
SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

REGULAR MEETING AGENDA
JANUARY 23, 2020 8:30 A.M.



Chair Cory C. Moss
Vice Chair Cathy Marcucci
Board Member Abraham Cruz
Board Member Mark D. Radecki
Board Member Newell Ruggles

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

Addressing the Agency:

- **Agenda Items:** *Members of the public may address the Successor Agency on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Successor Agency is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the Secretary prior to the Agenda item being called and prior to the individual being heard by the Successor Agency.*

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

Americans with Disabilities Act:

- *In compliance with the ADA, if you need special assistance to participate in any meeting (including assisted listening devices), please contact the Office of the Secretary to the Successor Agency (626) 333-2211. Notification of at least 72 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- *In compliance with Government Code Section 54957.5(b), staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the Secretary of the Successor Agency during regular business hours, Monday through Thursday, 8:00 a.m. to 5:00 p.m., Fridays 8:00 a.m. to 4:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211*

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

5. CONSENT CALENDAR

- 5.1 Consideration of the Register of Demands for January 23, 2020

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

- 5.2 Consideration of the minutes of January 9, 2020 Special Meeting

RECOMMENDED ACTION: Approve as submitted.

- 5.3 Consideration of the Annual Audited Financial Statements for the Year Ended June 30, 2019 for the Successor Agency

RECOMMENDED ACTION: Approve Annual Audited Financial Statements for FY 18-19.

- 5.4 Consideration of the Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and On Compliance and Other Matters for the Year End June 30, 2019 for the Successor Agency

RECOMMENDED ACTION: Approve Independent Auditor's Report for FY 18-19.

- 5.5 Consideration of the Auditor's Communications with the Board of Directors of the Successor Agency for the Year Ended June 30, 2019

RECOMMENDED ACTION: Approve Auditor's Communication Report for FY 18-19.

- 5.6 Consideration of Amendment No. 3 to the Agreement for Consulting Services with Sage Environmental Group for the Diamond Bar Creek Restoration Project, extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

RECOMMENDED ACTION: Approve the Amendment.

- 5.7 Consideration of Amendment No. 2 to the Agreement for Consulting Services with WKE, Inc. for the Diamond Bar Creek Restoration Project, extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

RECOMMENDED ACTION: Approve the Amendment.

- 5.8 Consideration of Amendment No. 3 to the Agreement for Consulting Services with Leighton Consulting, Inc. for the Diamond Bar Creek Restoration Project, extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

RECOMMENDED ACTION: Approve the Amendment.

- 5.9 Consideration of Amendment No. 2 to the Agreement for Consulting Services with Thomsen Engineering, Inc. for the Diamond Bar Creek Restoration Project, extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

RECOMMENDED ACTION: Approve the Amendment.

6. **CLOSED SESSION**

- 6.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.98(d)(4);
One Case

7. Adjournment. Next regular Successor Agency meeting will be on Thursday, February 27, 2020 at 8:30 a.m.

SUCCESSOR AGENCY

ITEM NO. 5.1

**Successor Agency To The
Industry Urban-Development Agency
Authorization For Payment of Bills
January 23, 2020**

| <u>FUND</u> | <u>DESCRIPTION</u> | <u>DISBURSEMENTS</u> |
|-------------|--------------------|----------------------|
| | IUDA ADMIN | 0.00 |
| 221 | IUDA PROJECT 1 | 2,000.00 |
| 222 | IUDA PROJECT 2 | 958,026.50 |
| | IUDA PROJECT 3 | 5,703.75 |
| | TOTAL ALL FUNDS | 965,730.25 |

| <u>BANK</u> | <u>NAME</u> | <u>DISBURSEMENTS</u> |
|-------------|------------------|----------------------|
| WFBK | WELLS FARGO BANK | 958,026.50 |
| BOFA | BANK OF AMERICA | 7,703.75 |
| | TOTAL ALL BANKS | 965,730.25 |

**Successor Agency To The
Industry Urban Development Agency**

Wells Fargo Bank

January 23, 2020

| Check | Date | | | Payee Name | Check Amount |
|--|---------------|------------|---|--------------------------------|--------------------|
| IUDAADM.WF.CHK - IUDA Admin WF Checking | | | | | |
| 32552 | 01/09/2020 | | | INDUSTRY PUBLIC UTILITY | \$172.62 |
| | Invoice | Date | Description | Amount | |
| | 2020-00000969 | 12/13/2019 | 11/10-12/10/19 SVC - 370 GRAND AVE SOUTH | \$63.72 | |
| | 2020-00000970 | 12/13/2019 | 11/10-12/10/19 SVC - #1 B STREET LOOP, IBC EAST | \$10.89 | |
| | 2020-00000971 | 12/13/2019 | 11/10-12/10/19 SVC - #2 B STREET LOOP, IBC EAST | \$10.89 | |
| | 2020-00000972 | 12/13/2019 | 11/10-12/10/19 SVC - #3 B STREET LOOP, IBC EAST | \$10.89 | |
| | 2020-00000973 | 12/13/2019 | 11/10-12/10/19 SVC - #4 B STREET LOOP, IBC EAST | \$10.89 | |
| | 2020-00000974 | 12/13/2019 | 11/10-12/10/19 SVC - #5 B STREET LOOP, IBC EAST | \$10.89 | |
| | 2020-00000975 | 12/13/2019 | 11/10-12/10/19 SVC - 1 GRAND CROSSING PKWY | \$10.89 | |
| | 2020-00000976 | 12/13/2019 | 11/10-12/10/19 SVC - 2 GRAND CROSSING PKWY | \$10.89 | |
| | 2020-00000977 | 12/13/2019 | 11/10-12/10/19 SVC - 1 MARCELLIN DR | \$10.89 | |
| | 2020-00000978 | 12/13/2019 | 11/10-12/10/19 SVC - 2 MARCELLIN DR | \$10.89 | |
| | 2020-00000979 | 12/13/2019 | 11/10-12/10/19 SVC - 3 MARCELLIN DR | \$10.89 | |
| 32553 | 01/23/2020 | | | AVANT-GARDE, INC | \$1,870.00 |
| | Invoice | Date | Description | Amount | |
| | 5824 | 12/01/2019 | GRAND AVE/SR60 OFF-RAMP | \$1,240.00 | |
| | 5825 | 12/01/2019 | LEMOM AVE/60 FWY INTERCHANGE | \$455.00 | |
| | 5870 | 01/02/2020 | GRAND AVE/SR60 OFF-RAMP | \$175.00 | |
| 32554 | 01/23/2020 | | | BRIGHTVIEW LANDSCAPE | \$26,100.00 |
| | Invoice | Date | Description | Amount | |
| | #59-GCD-0382 | 01/01/2020 | BAKER PKY SLOPE MAINT | \$26,100.00 | |
| 32555 | 01/23/2020 | | | CNC ENGINEERING | \$24,402.50 |
| | Invoice | Date | Description | Amount | |

**Successor Agency To The
Industry Urban Development Agency
Wells Fargo Bank
January 23, 2020**

| Check | Date | | Payee Name | Check Amount |
|--|------------|------------|--|---------------------|
| IUDAADM.WF.CHK - IUDA Admin WF Checking | | | | |
| | 500059 | 01/09/2020 | IBC-EAST SIDE ROADWAYS | \$8,150.00 |
| | 500060 | 01/09/2020 | IBC-WEST SIDE ROADWAYS | \$14,190.00 |
| | 500061 | 01/09/2020 | IBC-FUTURE PHASES AND STUDIES | \$1,035.00 |
| | 500057 | 01/09/2020 | BAKER PKY SLOPE MAINT | \$170.00 |
| | 500062 | 01/09/2020 | DIAMOND BAR CREEK | \$857.50 |
| 32556 | 01/23/2020 | | CNC ENGINEERING | \$1,390.00 |
| | Invoice | Date | Description | Amount |
| | 500058 | 01/09/2020 | GRAND AVE/GOLDEN SPRINGS INTERSECTION | \$1,390.00 |
| 32557 | 01/23/2020 | | LEIGHTON CONSULTING INC | \$10,191.48 |
| | Invoice | Date | Description | Amount |
| | 38464 | 01/08/2020 | GEOTECHNICAL SVC-IBC PROJECT | \$1,240.40 |
| | 38465 | 01/08/2020 | GEOTECHNICAL SVC-IBC PROJECT | \$8,951.08 |
| 32558 | 01/23/2020 | | MX GRAPHICS, INC. | \$2,311.19 |
| | Invoice | Date | Description | Amount |
| | 20009 | 01/07/2020 | BLUEPRINT SVC-MP 99 31 22 | \$2,311.19 |
| 32559 | 01/23/2020 | | RKA CONSULTING GROUP | \$24,787.50 |
| | Invoice | Date | Description | Amount |
| | 29542 | 01/02/2020 | INERSECTION IMPROVEMENT-CITY OF WALNUT | \$24,787.50 |
| 32560 | 01/23/2020 | | SHAWNAN | \$787,499.65 |
| | Invoice | Date | Description | Amount |

**Successor Agency To The
Industry Urban Development Agency
Wells Fargo Bank
January 23, 2020**

| Check | Date | Payee Name | Check Amount |
|-------|------|------------|--------------|
|-------|------|------------|--------------|

IUDAADM.WF.CHK - IUDA Admin WF Checking

| | | | |
|------------------|------------|-----------------------------------|--------------|
| #17IBC-0386A | 01/01/2020 | IBC-WEST SIDE ROADWAYS AND SEWERS | \$191,600.00 |
| #17IBC-0386C | 01/01/2020 | IBC-WEST SIDE ROADWAYS AND SEWERS | \$189,900.00 |
| #17IBC-0386F | 01/01/2020 | IBC-WEST SIDE ROADWAYS AND SEWERS | \$23,400.00 |
| #17IBC0386G1-116 | 01/01/2020 | IBC-WEST SIDE ROADWAYS AND SEWERS | \$410,247.00 |
| #17IBC0386G2-166 | 01/01/2020 | IBC-WEST SIDE ROADWAYS AND SEWERS | \$1,200.00 |
| #17IBC0386G3-216 | 01/01/2020 | IBC-WEST SIDE ROADWAYS AND SEWERS | \$11,000.00 |
| #17IBC-0386K | 01/01/2020 | IBC-WEST SIDE ROADWAYS AND SEWERS | \$1,600.00 |

| | | | | |
|--------------|------------|--|-------------------------------|--------------------|
| 32561 | 01/23/2020 | | AMERICAN BUSINESS BANK | \$41,447.35 |
|--------------|------------|--|-------------------------------|--------------------|

| Invoice | Date | Description | Amount |
|------------------|------------|----------------------------------|-------------|
| #17IBC-0386A-R | 01/01/2020 | RETENTION-IBC WEST SIDE ROADWAYS | \$9,580.00 |
| #17IBC-0386C-R | 01/01/2020 | RETENTION-IBC WEST SIDE ROADWAYS | \$9,495.00 |
| #17IBC-0386F-R | 01/01/2020 | RETENTION-IBC WEST SIDE ROADWAYS | \$1,170.00 |
| #17IBC0386G1116R | 01/01/2020 | RETENTION-IBC WEST SIDE ROADWAYS | \$20,512.35 |
| #17IBC0386G3216R | 01/01/2020 | RETENTION-IBC WEST SIDE ROADWAYS | \$60.00 |
| #17IBC0386G32161 | 01/01/2020 | RETENTION-IBC WEST SIDE ROADWAYS | \$550.00 |
| #17IBC-0386K-R | 01/01/2020 | RETENTION-IBC WEST SIDE ROADWAYS | \$80.00 |

| | | | | |
|--------------|------------|--|-----------------|--------------------|
| 32562 | 01/23/2020 | | WKE, INC | \$37,854.21 |
|--------------|------------|--|-----------------|--------------------|

| Invoice | Date | Description | Amount |
|-----------|------------|-----------------------------|-------------|
| 14001-71B | 12/17/2019 | 57/60FWY CONFLUENCE PROJECT | \$37,854.21 |

| Checks | Status | Count | Transaction Amount |
|--------|--------|-------|--------------------|
| Total | | 11 | \$958,026.50 |

**Successor Agency To The
Industry Urban Development Agency
Bank of America
January 23, 2020**

| Check | Date | Payee Name | Check Amount |
|-------|------|------------|--------------|
|-------|------|------------|--------------|

08PJ3REVLOAN - 2008 PJ3 Revol Loan - Restricted

| | | | | |
|-----|------------|------------|--|------------|
| 122 | 01/08/2020 | | IUDA-ADMINISTRATIVE ACCOUNT | \$5,703.75 |
| | Invoice | Date | Description | Amount |
| | 1/8/2020 | 01/08/2020 | 2008 SUB-LIEN TAX BOARD FOR REG 1/9/20 | \$5,703.75 |

PJ1.BOFA.CHK - Project 1 BofA Checking

| | | | | |
|------|---------------|------------|-----------------------------------|------------|
| 1159 | 01/08/2020 | | IUDA-ADMINISTRATIVE ACCOUNT | \$2,000.00 |
| | Invoice | Date | Description | Amount |
| | A2 REG 1/9/20 | 01/08/2020 | TRANSFER OF FUNDS REGISTER 1/9/20 | \$2,000.00 |

| Checks | Status | Count | Transaction Amount |
|--------|--------|-------|--------------------|
| | Total | 2 | \$7,703.75 |

**Successor Agency To The
Industry Urban-Development Agency
Authorization For Payment of Bills
January 23, 2020**

Reviewed By: _____ Date _____

Approved By: _____ Date _____

SUCCESSOR AGENCY

ITEM NO. 5.2

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 9, 2020
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CALL TO ORDER

The Special Meeting of the Successor Agency to the Industry Urban-Development Agency was called to order by Chair Moss at 9:05 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Chair Moss.

ROLL CALL

PRESENT: Cory C. Moss, Chair
Cathy Marcucci, Vice Chair
Abraham Cruz, Board Member
Mark D. Radecki, Board Member
Newell Ruggles, Board Member

STAFF PRESENT: Troy Helling, City Manager; Bing Hyun, Assistant City Manager; Josh Nelson, Director of Public Works/City Engineer; James M. Casso, Legal Counsel; and Julie Robles, Secretary.

PUBLIC COMMENTS

There were no public comments.

CONSENT ITEMS

5.1 CONSIDERATION OF THE REGISTER OF DEMANDS FOR JANUARY 9, 2020

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

5.2 CONSIDERATION OF THE MINUTES OF DECEMBER 12, 2019 SPECIAL MEETING AND DECEMBER 12, 2019 SPECIAL MEETING

RECOMMENDED ACTION: Approve as submitted.

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 9, 2020
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MOTION BY BOARD MEMBER RADECKI, AND SECOND BY VICE CHAIR MARCUCCI TO APPROVE THE CONSENT CALENDAR. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

| | | |
|----------|----------------|--|
| AYES: | BOARD MEMBERS: | CRUZ, RADECKI, RUGGLES, VC/MARCUCCI, C/MOSS |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | NONE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

BOARD MATTERS

6.1 CONSIDERATION OF THE ASSIGNMENT AND ASSUMPTION OF INTEREST OF THE PURCHASE AND SALE AGREEMENT BETWEEN P.T. ENTERPRISES, LLC AND THE SUCCESSION AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY FOR THE PROPERTY LOCATED AT 17647 GALE AVENUE

RECOMMENDED ACTION: *The Successor Agency approve the Assignment and Assumption of Interest related to the Purchase and Sale Agreement for the property located at 17647 Gale Avenue.*

Legal Counsel James M. Casso, provided a staff report and was available to answer any questions.

MOTION BY VICE CHAIR MARCUCCI, AND SECOND BY BOARD MEMBER CRUZ TO APPROVE THE ASSIGNMENT AND ASSUMPTION OF INTEREST RELATED TO THE PURCHASE AND SALE AGREEMENT FOR THE PROPERTY LOCATED AT 17647 GALE AVENUE. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

| | | |
|----------|----------------|--|
| AYES: | BOARD MEMBERS: | CRUZ, RADECKI, RUGGLES, VC/MARCUCCI, C/MOSS |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | NONE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 9, 2020
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ADJOURNMENT

There being no further business, the Successor Agency to the Industry Urban-Development Agency adjourned at 9:52 a.m.

Cory C. Moss, Chair

Julie Robles, Secretary

SUCCESSOR AGENCY

ITEM NO. 5.3 and 5.4

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

City of Industry, California

**Financial Statements and
Independent Auditors' Report**

For the Year Ended June 30, 2019



**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
For the Year Ended June 30, 2019**

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| \$7,140,000 Tax Allocation Revenue Refunding Bonds Series 2015A Transportation-Distribution-Industrial Redevelopment Project No. 2 | 28 |
| \$249,770,000 Tax Allocation Revenue Refunding Bonds Series 2015B Transportation-Distribution-Industrial Redevelopment Project No. 2 | 29 |
| \$7,230,000 Tax Allocation Revenue Refunding Bonds Series 2015A Transportation-Distribution-Industrial Redevelopment Project No. 3 | 30 |
| \$37,425,000 Tax Allocation Revenue Refunding Bonds Series 2015B Transportation-Distribution-Industrial Redevelopment Project No. 3 | 31 |

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Successor Agency to Industry Urban-Development Agency (the "SA to IUDA"), a component unit of the City of Industry, California (the "City") as of June 30, 2019 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the SA to IUDA's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SA to IUDA as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the SA to IUDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the SA to IUDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SA to IUDA's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 13, 2019



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Successor Agency to Industry Urban-Development Agency (the "SA to IUDA"), a component unit of the City of Industry, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the SA to IUDA's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SA to IUDA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SA to IUDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SA to IUDA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the City's Schedule of Findings and Responses as item 2019-004 that we consider to be significant deficiencies.

To the Board of Directors
of the Successor Agency to Industry Urban-Development Agency
City of Industry, California
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Compliance and Other Matters

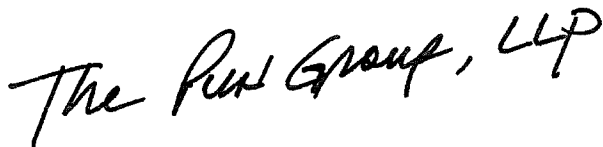
As part of obtaining reasonable assurance about whether the SA to IUDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The SA to IUDA's Response to Findings

The SA to IUDA's response to the findings identified in our audit is described in the City's Schedule of Findings and Responses. The SA to IUDA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Santa Ana, California
December 13, 2019

FINANCIAL STATEMENTS

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Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Statement of Fiduciary Net Position
June 30, 2019

| | <u>Private-purpose Trust Fund</u> |
|---|---------------------------------------|
| ASSETS: | |
| Current assets: | |
| Cash | \$ 1,871,873 |
| Investments | 22,049,851 |
| Other receivables | 2,313,297 |
| Property held for sale or disposition | 388,915,775 |
| Noncurrent assets: | |
| Notes receivable | 9,507,379 |
| Restricted assets: | |
| Investments | 118,194,364 |
| Investments with fiscal agent | 70,166,126 |
| Total assets | <u>613,018,665</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred charges on refunding | 17,409,793 |
| Total deferred outflows of resources | <u>17,409,793</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts payable | 2,048,294 |
| Interest payable | 6,750,698 |
| Due to City of Industry | 109,965 |
| Bonds payable, due within one year | 59,937,129 |
| Total current liabilities | <u>68,846,086</u> |
| Noncurrent liabilities: | |
| Bonds payable, due in more than one year | 267,897,950 |
| Total non current liabilities | <u>267,897,950</u> |
| Total liabilities | <u>336,744,036</u> |
| NET POSITION: | |
| Held in trust for the SA to IUDA | <u>\$ 293,684,422</u> |

Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

| | | <u>Private-purpose Trust Fund</u> |
|---|---------------------|---------------------------------------|
| ADDITIONS: | | |
| Redevelopment agency property tax trust fund | \$ 81,616,777 | |
| Less: Administrative expenses | (1,498,621) | |
| Pass through payments | <u>(10,635,018)</u> | |
| Redevelopment agency property tax trust fund, net | | \$ 69,483,138 |
| Revenues from use of money and property: | | |
| Interest income | | 2,980,064 |
| Rental income | | 11,791,206 |
| Gain on sale of properties, net | | 24,568,355 |
| Contribution from the City of Industry | | 52,900,697 |
| Other revenue | | <u>4,012,884</u> |
| Total additions | | <u>165,736,344</u> |
| DEDUCTIONS | | |
| General administration | | 2,186,837 |
| Interest expenses | | 21,912,367 |
| Project expenses | | <u>5,802,743</u> |
| Total deductions | | <u>29,901,947</u> |
| CHANGES IN NET POSITION | | 135,834,397 |
| NET POSITION: | | |
| Beginning of the year | | <u>157,850,025</u> |
| End of the year | | <u><u>\$ 293,684,422</u></u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

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

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

B. Basis of Accounting

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

The financial statements include a statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These statements are presented on the accrual basis of accounting.

C. Cash and Investments

Cash include cash on hand and demand deposits and are carried at cost. Investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income for that fiscal year.

SA to IUDA participates in an investment pool managed by the State of California titled Local Agency Investment Fund (“LAIF”), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool approximates the fair value of the pool shares.

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash and Investments (Continued)

Restricted cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of SA to IUDA hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for the payment of certain bonds, and have been invested only as permitted by specific State statutes or applicable ordinance, resolution or bond indenture.

D. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

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

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

E. Redevelopment Property Tax Revenues

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

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

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

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

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Tax Override Monies

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

G. Property Held for Sale or Disposition

Property held for resale represents land, structures and their related improvements that were acquired for resale in accordance with the objectives of the Redevelopment Projects and grants. These costs will be charged to current year project expenditures when the related land and structures are sold. Property held for resale is valued at the lower of cost or expected net realizable value.

H. Bond Issuance Costs and Premiums/Discounts

Bond premiums and discounts in the statement of fiduciary net position are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses in the period incurred in the statement of changes in fiduciary net position.

I. Use of Estimates

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

Note 2 – Cash and Investments

Cash and investments as of June 30, 2019, consisted of the following:

| | Amount |
|----------------------------|----------------|
| Cash | \$ 1,871,873 |
| Investments | 22,049,851 |
| Investments - Restricted | 188,360,490 |
| Total cash and investments | 212,282,214 |
| Cash: | |
| Petty cash | \$ 500 |
| Demand deposits | 1,871,373 |
| Investments | 210,410,341 |
| Total cash and investments | \$ 212,282,214 |

The amounts held as “Investments-Restricted” of \$188,360,490, represents amounts specifically restricted to pay for project costs or bond payments to the City of Industry Public Facilities Authority.

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amount of the SA to IUDA's cash deposits were \$1,871,373 at June 30, 2019. Bank balances before reconciling items were \$2,043,346 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the SA to IUDA's name as discussed below.

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

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

As of June 30, 2019, SA to IUDA's deposits exceeded federally insured limits by \$1,543,346.

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

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

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

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

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements

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

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

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

D. Fair Value Measurement

At June 30, 2019, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019:

| Investment Type | Measurement Input | | | Total |
|-------------------------------|-------------------------------|--|-----------------------|-----------------------|
| | Observable Input (Level 1) | Significant Other Observable Input (Level 2) | Uncategorized | |
| LAIF | \$ - | \$ - | \$ 22,049,851 | \$ 22,049,851 |
| Investment - restricted | | | | |
| LAIF | - | - | 16,875 | 16,875 |
| Commercial paper | - | 6,056,649 ⁽¹⁾ | - | 6,056,649 |
| Money market funds | - | - | 112,120,840 | 112,120,840 |
| Investment with fiscal agent: | | | | |
| Money market funds | - | - | 70,166,126 | 70,166,126 |
| Total | \$ - | \$ 6,056,649 | \$ 204,353,692 | \$ 210,410,341 |

⁽¹⁾ Valued based on a variety of market makers using a curve-based approach.

E. Risk Disclosure

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, SA to IUDA will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Under section 53652 of the California Government Code, it is required that the depository secure active or inactive deposits with eligible securities having a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2019, the financial institutions that hold collateral for SA to IUDA had satisfied this requirement.

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Interest Rate Risk

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

| <u>Investment Type</u> | <u>Amount</u> | <u>Weighted Average Maturity (in months)</u> |
|---------------------------|-----------------------|--|
| Investments: | | |
| LAIF | \$ 22,049,851 | N/A |
| Investments - Restricted: | | |
| LAIF | 16,875 | N/A |
| Commercial paper | 6,056,649 | 0.60 |
| Money market funds | 112,120,840 | N/A |
| Held by bond trustee: | | |
| Money market funds | 70,166,126 | N/A |
| Total investments | <u>\$ 210,410,341</u> | |

Credit Risk

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

| <u>Investment Type</u> | <u>Amount</u> | <u>Minimum Legal Rating</u> | <u>Rating as of June 30, 2019</u> | | |
|-----------------------------|-----------------------|-------------------------------------|-----------------------------------|-----------------------|----------------------|
| | | | <u>Actual Rating</u> | <u>Rated</u> | <u>Not Rated</u> |
| LAIF | \$ 22,049,851 | N/A | \$ - | \$ 22,049,851 | |
| Investment - restricted: | | | | | |
| LAIF | 16,875 | N/A | - | | 16,875 |
| Commercial paper | 6,056,649 | A/P-1 | P-1 | 6,056,649 | - |
| Money market funds | 112,120,840 | N/A | Aaa | 112,120,840 | - |
| Invested with fiscal agent: | | | | | |
| Money market funds | 70,166,126 | N/A | Aaa | 70,166,126 | - |
| Total investments | <u>\$ 210,410,341</u> | | | <u>\$ 188,343,615</u> | <u>\$ 22,066,726</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

F. State of California Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2019 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

At June 30, 2019, the carrying amount of the investments in LAIF was in the amount of \$22,066,726.

Note 3 – Receivables

As of June 30, 2019, receivables on the statement of net position consisted of the following:

| | |
|---|--------------|
| Notes receivable: | |
| Developer notes receivable - construction loans | \$ 5,665,577 |
| Developer note receivable - Nissan | 3,841,802 |
| Total notes receivable | \$ 9,507,379 |

A. Developer Notes Receivable – Grand Central Recycling

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

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Receivables (Continued)

A. Developer Notes Receivable - Grand Central Recycling (Continued)

| | Amount June 30, 2019 | Principal Amounts due in one year | Non-current Principal |
|--|----------------------------|---|--------------------------|
| Due June, 2022, payable in monthly payments of \$78,171 including interest at 4.00% per annum beginning July 2002 | \$ 2,647,728 | \$ 847,575 | \$ 1,800,153 |
| Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002 | 2,257,750 | 722,739 | 1,535,011 |
| Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002 | 760,099 | 243,319 | 516,780 |
| Totals | \$ 5,665,577 | \$ 1,813,633 | \$ 3,851,944 |

Total interest received on these notes during the year ended in June 30, 2019 was in the amount of \$264,604.

B. Developer Notes Receivable – Nissan Auto Mall

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

| | Amount June 30, 2019 | Principal Amounts due in one year | Non-current Principal |
|---|----------------------------|---|--------------------------|
| Due May, 2022, payable in monthly payments of \$25,069 including interest at 4.00% per annum beginning July 2002 | \$ 3,841,802 | \$ 149,821 | \$ 3,691,981 |

Total interest income received on this note during the year ended June 30, 2019 was in the amount of \$156,875.

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Property Held for Sale or Disposition

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

As of June 30, 2019, the carrying amount of SA to IUDA’s property held for sale or disposition amounted to \$388,915,775.

During the year ended June 30, 2019, the SA to IUDA sold 12 properties to the City as part of the long range property management plan and reported gain on sale of properties in the amount of \$30,125,530. Also the SA to IUDA had written off the value of certain properties previously disposed of in the amount of \$5,557,175, which is reported against the gain on sale of properties. The Gain on sale of properties, net, was \$24,568,355 on the Statement of Changes in Fiduciary Net Position.

Note 5 – Bonds Payable

Summary of changes in the Successor Agency to IUDA’s bonds payables for the year ended June 30, 2019 is as following:

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 | Due Within One Year | Due in more than one year |
|---|-------------------------|-------------|------------------------|--------------------------|------------------------|------------------------------|
| Project Area 1: | | | | | | |
| 2015 Tax Allocation Revenue Refunding Bonds, Series A | \$ 171,345,000 | \$ - | \$ (36,945,000) | \$ 134,400,000 | \$ 37,925,000 | \$ 96,475,000 |
| Total Project Area 1 | <u>171,345,000</u> | <u>-</u> | <u>(36,945,000)</u> | <u>134,400,000</u> | <u>37,925,000</u> | <u>96,475,000</u> |
| Project Area 2: | | | | | | |
| 2015 Tax Allocation Revenue Refunding Bonds, Series A | 5,945,000 | - | (735,000) | 5,210,000 | 770,000 | 4,440,000 |
| 2015 Tax Allocation Revenue Refunding Bonds, Series B | 207,485,000 | - | (53,330,000) | 154,155,000 | 16,905,000 | 137,250,000 |
| Total Project Area 2 | <u>213,430,000</u> | <u>-</u> | <u>(54,065,000)</u> | <u>159,365,000</u> | <u>17,675,000</u> | <u>141,690,000</u> |
| Project Area 3: | | | | | | |
| 2015 Tax Allocation Revenue Refunding Bonds, Series A | 6,015,000 | - | (740,000) | 5,275,000 | 780,000 | 4,495,000 |
| 2015 Tax Allocation Revenue Refunding Bonds, Series B | 31,720,000 | - | (3,325,000) | 28,395,000 | 3,425,000 | 24,970,000 |
| Total Project Area 3 | <u>37,735,000</u> | <u>-</u> | <u>(4,065,000)</u> | <u>33,670,000</u> | <u>4,205,000</u> | <u>29,465,000</u> |
| Total tax allocation bonds | <u>422,510,000</u> | <u>-</u> | <u>(95,075,000)</u> | <u>327,435,000</u> | <u>59,805,000</u> | <u>267,630,000</u> |
| Deferred amounts: | | | | | | |
| Unamortized premium/discour | 556,050 | - | (155,971) | 400,079 | 132,129 | 267,950 |
| Total bonds payable | <u>\$ 423,066,050</u> | <u>\$ -</u> | <u>\$ (95,230,971)</u> | <u>\$ 327,835,079</u> | <u>\$ 59,937,129</u> | <u>\$ 267,897,950</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Bonds Payable (Continued)

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

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

Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through July 1, 2024. The bonds bear interests at rates range from 3.139% to 4.344%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-----------------------|----------------------|-----------------------|
| 2020 | \$ 37,925,000 | \$ 4,840,094 | \$ 42,765,094 |
| 2021 | 39,090,000 | 3,649,628 | 42,739,628 |
| 2022 | 30,740,000 | 2,292,814 | 33,032,814 |
| 2023 | 9,705,000 | 1,118,239 | 10,823,239 |
| 2024 | 10,105,000 | 725,769 | 10,830,769 |
| 2025 | 6,835,000 | 148,456 | 6,983,456 |
| | <u>\$ 134,400,000</u> | <u>\$ 12,775,000</u> | <u>\$ 147,175,000</u> |

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

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

For Series A, principal ranges from \$770,000 to \$975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2020 | \$ 770,000 | \$ 260,500 | \$ 1,030,500 |
| 2021 | 805,000 | 222,000 | 1,027,000 |
| 2022 | 845,000 | 181,750 | 1,026,750 |
| 2023 | 885,000 | 139,500 | 1,024,500 |
| 2024 | 930,000 | 95,250 | 1,025,250 |
| 2025 | 975,000 | 48,750 | 1,023,750 |
| | <u>\$ 5,210,000</u> | <u>\$ 947,750</u> | <u>\$ 6,157,750</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Bonds Payable (Continued)

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

For Series B, the SA to IUDA early redeemed \$36,910,000 of the bonds during the year ended June 30, 2019. The remaining principal ranges from \$1,530,000 to \$48,825,000 maturing annually through January 1, 2025. The remaining bonds bear interests at rates ranges from 3.389% to 5.044%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-----------------------|----------------------|-----------------------|
| 2020 | \$ 16,905,000 | \$ 6,774,818 | \$ 23,679,818 |
| 2021 | 17,490,000 | 6,201,908 | 23,691,908 |
| 2022 | 22,550,000 | 5,481,146 | 28,031,146 |
| 2023 | 46,855,000 | 4,551,860 | 51,406,860 |
| 2024 | 48,825,000 | 2,539,906 | 51,364,906 |
| 2025 | 1,530,000 | 77,174 | 1,607,174 |
| | <u>\$ 154,155,000</u> | <u>\$ 25,626,812</u> | <u>\$ 179,781,812</u> |

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

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

For Series A, principal ranges from \$780,000 to \$985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2020 | \$ 780,000 | \$ 263,750 | \$ 1,043,750 |
| 2021 | 815,000 | 224,750 | 1,039,750 |
| 2022 | 855,000 | 184,000 | 1,039,000 |
| 2023 | 900,000 | 141,250 | 1,041,250 |
| 2024 | 940,000 | 96,250 | 1,036,250 |
| 2025 | 985,000 | 49,250 | 1,034,250 |
| | <u>\$ 5,275,000</u> | <u>\$ 959,250</u> | <u>\$ 6,234,250</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Bonds Payable (Continued)

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

For Series B, principal ranges from \$3,285,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 3.000% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2020 | \$ 3,425,000 | \$ 1,362,237 | \$ 4,787,237 |
| 2021 | 3,530,000 | 1,259,487 | 4,789,487 |
| 2022 | 3,435,000 | 1,081,434 | 4,516,434 |
| 2023 | 3,605,000 | 908,172 | 4,513,172 |
| 2024 | 3,795,000 | 726,336 | 4,521,336 |
| 2025-2027 | 10,605,000 | 1,036,542 | 11,641,542 |
| | <u>\$ 28,395,000</u> | <u>\$ 6,374,208</u> | <u>\$ 34,769,208</u> |

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

Prior Years Defeased Obligations

In prior years, the SA to IUDA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2019, the SA to IUDA had redeemed all prior year bonds that are considered defeased.

Revenue Pledged

All of the bonds described in this note are secured by a pledge of all future payments from the RPTTF fund until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2019 amounted to \$374,118,020. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2019, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$81,616,777, which the SA received \$69,483,138 after deductions.

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

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

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Bonds Payable (Continued)

Revenue Pledged (Continued)

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

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

The SA to IUDA received RPTTF Funds for the year ended June 30, 2019 as follows:

| | | |
|-------------------------|----|--------------|
| RPTTF Funds | \$ | 81,616,777 |
| Less: | | |
| Administrative expenses | | (1,498,621) |
| Pass through payments | | (10,635,018) |
| Net RPTTF Funds | \$ | 69,483,138 |

Note 6 – Rental Property

The SA to IUDA rents land, buildings and housing to others through non-cancelable rental agreements. Future minimum rental income payments based on terms in effect at June 30, 2019 are as follows:

| Year Ending June 30 | Amount |
|------------------------|--------------|
| 2020 | \$ 9,827,691 |
| 2021 | 9,833,795 |
| 2022 | 13,215,540 |
| 2023 | 9,677,870 |
| 2024 | 9,677,870 |
| 2025-2029 | 48,389,350 |
| 2030-2034 | 48,389,350 |
| 2035-2039 | 48,389,350 |
| Thereafter | 270,456,200 |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Rental Property (Continued)

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

In the event that rental income on the buildings is insufficient to repay any loans outstanding related to any financing of such building projects, and operation and maintenance of the various buildings, the SA to IUDA is required to contribute fifty percent for any shortfall as a capital contribution if the Company issues a demand for additional capital. Such payments if made by SA to IUDA on the projects would be subject to return by the Company with interest at the prime rate plus three percent provided that future rents generate revenue for SA to IUDA. During the year ended June 30, 2019, SA to IUDA earned and received \$11,791,206 in rental income from the Company.

SA to IUDA also leased land, buildings, and permanently attached equipment to the Industry Convalescent Hospital D.b.a. El Encanto Healthcare and Habilitation Center for \$1 a year, renewed annually, which at the time of renewal, the lease may be terminated or the lease payment renegotiated by SA to IUDA. The property was sold to the City in November 2018.

Note 7 – Self-Insurance Plan

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

As of June 30, 2019, there are no pending claims outstanding against the SA to IUDA.

Note 8 – Commitment and Contingencies

A. Risk Management

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

B. Project Commitments

As of June 30, 2019, the total net position held in trust was \$293,684,422. All of the fiduciary net position are committed to fund project obligations and the debt service on the bonds payable.

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Transactions with Related Parties

As of June 30, 2019, SA to IUDA had net amount due to the City in the amount of \$109,965. This arose from administrative expenses incurred by the SA to IUDA and paid by the City.

A total of \$327,435,000 SA to IUDA bonds are owned by the City of Industry Public Facilities Authority, a component unit of the City of Industry.

During the year ended June 30, 2019, 12 properties were sold to the City for \$59,609,001. Also see Note 4 for additional disclosures.

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SUPPLEMENTARY INFORMATION

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Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Schedules of Long-Term Debt
\$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A
Civic-Recreational-Industrial Redevelopment Project No. 1
For the Year Ended June 30, 2019

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------------|
| 7/1/2019 | \$ - | 3.139% | \$ 2,420,047 | \$ 2,420,047 | \$ - |
| 1/1/2020 | 37,925,000 | 3.139% | 2,420,047 | 40,345,047 | 42,765,094 |
| 7/1/2020 | - | 3.471% | 1,824,814 | 1,824,814 | - |
| 1/1/2021 | 39,090,000 | 3.471% | 1,824,814 | 40,914,814 | 42,739,628 |
| 7/1/2021 | - | 3.821% | 1,146,407 | 1,146,407 | - |
| 1/1/2022 | 30,740,000 | 3.821% | 1,146,407 | 31,886,407 | 33,032,814 |
| 7/1/2022 | - | 4.044% | 559,119 | 559,119 | - |
| 1/1/2023 | 9,705,000 | 4.044% | 559,120 | 10,264,120 | 10,823,239 |
| 7/1/2023 | - | 4.244% | 362,884 | 362,884 | - |
| 1/1/2024 | 10,105,000 | 4.244% | 362,885 | 10,467,885 | 10,830,769 |
| 7/1/2024 | 6,835,000 | 4.344% | 148,456 | 6,983,456 | 6,983,456 |
| Totals | <u>\$ 134,400,000</u> | | <u>\$ 12,775,000</u> | <u>\$ 147,175,000</u> | <u>\$ 147,175,000</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Schedules of Long-Term Debt (Continued)
\$7,140,000 Tax Allocation Revenue Refunding Bonds Series 2015A
Transportation-Distribution-Industrial Redevelopment Project No. 2
For the Year Ended June 30, 2019

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|---------------------|----------------------|-------------------|---------------------|----------------------------|
| 7/1/2019 | \$ - | 5.000% | \$ 130,250 | \$ 130,250 | \$ - |
| 1/1/2020 | 770,000 | 5.000% | 130,250 | 900,250 | 1,030,500 |
| 7/1/2020 | - | 5.000% | 111,000 | 111,000 | - |
| 1/1/2021 | 805,000 | 5.000% | 111,000 | 916,000 | 1,027,000 |
| 7/1/2021 | - | 5.000% | 90,875 | 90,875 | - |
| 1/1/2022 | 845,000 | 5.000% | 90,875 | 935,875 | 1,026,750 |
| 7/1/2022 | - | 5.000% | 69,750 | 69,750 | - |
| 1/1/2023 | 885,000 | 5.000% | 69,750 | 954,750 | 1,024,500 |
| 7/1/2023 | - | 5.000% | 47,625 | 47,625 | - |
| 1/1/2024 | 930,000 | 5.000% | 47,625 | 977,625 | 1,025,250 |
| 7/1/2024 | - | 5.000% | 24,375 | 24,375 | - |
| 1/1/2025 | 975,000 | 5.000% | 24,375 | 999,375 | 1,023,750 |
| Totals | <u>\$ 5,210,000</u> | | <u>\$ 947,750</u> | <u>\$ 6,157,750</u> | <u>\$ 6,157,750</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Schedules of Long-Term Debt (Continued)
\$249,770,000 Tax Allocation Revenue Refunding Bonds Series 2015B
Transportation-Distribution-Industrial Redevelopment Project No. 2 (Continued)
For the Year Ended June 30, 2019

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------------|
| 7/1/2019 | \$ - | 3.389% | \$ 3,387,409 | \$ 3,387,409 | \$ - |
| 1/1/2020 | 16,905,000 | 3.389% | 3,387,409 | 20,292,409 | 23,679,818 |
| 7/1/2020 | - | 4.121% | 3,100,954 | 3,100,954 | - |
| 1/1/2021 | 17,490,000 | 4.121% | 3,100,954 | 20,590,954 | 23,691,908 |
| 7/1/2021 | - | 4.121% | 2,740,573 | 2,740,573 | - |
| 1/1/2022 | 22,550,000 | 4.121% | 2,740,573 | 25,290,573 | 28,031,146 |
| 7/1/2022 | - | 4.294% | 2,275,930 | 2,275,930 | - |
| 1/1/2023 | 46,855,000 | 4.294% | 2,275,930 | 49,130,930 | 51,406,860 |
| 7/1/2023 | - | 5.044% | 1,269,953 | 1,269,953 | - |
| 1/1/2024 | 48,825,000 | 5.044% | 1,269,953 | 50,094,953 | 51,364,906 |
| 7/1/2024 | - | 5.044% | 38,587 | 38,587 | - |
| 1/1/2025 | 1,530,000 | 5.044% | 38,587 | 1,568,587 | 1,607,174 |
| Totals | <u>\$ 154,155,000</u> | | <u>\$ 25,626,812</u> | <u>\$ 179,781,812</u> | <u>\$ 179,781,812</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Schedules of Long-Term Debt (Continued)
\$7,230,000 Tax Allocation Revenue Refunding Bonds Series 2015A
Transportation-Distribution-Industrial Redevelopment Project No. 3
For the Year Ended June 30, 2019

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|---------------------|----------------------|-------------------|---------------------|----------------------------|
| 7/1/2019 | \$ - | 5.000% | \$ 131,875 | \$ 131,875 | \$ - |
| 1/1/2020 | 780,000 | 5.000% | 131,875 | 911,875 | 1,043,750 |
| 7/1/2020 | - | 5.000% | 112,375 | 112,375 | - |
| 1/1/2021 | 815,000 | 5.000% | 112,375 | 927,375 | 1,039,750 |
| 7/1/2021 | - | 5.000% | 92,000 | 92,000 | - |
| 1/1/2022 | 855,000 | 5.000% | 92,000 | 947,000 | 1,039,000 |
| 7/1/2022 | - | 5.000% | 70,625 | 70,625 | - |
| 1/1/2023 | 900,000 | 5.000% | 70,625 | 970,625 | 1,041,250 |
| 7/1/2023 | - | 5.000% | 48,125 | 48,125 | - |
| 1/1/2024 | 940,000 | 5.000% | 48,125 | 988,125 | 1,036,250 |
| 7/1/2024 | - | 5.000% | 24,625 | 24,625 | - |
| 1/1/2025 | 985,000 | 5.000% | 24,625 | 1,009,625 | 1,034,250 |
| Totals | <u>\$ 5,275,000</u> | | <u>\$ 959,250</u> | <u>\$ 6,234,250</u> | <u>\$ 6,234,250</u> |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Schedules of Long-Term Debt (Continued)
\$37,425,000 Tax Allocation Revenue Refunding Bonds Series 2015B
Transportation-Distribution-Industrial Redevelopment Project No. 3 (Continued)
For the Year Ended June 30, 2019

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------------|
| 7/1/2019 | \$ - | 3.000% | \$ 681,119 | \$ 681,119 | \$ - |
| 1/1/2020 | 3,425,000 | 3.000% | 681,118 | 4,106,118 | 4,787,237 |
| 7/1/2020 | - | 5.044% | 629,744 | 629,744 | - |
| 1/1/2021 | 3,530,000 | 5.044% | 629,743 | 4,159,743 | 4,789,487 |
| 7/1/2021 | - | 5.044% | 540,717 | 540,717 | - |
| 1/1/2022 | 3,435,000 | 5.044% | 540,717 | 3,975,717 | 4,516,434 |
| 7/1/2022 | - | 5.044% | 454,086 | 454,086 | - |
| 1/1/2023 | 3,605,000 | 5.044% | 454,086 | 4,059,086 | 4,513,172 |
| 7/1/2023 | - | 5.044% | 363,168 | 363,168 | - |
| 1/1/2024 | 3,795,000 | 5.044% | 363,168 | 4,158,168 | 4,521,336 |
| 7/1/2024 | - | 5.044% | 267,458 | 267,458 | - |
| 1/1/2025 | 3,990,000 | 5.044% | 267,458 | 4,257,458 | 4,524,916 |
| 7/1/2025 | - | 5.044% | 166,830 | 166,830 | - |
| 1/1/2026 | 3,285,000 | 5.044% | 166,830 | 3,451,830 | 3,618,660 |
| 7/1/2026 | - | 5.044% | 83,983 | 83,983 | - |
| 1/1/2027 | 3,330,000 | 5.044% | 83,983 | 3,413,983 | 3,497,966 |
| Totals | <u>\$ 28,395,000</u> | | <u>\$ 6,374,208</u> | <u>\$ 34,769,208</u> | <u>\$ 34,769,208</u> |

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SUCCESSOR AGENCY

ITEM NO. 5.5



December 13, 2019

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

We have audited the financial statements of the Successor Agency to Industry Urban-Development Agency (the "SA to IUDA"), a component unit of the City of Industry, California (the "City"), for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 8, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the SA to IUDA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the SA to IUDA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the investment fair market value is based on information provided by Bank of America, the custodian for the investment in commercial paper based on market makers using curve-based approach. We evaluated the key factors and assumptions used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.

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

- Note 1 – Summary of Significant Accounting Policies
- Note 2 – Cash and Investments
- Note 4 – Property Held for Sale or Disposition
- Note 8 – Commitments and Contingencies
- Note 9 – Transactions with Related Parties

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 13, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the Schedules of Long-Term Debt, which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Directors
of the Successor Agency to Industry Urban-Development Agency
City of Industry, California
Page 3

Restriction on Use

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

Very truly yours,

The Park Group, LLP

Santa Ana, California

SUCCESSOR AGENCY

ITEM NO. 5.6



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

TO: Honorable Chair and Members of the Successor Agency Board

FROM: Troy Helling, Executive Director *TH*

STAFF: Joshua Nelson, Agency Engineer *JN*

DATE: January 23, 2020

SUBJECT: Consideration of Amendment No. 3 to the Agreement for Consulting Services with Sage Environmental Group for the Diamond Bar Creek Restoration Project extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

Background:

On April 24, 2013, the Successor Agency to the Industry Urban-Development Agency ("Agency") approved an Agreement for Consulting Services with Sage Environmental Group ("SAGE"). SAGE was retained to provide biological and regulatory services for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction project. The Diamond Bar Creek project is being constructed in three phases. Phases 1 and 2 are complete, and the final Phase 3 is set to begin in 2020. On January 25, 2016, the Agency approved Amendment No. 1 for a budget increase of \$25,000.00 for continued biological and regulatory services. On March 23, 2017, the Agency Board approved Amendment No. 2 extending the term of the Agreement through April 24, 2020.

Discussion:

The Agreement terminates on April 24, 2020, therefore it is necessary to extend the term of the agreement, as the final Phase 3 construction will begin this year. Staff is proposing to extend the term through June 30, 2022 to coincide with the ROPS periods and account for any potential delays. SAGE is listed in the Recognized Obligation Payment Schedule under Line Item No. 166.

Fiscal Impact:

There is no fiscal impact associated with this Amendment No 3.

Recommendation:

It is recommended that the Successor Agency Board approve Amendment No. 3 to the Agreement for Consulting Services with Sage Environmental Group.

Exhibit:

- A. Amendment No. 3 to Agreement for Consulting Services with Sage Environmental Group, dated January 23, 2020

TH/JN:jf

EXHIBIT A

Amendment No. 3 to Agreement for Consulting Services with Sage Environmental Group, dated January 23, 2020

[Attached]

**AMENDMENT NO. 3
TO AGREEMENT FOR CONSULTING SERVICES WITH
SAGE ENVIRONMENTAL GROUP**

This Amendment No. 3 to the Agreement for Consulting Services (“Agreement”), is made and entered into this 23rd day of January, 2020, by and between the Successor Agency to the Industry Urban-Development Agency, a public body, (“Agency”) and Sage Environmental Group, a California Corporation (“Consultant”). The Agency and Consultant are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, on or about April of 2013, the Agreement was entered into and executed between the Agency and Consultant to provide biological and regulatory services for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction project; and

WHEREAS, on or about January 25, 2016, the Agency approved Amendment No. 1, to permit a budget increase, increasing the compensation by \$25,000.00 for continued biological and regulatory services for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction project; and

WHEREAS on or about March 23, 2017, the Agency approved a term extension through April 24, 2020; and

WHEREAS, given the project isn’t complete, it is necessary to amend Section 3 to extend the term through June 30, 2022; and

WHEREAS, it is also necessary to amend the Agreement to reflect the current address for the Agency’s General Counsel; and

WHEREAS, for the reasons set forth herein, the Agency and Consultant desire to enter into this Amendment No. 3, as set forth below.

AMENDMENT

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

Section 3. TERM OF THE AGREEMENT

This Agreement shall commence on the Effective Date and shall remain in full force and effect until June 30, 2022, unless sooner terminated as provided in Section 4 herein.

Section 15. NOTICES

The address for James M. Casso is hereby revised to read in its entirety as follows:

James M. Casso, City Attorney
Casso & Sparks, LLP
13300 Crossroads Parkway North, Suite 410
City of Industry, CA 91746

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 3 to the Agreement as of the Effective Date.

| | |
|---|---------------------------------|
| “AGENCY” | “CONSULTANT” |
| SUCCESSOR AGENCY TO THE INDUSTRY | SAGE ENVIRONMENTAL GROUP |
| URBAN-DEVELOPMENT AGENCY | |

By: _____ By: _____
Troy Helling, Executive Director Alissa Cope, Principal

Attest:

By: _____
Julie Gutierrez-Robles, Agency Secretary

APPROVED AS TO FORM

By: _____
James M. Casso, Agency General Counsel

**EXHIBIT A TO AMENDMENT NO. 3:
AGREEMENT FOR CONSULTING SERVICES WITH SAGE ENVIRONMENTAL
GROUP (DATED APRIL 24, 2013)**

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT FOR CONSULTING SERVICES is entered into this 24 day of April 2013 (the "Effective Date") by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, (the "Agency") and **SAGE ENVIRONMENTAL GROUP**, a California Corporation ("Consultant").

RECITALS

A. Agency has determined that it requires the following professional services from a consultant to provide biological and regulatory services for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction.

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

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

1. Consultant's Services.

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

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

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

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

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

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

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

2. City Representative.

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

3. Term of Agreement.

This Agreement shall commence on the Effective Date and shall remain in full force and effect until April 24, 2017, unless sooner terminated as provided in Section 4 herein.

4. Termination.

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

5. Compensation.

a. Compensation [check applicable provision]

Agency will compensate Consultant for the services provided pursuant to this Agreement, to the reasonable satisfaction of Agency, in an amount not to exceed one hundred twenty one dollars and no cents (\$121,000.00), based on the hourly rates set forth in Exhibit C attached hereto and incorporated herein by this reference. Such amount will only be exceeded by an express, supplemental, written authorization by the Agency.

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

b. Expenses [check applicable provision]

b. Expenses [check applicable provision]

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

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

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

6. Method of Payment

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

7. Ownership of Work Product.

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

8. Records Retention and Access to Records.

a. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of 4 years. Agency shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all program data, documents, proceedings and activities. If applicable under this Agreement, all files, documents, samples, test results, chain of custody logs, and other records and other relevant data developed by Consultant in the course of performing this Agreement shall be maintained for a period of two (2) years after

completion of all work and after final payments have been made and shall be made available to Agency upon request.

9. Confidential Status; Disclosure of Information.

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

10. Qualifications; Standard of Performance.

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

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

11. Independent Contractor.

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

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

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

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

12. Indemnification.

a. To the fullest extent permitted by law, Consultant hereby shall, at its sole cost and expense, to defend, protect, indemnify, and hold harmless the Agency, its respective officers, attorneys, agents, employees, designated volunteers, successors, and assigns (collectively, "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, expert witnesses, consultants, or other professionals and all costs associated therewith (collectively, "Claims"), resulting from any negligent act, error, omission or failure to act of Consultant or any of its subcontractors and their respective officers, agents, servants, employees, subcontractors, material men, suppliers or their respective officers, agents, servants or employees in connection with, resulting from, or related to this Agreement or for failure to perform or negligent performance of any term, provision, covenant, or condition of the Agreement, including this indemnity provision. This indemnity provision is effective regardless of any prior, concurrent, or subsequent passive negligence by Indemnitees and shall operate to fully indemnify Indemnitees against any such negligence. This indemnity provision shall survive the termination of the Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law. Payment is not required as a condition precedent to an Indemnitee's right to recover under this indemnity provision, and an entry of judgment against the Consultant shall be conclusive in favor of the Indemnitee's right to recover under this indemnity provision. Consultant shall pay Indemnitees for any attorneys fees and costs incurred in enforcing this indemnification provision. Notwithstanding the foregoing, nothing in this instrument shall be construed to encompass (a) Indemnitees' active negligence or willful misconduct to the limited extent that this Agreement is subject to Civil Code § 2782(a), or (b) the contracting public agency's active negligence to the limited extent that this Agreement is subject to Civil Code § 2782(b). This indemnity is effective without reference to the existence or applicability of any insurance coverages which may have been required under this Agreement or any additional insured endorsements which may extend to Indemnitees. This indemnity provision shall survive the termination of this Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law.

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

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

13. Insurance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Mutual Cooperation.

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

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

15. Notices.

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (a) the day of delivery if delivered by hand or overnight courier service

during Agency's and Consultant's regular business hours; or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses heretofore below, or to such other addresses as the parties may, from time to time, designate in writing.

If to Agency:

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

With a copy to:

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

If to Consultant:

Sage Environmental
24040 Camino Del Avion, Suite A77
Monarch Beach, CA 92629
Attn: Alissa Cope

16. Representations and Warranties.

Consultant represents, warrants and covenants to the Agency:

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

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

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

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

17. Conflicts of Interest

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

18. Accounting Requirements.

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

19. Governing Law.

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

20. Compliance with Laws.

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

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

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

21. **Reliance on Reports [check if applicable]**

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

22. **Discrimination and Equal Employment Opportunity.**

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

23. **No Assignment.**

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

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

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

25. Attorneys' Fees.

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

26. Time Is Of The Essence.

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

27. Exhibits; Precedence.

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

28. Entire Agreement and Amendments.

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

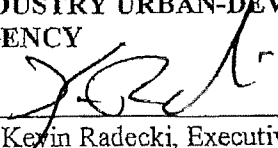
29. Severability.

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


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

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

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

By: 
Kevin Radecki, Executive Director

CONSULTANT

By: 

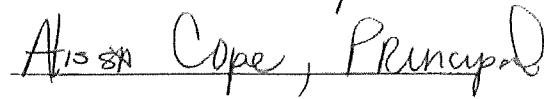
By:  Alan Cope, Principal

EXHIBIT A

Scope of Services

EXHIBIT "A"

SAGE ENVIRONMENTAL GROUP

Environmental • Biological • Habitat Restoration • Regulatory Compliance Services

December 3, 20122

Mr. Kevin Radecki
Successor Agency to the Industry Urban-Development Agency
P.O. Box 3366
15625 East Stafford Street
City of Industry, CA 91744-0366

Electronic Transmittal

Subject: Scope of Services – Consultant Services to provide Biological and Regulatory Compliance Services

Project: Diamond Bar Creek Habitat Restoration Project , City of Industry, Los Angeles County, CA

Dear Mr. Radecki,

Thank you for the opportunity to provide biological and regulatory compliance services for the continued implementation of the 26-acre Diamond Bar Creek Habitat Restoration Project (Project). The habitat restoration is based upon engineering plans developed by CNC Engineering and the resource agency-approved¹ *Final Industry Business Center Habitat Mitigation and Monitoring Plan* (HMMP), prepared by Sage Environmental Group (SAGE), as updated on June 16, 2009. The Project provides mitigation for several transportation projects, including the SR 60 Westbound On-ramp at the Grand Avenue Interchange Project, the SR 57/SR 60 Confluence at Grand Avenue Project, and the SR 60 Lemon Avenue Interchange Project.

Diamond Bar Creek, at this location is a perennial stream course which conveys nuisance, low and peak flows. The creek bed is deeply incised due to high velocity peak storm events that continue to remove sediment from the creek bottom and undercut the side slopes. The comprehensive mitigation program consists of stream course stabilization, non-native plant species eradication, and the preservation, expansion, and long-term management of native habitat. Upon project completion, the 26-acre habitat area will be placed into conservation. To date, non-native plant species eradication and initial grubbing within the construction zones has been completed.

Sage Environmental Group will provide biological and regulatory compliance services for the project in order to ensure the successful installation and maintenance of habitat within the 26-acre habitat area during the three-year establishment period. Principal compliance tasks include:

Task 1: Biological Monitoring – Construction Phase

Consistent with the requirements of the United States Fish and Wildlife Service (USFWS), all construction will be monitored utilizing a USFWS-approved biologist to ensure minimization of

¹ California Department of Fish and Game Streambed Alteration Unit; Regional Water Quality Control Board, Los Angeles Region, 401 Unit; United States Army Corps of Engineers, Los Angeles District, Regulatory Division, South Coast Section; United States Fish and Wildlife Service, Carlsbad Office.

EXHIBIT "A"

Mr. Kevin Radecki
Page 2
December 3, 2012

Act (ESA) and the federal Migratory Bird Treaty Act (MBTA). Biological monitoring will cover construction impacts to the extent feasible and compliance with the federal Endangered Species the area of direct impact and a 500-foot buffer area for associated riparian vegetation. Of special Project interest is the least Bell's vireo (*Vireo bellii pusillus*), a federal and state listed as endangered species, which was observed onsite in 2009 and 2010.

The proposed scope of work includes: 1) construction contractor education program; 2) oversight of the installation of construction fencing; 3) a pre-construction nesting bird survey of the Project site and adjacent 500 foot buffer area; 4) daily monitoring during site clearing; 5) weekly site monitoring after the initial site clearance is finished for the duration of construction work to ensure compliance with Resource Agency permit conditions, and project-specific biological resources mitigation and monitoring measures as defined in supporting documentation.

Task 2: HMMP Installation Management, Monitoring and Reporting – Year 1 through 3

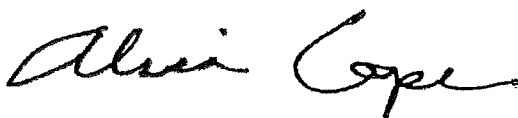
Consistent with the Resource Agency requirements, habitat mitigation will be implemented in accordance with the resource agency-approved HMMP. Sage Environmental Group will provide oversight and monitoring for the HMMP installation and maintenance to be done by a licensed Landscape Contractor. SAGE will be responsible for implementation management, including assisting CNC Engineering in the development of bid specifications, and construction-phase management and oversight for the 26-acre habitat area. The monitoring effort will include qualitative evaluations for a three year period, as defined in the HMMP. Annual success evaluations reports will be prepared following the completion of installation.

Fee Schedule

| Tasks | |
|--|----------------|
| Task 1: Biological Monitoring – Construction Phase..... | 45,000 |
| Task 2: HMMP Installation Management, Monitoring and Reporting | 76,000 |
| Total - Time and Materials Not-to-Exceed Fee | 121,000 |

If you have any questions regarding this Scope of Services request, please feel free to call me at 949.243.2282. We look forward to continuing to work with you on this interesting project.

Sincerely,



Alissa Cope
Principal
Sage Environmental Group

Accepted By:
Successor Agency to the
Industry Urban-Development Agency

Kevin Radecki

EXHIBIT B

Project Timeline

Start date: April 24, 2013

Estimated end of construction: June 30, 2017

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

EXHIBIT C

Professional Fee Schedule
Hourly Rates

EXHIBIT "C"

SAGE ENVIRONMENTAL GROUP

Environmental • Biological • Habitat Restoration • Regulatory Compliance Services

2013 PROFESSIONAL SERVICES BILLING RATES SCHEDULE

Charges for professional services, including technical and administrative staff directly charging time to the project will be calculated and billed on the following hourly billing rates.

Principal in Charge \$ 140.00
Project Manager \$ 130.00

Senior Biologist/Botanist \$ 125.00
Senior Regulatory Specialist \$ 125.00
Associate Biologist/Botanist \$ 105.00

Senior Cultural Resources Specialist \$ 115.00
Assoc. Cultural Resources Specialist \$ 92.00

Principal Environmental Planner \$ 130.00
Assoc. Environmental Planner \$ 105.00

CADD/GIS Technician \$ 98.00
Word Processor \$ 68.00

Sage Environmental Group holds active California State Contractors License Number 947034 (C27-Landscaping) and utilizes highly trained landscape crews familiar with native flora within the southwestern region of the United States. Our crews are familiar with the identification, removal methods, and level of significance with over 200 exotic species likely to occur within the region, hold current California Department of Pesticide Regulation Qualified Applicators Licenses and are registered in Los Angeles, Orange, Riverside, San Bernardino and Ventura counties.

Field Crew Supervisor \$ 62.00
Field Crew Labor \$ 40.00

Expert witness testimony and participation in a judicial or administrative proceeding is available at two hundred percent (200%) of the Billing Rate. Preparation time shall be billed at the standard billing rate.

REIMBURSABLE COSTS

The following costs will be reimbursed at cost and are not included in the Fees for Professional Services. Reimbursable costs will not exceed ten percent (10%) of fees for Professional Services:

- A. Cost of copies of drawings, specifications, reports and cost estimates; xerography and photographic reproduction of drawings and other documents furnished or prepared in connection with the work of this contract.
- B. Cost of commercial carrier and public transportation, lodging, car rental and parking, subsistence and out-of-pocket expenses. Private automobile travel is currently at \$0.51 per mile and will fluctuate with the US Dept. of Labor Federal Travel Regulation rate.
- C. Cost of postage and shipping expenses.
- D. Long distance telephone and facsimile charges.
- E. Electronic data processing.
- F. Photographic services, film and processing.
- G. Cost of models, special renderings, promotional photography, special process printing, special equipment, special printed reports or publications, maps and documents approved in advance by the Client.
- H. Plotting and associated costs for drawings in CADD format.

SUCCESSOR AGENCY

ITEM NO. 5.7



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

MEMORANDUM

TO: Honorable Chair and Members of the Successor Agency Board

FROM: Troy Helling, Executive Director *TH*

STAFF: Joshua Nelson, Agency Engineer *JN*

DATE: January 23, 2020

SUBJECT: Consideration of Amendment No. 2 to the Agreement for Consulting Services with WKE, Inc. for the Diamond Bar Creek Restoration Project, extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

Background:

On April 24, 2013, the Successor Agency to the Industry Urban-Development Agency ("Agency") approved an Agreement for Consulting Services with WKE, Inc. ("WKE"). WKE was retained to provide final structural design and structural engineering services during construction of the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction project. The Diamond Bar Creek project is being constructed in three phases. Phases 1 and 2 are complete, and the final Phase 3 is set to begin in 2020. On March 23, 2017, the Agency approved Amendment No. 1 extending the term of the Agreement through April 24, 2020.

Discussion:

The Agreement terminates on April 24, 2020, therefore it is necessary to extend the terms of the agreement as the final Phase 3 construction will begin this year. Staff is proposing to extend the term through June 30, 2022 to coincide with the ROPS periods and account for any potential delays. WKE is listed in the Recognized Obligation Payment Schedule under Line Item No. 167.

Fiscal Impact:

There is no fiscal impact associated with this Amendment No 2.

Recommendation:

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

Exhibit:

- A. Amendment No. 2 to Agreement for Consulting Services with WKE, Inc., dated January 23, 2020

TH/JN:jf

EXHIBIT A

Amendment No. 2 to Agreement for Consulting Services with WKE, Inc., dated January
23, 2020

[Attached]

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

This Amendment No. 2 to the Agreement for Consulting Services (“Agreement”), is made and entered into this 23rd day of January, 2020, by and between the Successor Agency to the Industry Urban-Development Agency, a public body, (“Agency”) and WKE, Inc., a California corporation (“Consultant”). The Agency and Consultant are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, on or about April of 2013, the Agreement was entered into and executed between the Agency and Consultant to provide final structural design and structural engineering services during construction of the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction; and

WHEREAS, on or about March 23, 2017, the Agency approved a term extension through April 24, 2020; and

WHEREAS, given the project isn’t complete, it is necessary to amend the Section 3 to extend the term through June 30, 2022; and

WHEREAS, it is also necessary to amend the Agreement to reflect the current address for the Agency’s General Counsel; and

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

AMENDMENT

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

Section 3. TERM OF THE AGREEMENT

This Agreement shall commence on the Effective Date and shall remain in full force and effect until June 30, 2022, unless sooner terminated as provided in Section 4 herein.

Section 15. NOTICES

The address for James M. Casso is hereby revised to read in its entirety as follows:

James M. Casso, City Attorney
Casso & Sparks, LLP
13300 Crossroads Parkway North, Suite 410
City of Industry, CA 91746

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

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

“CONSULTANT”
WKE, INC.

By: _____
Troy Helling, Executive Director

By: _____
Wei Koo, President

Attest:

By: _____
Julie Gutierrez-Robles, Agency Secretary

APPROVED AS TO FORM

By: _____
James M. Casso, Agency General Counsel

**EXHIBIT A TO AMENDMENT NO. 2:
AGREEMENT FOR CONSULTING SERVICES WITH WKE, INC. (DATED APRIL 24,
2013)**

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT FOR CONSULTING SERVICES is entered into this 24th day of April 2013 (the "Effective Date") by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, (the "Agency") and **WKE, INC.**, a California Corporation ("Consultant").

RECITALS

A. Agency has determined that it requires the following professional services from a consultant to provide final structural design and structural engineering services during construction from a consultant for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction.

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

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

1. Consultant's Services.

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

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

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

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

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e. Changes to Scope and Cost of Work. Consultant may, from time to time, request changes in the scope of services and costs in this Agreement to be performed hereunder. Before any work is performed beyond the scope of services in this Agreement, such changes must be mutually agreed upon between Consultant and Agency and incorporated in written amendments to this Agreement.

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

2. City Representative.

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

3. Term of Agreement.

This Agreement shall commence on the Effective Date and shall remain in full force and effect until April 24, 2017, unless sooner terminated as provided in Section 4 herein.

4. Termination.

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

5. Compensation.

a. Compensation [check applicable provision]

Agency will compensate Consultant for the services provided pursuant to this Agreement, to the reasonable satisfaction of Agency, in an amount not to exceed fifty six thousand dollars and no cents (\$56,000.00), based on the hourly rates set forth in Exhibit C attached hereto and incorporated herein by this reference. Such amount will only be exceeded by an express, supplemental, written authorization by the Agency.

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

b. Expenses [check applicable provision]

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

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

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

6. Method of Payment

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

7. Ownership of Work Product.

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

8. Records Retention and Access to Records.

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

9. Confidential Status; Disclosure of Information.

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

10. Qualifications; Standard of Performance.

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

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

11. Independent Contractor.

a. Consultant is an independent contractor and shall have no power to incur any debt, obligation or liability on behalf of Agency. Consultant shall not, at any time or in any

manner, represent that it or any of its agents or employees are in any manner agents or employees of Agency.

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

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

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

12. Indemnification.

a. To the full extent permitted by law, Consultant shall indemnify, defend and hold harmless the IUDA, its officers, officials, employees, and agents from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or representatives, in the performance of professional services under this Agreement.

b. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless the IUDA, its officers, officials, employees, and agents from and against any and all claims, demands, losses, defense costs or expenses, or liability of any kind or nature which the IUDA, its officers, employees and agents may sustain or incur or which may be imposed upon them for injury to or death of persons, or damages to property arising out of or in connection with the performance of this Agreement by Consultant, its agents, employees or representatives.

c. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against any Indemnatee with respect to those Claims, except for any liability resulting from actions that are covered by the Professional Liability or Errors and Omissions Insurance policy.

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

13. Insurance.

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

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

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

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

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

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

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

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

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

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

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

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

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

h. All insurance coverage provided pursuant to this Agreement, with the exception of the Professional Liability or Errors and Omissions Insurance, shall not prohibit Consultant, and Consultants officers, employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the Agency, its officers, employees, agents and representatives, except for any liability resulting from actions that are covered by the Professional Liability or Errors and Omissions Insurance policy.

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

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

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

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

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

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

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

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

14. Mutual Cooperation.

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

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

15. Notices.

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

If to Agency:

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

With a copy to:

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

If to Consultant:

WKE, Inc.
400 N. Tustin Avenue, Suite 275
Santa Ana, CA 92705
Attn: Wei T. Koo, President
(714) 953-2665
Fax: (714) 953-5408

16. Representations and Warranties.

Consultant represents, warrants and covenants to the Agency:

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

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

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

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

17. Conflicts of Interest

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

18. Accounting Requirements.

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

19. Governing Law.

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

20. Compliance with Laws.

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

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

Consultant shall comply with § 306 of the Federal Clean Air Act (42 U.S.C. § 1857(h)), § 508 of the Federal Water Pollution Prevention Act (33 U.S.C. § 1368), and the laws implementing those acts, including Executive Order 11,738 and 40 C.F.R. pt. 15. Consultant shall comply with the provisions of the "Barry Keane Underground Storage Tank Cleanup Trust Fund Act of 1989 (Health & safety Code §§ 25299.10 et. seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 23, § 2810 et. seq.). Consultant shall also comply with mandatory standards and policies relating to energy efficiency, according the state energy conservation plan issued in compliance with the Federal Energy Policy and Conservation Act.

21. Reliance on Reports [check if applicable]

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

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further environmental investigation, assessment, review or study is necessary, and so that the Agency and any designated purchaser and developer of any site can conduct construction activities on and develop the site.

22. Discrimination and Equal Employment Opportunity.

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

23. No Assignment.

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

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

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

25. Attorneys' Fees.

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

26. Time Is Of The Essence.

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

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27. Exhibits; Precedence.

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

28. Entire Agreement and Amendments.

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

29. Severability.

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

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

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

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

**CONSULTANT:
WKE, INC.**

By: 

Kevin Radecki, Executive Director

By: 

Wei Koo, President

EXHIBIT A

Scope of Services



EXHIBIT "A"

December 05, 2012

Mr. Kevin Radecki
Executive Director
Successor Agency to the Industry Urban-Development Agency
15625 East Stafford Street, Suite 200
City of Industry, CA 91744

Attention: Mr. Joshua Nelson / C&C Engineering

RE: Engineering Proposal for
Diamond Bar Creek Restoration Phase II and III

Dear Mr. Radecki:

WKE is pleased to submit an engineering proposal to the Successor Agency to the Industry Urban-Development Agency (S-IUDA) for the Diamond Bar Creek Restoration project Phases II & III. The proposed scope of work and the maximum not-to-exceed fee proposal are described below. A detailed summary containing breakdown of man-hour by tasks is provided in Attachment A.

Phase II – Structural Engineering Services During Construction

WKE will provide structural engineering support services for the Diamond Bar Creek Phase II Construction. Our services include the following tasks:

- Attend preconstruction construction meetings;
- Review shop drawings and respond to Requests for Information (RFIs);
- Attend construction meetings/site visits at the request of the Construction Manager (CM);
- Prepare Contract Change Order (CCOs) as needed.

Total estimated man-hour for Phase II is 204 hours.
Total not-to-exceed engineering budget is \$ 26,000

Phase III – Final Design and Structural Engineering Service during Construction.

WKE will provide final structural design, plans, specifications, and estimates for the “high-flow” splitter structure and realigned maintenance access road around the splitter structure. The hydraulic analysis and the configuration of the flow-splitter structure will be prepared by Thompson Engineering. Following is a summary of the engineering tasks by WKE:

EXHIBIT "A"

Diamond Bar Creek Restoration Phases II and III
December 04, 2012

Page 2

- Prepare structural engineering calculations;
- Prepare engineering plans for the flow splitter structure and the realignment of the DB Creek access road;
- Design quality check;
- Submit plans to the City and the County, and respond to comments ;
- Revise and submit final plans for approval

WKE will provide structural engineering support services for the Diamond Bar Creek Phase III Construction. Our services include the following tasks:

- Attend preconstruction construction meetings;
- Review shop drawings and respond to Requests for Information (RFIs);
- Attend construction meetings/site visits at the request of the Construction Manager (CM);
- Prepare Contract Change Order (CCOs) as needed.

Total estimated man-hour for Phase III is 266 hours.
Total not-to-exceed engineering budget is \$ 30,000

The proposed fee does not include other direct costs (ODC). ODCs are reimbursable by the S-IUDA at invoice time with supporting documents.

WKE appreciates the opportunity to continue servicing the Successor Agency to the Industry Urban-Development Agency on this important project. Please contact me should you have any questions on the proposal.

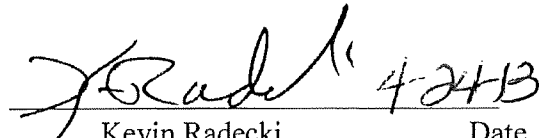
Respectfully Submitted

WKE, Inc.



Wei Koo, SE
President

Approved by



Kevin Radecki
City Manager

Date

Cc: contract file

WKE, Inc.
PROFESSIONAL FEE PROPOSAL
FOR

| | | | | |
|---|---------------------------------------|----------------------|-------------|------------------|
| PROJECT: Diamond Bar Creek Restoration Phase II and Phase III | | CONTRACT NO. | | |
| CLIENT: S-IUDA | | OWNER: S-IUDA | | |
| Prep. by : W. Koo | | Date: 12/3/2012 | | |
| RFP No : | | Date: 12/3/2012 | | |
| PROPOSED SERVICE: | | | | |
| Diamond Bar Creek Restoration Project - Phase II and Phase III | | | | |
| 1. Phase II Construction Support | | | | |
| <ul style="list-style-type: none"> - Attend preconstruction meeting - Review shop drawings and respond to RFIs - Attend construction meetings/site visits at the request of CM - Prepare CCOs as needed | | | | |
| 2. Phase III Final Design and Construction Support | | | | |
| <ul style="list-style-type: none"> - Final Design <ul style="list-style-type: none"> • Prepare structural engineering calcs • Prepare engineering plans • Design quality check • Submit plans to the City and the County for review and construction permit • Final plans - Construction Support <ul style="list-style-type: none"> • Attend preconstruction meeting • Review shop drawings and respond to RFIs • Attend construction meetings/site visits at the request of CM • Prepare CCOs as needed | | | | |
| MANHOURLY SUMMARY: | | | | |
| | | Manhours | Salary Cost | Total Labor Cost |
| No. | Classification | | | |
| 1 | Project Manager | 33 | 75.00 | 2,475 |
| 2 | Senior Engineer | 138 | 68.00 | 9,384 |
| 3 | Project Engineer | 101 | 45.00 | 4,545 |
| 4 | Assistant Engineer | 141 | 32.00 | 4,512 |
| 5 | CAD | 57 | 30.00 | 1,710 |
| (1) | Labor Cost (unburdened) | 470 | | 22,626 |
| (2) | Overhead + G&A | 125% | | 28,283 |
| (3) | Total Labor + OH+G&A | | | 50,909 |
| (4) | Fee @ | 10% | | 5,091 |
| (5) | Total Burdened Labor + Fee | | | \$ 56,000 |
| (6) | Escalation Factor (% per year) | 5% | | \$ - |
| OTHER DIRECT COST SUMMARY ^(a) | | | | |
| 01 Reproductions | | | | |
| 02 Xerox | | | | |
| 03 Computer | | | | |
| 04 Travel/Transportation | | | | |
| 05 SubConsultants | | | | |
| 06 Special Deliveries | | | | |
| (7) | TOTAL ODC (Reimb) | | | \$ - |
| (8) | TOTAL PROPOSED AMOUNT | | | \$ 56,000 |

(a) Other direct costs are not included; they are direct reimbursable

WKE, Inc.
MANHOOR ESTIMATES BY CATEGORY

| PROJECT | | Diamond Bar Creek Restoration Phase II and Phase III | | | | | CONTRACT NO. | |
|--|--|---|-----------------|------------------|--------------------|-----------|----------------|--------------------|
| CLIENT: | | S-IUDA | | | | | | |
| | | Project Manager | Senior Engineer | Project Engineer | Assistant Engineer | CAD | TOTAL MANHOURS | TOTAL PROPOSED FEE |
| TOTAL MANHOOR SUM | | 33 | 138 | 101 | 141 | 57 | 470 | 56,000 |
| Effective Hourly Rate | | 185.63 | 168.30 | 111.38 | 79.20 | 74.25 | | |
| TASK DESCRIPTION | | | | | | | | |
| Task No. | | | | | | | | |
| 1 - Phase II - CONSTRUCTION SUPPORT | | | | | | | | |
| Year | 0 | | | | | | | |
| | | Escalation for this milestone | | | | | | |
| 1.A | Preconstruction Meeting | 4 | 4 | - | - | - | 8 | 1,416 |
| 1.B | Review Shop Drawings & Respond to RFIs | 4 | 36 | 45 | 48 | - | 133 | 15,615 |
| 1.C | Construction Meetings/Site Visits | 4 | 36 | - | - | - | 40 | 6,801 |
| 1.D | Prepare CCOs | 2 | 2 | - | 10 | 9 | 23 | 2,168 |
| Labor SubTotal | | 14 | 78 | 45 | 58 | 9 | 204 | 26,000 |
| 2 - PHASE III - DESIGN AND CONSTRUCTION SUPPORT | | | | | | | | |
| Year | 0 | | | | | | | |
| | | Escalation for this milestone | | | | | | |
| 2.A.1 | Prepare Structural Engineering Calcs | 3 | 18 | 24 | 30 | - | 75 | 8,635 |
| 2.A.2 | Prepare Engineering Plans | 2 | 6 | 12 | 17 | 36 | 73 | 6,737 |
| 2.A.3 | Design Quality Check | 1 | 10 | - | - | - | 11 | 1,869 |
| 2.A.4 | Submit Plans to the City/County | 1 | 2 | 4 | 8 | 4 | 19 | 1,898 |
| 2.A.5 | Final Plans | 1 | 2 | - | 4 | 4 | 11 | 1,136 |
| 2.B.1 | Preconstruction Meeting | 4 | 4 | - | - | - | 8 | 1,416 |
| 2.B.2 | Review Shop Drawings & Respond to RFIs | 4 | 10 | 12 | 20 | - | 46 | 5,346 |
| 2.B.3 | Construction Meetings/Site Visits | 2 | 6 | 4 | - | - | 12 | 1,827 |
| 2.B.4 | Prepare CCO | 1 | 2 | - | 4 | 4 | 11 | 1,137 |
| Labor Subtotal | | 19 | 60 | 56 | 83 | 48 | 266 | 30,000 |

EXHIBIT B

Project Timeline

Start date: April 24, 2013

Estimated end of construction: June 30, 2017

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

EXHIBIT C

Professional Fee Schedule
Hourly Rates

EXHIBIT "C"

RATE Sheet

12/3/2012

WKE, Inc.

| Overhead Rate | | 125% |
|--------------------|----------|--------------|
| FEE | | 10% |
| Classification | Salary | Billing Rate |
| Project Manager | \$ 75.00 | \$ 185.63 |
| Senior Engineer | \$ 68.00 | \$ 168.30 |
| Project Engineer | \$ 45.00 | \$ 111.38 |
| Assistant Engineer | \$ 32.00 | \$ 79.20 |
| CAD | \$ 30.00 | \$ 74.25 |

SUCCESSOR AGENCY

ITEM NO. 5.8



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

TO: Honorable Chair and Members of the Successor Agency Board

FROM: Troy Helling, Executive Director *TH*

STAFF: Joshua Nelson, Agency Engineer *JN*

DATE: January 23, 2020

SUBJECT: Consideration of Amendment No. 3 to the Agreement for Consulting Services with Leighton Consulting, Inc. for the Diamond Bar Creek Restoration Project, extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

Background:

On April 24, 2013, the Successor Agency to the Industry Urban-Development Agency ("Agency") approved an Agreement for Consulting Services with Leighton Consulting, Inc. ("Leighton"). Leighton was retained to provide geotechnical services and materials testing for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction project. The Diamond Bar Creek project is being constructed in three phases. Phases 1 and 2 are complete, and the final Phase 3 is set to begin in 2020. On January 25, 2016, the Agency approved Amendment No. 1 for a budget increase of \$100,000.00 for continued geotechnical services and materials testing. On March 23, 2017, the Agency Board approved Amendment No. 2, extending the term of the Agreement through April 24, 2020.

Discussion:

The Agreement terminates on April 24, 2020, therefore it is necessary to extend the term of the agreement as the final Phase 3 construction will begin this year. Staff is proposing to extend the term through June 30, 2022, to coincide with the ROPS periods and account for any potential delays. Leighton is listed in the Recognized Obligation Payment Schedule under Line Item No. 150.

Fiscal Impact:

There is no fiscal impact associated with this Amendment No 3.

Recommendation:

It is recommended that the Successor Agency Board approve Amendment No. 3 to the Agreement for Consulting Services with Leighton Consulting, Inc.

Exhibit:

- A. Amendment No. 3 to Agreement for Consulting Services with Leighton Consulting, Inc., dated January 23, 2020

TH/JN:jf

EXHIBIT A

Amendment No. 3 to Agreement for Consulting Services with Leighton Consulting, Inc.,
dated January 23, 2020

[Attached]

**AMENDMENT NO. 3
TO AGREEMENT FOR CONSULTING SERVICES WITH
LEIGHTON CONSULTING, INC.**

This Amendment No. 3 to the Agreement for Consulting Services (“Agreement”), is made and entered into this 23rd day of January, 2020, by and between the Successor Agency to the Industry Urban-Development Agency, a public body, (“Agency”) and Leighton Consulting, Inc., a California corporation (“Consultant”). The Agency and Consultant are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, on or about April of 2013, the Agreement was entered into and executed between the Agency and Consultant to provide geotechnical services and materials testing for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction; and

WHEREAS, on or about January 25, 2016, the Agency approved a budget increase, increasing the Agreement compensation by \$100,000.00 for continued geotechnical services and materials testing for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction; and

WHEREAS, on or about March 23, 2017, the Agency approved a term extension through April 24, 2020; and

WHEREAS, given the project isn’t complete, it is necessary to amend the Section 3 to extend the term through June 30, 2022; and

WHEREAS, it is also necessary to amend the Agreement to reflect the current address for the Agency’s General Counsel; and

WHEREAS, for the reasons set forth herein, the Agency and Consultant desire to enter into this Amendment No. 3, as set forth below.

AMENDMENT

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

Section 3. TERM OF THE AGREEMENT

This Agreement shall commence on the Effective Date and shall remain in full force and effect until June 30, 2022, unless sooner terminated as provided in Section 4 herein.

Section 15. NOTICES

The address for James M. Casso is hereby revised to read in its entirety as follows:

James M. Casso, City Attorney
Casso & Sparks, LLP
13300 Crossroads Parkway North, Suite 410
City of Industry, CA 91746

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 3 to the Agreement as of the Effective Date.

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

“CONSULTANT”
LEIGHTON CONSULTING, INC.

By: _____
Troy Helling, Executive Director

By: _____
Thomas C. Benson Jr., President & CEO

Attest:

By: _____
Julie Gutierrez-Robles, Agency Secretary

APPROVED AS TO FORM

By: _____
James M. Casso, Agency General Counsel

EXHIBIT A TO AMENDMENT NO. 3:

**AGREEMENT FOR CONSULTING SERVICES WITH LEIGHTON CONSULTING, INC.
(DATED APRIL 24, 2013)**

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT FOR CONSULTING SERVICES is entered into this 24th day of April 2013 (the "Effective Date") by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, (the "Agency") and **LEIGHTON CONSULTING, INC.** ("Consultant").

RECITALS

A. Agency has determined that it requires geotechnical services and materials testing from a consultant for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction.

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

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

1. Consultant's Services.

a. Scope of Services. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide the general services set forth in Consultant's proposal, attached hereto and incorporated herein as Exhibit A. The specific tasks to be performed by Consultant pursuant to this Agreement, however, shall be set forth in subsequent proposals presented to and approved by the Agency Executive Director. Any such proposal shall be incorporated into this Agreement and be subject to all of this Agreement's terms and conditions as though fully set forth therein. Consultant shall complete the tasks in a timely manner to meet the schedule of performance established by the Executive Director.

b. Project Manager. Michael Grace shall be the Project Manager for this Agreement. The Project Manager will have the overall responsibility and will supervise the work performed by Consultant pursuant to this Agreement.

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

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

e. Time for Performance. Consultant shall commence the services upon a written notice to proceed provided to Consultant by the Executive Director and shall perform all services in conformance with the project timeline established by the Executive Director, set forth as Exhibit "B".

2. Agency Representative.

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

3. Term of Agreement.

This Agreement shall commence on the Effective Date and shall remain in full force and effect until April 24, 2017 unless sooner terminated as provided in Section 4 herein.

4. Termination.

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

5. Compensation.

a. Agency will compensate Consultant for the services provided pursuant to this Agreement, to the reasonable satisfaction of Agency, on a time and materials basis using Consultant's standard fee schedule set forth in Exhibit C. In no event shall the total amount of compensation, including reimbursable expenses, exceed three hundred thousand dollars and twenty thousand no cents (\$320,000.00) during the term of this Agreement unless otherwise agreed upon in writing by the parties.

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

6. Method of Payment

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

7. Ownership of Work Product.

All reports, documents or other written or electronic material developed by Consultant in the performance of this Agreement shall be the property of the Agency without restriction or limitation upon its use or dissemination by Agency and shall be delivered to the Agency upon request of the Executive Director or upon the termination of this Agreement. Such materials shall not be the subject of a copyright application by Consultant. Any re-use by Agency of any such materials on any project other than the project for which they were prepared shall be at the sole risk of the Agency unless Agency compensates Consultant for such use. Consultant shall have no claim for further compensation as a result of the exercise by Agency of its full right of ownership of the documents and materials hereunder.

8. Records Retention and Access to Records.

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

9. Confidential Status; Disclosure of Information.

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

10. Qualifications; Standard of Performance.

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

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

11. Independent Contractor.

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

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

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

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

12. Indemnification.

a. To the fullest extent permitted by law, Consultant hereby agrees to indemnify and hold harmless the Agency their respective officers, agents, representatives, consultants, shareholders, elected and appointed officials, employees, volunteers, successors, and assigns (individually as "Indemnitee" and collectively, "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, expert witnesses, consultants, or other professionals and all costs associated therewith (collectively, "Claims"), to the extent arising, in connection with, resulting from, or related to any negligent act, error, omission or failure to act of Consultant or any of its subcontractors and their respective officers, agents, servants, employees, subcontractors, material men, suppliers or their respective officers, agents, servants or employees or Consultant's failure to perform or negligent performance of any term, provision, covenant, or condition of the Agreement, including this indemnity provision, except to the extent such claim is based solely on the gross negligence or willful misconduct of the Indemnitees. This indemnity provision shall survive the termination of the Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law. Payment is not required as a condition precedent to an Indemnitees' right to recover under this indemnity provision, and an entry of judgment against an Indemnitee shall be conclusive in favor of the Indemnitees' right to recover under this indemnity provision. Consultant shall pay Indemnitees for any attorney's fees, consultant and expert witness fees and costs incurred in enforcing this indemnification provision.

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

13. Insurance.

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

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

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

(3) Professional liability insurance or errors and omissions liability insurance to cover or partially cover damages that may be the result of errors, omission, or negligent acts of the Consultant and "Covered Professional Services" as designated in policy must specifically include work performed under this agreement. The policy limit shall be no less than \$1,000,000 per claim and \$3,000,000 aggregate. The policy must "pay on behalf of" the insured.

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

b. Consultant shall require each of its sub-consultants or sub-contractors to maintain insurance coverage that meets all of the requirements of this Agreement.

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

d. Consultant agrees that if it does not keep the insurance in full force and effect, the Agency may immediately terminate this Agreement.

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

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

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

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

i. Any deductibles or self-insured retentions shall be subject to Agency approval.

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

14. Mutual Cooperation.

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

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

15. Notices.

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

If to Agency:

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

With a copy to:

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

If to Consultant:

Leighton Consulting, Inc.
10532 Acacia St., Suite B-6
Rancho Cucamonga, CA 91730
Attn: Michael Grace
Fax: (909) 484-2170

16. Representations and Warranties.

Consultant represents, warrants and covenants to the Agency:

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

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

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

17. Conflicts of Interest

Consultant and its officers, employees, associates and subcontractors, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including, but not limited to, the Political Reform Act (Government Code Section 81000, et. seq.) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subcontractors shall not, without the prior written approval of the Executive Director, perform work for another

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person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant agrees that a clause substantially similar to this section shall be incorporated into any sub-agreement, which Consultant executes in connection with the performance of this Agreement.

18. Accounting Requirements.

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

19. Governing Law.

This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, or any other appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

20. Compliance with Laws.

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

21. Reliance on Reports.

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

22. Discrimination and Equal Employment Opportunity.

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

23. No Assignment.

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

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

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

25. Attorneys' Fees.

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

26. Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive 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 or different times, of any other rights or remedies for the same default by the other party.

27. Legal Action.

In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to complete specified performance of this Agreement, to obtain injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

28. Time Is Of The Essence.

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

29. Exhibits; Precedence.

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of Exhibit A or any other proposal approved by the Executive Director, the provisions of this Agreement shall prevail.

30. Agency Not Obligated to Third Parties. The Agency shall not be obligated or liable under this Agreement to any party other than Consultant.

31. Entire Agreement and Amendments.

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

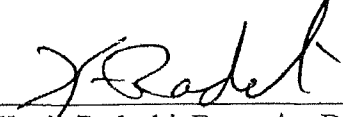
32. Severability.

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

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

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

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

By: 
Kevin Radecki, Executive Director

CONSULTANT:
LEIGHTON CONSULTING, INC.

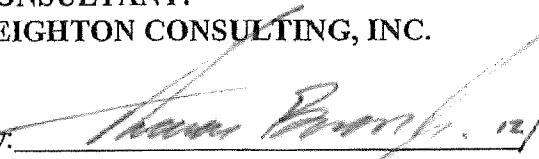
By:  12/11/2012
THOMAS C. BENSON, JR.
PRESIDENT & CEO

EXHIBIT A
Scope of Services



EXHIBIT "A"

Leighton Consulting, Inc
A LEIGHTON GROUP COMPANY

December 3, 2012

Proposal No. RC12-052

To: Successor Agency to the Industry Urban-Development Agency
c/o CNC Engineering
255 North Hacienda Boulevard, Suite 222
City of Industry, California 91744

Attention: Mr. Josh Nelson

Subject: Proposal to Provide Geotechnical and Materials Testing Services During Grading and Construction of Diamond Bar Creek Restoration - Phase 2 and Trapezoidal Channel Reconstruction 2 and Future Phase 3 (Highwater Bypass Grading), Contract No. DBC-0375, City of Industry, California

Introduction

In response to your request, Leighton Consulting is pleased to present this proposal to provide geotechnical and materials testing services during construction of the subject project. This proposal is based in part on our review of the project specifications dated October 2012, the project plans prepared by CNC Engineering, titled Diamond Bar Creek Restoration Phase 2 and Trapezoidal Channel Reconstruction (105 sheets) dated September 13, 2012.

Proposed Scope of Work - Phase 2

Based on our conversations with the project team we understand the project duration is expected to be 130 days (6 months). We estimate that our services will be required during construction for a period of 24 weeks full time (40 hours per week) for our soil field technician and part time (6 hours per week) for our Senior Staff Geologist. We

EXHIBIT "A"

estimate that approximately 160 hours of field time, total, will be required for field special inspection of concrete.

We propose the following scope of work:

- Attendance by our Principal Geologist and Field Operations Manager at a preconstruction meeting and weekly site meetings, as needed.
- Field observation and testing services by our soil field technician and concrete inspector will be provided full- and part-time, on an as-needed, as-requested basis during:
 - Grading and fill placement.
 - Backfill of various utility trenches.
 - Subgrade preparation for pavement and flat work improvements.
 - Concrete placement for concrete structures.
 - Attendance at weekly site meetings as requested.
- Field geologic mapping during grading will be provided by our geologic staff.
- Laboratory testing will be conducted for:
 - Maximum dry density/optimum moisture
 - Sieve analysis
 - Sand equivalent
 - Concrete compressive strength
- Geotechnical engineering analysis, QA/QC supervision and project management of our services will be provided as needed by our Engineering Geologist and Field Operations Manager.
- Daily Field Reports summarizing the earthwork activities will be provided to your field representative.
- Preparation of one final report summarizing the construction activities and the results of our field and laboratory tests.



EXHIBIT "A"

Proposed Scope of Work - Phase 3

Based on our conversations with the project team, we estimate that an additional fee of \$100,000 will be required for future highwater bypass grading.

Fee Estimate

We estimate that the fee for the geotechnical and materials testing services for Phase 2 will be approximately Two Hundred Twenty Thousand Dollars (\$220,000) and (\$100,000) for future Phase 3 Highwater bypass grading for a total estimate of Three Hundred Twenty Thousand Dollars (\$320,000). A breakdown of the assumptions and the estimated fees for our services are provided in Table 1, attached. The actual fees for our services will be dependent upon the schedule, pace and efficiency of your various subcontractors working during the project. Our fees will be charged on a time-and-materials basis in accordance with the attached 2012 Professional Fee Schedule for Prevailing Wage Projects.

We look forward to working with the Agency on this project. If you have any questions regarding our proposal or information that would update our scope of work, please call us at your convenience.

Respectfully submitted,

LEIGHTON CONSULTING, INC.



Michael E. Grace
Field Operations Manager

MG/rsm

Attachments: Table 1 - Breakdown of Estimated Fee for Geotechnical and Materials Testing Services
2012 Professional Fee Schedule for Prevailing Wage Projects

Distribution: (2) Addressee

Accepted by: _____

Date: _____



EXHIBIT "A"

Table 1
Breakdown of Estimated Fees
Geotechnical and Materials Testing Services

Diamond Bar Creek Restoration Phase 2

Field Meetings

| | <u>Hrs./Wk</u> | <u>Weeks</u> | <u>Rate</u> | <u>Amount</u> |
|--------------------------|----------------|--------------|-------------|---------------|
| Principal Geologist | 1 | 24 | \$215 | \$5,160 |
| Field Operations Manager | 2 | 24 | 160 | 7680 |
| Vehicle | 3 | 24 | 15 | <u>1080</u> |
| | | Subtotal: | | \$13,920 |

Field Services*

| | <u>Hrs. Wk</u> | <u>Weeks</u> | <u>Rate</u> | <u>Amount</u> |
|---|----------------|--------------|-------------|---------------|
| Field Soil Technician | 40 | 24 | \$105 | \$100,800 |
| Staff Geologist | 6 | 24 | 140 | 20,160 |
| Field Operations Manager/Project Engineer | 4 | 24 | 160 | 15,360 |
| Principal | 1 | 24 | 215 | 5,160 |
| Vehicle | 51 | 24 | 15 | 18,360 |
| Deputy Inspector | 20 | 10 | 95 | 19,000 |
| Sample Pickup 10 Trips @ \$80/trip | | | | <u>1,600</u> |
| | | Subtotal: | | \$180,440 |

Project Management & QA/QC

| | <u>Hrs./Wk</u> | <u>Weeks</u> | <u>Rate</u> | <u>Amount</u> |
|--------------------------|----------------|--------------|-------------|---------------|
| Field Operations Manager | 2 | 24 | \$160 | \$7,680 |
| Associate Engineer | 1 | 24 | 200 | <u>4,800</u> |
| | | Subtotal: | | \$12,480 |

Laboratory Testing**

| | <u>No. of Tests</u> | <u>Rate</u> | <u>Amount</u> |
|--|---------------------|-------------|---------------|
| Maximum Density/Optimum Moisture Content | 6 | \$245 | \$1,470 |
| Sand Equivalent | 4 | 105 | 420 |
| Sieve Analysis | 4 | 175 | <u>700</u> |
| | | Subtotal: | \$2,590 |

Laboratory Materials Testing**

| | <u>No. of Tests</u> | <u>Rate</u> | <u>Amount</u> |
|--|---------------------|-------------|----------------|
| Compressive Strength of Concrete Cylinders | 60 | \$25 | <u>\$1,500</u> |
| | | Subtotal: | \$1,500 |

Report Preparation

| | | | |
|---|--|------------------------------|----------------|
| Preparation of One Final Report | | | <u>\$9,070</u> |
| | | Total Estimated Fee Phase 2: | \$220,000 |
| Future Highwater Bypass Grading Phase 3 | | Estimated Fee Phase 3: | \$100,000 |
| | | Total Estimated Fee: | \$320,000 |

* Actual field hours will depend on the contractor's schedule and efficiency.

** Actual number and type of tests will vary depending on field conditions.



EXHIBIT B

Project Timeline

Start date: April 24, 2013

Estimated end of construction: June 30, 2017

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

EXHIBIT C

Professional Fee Schedule
Hourly Rates



Leighton

EXHIBIT "C"

PROFESSIONAL FEE SCHEDULE 2012

| CLASSIFICATION | \$/HR | CLASSIFICATION | \$/HR |
|---|-------|---|-------|
| Non-Destructive Testing (NDT) (ANSI) | 95 | Senior Staff Engineer/Geologist/Scientist | 140 |
| Prevailing Wage (Soil Field Technician)* | 105 | Operations/Laboratory Manager | 160 |
| Remediation System Operation & Maintenance Specialist | 105 | Project Engineer/Geologist/Scientist | 160 |
| Materials Inspection Manager/Deputy Grading Inspector | 110 | Senior Project Engineer/Geologist/Scientist Associate | 180 |
| Field/Laboratory Supervisor | 125 | Principal | 200 |
| Staff Engineer/Geologist/Scientist | 125 | Senior Principal | 215 |
| | | Project Administrator /Word Processor | 260 |
| | | Information Specialist | 78 |
| | | CAD Operator | 105 |
| | | GIS Specialist | 110 |
| | | Vehicle usage | 125 |
| | | | 15 |

GEOTECHNICAL LABORATORY TESTING

| METHOD | \$/TEST | METHOD | \$/TEST |
|---|---------|---|---------|
| CLASSIFICATION & INDEX PROPERTIES | | Modified Proctor Compaction (ASTM D 1557) 4 points | |
| Moisture Content (ASTM D 2216) | \$20 | - 4 inch diameter mold (Methods A & B) | 220 |
| Moisture & Density (ASTM D 2937) ring samples | 30 | - 6 inch diameter mold (Method C) | 245 |
| Moisture & Density (ASTM D 2937) Shelby tube or cutting | 40 | Check Point (per point) | 65 |
| Atterberg Limits (ASTM D 4318) 3 points: | 150 | SOIL CHEMISTRY & CORROSIVITY | |
| - single point, non-plastic | 85 | pH Method A (ASTM 4972 or CTM 643) | 45 |
| - Atterberg Limits (Organic ASTM D 2487 / 4318) | 180 | Electrical Resistivity – single point – in-situ moisture | 45 |
| - Visual classification as non-plastic (ASTM D 2488) | 10 | Minimum Resistivity 3 moisture content points (CTM 643) | 90 |
| Particle Size | | pH + Minimum Resistivity (CTM 643) | 130 |
| - sieve only 1½" to #200, (ASTM D 6913/CTM 202) | 110 | Sulfate Content - Gravimetric (CTM 417 B (73) Part II) | 70 |
| - large sieve - 6" to #200 (ASTM D 6913/C136/CTM 202) | 175 | Sulfate Screen (HACH kit) | 30 |
| - hydrometer only (ASTM D 422) | 110 | Chloride Content (AASHTO T291/CTM 422 (78)) | 70 |
| - sieve + hydrometer (≤3" sieve, ASTM D 422) | 185 | Corrosion Suite: minimum resistivity, sulfate, chloride, pH (CTM 643) | 245 |
| Dispersive Characteristics of Clay Soil (double hydrometer, ASTM D 4221) | 90 | Organic Matter Content (ASTM 2974) | 65 |
| Specific Gravity-fine (passing #4, ASTM D 854/CTM 207) | 125 | SHEAR STRENGTH | |
| Specific Gravity-coarse (ASTM C 127/CTM 206) retained on #4 | 100 | Pocket Penetrometer | 15 |
| - Total Porosity - on Shelby tube sample (calculated from density & specific gravity) | 165 | Direct Shear (ASTM D 3080, mod., 3 points) | |
| - Total Porosity - on other sample | 155 | - Consolidated Undrained - 0.05 inch/min | 285 |
| Photograph of sample | 10 | - Consolidated Drained - <0.05 inch/min | 345 |
| Shrinkage Limits (Wax Method, ASTM D 4943) | 126 | Residual Shear EM 1110-2-1906-IXA (price per each additional pass after shear) | 50 |
| Pinhole Dispersion (ASTM D 4647) | 210 | Remolding or hand trimming of specimens (3 points) | 90 |
| Percent Passing #200 Sieve, wash only (ASTM D 1140) | 70 | Oriented or block hand trimming (per hour) | 65 |
| As-Received Moisture & Density (chunk/carved samples) | 60 | Single Point Shear | 105 |
| Sand Equivalent (CTM 217) | 105 | Torsional Shear (ASTM D 6467 / ASTM D 7608) | 820 |
| COMPACTION & PAVEMENT SUBGRADE TESTS | | CONSOLIDATION & EXPANSION/SWELL TESTS | |
| Relative Compaction of Untreated & Treated Soils & Aggregates (CTM 216) | 250 | Consolidation (ASTM D 2435) | 195 |
| Relative Density (0.1 ft ³ mold, ASTM D 4253, D 4254) | 235 | - Each additional time curve | 45 |
| California Bearing Ratio (ASTM D 1883) | | - Each additional load/unload w/o Time Reading | 40 |
| - 3 point | 500 | Expansion Index (ASTM D 4829) | 130 |
| - 1 point | 185 | Swell/Collapse – Method A (ASTM D 4546-A, up to 10 load/unloads w/o time curves) | 290 |
| R-Value (CTM 301) Untreated | 310 | Single Load Swell/Collapse - Method B (ASTM D 4546-B, seat, load & inundate only) | 105 |
| R-Value (CTM 301) Lime or cement treated soils | 340 | Collapse Potential of Soils (ASTM D 5333) | 220 |
| Standard Proctor Compaction, (ASTM D 698) 4 points: | | | |
| - 4 inch diameter mold (Methods A & B) | 180 | | |
| - 6 inch diameter mold (Method C) | 215 | | |

EXHIBIT "C"

| METHOD | \$/TEST | METHOD | \$/TEST |
|---|---------|---|---------|
| TRIAxIAL TESTS | | HYDRAULIC CONDUCTIVITY TESTS | |
| Unconfined Compression Strength of Cohesive Soil (with stress/strain plot, ASTM D 2166) | 135 | Triaxial Permeability in Flexible-Wall Permeameter with backpressure saturation at one effective stress (EPA 9100/ASTM D 5084, falling head Method C) | 310 |
| Unconsolidated Undrained Triaxial Compression Test on Cohesive Soils (USACE Q test, ASTM D 2850, per confining stress) | 170 | Each Additional Effective Stress | 120 |
| Consolidated Undrained Triaxial Compression Test for Cohesive Soils, (ASTM D 4767, CU, USACE R-bar test) with back pressure saturation & pore water pressure measurement (per confining stress) | 375 | Hand Trimming of Soil Samples for Horizontal K Remolding of Test Specimens | 65 |
| Consolidated Drained Triaxial Compression Test (CD, USACE S test, with volume change measurement. Price per soil type below EM 1110-2-1906(X): | | Permeability of Granular Soils (ASTM D 2434) | 135 |
| Sand or silty sand soils (per confining stress) | 375 | SOIL-CEMENT | |
| Silt or clayey sand soils (per confining stress) | 500 | Moisture-Density curve for Soil-Cement Mixtures (ASTM D 558) | 240 |
| Clay soils (per confining stress) | 705 | Wet-Dry Durability of Soil-Cement Mixtures (ASTM D 559) ** | 1,205 |
| Three-stage Triaxial (sand or silty sand soils) | 655 | Compressive Strength of Molded Soil-Cement Cylinders (ASTM D 1633) per cylinder ** | 60 |
| Three-stage Triaxial (silt or clayey sand soils) | 875 | Soil-Cement Remolded Specimen (for shear strength, consolidation, etc.) ** | 235 |
| Three-stage Triaxial (clay soils) | 1,235 | ** Compaction (ASTM D 558 maximum density) should also be performed – not included in above price | |
| Remolding of Test Specimens | 65 | | |

CONSTRUCTION MATERIALS LABORATORY TESTING

| TECHNICIAN SERVICES | \$/UNIT | METHOD | \$/TEST |
|---|----------------|--|---------|
| Pick-up & Delivery – (weekdays, per trip, <50 mile radius from Leighton office) | 80 | AGGREGATE PROPERTIES | |
| Coring & Sizing (at Leighton laboratory per core) | 80 | Sieve Analysis (fine & coarse aggregate ASTM C 136) | 135 |
| METHOD | \$/TEST | Sieve Analysis-(finer than #200, Wash, ASTM C 117) | 90 |
| CONCRETE STRENGTH CHARACTERISTICS | | LA Rattler-smaller coarse aggregate <1.5" (ASTM C 131) | 165 |
| Concrete Cylinders Compression (ASTM C 39) (6" x 12") | 25 | LA Rattler-larger coarse aggregate 1-3" (ASTM C 535) | 190 |
| Compression, Concrete or Masonry Cores (testing only) ≤6" diameter (ASTM C 42) | 40 | Durability Index (CTM 229) | 200 |
| Trimming concrete cores (per core) | 20 | Cleaness Value of Coarse Aggregate (CTM 227) | 210 |
| Flexural Strength of Concrete (Simple Beam with 3rd pt. Loading, ASTM C 78/CTM 523) | 65 | Unit Weight of Aggregate (CTM 212) | 50 |
| Flexural Strength of Concrete (simple beam w/ center point loading, ASTM 293/CTM 523) | 65 | Soundness Magnesium (ASTM C 88) | 225 |
| Mix Design, (review of existing data) | 215 | Soundness Sodium | 650 |
| Non Shrink Grout Cubes (2" ³ , ASTM C 109/C 1107) | 25 | Uncompacted Void Content -fine aggregate (CTM 234) | 130 |
| Drying Shrinkage (four readings, up to 90 days, 3 bars, ASTM C 157) | 400 | Flat & Elongated Particles in Coarse Aggregate (CTM 235) | 215 |
| ASPHALT CONCRETE, HMA, SPECIMEN TESTING | | Percent of Crushed Particles (CTM 205) | 135 |
| Extraction by Ignition Oven (CTM 382) | 150 | Organic Impurities in Concrete Sand (CTM 213) | 60 |
| Extraction by Ignition Oven, percent asphalt & gradation (CTM 382/CTM 202) | 195 | Apparent Specific Gravity of Fine Aggregate (CTM 208) | 130 |
| Extraction, Percent Asphalt & Gradation, Centrifuge (ASTM D 2172/D 5444) | 195 | Moisture Content of Aggregates by Oven Drying (CTM 226) | 40 |
| Extraction & Percent Asphalt, centrifuge (ASTM D 2172) | 155 | Clay Lumps, Friable Particles (ASTM C 142) | 175 |
| Extraction & Gradation, centrifuge (ASTM D 2172 /C 138) | 175 | MASONRY | |
| Stabilometer Value (CTM 366) | 265 | Mortar Cylinders (2" by 4", ASTM C 780) | 25 |
| Bituminous Mixture Preparation (CTM 304) | 80 | Grout Prisms (3" by 6", ASTM C 1019) | 25 |
| Moisture Content of Asphalt (CTM 370) | 60 | Masonry Cores Compression, ≤6" diameter (testing only, ASTM C 42) | 25 |
| Bulk Specific Gravity – Molded Specimen or Cores (ASTM D 1188/CTM 308) | 55 | CMU Compression to size 8" x 8" x 16" (3 required, ASTM C 140) | 40 |
| Maximum Density - Hveem (CTM 308) | 125 | CMU Moisture Content, Absorption & Unit Weight (6 required, ASTM C 140) | 45 |
| Theoretical Maximum Density & Specific Gravity of HMA, (CTM 309) | 130 | CMU Linear Drying Shrinkage (ASTM C 426) | 175 |
| Ignition Oven Correction/Correlation Values | quote | CMU Grouted Prisms (compression test ≤8" x 8" x 16", ASTM E 447 C 1314) | 180 |
| Thickness or Height of Compacted Bituminous Paving Mixture Specimens (ASTM 3549) | 40 | CMU Grouted Prisms (compression test > 8" x 8" x 16", ASTM E 447 C 1314) | 250 |
| Rubberized Asphalt (add to above rates) | + 25% | Masonry Core-Shear Title 24 (test only) | 250 |
| | | BRICK | |
| | | Compression (5 required, cost for each, ASTM C 67) | 40 |

EXHIBIT "C"

| METHOD | \$/TEST | METHOD | \$/TEST |
|---|---------|---|-----------|
| SLAB-ON-GRADE MOISTURE EMISSION KIT | | STEEL | |
| Moisture Test Kit (excludes labor to perform test, ASTM E 1907) | 60 | Tensile Strength, ≤100,000 pounds axial load (ASTM A 370) | 45 |
| REINFORCING STEEL | | Prestressing Wire, Tension (ASTM A 416) Sample Preparation (cutting) | 150 50 |
| Rebar Tensile Test, Up to No. 10 (ASTM A 370) | 45 | SPRAY APPLIED FIREPROOFING | |
| Rebar Tensile Test, No. 11 & over (ASTM A 370) | 100 | Unit Weight (Density, ASTM E 605) | 60 |
| Rebar Bend Test, Up to No. 11 (ASTM A 370) | 45 | | |

EQUIPMENT, SUPPLIES & MATERIALS

| | \$/UNIT | | \$/UNIT |
|--|---------------|---|----------|
| 1/4" Grab Plates | \$ 5 ea | Nitrile Gloves | 20 pair |
| 1/4" Tubing (bonded) | 0.55 foot | Nuclear Moisture & Density Gauge (licensed, calibrated, swipe tested) | 88 day |
| 1/4" Tubing (single) | 0.35 foot | Pachometer | 25 day |
| 3/8" Tubing, clear vinyl | 0.55 foot | pH/Conductivity/Temperature Meter | 55 day |
| Box of 10 soil drive-sample rings | 25 day | Photo-Ionization Detector (PID) | 110 day |
| Brass Sample Tubes | 10 each | Pump, Typhoon 2 or 4 Stage | 50 day |
| Caution Tape (1000-foot roll) | 20 each | QED Bladder Pump w/QED control box | 160 day |
| Combination Lock or Padlock | 11 each | Resistivity Field Meter & Pins | 50 day |
| Compressed Air tank & Regulator | 50 day | Service Vehicle Usage | 150 day |
| Consumables (gloves, rope, soap, tape, etc.) | 35 day | Slip / Threaded Cap, 2" or 4" diameter, PVC Schedule 40 | 15 each |
| Core Sample Boxes | 11 each | Slope Inclinometer | 50 day |
| Crack monitor | 25 each | Stainless Steel Bailer | 40 day |
| Cutoff Saws, reciprocating, electric (Saws-All) | 75 day | Submersible Pump, 10 gpm, high powered Grunfos 2" with controller | 160 day |
| Disposable Bailers | 12 each | Submersible Sump/Transfer Pump, 10-25 gpm | 50 day |
| Disposable Bladders | 10 each | Survey/Fence Stakes | 8 each |
| Dissolved Oxygen Meter | 45 day | Tedlar® Bags | 18 each |
| DOT 55-gallon Containment Drum with lid | 65 each | Traffic Cones (≤25)/Barricades (single lane) | 50 day |
| Double-ring Infiltrometer | 125 day | Turbidity Meter | 70 day |
| Generator, portable gasoline fueled, 3,500 watts | 90 day | Tyvek® Suit | 18 each |
| Global Positioning System (GPS) | 80 day | Vapor Sampling Box | 45 day |
| Hand Auger Set | 90 day | Visqueen (20' x 100') | 100 roll |
| HDPE Safety Fence (100') | 40 roll | Water Level Indicator (electronic well sounder) <300 feet deep well | 60 day |
| In-Situ Level Troll 500 (each) | 90 day | | |
| In-Situ Troll 9500 low flow water sampling equipment | 150 day | | |
| Lockable Equipment Box | 15 day | | |
| Magnahelic Gauge | 15 day | | |
| Manometer | 25 day | | |
| Mileage | IRS rate/mile | | |

Other specialized geotechnical and environmental testing & monitoring equipment are available, and priced per site

EXHIBIT "C"

TERMS & CONDITIONS

- * Our fees for prevailing wage work are subject to change at any time based upon the project advertised date & any changes in California prevailing laws or wage rates. Prevailing wage time accrued will include portal to portal travel time.
- For all classifications except those subject to prevailing wage, this fee schedule is effective through December 31, 2012 after which remaining work will be billed at then-current rates.
 - **Overtime:** Overtime for field personnel will be charged at 1.5 times basic hourly rates when exceeding 8 hours up to 12 hours per 24 hour interval, & 2 times basic hourly rates when exceeding 12 hours in 24 hours or on Sunday, & 3 times basic hourly rates on California official holidays.
 - **Expert Witness Time:** Expert witness deposition & testimony will be charged at 2 times hourly rates listed on the previous pages, with a minimum charge of four hours per day.
 - **Minimum Hourly Charges:** Geotechnical & Environmental Technicians (field time only):
 - 2 hours : Monday-Friday
 - 4 hours: Saturday & Sunday
 - **Minimum Hourly Charges:** Special Inspectors or Material Testing Field Services (field time only):
 - 2 hours: Cancellation of inspections not canceled by 4:00 p.m. on preceding day (No charge if cancellation is made before 4:00 p.m. of the preceding work day.)
 - 4 hours: One-half working day or less except as No. 3 (below) applies
 - 8 hours: Over one-half working day, or begins before noon & extends into afternoon
 - **Outside Direct Costs:** Heavy equipment, subcontractor fees & expenses, project-specific permits and/or licenses, project-specific supplemental insurance, travel, subsistence, project-specific parking charges, shipping, reproduction, & other reimbursable expenses will be invoiced at cost plus 20%, unless billed directly to & paid by client.
 - **Insurance & Limitation of Liability:** These rates are predicated on standard insurance coverage & a limit of Leighton's liability equal to our total fees for a given project.
 - **Invoicing:** Invoices are rendered monthly, payable upon receipt in United States dollars. A service charge of 1½-percent per month will be charged for late payment.
 - **Proposal Expiration:** Proposals are valid for at least 30 days, subject to change after 30 days; unless otherwise stated in the attached proposal.
 - **Client Disclosures:** Client agrees to provide all information in Client's possession about actual or possible presence of buried utilities & hazardous materials on the project site, prior to fieldwork, & agrees to reimburse Leighton for all costs related to unanticipated discovery of utilities and/or hazardous materials. Client is also responsible for providing safe & legal access to the project site for all Leighton field personnel.
 - **Earth Material Samples:** Quoted testing unit rates are for soil and/or rock (earth) samples free of hazardous materials. Additional costs will accrue beyond these standard testing unit rates for handling, testing and/or disposing of soil and/or rock containing hazardous materials. Hazardous materials will be returned to the site or the site owner's designated representative at additional cost not included in listed unit rates. Standard turn-around time for geotechnical-laboratory test results is 10 working days. Samples will be stored for 2 months, after which they will be discarded. Prior documented notification is required if samples need to be stored for a longer time. A monthly storage fee of \$10 per bag & \$5 per sleeve or tube will be applied. Quoted unit rates are only for earth materials sampled in the United States. There may be additional cost for handling imported samples.
 - **Construction Material Samples:** After all designated 28-day breaks for a given set meet specified compressive or other client-designated strength, all "hold" cylinders or specimens will be automatically disposed of, unless specified in writing prior to the 28-day break. All other construction materials will be disposed of after completion of testing & reporting.

SUCCESSOR AGENCY

ITEM NO. 5.9



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

TO: Honorable Chair and Members of the Successor Agency Board

FROM: Troy Helling, Executive Director *TH*

STAFF: Joshua Nelson, Agency Engineer *JN*

DATE: January 23, 2020

SUBJECT: Consideration of Amendment No. 2 to the Agreement for Consulting Services with Thomsen Engineering, Inc. for the Diamond Bar Creek Restoration Project, extending the term of the Agreement through June 30, 2022 (MP 99-31 #26)

Background:

On April 24, 2013, the Successor Agency to the Industry Urban-Development Agency ("Agency") approved an Agreement for Consulting Services with Thomsen Engineering, Inc. ("Thomsen"). Thomsen was retained to provide design and construction support services for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction project. The Diamond Bar Creek project is being constructed in three phases. Phases 1 and 2 are complete and the final Phase 3 is set to begin in 2020. On March 23, 2017, the Agency approved Amendment No. 1 extending the term of the Agreement through April 24, 2020.

Discussion:

The Agreement terminates on April 24, 2020, therefore it is necessary to extend the term of the agreement as the final Phase 3 construction will begin this year. Staff is proposing to extend the term through June 30, 2022 to coincide with the ROPS periods and account for any potential delays. Thomsen is listed in the Recognized Obligation Payment Schedule under Line Item No. 149.

Fiscal Impact:

There is no fiscal impact associated with this Amendment No 2.

Recommendation:

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

Exhibit:

- A. Amendment No. 2 to Agreement for Consulting Services with Thomsen Engineering, Inc., dated January 23, 2020

TH/JN:jf

EXHIBIT A

Amendment No. 2 to Agreement for Consulting Services with Thomsen Engineering,
Inc., dated January 23, 2020

[Attached]

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

This Amendment No. 2 to the Agreement for Consulting Services (“Agreement”), is made and entered into this 23rd day of January, 2020, by and between the Successor Agency to the Industry Urban-Development Agency, a public body, (“Agency”) and Thomsen Engineering, Inc., a California corporation (“Consultant”). The Agency and Consultant are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, on or about April of 2013, the Agreement was entered into and executed between the Agency and Consultant to provide design and construction support services for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction project; and

WHEREAS, on or about March 23, 2017, the Agency approved a term extension through April 24, 2020; and

WHEREAS, given the project isn’t complete, it is necessary to amend Section 3 to extend the term through June 30, 2022; and

WHEREAS, it is also necessary to amend the Agreement to reflect the current address for the Agency’s General Counsel; and

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

AMENDMENT

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

Section 3. TERM OF THE AGREEMENT

This Agreement shall commence on the Effective Date and shall remain in full force and effect until June 30, 2022, unless sooner terminated as provided in Section 4 herein.

Section 15. NOTICES

The address for James M. Casso is hereby revised to read in its entirety as follows:

James M. Casso, City Attorney
Casso & Sparks, LLP
13300 Crossroads Parkway North, Suite 410
City of Industry, CA 91746

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

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

“CONSULTANT”
THOMSEN ENGINEERING, INC.

By: _____
Troy Helling, Executive Director

By: _____
Robert E. Sullivan, President

Attest:

By: _____
Julie Gutierrez-Robles, Agency Secretary

APPROVED AS TO FORM

By: _____
James M. Casso, Agency General Counsel

EXHIBIT A TO AMENDMENT NO. 2:

**AGREEMENT FOR CONSULTING SERVICES WITH THOMSEN ENGINEERING, INC.
(DATED APRIL 24, 2013)**

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT FOR CONSULTING SERVICES is entered into this 24th day of April 2013 (the "Effective Date") by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, (the "Agency") and **THOMSEN ENGINEERING, INC**, a California Corporation ("Consultant").

RECITALS

A. Agency has determined that it requires design and construction support from a consultant for the Diamond Bar Creek Restoration and Trapezoidal Channel Reconstruction.

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

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

1. Consultant's Services.

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

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

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

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

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

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

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

2. City Representative.

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

3. Term of Agreement.

This Agreement shall commence on the Effective Date and shall remain in full force and effect until April 24, 2017, unless sooner terminated as provided in Section 4 herein.

4. Termination.

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

5. Compensation.

a. Compensation [check applicable provision]

Agency will compensate Consultant for the services provided pursuant to this Agreement, to the reasonable satisfaction of Agency, in an amount not to exceed one hundred ninety five thousand dollars and no cents (\$195,000.00), based on the hourly rates set forth in Exhibit C attached hereto and incorporated herein by this reference. Such amount will only be exceeded by an express, supplemental, written authorization by the Agency.

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

b. Expenses [check applicable provision]

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

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

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

6. Method of Payment

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

7. Ownership of Work Product.

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

8. Records Retention and Access to Records.

a. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of 4 years. Agency shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all program data, documents, proceedings and activities. If applicable under this Agreement, all files, documents, samples, test results, chain of custody logs, and other records and other relevant data developed by Consultant in the course of performing this Agreement shall be maintained for a period of two (2) years after

completion of all work and after final payments have been made and shall be made available to Agency upon request.

9. Confidential Status; Disclosure of Information.

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

10. Qualifications; Standard of Performance.

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

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

11. Independent Contractor.

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

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

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

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

12. Indemnification.

a. To the fullest extent permitted by law, Consultant hereby shall, at its sole cost and expense, to defend, protect, indemnify, and hold harmless the Agency, its respective officers, attorneys, agents, employees, designated volunteers, successors, and assigns (collectively, "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, expert witnesses, consultants, or other professionals and all costs associated therewith (collectively, "Claims"), resulting from any negligent act, error, omission or failure to act of Consultant or any of its subcontractors and their respective officers, agents, servants, employees, subcontractors, material men, suppliers or their respective officers, agents, servants or employees in connection with, resulting from, or related to this Agreement or for failure to perform or negligent performance of any term, provision, covenant, or condition of the Agreement, including this indemnity provision. This indemnity provision is effective regardless of any prior, concurrent, or subsequent passive negligence by Indemnitees and shall operate to fully indemnify Indemnitees against any such negligence. This indemnity provision shall survive the termination of the Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law. Payment is not required as a condition precedent to an Indemnitee's right to recover under this indemnity provision, and an entry of judgment against the Consultant shall be conclusive in favor of the Indemnitee's right to recover under this indemnity provision. Consultant shall pay Indemnitees for any attorneys fees and costs incurred in enforcing this indemnification provision. Notwithstanding the foregoing, nothing in this instrument shall be construed to encompass (a) Indemnitees' active negligence or willful misconduct to the limited extent that this Agreement is subject to Civil Code § 2782(a), or (b) the contracting public agency's active negligence to the limited extent that this Agreement is subject to Civil Code § 2782(b). This indemnity is effective without reference to the existence or applicability of any insurance coverages which may have been required under this Agreement or any additional insured endorsements which may extend to Indemnitees. This indemnity provision shall survive the termination of this Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law.

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

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

13. Insurance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Mutual Cooperation.

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

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

15. Notices.

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (a) the day of delivery if delivered by hand or overnight courier service

during Agency's and Consultant's regular business hours; or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses heretofore below, or to such other addresses as the parties may, from time to time, designate in writing.

If to Agency:

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

With a copy to:

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

If to Consultant:

Thomsen Engineering
18611 E. Gale Avenue
City of Industry, CA 91748
Attn: Robert Sullivan

16. Representations and Warranties.

Consultant represents, warrants and covenants to the Agency:

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

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

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

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

17. Conflicts of Interest

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

18. Accounting Requirements.

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

19. Governing Law.

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

20. Compliance with Laws.

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

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

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

21. Reliance on Reports [check if applicable]

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

22. Discrimination and Equal Employment Opportunity.

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

23. No Assignment.

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

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

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

25. Attorneys' Fees.

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

26. Time Is Of The Essence.

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

27. Exhibits; Precedence.

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

28. Entire Agreement and Amendments.

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

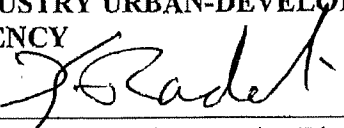
29. Severability.

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

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

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

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

By: 
Kevin Radecki, Executive Director

CONSULTANT

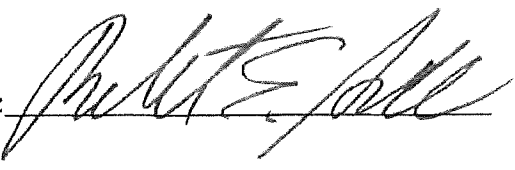
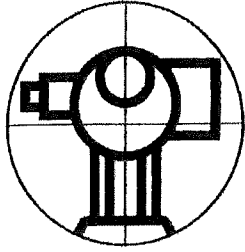
By: 
By: _____

EXHIBIT A

Scope of Services

EXHIBIT "A"



**Thomsen
Engineering, Inc.**

- Civil Engineering
- Surveying
- Land Planning

18611 E. Gale Ave.
Industry, CA 91748

E-mail
info@tei-civil.com

Telephone
626-965-9350

FAX
626-965-2379

December 12, 2012

Mr. Kevin Radecki
Successor Agency to Industry Urban-Development Agency
15625 E. Stafford Street
Industry, CA 91744

Re: Scope of services - Phase II and Phase III, Diamond Bar Creek Remediation and related Improvements. Provide Consultant Services for Design, Revisions and Construction Administration during the construction Phase on an as needed basis.
Jn: 6130-F & G

Dear Mr. Radecki:

We hereby request a service contract for miscellaneous engineering services for assistance in the preparation of various civil design and revisions to construction plans and bid packages for the remainder of the Phases of Diamond Bar Creek Improvements and the construction administration services to assist during the construction of the above referenced project.

CONSTRUCTION ADMINISTRATION (Phases II)

We will provide design engineering and revisions as directed by the Agency Engineer as well as construction administration assistance during the construction of the Phase II Project which includes the remediation of Diamond Bar Creek, construction of the access/maintenance road, replacement of the trapazoidal channel and the various storm drain extensions and outlets for the storm drain facilities from under the freeway on an as needed and hourly rate basis. This will include assistance in packaging and bidding, reviewing and answering questions, attending preconstruction meetings, site review, attend various onsite construction meetings and review of contractor submittals during construction for Phase II.

The above described services will be provided on an hourly rate basis with a not to exceed amount of \$125,000.00.

EXHIBIT "A"

Page 2 of 2

CONSTRUCTION ADMINISTRATION (Phases III)

We will provide design engineering and revisions as directed by the Agency Engineer as well as construction administration assistance during the construction of the Phase III Project which includes the grading of the bypass and detention basin facility including the outlet weir for the control and release of the detained runoff. This will complete the remediation of Diamond Bar Creek. Our services will include assistance in packaging and bidding, reviewing and answering questions, attending preconstruction meetings, site review, attend various onsite construction meetings and review of contractor submittals during construction for Phase III.

The above described services will be provided on an hourly rate basis with a not to exceed amount of \$70,000.00.

EXCLUSION

Soils and structural engineering is not provided by our company, therefore, it is excluded.

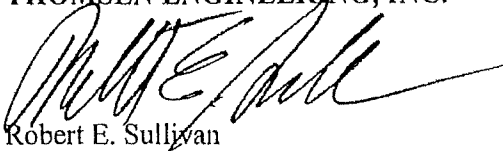
REIMBURSEMENT

All research materials, conferences with clients and attorneys, blueprints, computer plots, specialty computer software, messenger fees and governmental fees are reimbursable and are not included in the above estimates.

We appreciate the opportunity to assist the Agency and look forward to providing engineering services during the construction of this project.

Sincerely,

THOMSEN ENGINEERING, INC.



Robert E. Sullivan
President

res/hs

EXHIBIT "A"
DIAMOND BAR CREEK REMEDIATIONS
 IN THE CITY OF INDUSTRY, CA
 DATE: 12-12-2012

Provide Consultant Services for Design, Revisions and Construction Administrations

| Description | PM | PE | Civil | Staff | Draft | Survey-2 |
|---|---------|----------|----------|-------|-------|----------|
| Rate \$/hr | \$125 | \$104 | \$94 | \$60 | \$70 | \$229 |
| PHASE II - CONSTRUCTION ADMINISTRATION - Access/maintenance Road, Trapezoidal Channel, S.D. Facilities | | | | | | |
| 1A. - BID SET | | | | | | |
| 1. Package Preparation | 1 | 8 | 32 | | | |
| 2. Reviewing and Answering Bidder Questions | 4 | 16 | 44 | | | |
| 3. Bidder Meeting | 4 | 4 | 8 | | | |
| 4. Site Visit and Review | | 8 | 8 | | | |
| Sub-total | 9 | 36 | 92 | 0 | 0 | 0 |
| 1B. - CONSTRUCTION | | | | | | |
| 1. Preconstruction meeting | 4 | 4 | 8 | | | |
| 2. Submittal Review | 5 | 16 | 180 | | | |
| 3. Review and Answer RFI | 10 | 36 | 120 | | | |
| 4. Design Changes | 28 | 80 | 180 | | | 40 |
| 5. Progress Meetings | 4 | 120 | 80 | | | |
| 6. Site Visit and Review | 4 | 40 | 16 | | | |
| 7. Review Change Orders | 4 | 16 | 80 | | | |
| Sub-total | 59 | 312 | 664 | 0 | 0 | 40 |
| TOTAL HOURS FOR PHASE II | 68 | 348 | 756 | 0 | 0 | 40 |
| ENGINEERING COST | \$8,500 | \$36,192 | \$71,064 | \$0 | \$0 | \$9,160 |

TOTAL PHASE II COST \$124,916 1212 HOURS

PHASE III - CONSTRUCTION ADMINISTRATION - Bypass and Detention Basin Facility

| | | | | | | |
|---|---------|----------|----------|-----|-----|---------|
| 2A. - BID SET | | | | | | |
| 1. Package Preparation | 1 | 8 | 32 | | | |
| 2. Reviewing and Answering Bidder Questions | 4 | 16 | 44 | | | |
| 3. Bidder Meeting | 4 | 4 | 8 | | | |
| 4. Site Visit and Review | | 8 | 8 | | | |
| Sub-total | 9 | 36 | 92 | 0 | 0 | 0 |
| 2B. - CONSTRUCTION | | | | | | |
| 1. Preconstruction meeting | 4 | 4 | 8 | | | |
| 2. Submittal Review | 4 | 10 | 40 | | | |
| 3. Review and Answer RFI | 10 | 40 | 160 | | | |
| 4. Design Changes | 10 | 28 | 60 | | | 24 |
| 5. Progress Meetings | 4 | 48 | 8 | | | |
| 6. Site Visit and Review | 4 | 20 | 8 | | | |
| 7. Review Change Orders | 2 | 8 | 32 | | | |
| Sub-total | 38 | 158 | 316 | 0 | 0 | 24 |
| TOTAL HOURS FOR PHASE III | 47 | 194 | 408 | 0 | 0 | 24 |
| ENGINEERING COST | \$5,875 | \$20,176 | \$38,352 | \$0 | \$0 | \$5,496 |

TOTAL PHASE III COST \$69,899 673 HOURS

S U M M A R Y

| | |
|-----------|-----------------|
| PHASE II | \$125,000 |
| PHASE III | <u>\$70,000</u> |

CIVIL DESIGN FEE **\$195,000**

EXHIBIT B

Project Timeline

Start date: April 24, 2013

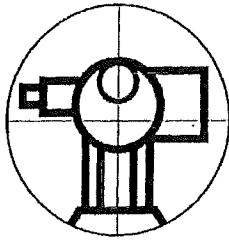
Estimated end of construction: June 30, 2017

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

EXHIBIT C

Professional Fee Schedule
Hourly Rates

EXHIBIT "C"



**Thomsen
Engineering, Inc.**

- Civil Engineering
- Surveying
- Land Planning

18611 E. Gale Ave
Industry, CA 91748

Email
info@ThomsenEngInc.com

Telephone
626-965-9350

FAX
626-965-2379

RATE SCHEDULE

10/01/2012

HOURLY RATES

| <u>DESCRIPTION</u> | <u>REG.</u> | <u>O.T.</u> | <u>SUN.</u> |
|-----------------------------------|-------------|-------------|-------------|
| 1. GPS CREW, 2 SURVEYORS | \$279.00 | \$418.50 | \$558.00 |
| 2. CREW, 3 SURVEYORS | \$262.00 | \$393.00 | \$524.00 |
| 3. CREW, 2 SURVEYORS | \$229.00 | \$343.50 | \$458.00 |
| 4. PRINCIPAL I | \$125.00 | | |
| 5. PRINCIPAL, II, Supervision | \$125.00 | | |
| 6. CIVIL ENGINEER IV | \$104.00 | | |
| 7. CIVIL ENGINEER III | \$ 94.00 | | |
| 8. CIVIL ENGINEER II | \$ 84.00 | | |
| 9. CIVIL ENGINEER I | \$ 74.00 | | |
| 10. SPECIAL SERVICES | \$ 72.00 | | |
| 11. DRAFTSMAN | \$ 70.00 | | |
| 12. CIVIL ENGINEER (Apprentice I) | \$ 54.00 | | |
| 13. CLERICAL | \$ 48.00 | | |

All blueprints, research material, conferences and discussions with our client and their attorneys or the attorneys of a lender, computer plots, specialized computer software, overnight shipping charges and governmental fees are reimbursable and not included in the above estimate. Rates subject to change annually per Union agreement anniversary on August 1st.

THOMSEN ENGINEERING, INC.


Robert E. Sullivan

Approved By: _____