, over and above any general benefits conferred, and (iii) a majority protest procedure that involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing, and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. “Assessment” in Article XIIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIIID added several provisions affecting “fees” and “charges,” defined for purposes of Article XIIID to mean “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for

any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water, and refuse collection services, or fees for electrical and gas service, which fees or charges are not treated as “property related” for purposes of Article XIID, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the City, two-thirds voter approval by the electorate residing in the affected area.

The City does not believe that the provisions of Article XIIC or Article XIID will directly impact the Subordinate Sales Tax Revenues available to the City to pay principal of and interest on the Bonds.

Future Initiatives

Article XIIB, Article XIIC, and Article XIID were each adopted as measures that qualified for the ballot pursuant to the State’s Constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase or apply revenues and to make or increase appropriations, all of which could adversely impact the amount of Subordinate Sales Tax Revenues received by the City.

RISK FACTORS

Economy of the City and the State

The Bonds are secured by a pledge of Subordinate Sales Tax Revenues, which consist of all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law. The level of Subordinate Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the City, which is, in turn, dependent upon the level of economic activity in the City and in the State generally. As a result, any substantial deterioration in the level of economic activity within the City or in the State could have a material adverse impact upon the level of Subordinate Sales Tax Revenues and therefore upon the ability of the City to pay principal of and interest on the Bonds.

Limited Obligations

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

SUBORDINATE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN SUBORDINATE SALES TAX REVENUES).

Subordinate Bonds are Subordinate Obligations

The payment of the principal and interest on the Bonds is payable from Subordinate Sales Tax Revenues. The payment of principal and interest on the Bonds will be payable on a basis that is subordinate to the Senior Bonds. Under the indentures for the Senior Bonds, the City is required to fund the entire amount of principal and interest for the upcoming bond year for such Senior Bonds before Subordinate Sales Tax Revenues can be transferred to the Trustee for the payment of principal and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE BONDS.”

Parity Debt

Subject to certain restrictions set forth in the Indenture, the City is permitted to issue Parity Debt that constitutes additional charges against its Subordinate Sales Tax Revenues without the consent of Owners of the Bonds. To the extent that Parity Debt is issued by the City, the Subordinate Sales Tax Revenues available to pay debt service on the Bonds may be decreased. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Limitations on Remedies; Bankruptcy

The City may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the City file for bankruptcy, there could be adverse effects on the holders of the Bonds.

If the City is in bankruptcy, the parties (including the holders of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Bonds from funds in the Trustee’s possession.

The City as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including the Subordinate Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause the Subordinate Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy court determines that the rights of the Trustee and the holders of the Bonds will be adequately protected. The City may also be able, without the consent and over the objection of the Trustee and the holders of the Bonds, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Bonds, provided that the bankruptcy court determines that the alterations are “fair and equitable.”

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the holders of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Constitutional Limitations on Appropriations

California law imposes various taxing, revenue, and appropriations limitations on public agencies such as the City. See “CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS” herein for a discussion of these limitations.

California State Legislature or Electorate May Change Items Subject to Sales and Use Tax

With limited exceptions, the sales and use tax will be imposed upon the same transactions and items subject to the sales tax levied statewide by the State. In the past, the California State Legislature and the State electorate have made changes to the transactions and items subject to the State’s general sales tax and, therefore, the sales and use tax. In 1991, the California State Legislature enacted legislation that expanded the transactions and items subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment, and newspapers and magazines. In 1992, the State electorate approved an initiative that eliminated candy, gum, bottled water, and confectionery items as items subject to the State’s general sales tax. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the sales and use tax are imposed. Any such change or limitation could have an adverse impact on the Subordinate Sales Tax Revenues received by the City. For a further description of the Subordinate Sales Tax Revenues, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Increases in Sales Tax Rate May Cause Declines in Subordinate Sales Tax Revenues

On November 6, 2012, State voters approved Proposition 30, which, among other things, increased the statewide tax rate by one quarter of one percent (increasing the statewide rate from 7.25% to 7.50%) for four years, effective January 1, 2013, through December 31, 2016. Additional future increases, if any, in the State sales tax, the City’s sales and use tax or the sales tax levied in the County could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction of Subordinate Sales Tax Revenues generated within the City.

Increased Internet Use May Reduce Subordinate Sales Tax Revenues

The increasing use of the internet to conduct electronic commerce may affect the levels of sales and use tax. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the sales and use tax. However, under the federal constitution the State may be materially restricted in its ability to cause out of state retailers not going business in the State to collect use tax. In addition, the historic pattern of voluntary payment of use by taxpayers in the State has varied and it may be that some taxpayers in the State fail to pay use tax on Internet transactions through error or deliberate nonreporting and this potentially reduces the amount of the sales and use tax. As a result, the more that Internet use increases, along with a failure to collect sales taxes on such Internet purchases, the more Subordinate Sales Tax Revenues may be reduced.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State of federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements,

shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the City has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bondholders on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and the respective Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Concentration of Sales Taxpayers

The risk of reduction in Subordinate Sales Tax Revenues as a result of factors described herein may generally increase where the production of Sales Tax Revenues is concentrated among a relatively few number of taxpayers. The top ten sales tax producers accounted for 24.96% of total Sales Tax Revenues received by the City in Fiscal Year 2014-15. In the event that all or a significant portion of such taxpayers leave the City, and as a result no longer contribute Sales Tax Revenues, there may be a material adverse effect on the City's ability to pay debt service on the Bonds as such payments become due and payable. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS –Top Ten Sales Taxpayers" herein.

TAX MATTERS

State Tax Exemption. In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. Except as set forth in the preceding sentence, Bond Counsel will provide no opinion in connection with the issuance or offering of the Bonds with regard to any federal, state or local tax consequence of the ownership or disposition of or the receipt of interest on any Bond. A copy of the form of opinion of Bond Counsel relating to the Bonds is included in Appendix C.

Federal Income Tax Considerations. The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is

based upon the Internal Revenue Code of 1986 (the “Code”), United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurance can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor’s particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will hold the Bonds as “capital assets” within the meaning of section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code (“United States persons”) and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2015A BONDS.

Interest on the Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from gross income for federal income tax purposes. The City has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The City intends to treat the Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. **THE CITY EXPECTS THAT THE INTEREST PAID ON A BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.**

Disposition of Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount. An owner of Bonds will generally recognize gain or loss on the sale or exchange of the Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued interest) and the owner’s adjusted tax basis in Bonds. Generally, the owner’s adjusted tax basis in the Bonds will be the owner’s

initial cost, increased by original issue discount (if any) previously included in the owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner's holding period for the Bonds.

Under current law, a purchaser of a Bond who did not purchase that Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that Bond (or, in the case of a Bond bearing original issue discount, is less than the "revised issue price" of that Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Bonds could have a material effect on the market value of such Bonds.

Stated Interest and Reporting of Interest Payments. The stated interest on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each owner of a Bond for federal income tax purposes.

Original Issue Discount. If the first price at which a substantial amount of the Bonds of any stated maturity is sold (the "Issue Price") is less than the stated redemption price at maturity of those Bonds, the excess of the stated redemption price at maturity of each Bond of that maturity over the Issue Price of that maturity is "original issue discount." If the original issue discount on a Bond is less than the product of one quarter of one percent of its face amount times the number of complete years to its maturity, the original issue discount on that Bond will be treated as zero. Original issue discount on a Bond will be amortized over the life of the Bond using the "constant yield method" provided in the Treasury Regulations. As original issue discount on a Bond would accrue under the constant yield method, the owner of a Bond issued with original issue discount will be required to include such accrued amount in its gross income as interest, regardless of its regular method of accounting. This can result in taxable income to the beneficial owner of such a Bond that exceeds actual cash distributions to that owner in a taxable year. To the extent that a Bond is purchased at a price that exceeds the sum of the stated redemption price at maturity of that Bond and all original issue discount previously includible by any holder in gross income (the "revised issue price" of that Bond), the subsequent accrual of original issue discount to that purchaser must be reduced to reflect that premium.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the Service and to the owners. The portion of the original issue discount included in each owner's gross income while the owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such owner.

Amortizable Bond Premium. An owner that purchases a Bond for an amount that is greater than its stated redemption price at maturity will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. The owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Owners of the Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

Defeasance. Persons considering the purchase of a Bond should be aware that the bond documents permit the City under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Indenture (a “defeasance”). A defeasance could be a taxable event resulting in the realization of gain or loss by the owner of a defeased Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange; in addition, the defeased instrument may be treated as having been reissued with original issue discount or bond issuance premium with the consequences described above. Owners of Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Backup Withholding. Under section 3406 of the Code, an owner of a Bond who is a United States person may, under certain circumstances, be subject to “backup withholding” of current or accrued interest on a Bond or with respect to proceeds received from a disposition of the Bond. This withholding applies if such owner of a Bond: (i) fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the Bonds. Owners of the Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising

from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business.

Assuming the interest income of such an owner of the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

FINANCIAL STATEMENTS

The financial statements of the City for the Fiscal Year ended June 30, 2014, included in APPENDIX B of this Official Statement have been audited by Eadie & Payne, LLP (the "Auditor"), independent auditors, as stated in their report therein. The Auditor was not requested to consent to the inclusion of its report in APPENDIX B, nor has it undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report. The Auditor has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, as Disclosure Counsel. Payment of fees of Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds.

FINANCIAL ADVISOR

NHA Advisors is serving as Financial Advisor to the City with respect to the Bonds. The Financial Advisor has assisted the City in the matters relating to the planning, structuring, execution and delivery of the Bonds. Because of its limited participation in reviewing this Official Statement, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Financial Advisor will receive compensation from the City contingent upon the sale and delivery of the Bonds.

ABSENCE OF LITIGATION

There is no pending litigation, notice of which has been received by the City, or, to the knowledge of the City, threatened litigation seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued or the levy, collection and pledge of Subordinate Sales Tax Revenues.

The City is a party to various litigation from time to time. See, for example, APPENDIX B – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014,” Note 22. The City does not expect any pending litigation, notice of which has been received by the City, to have a material adverse effect on the City’s ability to pay debt service on the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine (9) months following the end of the City’s Fiscal Year (presently June 30) (the “Annual Report”), commencing with the report for the Fiscal Year ended June 30, 2015, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the Dissemination Agent on behalf of the City with the MSRB. The filing of the Annual Report and notices of enumerated events will be made in accordance with the EMMA system of the MSRB or in another manner approved under the Rule. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” The City has not failed to comply with an undertaking pursuant to the Rule in the past five years, except as provided in the following paragraph.

The City, as an obligated person under the Rule, has undertaken to provide required continuing disclosures with respect to its outstanding general obligation bonds, revenue bonds, and sales tax revenue bonds, as well as certain outstanding lease revenue bonds issued by the City of Industry Public Finance Authority (the “Authority”). The City failed to file on a timely basis its audited financial statements for (i) fiscal years ended June 30, 2010 and June 30, 2012 in connection with certain issues of its outstanding general obligation bonds and (ii) fiscal years ended June 30, 2010 through June 30, 2013 in connection with certain issues of its outstanding sales tax revenue bonds, an outstanding issue of the City’s revenue bonds and certain issues of the City of Industry Public Facilities Authority’s outstanding lease revenue bonds. The City’s audited financials for the past five fiscal years have now been posted on EMMA. In addition, the City failed to file on a timely basis required annual financial and operating data for fiscal years ended June 30, 2010 through June 30, 2014 in connection with certain of its outstanding general obligation, sales tax revenue bonds and revenue bonds and certain issues of the City of Industry Public Facilities Authority’s outstanding lease revenue bonds. Amended filings have been posted on EMMA to address these annual reporting omissions. In the past five years, like many issuers, the City did not file notices of rating changes of the bond insurers. The City has filed notices with EMMA regarding the

current ratings of its insured bonds. After making the filings described above in this paragraph, the City is in compliance in all material respects with its continuing disclosure undertakings under the Rule for the last five years. On March 27, 2014, the City adopted Continuing Disclosure Compliance Procedures to assist the City in complying with its undertakings under the Rule. The City believes that with such Continuing Disclosure Compliance Procedures in-place it will timely comply with its continuing disclosure undertaking entered into in connection with the issuance of the Bonds. The City anticipates that certain City staff will receive disclosure compliance training provided by Disclosure Counsel within sixty days of issuance of the Bonds.

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MISCELLANEOUS

The references herein to the Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of such provisions reference is made to each document, as the case may be. Copies of the documents mentioned under this heading are available for inspection at the City and following delivery of the Bonds will be on file at the offices of the Trustee in Los Angeles, California. References are made herein to certain other documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement and its distribution have been duly authorized and approved by the City.

CITY OF INDUSTRY, CALIFORNIA

By: _____
Mayor

APPENDIX A

CITY OF INDUSTRY – INFORMATION STATEMENT

The following information regarding the City of Industry (the “City”) and the surrounding area is presented for general information only. The Bonds are payable solely from and are secured by the sources described in the Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

General

The City is a charter city operating under a charter approved by the voters of the City on June 8, 1976. The City was incorporated on June 18, 1957. Located in the County of Los Angeles (the “County”) in the State of California (the “State”), the City consists of approximately 12 square miles and is located 20 miles east of the City of Los Angeles. As of January 1, 2015, the City had a population of 440 people.

The City is governed by a City Council which elects a Mayor from among its members. The City has adopted the Council-Manager form of government under which the City Council may appoint a City Manager who is responsible for supervising the day-to-day operations of the City and allied agencies and carrying out policies set by the Council.

The basic purpose of the City is to provide a center for industry and commerce of all types. The City serves as a substantial employment base for the approximately 2 million people living in the San Gabriel Valley. Approximately 15% of Industry’s area is available for development. The remaining 85% of the available land has been developed at a ratio of approximately 95% industrial and 5% commercial. The industrial area within the City represents nearly 10% of the total industrial acreage in the County.

The City of Industry has a total plan of development. The City has planned the location of future streets, storm drains, sewers and utility lines in presently undeveloped areas. The planned improvements are designed to facilitate industrial development. Development of the City is now about [80%] complete.

Government

The City is governed by a City Council which elects a Mayor from among its members. The City has adopted the Council-Manager form of government under which the City Council may appoint a City Manager who is responsible for supervising the day-to-day operations of the City and allied agencies and carrying out policies set by the City Council. As of September 30, 2015, the City had approximately 17 employees.

The members of the City Council are listed below.

Name and Office	Expiration of Term
Mark D. Radecki , Mayor	June 2019
Cory C. Moss, Mayor Pro Tem	June 2019
Roy Haber III, Council Member	June 2017
Newell W. Ruggles, Council Member	June 2019
Abraham N. Cruz, Council Member	June 2017

Location

Situated in the eastern section of Los Angeles County in the San Gabriel Valley, the City is located near the center of a vast five-county population concentration in Southern California. The region includes Los Angeles, Ventura, San Bernardino, Orange and Riverside Counties. The City is located in an established industrial area, centered in the core of a 40-mile radius encompassing other major industrial centers in the Los Angeles Basin.

The City of Industry enjoys easy access to the region's freeways, seaports, airports and rail facilities. The City is 22 miles from downtown Los Angeles and is bounded on the north by the San Bernardino (I-10), the south by the Pomona (I-60), the east by the Orange (I-57) and the west by the San Gabriel River (I-605) Freeways, all of which have immediate accessibility to the central Los Angeles/Orange and San Bernardino Counties freeway network.

The City is 40 miles from the seaports of Los Angeles and Long Beach, 45 miles from Los Angeles International Airport, 20 miles from Ontario International Airport, and is served by two transcontinental rail lines including a line to the harbors.

Industrial Activity

Although the economic impacts of the City of Industry are felt in varying degrees throughout Southern California, the impact of the economic activities centered in the City are felt primarily in the communities of the San Gabriel Valley area.

Approximately 2,500 industrial manufacturing plants and distribution facilities are located within the City. These facilities employ approximately 65,000 people as of June 2015 and have an annual payroll estimated to be in excess of \$2.6 billion. The vast majority of the workforce in the City live in the neighboring communities of the San Gabriel Valley.

The San Gabriel Valley has a total residential population of over 1,800,000. About one third of these residents are employed in a wide range of occupations. Industries in which employment is provided include: manufacturing, trade service, retail, government, transportation, finance, insurance, real estate, construction and others. A highly diversified source of labor as well as professional management personnel is available to firms that select the City as a location for conducting business.

With only 3.1 percent of the total land area in the San Gabriel Valley, the City is the source of approximately 40 percent of all the basic manufacturing/distribution jobs in the San Gabriel Valley communities. Annual figures for 2014 are unavailable.

The City has also committed itself to being equally responsive to the creation of a setting that is complementary to its neighboring communities. Objectives established by the City government to achieve these goals emphasize development of an employment base for the San Gabriel Valley and the Los Angeles metropolitan areas, initiation of capital improvement programs and incentives designed to provide a full range of industry requirements, the acceleration and sustaining of modern streets and highways, the perpetuation of programs to beautify the City and conserve its natural resources, and the encouragement of commercial, professional and service uses to support industry.

The City of Industry has taken as a matter of public policy a lead role in Southern California's growing leadership in industrial development. Because availability of prime industrial land in Los Angeles County is the key factor in maintaining a strong industrial/employment base, the City of Industry, with prime industrial land available in a municipal area which openly welcomes industry, is able

to attract private enterprise to commit large investments in land and industrial improvement efforts to attain a balanced economy.

Despite the highly competitive nature of the industrial plant location market, the City of Industry has been able to sustain a vigorous pace of economic growth.

The basic jobs in the City of Industry represent an important anchor point for the strength and stability of the entire San Gabriel Valley economy.

Major Employers

The following table sets forth the major employers in the City.

CITY OF INDUSTRY Top Employers

<u>Employer</u>	<u>Number of Employees</u>
Hacienda La Puente Unified School District ⁽¹⁾	2975
LA County Sanitation District ⁽²⁾	1750
SYSCO Food Services of LA	1100
US Postal Service	1100
Viewsonic Corporation	640
Leegin Creative Leather Products Inc.	600
Acorn Engineering Company	520
US Air Conditioning Distributors Inc.	508
Fed Ex Ground Package System Inc.	500
Operon Distributors	500
Snak King Corporation	500
Golden State Foods - Manufacturing	425
Pacific Palms Resort	425
Alta Dena Certified Dairy Inc	420
Closet World	400
Lights of America Inc	400
Golden State Foods Corporation	391
Fiserv	355
Alcoa Fastening Systems	350

⁽¹⁾ Includes employees from schools outside of the City.

⁽²⁾ Includes employees for the full district.

Commercial Activity

The City is home to many industrial, retail and business centers. The Puente Hills Mall is a 66-acre complex, containing over 600,000 square feet of retail space, and is one of Southern California's largest shopping centers. The Puente Hills Mall has 200 retail outlets. Puente Hills Auto Mall has 12 major dealerships. Puente Hills East Business Center and Crossroads Business Park provides approximately 1.2 million square feet of office and research and development space. The 190 acre Fairway Business Center is a light Industrial complex in a business park environment. The Grand Crossing Industrial Center provides 400 acres of commercial and industrial development space.

Utilities

Electrical energy is distributed to the City and surrounding areas by Southern California Edison Company, an investor-owned electric utility serving Central and Southern California.

Water is supplied to the City by the following companies: San Gabriel Valley Water Company, Suburban Water Systems, Rowland Water District, La Puente Valley County Water District and Walnut Valley Water District.

The Southern California Gas Company provides natural gas to the City.

Meeting and Convention Facilities

Surrounded by 640 acres of public grounds, the Industry Hills Exhibit-Conference Center and Hotel Resort, known as the “Pacific Palms Hotel and Resort,” offers comprehensive meeting and recreational facilities. This resort has two 18-hole championship golf courses. The facility is designed to support the needs of the firms in the City and others in Southern California that require the use of exhibit and conference facilities. The center has more than 45,000 square feet of flexible function space, including 28 meeting rooms and breakout rooms with 12,000 square feet alone is for the main event venue space called the “Majestic Ballroom.” The center also has several full food service facilities. Atop the facility is the Hotel, offering 294 hotel rooms and/or suites. There is an equestrian center, clubhouse, spa and fitness center.

Health Services

The City accesses medical care available from local community hospitals and clinics and medical research institutes. For example, the City of Hope National Medical Center is in the nearby City of Duarte, which has been designated a Clinical Cancer Research Center, Inter-Community Medical Center, Presbyterian Intercommunity Hospital, and Citrus Valley Health Partners, that includes: Citrus Valley Medical Center, Foothill Presbyterian Hospital, Queen of the Valley Campus, and Hospice of the San Gabriel Valley.

Transportation

Located within the core of a 40 mile radius, encompassing Los Angeles, Orange County and the Inland Empire, the City has numerous resources for transportation. Firms in the City are serviced by both the Union Pacific and Southern Pacific transcontinental railroads, both running westerly to Los Angeles and easterly toward Riverside. Southern Pacific operates a mainline switching yard and major intermodal (piggy-back) facility in the City which cuts delivery and transit times substantially. In addition, a 41-mile rail bypass opens the City directly into both of the West Coast’s largest seaports: Los Angeles Harbor and the Port of Long Beach. In addition, Metrolink, a community rail line which serves nearby communities, has a station in the city. Local and Los Angeles bus service is provided by the Metropolitan Transit Authority and Foothill Transit, while state and nationwide service is available through Greyhound and Continental Trailways.

The City is bordered by four major freeways. The Pomona Freeway (60) also intersects the Long Beach (710), San Gabriel River (605) and Orange (57) Freeways, providing direct access to Orange County markets. The San Bernardino (10) Freeway borders the City on the north. More than 50 major

trucking lines are franchised to serve the area. Overnight delivery can be made to all major California cities, as well as Phoenix, Arizona and Las Vegas, Nevada.

Air transportation is available at any of the three leading airports serving the Greater Los Angeles area as well as several local private airports. The City is located 18 miles from Ontario International Airport and approximately 40 miles from both Los Angeles International and John Wayne Airport. The airports have excellent air freight facilities. Private aircraft facilities are also available at Brackett Field in La Verne, 9 miles away, and El Monte Airport, just 8 miles away.

Public Safety

The City's law enforcement is provided by contract with the Los Angeles County Sheriff's Department that maintains a station in the City staffed by over 265 deputies and support personnel. The Industry Sheriff's Station serves as headquarters for patrol, detective and juvenile bureaus, and also serves as the local police headquarters for three contract cities. The Industry Station serves an area of 54 square miles with a population of approximately 180,000.

Helicopter patrol is also provided as a contracted service. The Los Angeles County Sheriff's Department has numerous aircraft. The Civic-Financial Center helipad, located adjacent to the Sheriff's Station, can accommodate the largest of these aircraft and has refueling capabilities.

The City of Industry is part of the Consolidated Fire Protection District administered by the Los Angeles County Fire Department. There are three fire stations located within the City. These stations are equipped with the latest in firefighting equipment, including snorkel devices, and are staffed by experienced and well-trained industrial fire fighters. In addition, local fire officials may call upon the resources of the County Fire Department in the case of emergency. These include firefighting helicopters, resuscitators, rescue units and foam trucks.

The County Fire Department also maintains a fire prevention bureau that aids businessmen in solving potentially dangerous situations.

Financial Institutions

The financial requirements of the business and commercial community are well accommodated by the City of Industry's numerous banks and savings and loan associations. Specialists in every banking field are available and financial services are provided for both large and small businesses.

Education

Education at all levels is to be found in the communities surrounding the City of Industry.

There are five unified school districts in the immediate vicinity of the City of Industry. They are: Walnut Unified School District, Rowland Unified School District, Hacienda-La Puente Unified School District, Bassett Unified School District, and Pomona Unified School District.

There are two community colleges serving the area. Mt. San Antonio College, located in Walnut, offers academic and vocational instruction as does Rio Hondo College in Whittier. Both colleges offer daytime and evening classes.

Located within a 15-mile radius of the City of Industry are several state and private colleges and universities including: California State Polytechnic University in Pomona (6 miles); Whittier College (3 miles); Claremont Colleges (10 miles); La Verne College (9 miles); and Pomona College (10 miles).

Recreation and Leisure

Residents in the communities surrounding the City of Industry are afforded convenient and easy access to numerous recreational areas in Southern California.

The City of Industry has developed its own 6,450-acre Industry Hills Exhibit-Conference Center & Hotel Resort. This area includes two 18-hole championship golf courses and driving range, a 175,000 square foot golf service area which includes clubhouse, retail shop and golf cart facilities, exhibit and conference center, a 292-room hotel, equestrian center, spa and fitness center. The facility is leased to a managing operator and is known as the Pacific Palms Resort.

Medical Facilities

The City of Industry and the surrounding communities are served by a number of medical centers that are complemented by specialists in all phases of medical and dental care. In all, more than 20 hospitals are available, together with some 1,300 doctors and 800 dentists.

Historical

The Workman and Temple Family Homestead Museum is a six-acre site in the City of Industry containing eight structures that document over 100 years of Southern California life and architecture. There is the Workman House, an 1840's adobe which was remodeled in the 1870's, incorporating elements of popular mid-nineteenth century architectural styles; a water tower and pump house dating from circa 1872-1897; a cast stone neoclassical mausoleum, built in 1919; and a Spanish-Colonial Revival residence and its accompanying teepee-like retreat, both constructed in the early 1920's. The facilities are now owned and maintained by the City of Industry.

Climate

The climate of the City is mild through the year with temperatures seldom varying more than 25 degrees between winter and summer. The mean high temperature for the city is 77 degrees. Most rainfall comes during the winter with nearly 85 percent of the annual total occurring from November through March.

Prevailing winds are from the west during the spring, summer and early autumn, with northeasterly winds predominating the remainder of the year.

Air pollution is generally of no greater intensity than throughout other areas of the Los Angeles Basin. The Los Angeles Air Pollution Control District reports that, "because the City of Industry does not have any heavy industry such as steel plants or foundries and does not have heavy concentrations of automotive traffic, concentrations of the emitted or source area contaminants are relatively low in that area."

General Fund Financial Summary

The information contained in the following table of revenues, expenditures and changes in fund balances has been derived from the City's Annual Financial Reports for the fiscal years shown. A copy of the City's Annual Financial Report for the twelve months ended June 30, 2014, is attached as APPENDIX B hereto.

CITY OF INDUSTRY
General Fund
Summary of Revenues, Expenditures and Changes in Fund Balances
Fiscal Years 2009-10 through 2013-14

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Revenues					
Taxes	\$ 30,834,897	\$ 31,155,544	\$ 32,448,959	\$ 38,934,839	\$ 46,899,638
Licenses and permits	2,341,894	2,282,722	2,153,176	2,375,346	2,539,226
Fine, forfeitures and penalties	428,024	434,307	452,252	480,126	415,812
Revenues from use of money and property	<u>25,401,043</u>	<u>17,458,608</u>	<u>11,031,455</u>	<u>7,799,425</u>	<u>12,806,242</u>
Total Revenues	\$ 59,005,858	\$ 51,331,181	\$ 46,085,842	\$ 49,589,736	\$ 62,660,918
Expenditures					
Legislative	\$ 276,662	\$ 292,360	\$ 324,968	\$ 351,063	\$ 357,373
General administration	2,609,917	2,669,904	3,144,094	4,099,759	5,936,313
Support services	5,650,308	5,874,351	8,345,608	7,789,417	6,557,824
Community development	2,285,911	1,181,926	503,448	655,514	689,857
Community services	3,626,231	4,080,945	4,435,215	4,544,184	3,148,503
Public safety	6,476,314	5,879,200	7,741,218	9,681,513	8,729,322
Public works	13,808,050	15,936,074	15,582,528	14,273,519	12,752,783
Capital Projects	<u>221,315</u>	<u>20,497</u>	<u>5,341,694</u>	<u>6,635</u>	<u>--</u>
Total Expenditures	\$ 34,954,708	\$ 35,935,257	\$ 45,418,773	\$ 41,401,604	\$ 38,171,975
Excess of Revenue Over Expenditures	\$ 24,051,150	\$ 15,395,924	\$ 667,069	\$ 8,188,132	\$ 24,488,943
Other Financing Sources (Uses)					
Transfers in from other governmental funds	\$ 46,274,538	\$ 29,076,962	\$ 23,508,061	\$ 97,956,573	\$ 23,873,802
Transfers in from enterprise and fiduciary funds	4,900,739	-	9,933,424	7,967,707	--
Proceeds from sale of capital assets	-	-	-	1,000,000	--
Loss on write off debts due from Successor. Agency	-	-	-	(6,486,139)	--
Proposition A Exchange	-	(1,039,500)	(2,025,000)	(1,402,000)	2,906,000
Transfers out to enterprise and fiduciary funds	(3,021,414)	(156,152)	(3,420,176)	(3,945,695)	(53,790)
Transfers out to other governmental funds	(52,950,862)	(29,205,821)	(35,359,569)	(76,928,834)	--
Litigation Settlement	--	--	(5,000,000)	--	(42,500,000)
Other Income	--	--	--	--	1,000,000
Total other financings sources (uses)	<u>(4,796,999)</u>	<u>(1,324,511)</u>	<u>(12,363,260)</u>	<u>18,161,612</u>	<u>(20,585,988)</u>
Net changes in fund balance	\$ 19,254,151	\$ 14,071,413	\$(11,696,191)	\$ 26,349,744	\$ 3,902,955
FUND BALANCES, beginning of year	\$185,675,395	\$204,929,546	\$219,000,959	\$207,304,768	\$233,654,512
FUND BALANCES, end of year	\$204,929,546	\$219,000,959	\$207,304,768	\$233,654,512	\$237,557,467

Sources: City of Industry Annual Financial Reports.

CITY INVESTIGATIONS

In April 2015, the City received notification that the Los Angeles County district attorney's office had opened an investigation into certain financial transactions between the City and companies controlled by a former mayor of the City, David Perez, and his relatives. The transactions under investigation occurred over the past 20 years and, according to an audit of the finances of the City performed in 2015 by KPMG at the request of the City, resulted in more than \$326 million being paid by the City to companies owned by Mr. Perez and his family. As of the date of this Official Statement, the findings of the investigation and any determinations by the Los Angeles County district attorney have not been made public by the office of the Los Angeles County district attorney.

In May 2015, the State Controller's office announced that it would conduct an investigation into discrepancies in the financial reporting of the City and an analysis of the City's administrative and internal accounting controls. In addition, the State Controller's office announced that it would examine allegations of wrongdoing by City officials and any irregularities in local, state and federal programs administered by the City. The State Controller's review will begin with the fiscal years 2012-13 and 2013-14. As of the date of this Official Statement, the State Controller's investigation of the City is ongoing.

DEFINED BENEFIT PENSION PLAN

Plan Description

The City's defined benefit pension plan, the Miscellaneous Plan of the City of Industry the "Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. It is a cost-sharing multiple-employer defined benefit plan that is part of the Miscellaneous 2.7% at 55 Risk Pool of the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements.

All full-time and certain part-time employees of the City are covered in this plan. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (or other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California.

Funding policy

Active plan members in the Plan are required to contribute 8% of their annual covered salary. The City makes contributions required of the employees on their behalf. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate of covered payroll for the years ended June 30, 2014, 2013 and 2012 were 17.889%, 15.966%, and 27.940% respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the year ended June 30, 2014, the City's annual employer pension cost amounted to \$461,038. The required contribution for the year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases ranging from 3.30% to 14.20%, which vary depending on age, duration of service and type of employment. Both (a) and (b) include an inflation component of 2.75% and an annual production growth of 0.25%. The actuarial value of the Plan's assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and losses.

The Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period as of June 30, 2011 was 20 years. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Three-Year Trend Information

Fiscal Year		Percentage of APC	Net Pension Obligation
<u>June 30</u>	<u>Annual Pension Cost</u>	<u>Contributed</u>	<u>(Overpayment)</u>
2012	718,818	100.00%	(15,288)
2013	407,345	80.90%	62,515
2014	461,038	114.31%	(3,482)

APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014

The City's audited financial statements are presented for general information only. The Bonds are payable solely from and are secured by Subordinate Sales Tax Revenues, as described in the Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[TO COME]

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

BOOK-ENTRY SYSTEM

The information in this Appendix E concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s Book-Entry System has been obtained from DTC and the City of Industry (the “City”), U.S. Bank National Association, as trustee (the “Trustee”) and Stifel, Nicolaus & Company, Incorporated takes no responsibility for the completeness or accuracy thereof.

The City, the Trustee cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants (each as defined below) or others will distribute any (a) payments of principal or purchase price or interest with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. The City, the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a beneficial owner with respect to the Bonds or an error or delay relating thereto.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on this website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The City may

decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

ATTACHMENT G

LOAN AGREEMENT

By and between

CITY OF INDUSTRY

and

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

Dated as of [Dated Date]

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EXHIBIT A - LOAN AMORTIZATION SCHEDULE

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of [Dated Date] (this “Agreement”), is made by and between the CITY OF INDUSTRY (the “City”), a charter city and municipal corporation organized and existing under the Constitution and the laws of the State of California, and the CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY (the “Authority”), a joint exercise of powers authority and organized under the laws of the State of California,

WITNESSETH:

WHEREAS, the Authority has requested that the City make a loan to the Authority as provided herein so the Authority may purchase Subordinate Sales Tax Revenue Bonds (as defined herein) as an investment; and

WHEREAS, the City desires to assist the Authority by making the loan herein to the Authority; and

WHEREAS, the City is authorized pursuant to the laws of the State of California and the Charter of the City, including Section 200 and Section 201 thereof, to make a loan to the Authority; and

WHEREAS, the City and the Authority have each duly authorized the execution, delivery and performance of this Agreement;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definition of Terms. The following terms shall have the defined meanings set forth in this Section 1.1.

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

“Authorized Representative” means the Mayor or City Manager or their respective designees.

“Business Day” means a day which is not a Saturday, a Sunday or a day on which banks located in the City are required or authorized to remained closed.

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, or other similar electronic means of communication confirmed by writing or written transmission.

“State” means the State of California.

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

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

Section 1.2 Number, Gender and Variant. The singular form of any word used herein shall include the plural and *vice-a-versa*. The use herein of a word of any gender shall include all genders. The terms defined for purposes of this Agreement shall include all variants of such terms.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions in this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Authority. The Authority makes the following representations and warranties to the City:

(a) The Authority is a joint exercise of powers agency duly organized and validly existing under the Constitution and the laws of the State, with the full legal right, power and authority to enter into, execute, deliver and perform this Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Agreement. The Authority has taken all necessary action and has complied with all provisions of the law required to make this Agreement a valid and binding limited obligation of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the Authority, the execution, delivery and performance of this Agreement, and compliance with the provisions hereof do not

conflict with or constitute on the part of the Authority a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the Authority is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority which affects or seeks to prohibit, restrain or enjoin the origination of the loan or the execution and delivery of this Agreement, affects or questions the ability to perform under this Agreement or questions the existence or status of the Authority.

Section 2.2 Representations and Warranties of the City. The Borrower represents and warrants to the Authority that, as of the date of execution of this Agreement:

(a) The City is a charter city duly organized and validly existing under its Charter, the Constitution and the laws of the State, with the full legal right, power and authority to enter into, execute, deliver and perform this Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Agreement. The City has taken all necessary action and has complied with all provisions of the law required to make this Agreement a valid and binding limited obligation of the City, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the City, the execution, delivery and performance of this Agreement, and compliance with the provisions hereof do not conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the City which affects or seeks to prohibit, restrain or enjoin the origination of the loan or the execution and delivery of this Agreement, affects or questions the ability to perform under this Agreement or questions the existence or status of the City.

ARTICLE 3

LOAN TO AUTHORITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Authority. The City covenants and agrees, upon the terms and conditions in this Agreement, to make a loan to the Authority in the aggregate principal amount of \$_____. The City acknowledges that the Authority's [primary] source of funds to repay the loan hereunder will be from amounts received from the Subordinate Sales Tax Revenue Bonds. The Authority covenants and agrees, upon the terms and conditions in this Agreement, to repay the loan from the City.

Section 3.2 Loan Payments and Other Amounts Payable. The Authority hereby agrees to repay the principal amount of the loan set forth in Section 3.1 on each February 1 according to the schedule set forth in Exhibit A hereto. Interest on such loan shall be made on each February 1 and August 1, commencing August 1, 2016, at the rate(s) set forth in Exhibit A hereto. Both the principal of and interest on the loan shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months.

Section 3.3 Unconditional Obligation. The obligations of the Authority to make the payments required by Section 3.2 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the City and the Authority shall pay absolutely the payments to be made on account of the loan hereunder as prescribed hereunder, free of any deductions, diminution or setoff.

ARTICLE 4

PREPAYMENT

Section 4.1 Option to Prepay Loan Payments. The Authority shall have the option to prepay all or any portion of the loan at any time. The Authority shall pay any prepayment of the loan hereunder directly to the City following two (2) Business Days' notice of such intended prepayment to the City, specifying the amount of such prepayment. Prepayment shall be made to the City only pursuant to instructions of the City set forth in a Written Certificate.

ARTICLE 5

COVENANTS AND AGREEMENTS

Section 5.1 Records and Financial Statements of the Authority. The City shall be permitted (but shall have no duty) at all reasonable times upon reasonable notice during the term of this Agreement to examine the books and records of the Authority. Upon the request of the City, the Authority shall promptly furnish such other information regarding the financial position, results of operations, business or prospects of the Authority as the City may reasonably request from time to time.

Section 5.2 Compliance with Laws. The Authority will comply in all material respects with all laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Authority or its operations, and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Authority's assets, operations or financial condition.

Section 5.3 Limitations on Indebtedness. The Authority covenants and agrees that it will not incur any indebtedness or financial obligations by borrowing money, by assuming or guaranteeing the obligations of others, without the prior written consent of the City, as evidenced in a Written Certificate.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs shall constitute an "Event of Default" under this Agreement:

(a) failure by the Authority to pay or cause to be paid any amounts required to be paid under Section 3.2 hereof when due within five (5) days of the day when such payment was due; or

(b) failure of the Authority to observe and perform any covenant, condition or agreement on its part required to be observed or performed under this Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the City, which notice shall specify such failure and request that it be remedied, unless the City and the Authority shall agree in writing to an extension of such time period; or

(c) any of the representations or warranties of the Authority made herein was false or incorrect in any material respect when made; or

(d) an Act of Bankruptcy occurs with respect to the Authority.

Section 6.2 Remedies on Default. Whenever any Event of Default hereunder shall have occurred and shall continue, the City may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments then due under Section 3.2 or the enforcement of the performance and observance of any obligation, agreement or covenant of the Authority under this Agreement, including but not limited to: (i) instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Authority and collect in the manner provided by law moneys decreed to be payable; and (ii) by injunctive and other equitable relief, to require the Authority to perform each of its obligations hereunder and to otherwise protect the City's rights hereunder.

Section 6.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given

under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the City to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 6.4 No Additional Waiver Implied by One Waiver. If any agreement or covenant contained in this Agreement should be breached by the Authority and thereafter waived by the City, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE 7

NO LIABILITY OF CITY; EXPENSES; INDEMNIFICATION

Section 7.1 No liability of City. Neither the City nor its members, officers, directors, agents or employees or their successors or assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement or the loan made hereunder.

Section 7.2 Expenses. The Authority covenants and agrees to pay and indemnify the City against all fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with this Agreement. These obligations and those in Section 7.3 shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Agreement.

Section 7.3 Indemnification. To the fullest extent permitted by law, the Authority agrees to indemnify, hold harmless and defend the City and its respective officers, governing members, directors, officials, employees, and attorneys (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (i) this Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby; or
- (ii) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained herein or relating hereto.

Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Authority shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Authority if in the

judgment of such Indemnified Party, and agreed to by the Authority, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel. The provisions of this Section shall survive the termination of this Agreement.

ARTICLE 8

MISCELLANEOUS

Section 8.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given upon actual receipt thereof when the same have been mailed by first class mail or by overnight mail, postage prepaid, addressed to the Authority or the City, as the case may be, at the addresses set forth below. Unless otherwise requested by the City, any notice required to be given hereunder in writing may be given by any form of Electronic Notice capable of making a written record. The Authority or the City may by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

If to the City:

City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91774
Attention: City Manager
Telephone: (626) 333-2211

If to the Authority:

City of Industry Public Facilities Authority
c/of City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91774
Attention: City Manager
Telephone: (626) 333-2211

Section 8.2 Limitation of Rights. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority and/or the City any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority and/or the City.

Section 8.3 Severability. If any provision of this Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.4 Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.5 Agreement Represents Complete Agreement; Amendments. This Agreement represents the entire contract between the City and the Authority with respect to the loan hereunder. This Agreement may be amended, changed, modified, altered or terminated only pursuant to a written agreement signed by the parties.

Section 8.6 Governing Law; Venue. This Agreement is a contract made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State, including the Charter of the City. This Agreement shall be enforceable in the State, and any action arising out of this Agreement shall be filed and maintained in the County of Los Angeles, unless the City waives this requirement.

Section 8.7 Term of the Agreement. This Agreement shall be and remain in full force and effect as long as any payment with respect to the loan made under Section 3.2 remains outstanding and unpaid.

Section 8.8 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns. The Authority shall not assign this Agreement or any obligation hereunder without the prior written consent of the City, as evidenced by a Written Certificate of the City.

[Signatures to follow on the next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

CITY OF INDUSTRY

By: _____
City Manager

CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY

By: _____
Executive Director

EXHIBIT A
LOAN AMORTIZATION SCHEDULE

ATTACHMENT H

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the City of Industry, California (the “City”) and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of the City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2015, by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). The City and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean Digital Assurance Certification LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the City, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Holder” shall mean either the registered owners of the Bonds or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (“EMMA”) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement for the Bonds dated _____, 2015.

“Participating Underwriter” shall mean any of the original underwriter of the Bonds listed in the

Official Statement required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit the audited financial statements as soon as available. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, to the MSRB a notice in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and
- (ii) file a report with the City certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following categories or similar categories of information updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Bonds):

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing (all capitalized terms have the meaning of

such terms in the Official Statement): (i) the total amount of Sales Tax Revenues received by the City for the most recent completed Fiscal Year; (ii) the percent by which annual Sales Tax Revenues have provided coverage for debt service on the Bonds, the 2010 Bonds and Parity Debt (if any) for the most recent completed Fiscal Year; and (iii) an update of the information presented in the table in the Official Statement entitled "CITY OF INDUSTRY – Permits and Taxable Transactions" for the most current year of information made available by the California State Board of Equalization.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the SEC. If any document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the City shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. Bond calls, if material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;

12. bankruptcy, insolvency, receivership or similar proceedings of the City, which shall occur as described below;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material, or;
14. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) Upon receipt of notice from the City and instruction by the City to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent, if other than the Trustee, and if the Dissemination Agent is the Trustee, then by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The City, or the Dissemination Agent, if the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten business days after the occurrence of the event.

SECTION 6. Termination of Reporting Obligation. The City’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The Dissemination Agent shall receive compensation for the services provided pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days written notice to the City. If at any time there is no designated Dissemination Agent appointed by the City, of the Dissemination Agent is unwilling or unable to perform

the duties of the Dissemination Agent hereunder, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City.

SECTION 9. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations on liability afforded to the Trustee thereunder. The Dissemination Agent (if other than the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Trustee and the Dissemination Agent, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding any loss, expense and liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the City and the Dissemination Agent by their duly authorized representatives as of _____, 2015.

THE CITY OF INDUSTRY

By: _____
City Manager

DIGITAL ASSURANCE CERTIFICATION LLC, as
Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: City of Industry

Name of Bond Issues: City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2015A
(Taxable)

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the City of Industry (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated _____ 1, 2015, by and between the City and Digital Assurance Certification LLC. The City anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

DIGITAL ASSURANCE CERTIFICATION LLC., as
Dissemination Agent on behalf of the City

By: _____
Authorized Officer

cc: City of Industry

ATTACHMENT I

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the City of Industry, California (the “City”) and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of the City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2015, by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). The City and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Bondholders and Beneficial Owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean Digital Assurance Certification LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the City, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Holder” shall mean either the registered owners of the Bonds or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (“EMMA”) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement for the Bonds dated _____, 2015.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit the audited financial statements as soon as available. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, to the MSRB a notice in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and
- (ii) file a report with the City certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following categories or similar categories of information updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Bonds):

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing (all capitalized terms have the meaning of such terms in the Official Statement): (i) the total amount of Subordinate Sales Tax Revenues received by the City for the most recent completed Fiscal Year; (ii) the percent by which annual Subordinate Sales Tax Revenues have provided coverage for debt service on the Bonds and Parity Debt (if any) for the most recent completed Fiscal Year; and (iii) an update of the information presented in the table in the Official Statement

entitled “CITY OF INDUSTRY – Permits and Taxable Transactions” for the most current year of information made available by the California State Board of Equalization.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the SEC. If any document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the City shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. Bond calls, if material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the City, which shall occur as described below;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material, or;

14. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) Upon receipt of notice from the City and instruction by the City to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent, if other than the Trustee, and if the Dissemination Agent is the Trustee, then by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The City, or the Dissemination Agent, if the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten business days after the occurrence of the event.

SECTION 6. Termination of Reporting Obligation. The City’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The Dissemination Agent shall receive compensation for the services provided pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days written notice to the City. If at any time there is no designated Dissemination Agent appointed by the City, or the Dissemination Agent is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its

duties or obligations hereunder, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City.

SECTION 9. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations on liability afforded to the Trustee thereunder. The Dissemination Agent (if other than the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Trustee and the Dissemination Agent, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding any loss, expense and liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the City and the Dissemination Agent by their duly authorized representatives as of _____, 2015.

THE CITY OF INDUSTRY

By: _____
City Manager

DIGITAL ASSURANCE CERTIFICATION LLC, as
Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: City of Industry

Name of Bond Issues: City of Industry Subordinate Sales Tax Revenue Refunding Bonds, Series 2015B
(Taxable)

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the City of Industry (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated _____, 2015, by and between the City and Digital Assurance Certification LLC. The City anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

DIGITAL ASSURANCE CERTIFICATION LLC., as
Dissemination Agent on behalf of the City

By: _____
Authorized Officer

cc: City of Industry

ATTACHMENT J

ATTACHMENT J.

**SUMMARY OF CASH FLOWS
Sources and Uses of Funds -- Estimated**

	2015 Senior Bonds	2015 Subordinate Bonds	TOTAL
SOURCES:			
Bond Proceeds	\$338,610,000	\$48,745,000	\$387,355,000
Original Issue Discount	(4,226,101)	-	(4,226,101)
Prior Funds on Account	15,353,268	-	15,353,268
TOTAL	\$349,737,167	\$48,745,000	\$398,482,167
USES:			
Project Fund	\$207,047,364	\$44,666,118	\$251,713,482
Escrow Funds	134,357,501		134,357,501
Debt Service Reserve		4,078,882	4,078,882
Costs of Issuance	2,600,965		2,600,965
Bond Insurance	5,269,495		5,269,495
Surety Reserve Premium	460,035		460,035
Rounding	1,807		1,807
TOTAL	\$349,737,167	\$48,745,000	\$398,482,167

ATTACHMENT J.

**SUMMARY OF CASH FLOWS
Debt Service - Estimated**

Fiscal Year	2015					
	2015 Senior Bonds	2010 Bonds (Senior)	SUB-TOTAL	Subordinate Bonds	TOTAL	
2016	\$0	\$3,417,241	\$3,417,241	\$0	\$3,417,241	
2017	1 18,258,636	4,739,020	22,997,656	4,078,882	27,076,538	
2018	2 18,259,340	4,736,120	22,995,460	3,982,913	26,978,373	
2019	3 18,262,449	4,737,213	22,999,661	3,981,163	26,980,824	
2020	4 18,257,467	4,737,543	22,995,010	3,986,763	26,981,772	
2021	5 18,259,958	4,737,993	22,997,950	3,979,263	26,977,213	
2022	6 18,258,877	4,739,193	22,998,070	3,983,863	26,981,932	
2023	7 18,259,938	4,738,793	22,998,731	3,979,788	26,978,518	
2024	8 18,259,355	4,737,553	22,996,908	3,983,425	26,980,333	
2025	9 18,262,819	4,736,553	22,999,371	3,979,175	26,978,546	
2026	10 18,254,706	4,741,000	22,995,706	3,982,150	26,977,856	
2027	11 18,263,821	4,735,800	22,999,621	3,981,675	26,981,296	
2028	12 22,994,949		22,994,949	3,982,235	26,977,184	
2029	13 22,995,966		22,995,966	3,983,315	26,979,281	
2030	14 22,999,869		22,999,869	3,980,120	26,979,989	
2031	15 22,994,839		22,994,839	3,985,850	26,980,689	
2032	16 22,997,047		22,997,047	3,979,950	26,976,997	
2033	17 22,999,050		22,999,050	3,977,888	26,976,938	
2034	18 22,999,863		22,999,863	3,981,113	26,980,976	
2035	19 22,998,500		22,998,500	3,978,900	26,977,400	
2036	20 23,001,750		23,001,750	3,981,250	26,983,000	
2037	21 22,994,750		22,994,750	3,982,438	26,977,188	
2038	22 22,996,750		22,996,750	3,983,813	26,980,563	
2039	23 22,996,000		22,996,000	3,982,688	26,978,688	
2040	24 22,996,250		22,996,250	3,983,688	26,979,938	
2041	25 22,996,000		22,996,000	3,981,063	26,977,063	
2042	26 22,998,750		22,998,750	3,979,438	26,978,188	
2043	27 22,997,750		22,997,750	3,983,350	26,981,100	
2044	28 22,996,500		22,996,500	3,980,638	26,977,138	
2045	29 22,998,250		22,998,250	3,980,913	26,979,163	
2046	30 22,996,000		22,996,000	3,983,013	26,979,013	
2047	31 22,998,000		22,998,000	3,980,775	26,978,775	
2048	32 22,997,000		22,997,000	3,983,425	26,980,425	
2049	33 22,996,000		22,996,000	3,984,413	26,980,413	
2050	34 22,992,750		22,992,750	3,982,575	26,975,325	
2051	35 22,995,000		22,995,000	3,986,750	26,981,750	
TOTAL		\$752,784,951	\$55,534,019	\$808,318,970	\$139,468,652	\$947,787,621

CITY COUNCIL

ITEM NO. 6.5



MEMORANDUM

To: Honorable Mayor and Members of the City Council

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

Staff: Clement N. Calvillo, CNC Engineering *CNC*
Joshua Nelson, CNC Engineering *JN*

Date: November 4, 2015

SUBJECT: Quitclaim Deed (JN-9141)

At the April 9, 2015 the City council approved development plan 14-10 for the construction of a 107,000 square foot building located at 18639 Railroad Street. However, during the design it was determined that there were existing easements on the property granted to the City for storm drain lines and sewer lines that were no longer needed. No storm drains or sewers were ever constructed within those easements. When the end user attempted to take out a loan for the project, the bank required that those easements be quitclaimed before they would fund the loan. However, in order to keep the project going the contractor/developer started the construction and is part way through construction of the concrete foundations but will have to stop work soon unless this loan can be funded. They have requested that the City quitclaim these as soon as possible so that the project isn't delayed.

Attached you will find a copy of the approved site plan and the quitclaim deed. Because there are no other utilities within these easements and they are only to the benefit of the City of Industry and the City has no need for these easements, we recommend that the Council approve the quitclaim deed. Please forward to CNC Engineering for recordation.

PJP/CNC/JN:cl

Exhibit "A1"

Legal Description Storm Drain Easement Area to be Quitclaimed

A strip of land, varying width, within Parcels 1 and 2 of Parcel Map No. 340, in the City of Industry, County of Los Angeles, State of California, as per map recorded in Book 365, Pages 54 through 57, inclusive, records of said county, shown as easement for storm drain and incidental purposes dedicated to the City of Industry per said Parcel Map No. 340.

Exhibit "B1"

Plot Storm Drain Easement Area to be Quitclaimed

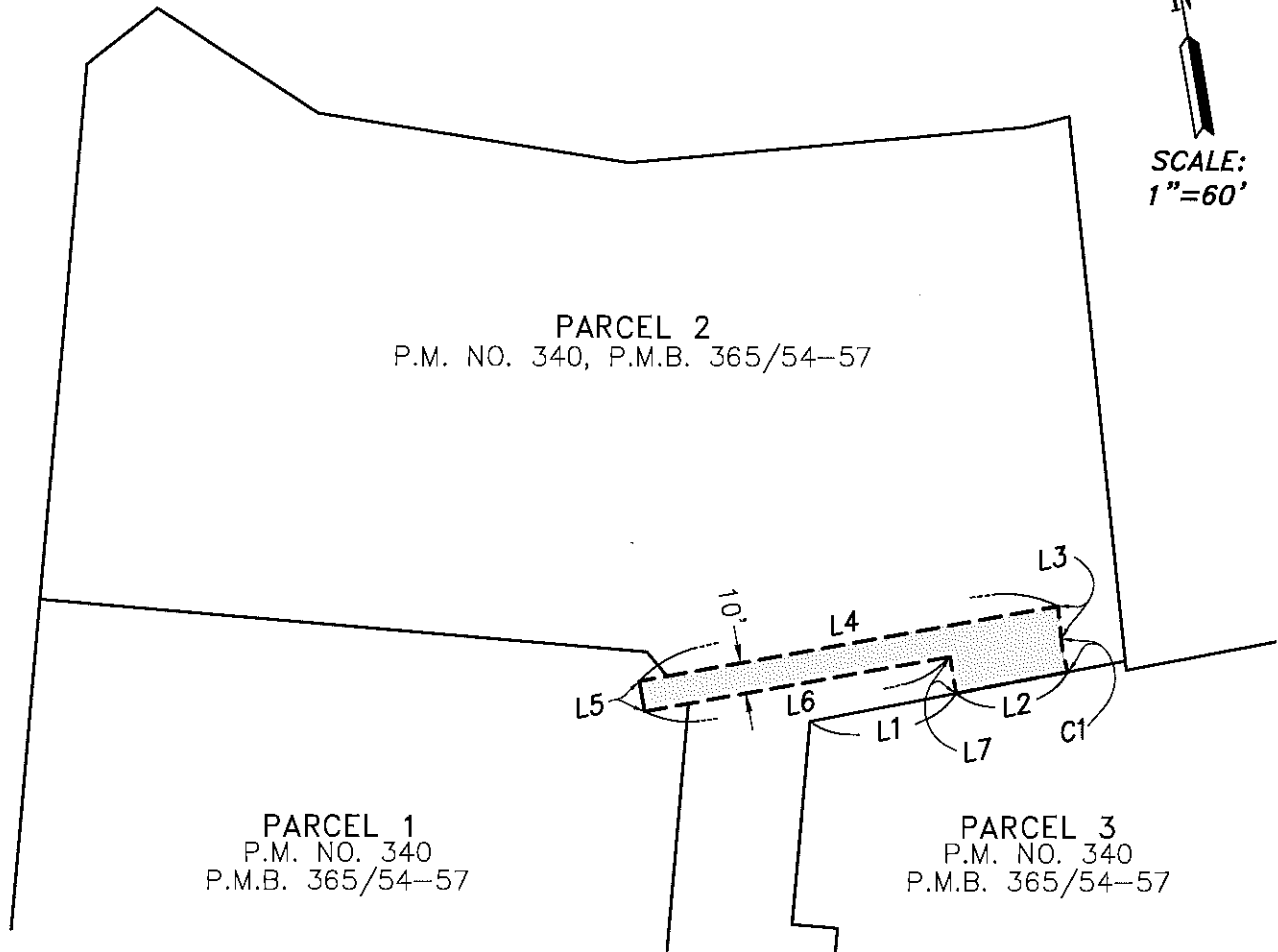
LEGEND:



Storm Drain Easement granted to the City of Industry per P.M. No. 340, P.M.B. 365/54-57, to be quitclaimed



SCALE:
1"=60'



LINE TABLE:

L1	N 89°06'28" E	49.00'
L2	N 89°06'28" E	37.17'
L3	N 03°07'00" E	10.00'
L4	S 89°47'50" W	139.24'
L5	S 00°12'10" E	10.00'
L6	N 89°47'50" E	101.55'
L7	S 00°12'10" E	12.03'

CURVE TABLE:

<u>NO.</u>	<u>DELTA</u>	<u>RADIUS</u>	<u>LENGTH</u>
C1	10°27'54"	60.00'	10.96'

Exhibit 'A2'

Legal Description

Storm Drain Easement Area to be Quitclaimed

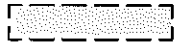
A strip of land, 3.50' wide, within Parcels 2 and 3 of Parcel Map No. 340, in the City of Industry, County of Los Angeles, State of California, as per map recorded in Book 365, Pages 54 through 57, inclusive, records of said county, described as follows:

Parcel 2 of the storm drain easement granted to the City of Industry in deed recorded March 25, 1982 as Instrument No. 82-318123 of official records, of said county.

Exhibit 'B2'

Plot Storm Drain Easement Area to be Quitclaimed

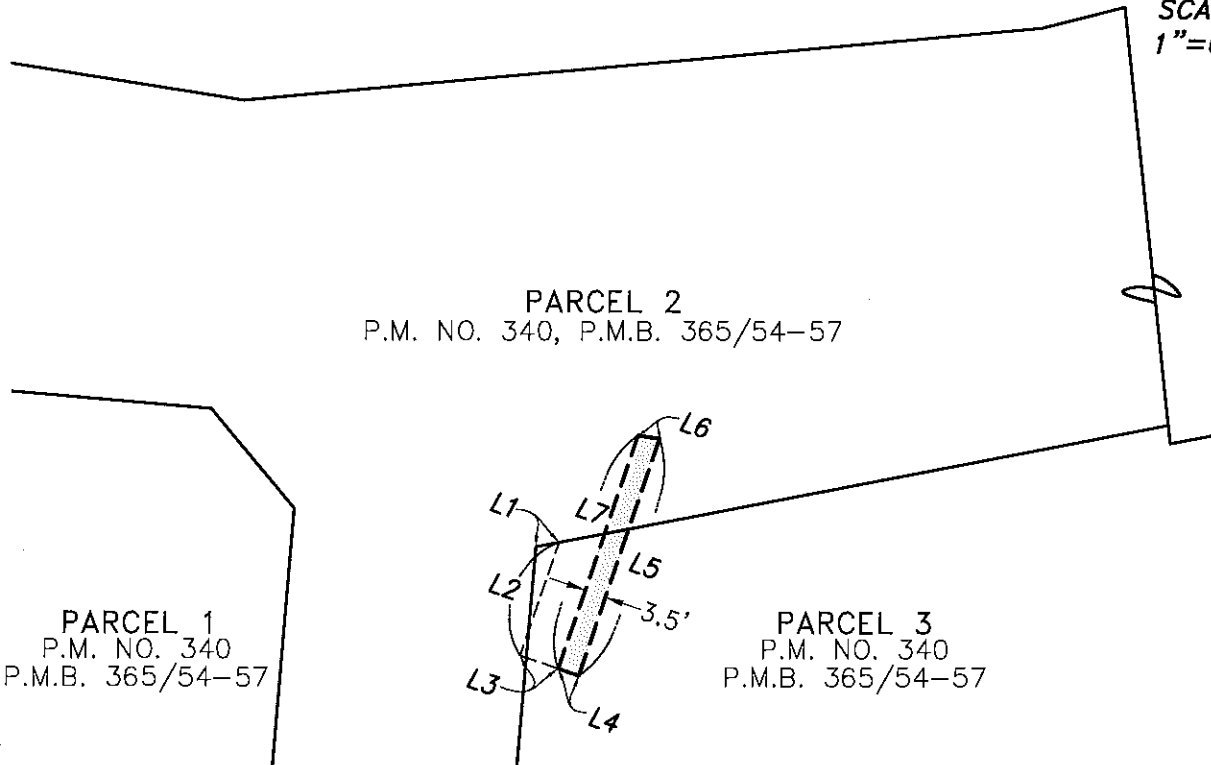
LEGEND:



Parcel 2 of Storm Drain Easement granted to the City of Industry in deed recorded March 25, 1982 as Instrument No. 82-318123 of official records, to be quitclaimed



SCALE:
1"=60'



LINE TABLE:

L1	N 89°06'28" E	3.82'
L2	S 28°51'36" W	19.41'
L3	S 61°08'24" E	6.50'
L4	S 61°08'24" E	3.50'
L5	N 28°51'36" E	40.63'
L6	N 71°20'35" W	3.56'
L7	S 28°51'36" W	40.00'

Exhibit 'A3'

Legal Description Storm Drain Easement Area to be Quitclaimed

A strip of land, varying width, within Parcels 2 and 3 of Parcel Map No. 340, in the City of Industry, County of Los Angeles, State of California, as per map recorded in Book 365 Pages 54 through 57, inclusive, records of said county, described as follows:

Parcel 2 of the storm drain easement granted to the City of Industry in deed recorded May 14, 1982 as Instrument No. 82-501314 of official records.

Except therefrom that portion lying easterly of a line that is parallel with and distant westerly 50.00 feet, measured at right angles from the easterly line of said Parcel 2 of Parcel Map No. 340.

Exhibit "B3"

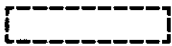
Plot

Storm Drain Easement Area to be Quitclaimed

LEGEND:



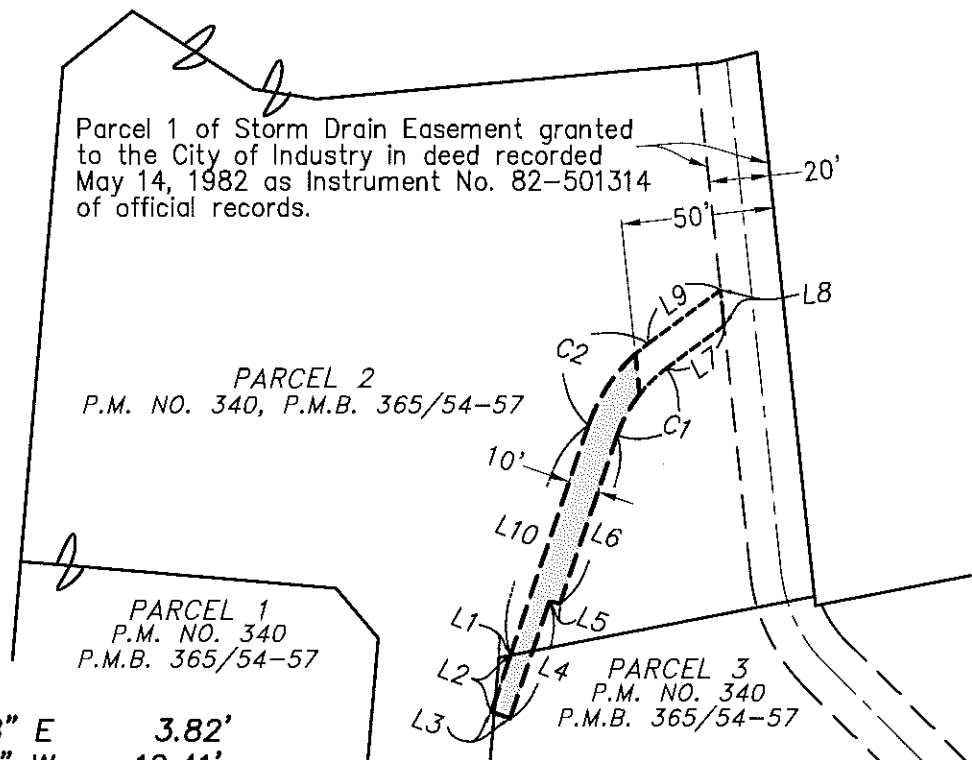
portion of Parcel 2 of Storm Drain Easement granted to the City of Industry in deed recorded May 14, 1982 as Instrument No. 82-501314 of official records, to be quitclaimed



portion of Parcel 2 of Storm Drain Easement granted to the City of Industry in deed recorded May 14, 1982 as Instrument No. 82-501314 of official records, to remain



SCALE:
1"=60'



LINE TABLE:

L1	N 89°06'28" E	3.82'
L2	S 28°51'36" W	19.41'
L3	S 61°08'24" E	6.50'
L4	N 28°51'36" E	40.00'
L5	S 71°20'35" E	3.56'
L6	N 28°51'36" E	57.62'
L7	N 63°49'39" E	23.55'
L8	N 03°50'07" E	11.55'
L9	S 63°49'39" W	29.32'
L10	S 28°51'36" W	78.84'

CURVE TABLE:

NO.	DELTA	RADIUS	LENGTH
C1	38°58'03"	45.00'	27.46'
C2	38°58'03"	55.00'	33.57'

Exhibit "A4"

Legal Description Sewer Easement Area to be Quitclaimed

Two strips of land, 10.00 feet wide, within Parcels 1, 2 and 3 of Parcel Map No. 340, in the City of Industry, County of Los Angeles, State of California, as per map recorded in Book 365, Pages 54 through 57, inclusive, records of said county, shown as easements for sewer and incidental purposes dedicated to the City of Industry per said Parcel Map No. 340,

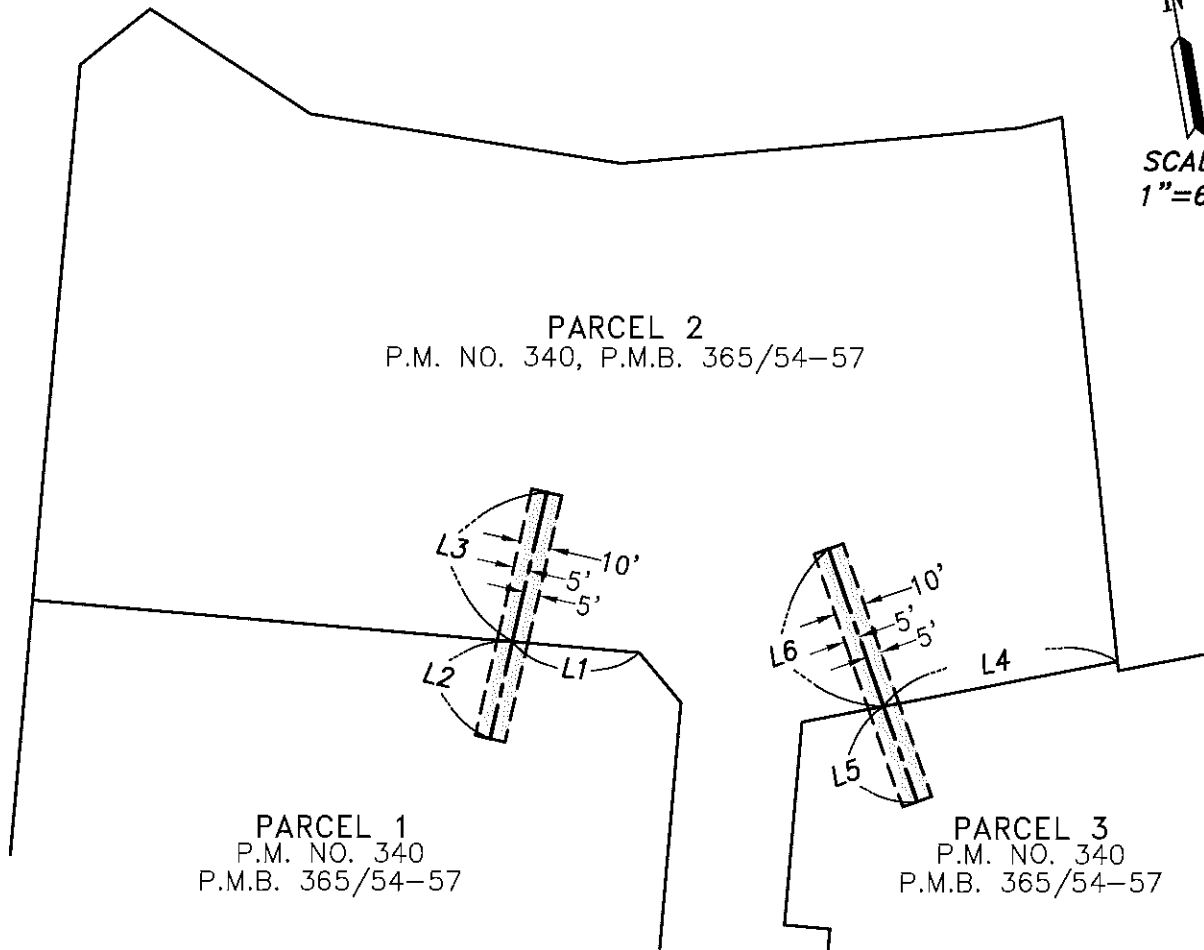
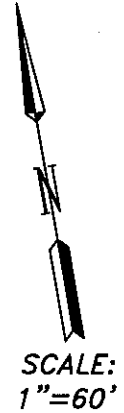
Exhibit "B4"

Plot Sewer Easement Area to be Quitclaimed

LEGEND:



Sewer Easement granted to the City of Industry per P.M. No. 340, P.M.B. 365/54-57, to be quitclaimed



LINE TABLE:

L1	N 75°12'10" W	41.58'
L2	N 22°49'56" E	32.33'
L3	N 22°49'56" E	49.75'
L4	N 89°06'28" E	78.00'
L5	N 09°33'39" W	32.75'
L6	N 09°33'39" W	54.25'

CITY COUNCIL

ITEM NO. 6.6



MEMORANDUM

To: Honorable Mayor and Members of the City Council

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

Staff: Clement N. Calvillo, CNC Engineering *CNC*
Joshua Nelson, CNC Engineering *gn*

Date: November 4, 2015

SUBJECT: Minor Lot Line Adjustment No. 77 (JN-9063)

On July 10, 2014 the City of Industry accepted the Minor Lot Line Adjustment No. 77 application submitted by Nelson Avenue Investment Group. They are reconfiguring the existing property lines to form two developable parcels for a project located at 15334-15336 Nelson Avenue.

We have reviewed their description and sketches and they are ready to be approved. It is hereby recommended that the City Council approve and execute Minor Lot Line Adjustment No. 77.

Please return the executed and notarized documents to CNC Engineering for further processing and recordation.

PP/CC/JN:cl

RECORDED AT THE REQUEST OF AND
MAIL TO:

City of Industry
P.O. B ox 3366
City of Industry, CA 91744
Attention: Joshua Nelson

JN-9063

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MINOR LOT LINE ADJUSTMENT NO. 77

The undersigned hereby certify that we are the owners of the hereinafter legally described real property located in the City of Industry, County of Los Angeles, State of California per legal description as shown on Exhibit "A" and as shown on map Exhibit "B" attached thereto and for the purpose of adjusting the boundaries of two existing parcels to match the proposed site plan.

JOB ADDRESS: 15334-15336 Nelson Avenue

APN: 8208-024-003, 059 & 062

Dated this 12th day of November, 2015.

NELSON AVENUE INVESTMENT GROUP, LLC, a California Limited Liability Company

(Signature)

The minor lot line adjustment described herein is consistent with all relevant planning policies and zoning regulations. The minor lot line adjustment does not change the density or intensity of use. As allowed by and in conforming with the Subdivision Map Act (Section 66412d) and the City of Industry Municipal Code (Title 16, Chapters 16.04 through 16.64 respectively) the minor lot line adjustment described herein is approved.

CITY OF INDUSTRY

Mark Radecki – Mayor

Date

Cecelia Dunlap – Deputy City Clerk

Date

EXHIBIT 'A' 77
Minor Lot Line Adjustment No. _____

PARCEL A:

THAT PORTION OF PARCEL 2 OF MINOR LOT LINE ADJUSTMENT NO. 70, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, RECORDED ON OCTOBER 4, 2007 AS INSTRUMENT NO. 20072284815, OF OFFICIAL RECORDS, TOGETHER WITH THE NORTHEASTERLY 100.00 FEET OF THAT PORTION OF LOT 447 OF TRACT NO. 606, AS PER MAP RECORDED IN BOOK 15, PAGES 142 AND 143 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS;

BEGINNING AT THE MOST NORTHERLY CORNER OF PARCEL 2 OF SAID MINOR LLA NO. 70, SAID POINT ALSO BEING IN THE SOUTHWESTERLY LINE OF NELSON AVENUE, 60.00 FOOT WIDE; THENCE ALONG SAID SOUTHWESTERLY LINE, SOUTH 48° 07' 00" EAST 264.87 FEET TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 41° 57' 34" EAST 100.00 FEET"; THENCE ALONG SAID COURSE AND ITS SOUTHWESTERLY PROLONGATION, SOUTH 41° 57' 34" WEST 297.52 FEET TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 41° 57' 34" EAST 64.00 FEET"; THENCE ALONG THE SOUTHWESTERLY AND NORTHWESTERLY LINES OF SAID PARCEL 2, NORTH 48° 07' 00" WEST 264.36 FEET AND NORTH 41° 51' 41" EAST 297.52 FEET TO SAID AFOREMENTIONED POINT OF BEGINNING.

CONTAINING AN AREA OF 1.807 ACRES, MORE OR LESS.

PARCEL B:

THAT PORTION OF PARCEL 2 OF MINOR LOT LINE ADJUSTMENT NO. 70, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, RECORDED ON OCTOBER 4, 2007 AS INSTRUMENT NO. 20072284815, OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF PARCEL 2 OF SAID 'MINOR LLA NO. 70', SAID POINT ALSO BEING IN THE SOUTHWESTERLY LINE OF NELSON AVENUE, 60.00 FOOT WIDE; THENCE ALONG THE SOUTHEASTERLY AND SOUTHWESTERLY LINES OF SAID PARCEL 2, SOUTH 41° 57' 34" WEST 361.52 FEET AND NORTH 48° 07' 00" WEST 211.00 FEET; THENCE CONTINUING ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 2 AND ITS NORTHEASTERLY PROLONGATION, NORTH 41° 57' 34" EAST 361.52 FEET TO SAID AFOREMENTIONED SOUTHWESTERLY LINE OF NELSON AVENUE; THENCE ALONG SAID SOUTHWESTERLY LINE, NORTH 48° 07' 00" EAST 211.00 FEET TO SAID AFOREMENTIONED POINT OF BEGINNING.

CONTAINING AN AREA OF 1.751 ACRES, MORE OR LESS.

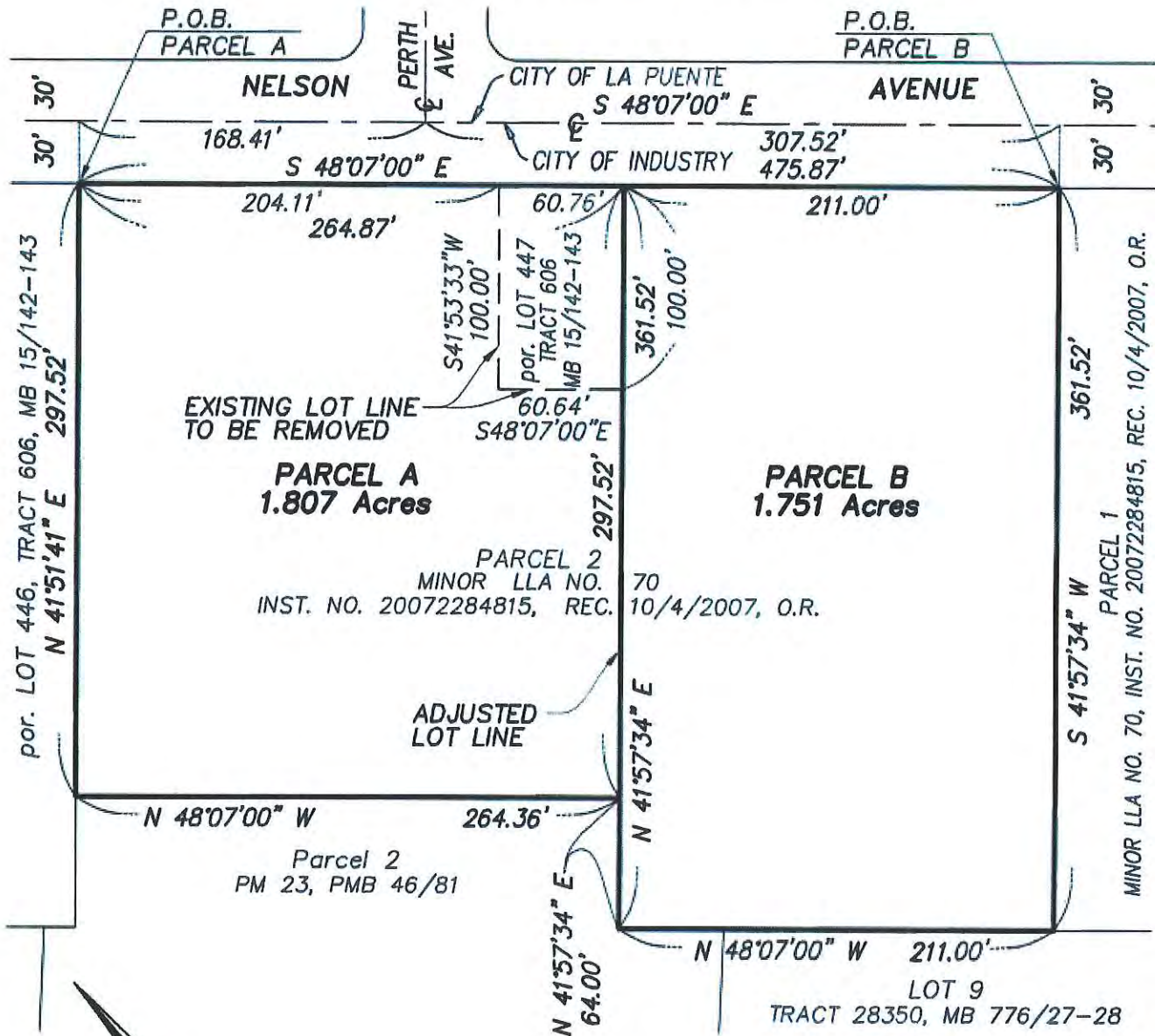
prepared by:


George K. Bernharth, R.C.E. 13737
Seaboard Engineering Company
1100 S. Beverly Drive, Suite 201
Los Angeles, CA 90035
t 310 277-7337
job no. 13-83 (09/16/13)



EXHIBIT 'B'

Minor Lot Line Adjustment No. 77



SCALE: 1"=80'



prepared by:
 George K. Bernharth
 Seaboard Engineering Company
 1100 S. Beverly Drive, Suite 201
 Los Angeles, CA 90035
 phone 310 277-7337
 job no. 13-83 (09/16/13)

CITY COUNCIL

ITEM NO. 6.7



MEMORANDUM

To: Honorable Mayor and Members of the City Council

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

Staff: Clement N. Calvillo, CNC Engineering *CNC*
Upendra Joshi, CNC Engineering *UJ*

Date: November 4, 2015

SUBJECT: Work Authorization Approval for Kimley-Horn, Inc. (MP 15-08)

Per the City's request, Kimley-Horn, Inc. has submitted a proposal to provide an engineering and traffic survey including a radar speed survey. Kimley-Horn will provide these services for ninety-three roadway segments on thirty-nine arterial corridors for a budget amount of \$46,500.00. The sheriff recently approached staff with a list of streets where accidents occurred where the accident was attributed to excessive speed.

On April 11, 2013 the City Council approved an on-call agreement with Kimley-Horn (1-Kimley 13-01) in the amount of \$200,000.00 to provide traffic engineering services. Currently a balance of \$58,300.00 is available out of the original \$200,000.00. And the proposed budget in the amount of \$46,500.00 will be deducted from the balance of \$58,300.00. Per the terms of the agreement, the Public Works Director normally reviews and approves work authorizations. However, because this study could expand the use of radar/lidar detection by the sheriff we wanted to bring this before Council for approval and be able to discuss any concerns prior to proceeding.

We hereby recommend that the City Council approve the work authorization for a budget amount of \$46,500.00.

PJP/CC/UJ:af



November 2, 2015

By email

Mr. Paul Philips
City of Industry
c/o Upendra Joshi
CNC Engineering
255 N. Hacienda Blvd., Suite 222
City of Industry, CA 91744

RE: *Contract No. 1-Kimley 13-01*
Proposal to Provide an Engineering and Traffic Survey for 39 Arterial Corridors

Dear Mr. Philips:

Kimley-Horn and Associates, Inc. (KIMLEY-HORN) is pleased to submit this proposal to the City of Industry to provide an engineering and traffic survey for 39 arterial corridors to update speed limit data. We anticipate the following tasks:

Task 1 — Project Management and Kick-Off Meeting

This task includes project management related tasks and meetings. We will attend a kick-off meeting with the City to discuss the project scope and schedule and collect information necessary to complete the study. The information to be collected from the City includes:

- ◆ Collision Data (State Wide Integrated Traffic Records Systems (SWITRS) data for the past five years

Task 2 —Data Collection and Field Review

We will conduct field observations for each roadway segment to be surveyed. The purpose of the field observation will be to identify roadway conditions, land uses, parking turnover, pedestrian activity, sight distance constraints, existing posted speed limits, driveway locations, geometry and other roadside conditions not readily apparent to the driver.

We will collect Average Daily Traffic (ADT) and radar speed survey data for 93 roadway segments on the following streets:

1. Valley Boulevard from Turnbull Canyon Road to City boundary
2. Azusa Avenue from Gemini Street to Gale Avenue

3. Gale Avenue from City Boundary to Coiner Court
4. Baldwin Park from Railroad Street to Amar Road
5. Hacienda Boulevard from Stafford Street to City boundary
6. Temple Avenue from City boundary to Valley Boulevard
7. Fairway Drive from San Jose to Business Parkway and from Walnut North to Walnut South
8. Fullerton Road from Valley Boulevard to SR-60 Eastbound Ramp
9. Peck Road from City boundary to Pellissier Place
10. Railroad Street from Azusa to East of Fullerton Road
11. Stoner Creek Road from Colima Road to Gale Avenue
12. Amar Road from Aileron Avenue to Echelon Avenue
13. Colima Road from Azusa Avenue to Stoner Creek Road
14. Crossroads Parkway South from Workman Mill Road to Crossroads Parkway North
15. Crossroads Parkway North from City boundary to Crossroads Parkway South
16. Grand Avenue from Valley Boulevard to Ferrero Parkway and from Baker Parkway to SR-60 Freeway
17. Hambeldon Avenue from Valley Boulevard to Hurley Street
18. Hurley Street from Azusa Avenue to Valley Boulevard
19. Lemon Avenue from Valley Boulevard to City boundary
20. Pellissier Place from Peck Road to Workman Mill Road
21. Proctor Avenue from Athens Way to Valley Boulevard
22. Rooks Road from Peck Road to Kella Avenue
23. Seventh Avenue from Clark Avenue to City boundary
24. Stimson Avenue from Gale Avenue to Valley Boulevard
25. Sunset Avenue from Valley Boulevard to Nelson Avenue
26. Arenth Avenue from Anaheim and Puente Road to Nogales Street
27. Baker Parkway from South of Grand Crossings Parkway to Grand Avenue
28. Chestnut Street from Bixby Drive to Puente Road
29. Don Julian Road from 6th Avenue to Hacienda Boulevard
30. Echelon Avenue from Loukelton Street to Amar Road
31. Giano Road from Valley Boulevard to City Boundary
32. Loukelton Street from Temple Avenue to Echelon Avenue
33. Nelson Avenue from Vineland Avenue to Glendora Avenue

34. Nogales Street from Gale Avenue to Valley Boulevard
35. Salt Lake Avenue from Turnbull Canyon Road to Patriot Place
36. San Jose Avenue from Nogales Street to Fullerton Avenue
37. Stephens Street to the East of Stimson Avenue
38. Walnut Hall Road from Colima Road to Castleton Street
39. Workman Mill Road from South of Valley Boulevard to Nelson Avenue

Radar speed surveys will be conducted in good weather and will be scheduled on Tuesdays, Wednesdays, and Thursdays during off-peak hours of 9:30 AM to 11:30 AM and 1:30 PM to 3:30 PM or as directed by the City. A minimum of 100 samples will be taken in each direction at each high-volume location so that a 95% probability that the sample data represents the population data for this type of study is achieved. For low volume locations, the survey will be conducted for a minimum of one hour and will continue until a minimum of 50 samples in each direction is obtained. For extremely low volume locations, a maximum of three hours will be dedicated to collecting samples. 24-hour machine ADT directional counts will be collected at the 97 locations. ADT data will be collected in good weather and will be scheduled on typical school days except Fridays. The count data will be provided in one-hour increments or as directed by the City.

Task 3 — Data Analysis

Following data collection, the radar speed surveys will be entered into a statistical analysis software package. For each location surveyed, we will calculate and summarize the number of samples observed, the range in speeds, the average speed, the 50th and 85th percentile speeds, 10 mph pace, percent in pace speed, and percentage over and under pace speed. We will summarize all field data and provide traffic speed survey data sheets (including cumulative speed curves) to the City.

Task 4 — Accident History Review and Accident Rate Calculations

We will review all mid-block accident history of each specified location, using SWITRS. We will calculate an appropriate accident rate for each specified location, and compare the calculated accident rate with the expected accident rate as established by the California MUTCD for various types of roadways. KIMLEY-HORN will compile tables for segment accident rate summary to be included in the Draft and Final Traffic Speed Survey Reports. We will include all conclusions reached during accident summary reviews and field surveys in the traffic speed survey data summaries to constitute the basis for changing recommended traffic speed limit(s) from the 85th percentile speed.

We will utilize a three-year time period for accident review in accordance with California MUTCD requirements.

Task 5 — Compilation of Speed Zone Survey and Summary of Recommendations Chart

We will provide a summary table showing the posted traffic speed limit, the 85th percentile traffic speed, average speed, pace speed range and the percentage of vehicles in the pace. Kimley-Horn will develop recommendations based on the statistical analysis of the data for posted speed limits for each street segment. We will certify that all speed limits changes will conform to the 2014 California Manual on Uniform Traffic Control Devices Section 2B.13. The summary table will be reviewed and approved by the City prior to preparation of the final report.

Kimley-Horn will review for consistency the posted speed limits on those street segments that cross the City boundary with the posted speed limit in the adjacent City.

Task 6: Certified Engineering and Traffic Survey

The summary table will include a clear and precise justification for speed limits for all street segments.

Our team will prepare additional information to support recommended speed limit changes.

We will prepare a summaries table of all recommend changes.

We will provide three (3) hard copies of the draft report to the City for their review and comments. The City's feedback will be incorporated into the final report.

Four (4) hard copies of the output and final recommendations and one CD with the program and data files will be provided to the City for exclusive use by the City.

At the conclusion of the project, Kimley-Horn will provide the City with copies of the data sheets used for each of the speed check segment locations.

Deliverables

- Three copies of the Draft Report to the City Engineer
- One unbound (signed original) and three bound, signed copies of the Final Report that will include finalized contents of the Draft Report, as well as a copy on an approved digital format

To implement this work we are requesting a budget of \$46,500. Per our executed on-call agreement, we will invoice according to actual time and materials spent on this task and notify you if we anticipate needing additional budget.

Closure

If you concur in all the foregoing and wish to direct us to proceed with the services, please sign below indicating so and return along with the appropriate PO number. We understand this work is to be issued as part of our executed On-Call Consulting Services Agreement. This proposal is valid for sixty (60) days after the date of this letter.

We appreciate the opportunity to provide these services to you. Please contact me if you have any questions.

Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.



Darren Adrian, P.E. (No. 43560)
Vice President



Jason Melchor, P.E. (No. 65218)
Project Manager

Approval and Authorization to Proceed:

Paul Philips
City Manager

CITY COUNCIL

ITEM NO. 6.8



CITY OF INDUSTRY

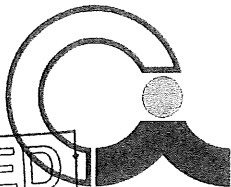
Incorporated June 18, 1957

MEMORANDUM

TO: The Honorable Mayor Radecki and Member of the City Council
FROM: Paul J. Philips, City Manager *Paul J. Philips*
DATE: November 12, 2015
SUBJECT: Vacancies - City of Industry Boards and Commissions

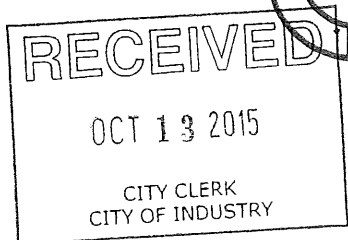
Please find attached an application for a position on the City of Industry Planning Commission from Mr. Michael Greubel. According to City policy, this position was posted and the application form was made available on the City's website.

IT IS RECOMMENDED that the Mayor, with the consent of the City Council, direct staff accordingly.



CITY OF INDUSTRY

Incorporated June 18, 1957



CITY OF INDUSTRY

APPLICATION FOR CITY COMMISSION OR AUTHORITY

15:01:30 PM 10/13/2015

To: The Honorable Mayor and Members of the City Council

Please accept this correspondence as my formal interest in serving on the City of Industry Planning Commission

I very much appreciate your consideration.

Sincerely,

Michael Greubel
Print your name

Address _____

Phone Number _____

Email Address

Michael Greubel
Signature

Oct 13, 2015
Date