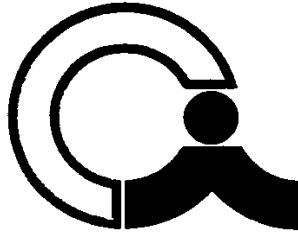


CITY OF INDUSTRY

CITY COUNCIL
SPECIAL MEETING AGENDA

FEBRUARY 23, 2016
9:00 AM



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

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

Addressing the City Council:

- ▶ **Agenda Items:** *Members of the public may address the City Council on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the City Council is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the City Council.*
- ▶ **Public Comments (Agenda Items Only):** *During public comments, if you wish to address the City Council during this Special Meeting, under Government Code Section 54954.3(a), you may only address the City Council concerning any item that has been described in the notice for the Special Meeting.*

Americans with Disabilities Act:

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

Agendas and other writings:

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

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

5. **CONSENT CALENDAR**

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

5.1 Consideration of the Register of Demands

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

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

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

5.3 Consideration of the minutes of the September 10, 2015 regular meeting and the September 24, 2015 regular and special meetings

RECOMMENDED ACTION: Approve as submitted.

5.4 Consideration of Resolution No. CC 2016-14 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, CONFIRMING THE CONTINUED EXISTENCE OF AN EMERGENCY CONDITION AT THE FOLLOWS CAMP PROPERTY AND DECLARING THAT THE PUBLIC INTEREST AND NECESSITY REQUIRE CERTAIN WORK TO BE PERFORMED WITHOUT COMETITIVE BIDDING PURSUANT TO CALIFORNIA PUBLIC CONTRACT CODE SECTION 22050 AND SECTION 3.52.110 OF THE CITY'S MUNICIPAL CODE

RECOMMENDED ACTION: Adopt Resolution No. CC 2016-14.

5.5 Consideration of a Professional Services Agreement between the City of Industry and Michael Baker International, Inc., to provide planning support services

RECOMMENDED ACTION: Approve the Agreement.

5.6 Consideration to cancel the next regular meeting scheduled for Thursday, February 25, 2016, at 9:00 a.m.

RECOMMENDED ACTION: Cancel the next regular meeting.

6. **ACTION ITEMS**

- 6.1 Consideration of a Service Request with SAF-r-DIG Utility Surveys, Inc., to provide subsurface utility services to determine the horizontal and vertical positions of existing underground utilities in 65 locations along Arenth Avenue, for a budget amount not to exceed \$43,225.00

RECOMMENDED ACTION: Approve the Service Request and issuance of a Service Order.

- 6.2 Consideration of a Grant Agreement under the Consolidated Appropriations Act, 2014 (Pub. L. 113-76, January 17, 2014) for the National Infrastructure Investments Discretionary Grant Program (FY 2014 Tiger Discretionary Grants) between the United States Department of Transportation, California Department of Transportation, and the City of Industry for the \$10 million Tiger Grant for the SR-57/60 Confluence Freight Corridor Project

RECOMMENDED ACTION: Approve the Agreement.

- 6.3 Consideration of Annual Audited Financial Statements for the Fiscal Year Ended June 30, 2015, and the Continuing Annual Disclosure Report

RECOMMENDED ACTION: Receive and file.

- 6.4 Discussion and direction regarding the proposed 2016 Industry Hills City Championship Golf Tournament to be held on July 22, 2016 through July 24, 2016 at Pacific Palms

RECOMMENDED ACTION: Discuss and provide direction to Staff.

7. **CITY COUNCIL COMMITTEE REPORTS**

8. **AB 1234 REPORTS**

9. **CITY COUNCIL COMMUNICATIONS**

10. 10.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): One Potential Case.

11. Adjournment. If item 5.6 is approved, the next regular meeting will be on Thursday, March 10, 2016 at 9:00 a.m.

CITY COUNCIL

ITEM NO. 5.1

**CITY OF INDUSTRY
AUTHORIZATION FOR PAYMENT OF BILLS
CITY COUNCIL MEETING OF FEBRUARY 25, 2016**

FUND RECAP:

<u>FUND</u>	<u>DESCRIPTION</u>	DISBURSEMENTS
100	GENERAL FUND	1,572,884.03
120	CAPITAL IMPROVEMENT FUND	490,405.53
161	IPUC - ELECTRIC	248,272.22
TOTAL ALL FUNDS		2,311,561.78

BANK RECAP:

<u>BANK</u>	<u>NAME</u>	DISBURSEMENTS
BOFA	BANK OF AMERICA - CKING ACCOUNTS	176,123.88
REF	REFUSE - CKING ACCOUNT	(244.69)
WFBK	WELLS FARGO - CKING ACCOUNT	2,135,682.59
TOTAL ALL BANKS		2,311,561.78

**CITY OF INDUSTRY
BANK OF AMERICA
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITYELEC.CHK - City Electric				
1373	02/08/2016		CITY OF INDUSTRY	\$111,123.88
	Invoice	Date	Description	Amount
	02/08/16	02/08/2016	TRANSFER FUNDS-ELECTRIC	\$111,123.88

CITYGEN.CHK - City General

24299	02/11/2016		CIVIC RECREATIONAL INDUSTRIAL	\$65,000.00
	Invoice	Date	Description	Amount
	02/11/16	02/11/2016	TRANSFER FUNDS-CRIA A/P	\$65,000.00

Checks	Status	Count	Transaction Amount
	Total	2	\$176,123.88

**CITY OF INDUSTRY
REFUSE VOIDED CHECK
February 25, 2016**

Check	Date		Payee Name	Check Amount
REFUSE - Refuse Account				
4144	04/07/2015		BLACKBRIDGE USA	(\$244.69)
	Invoice	Date	Description	Amount
	4/7/15	04/07/2015	REFUND-ACCT #082200	(\$244.69)

Checks	Status	Count	Transaction Amount
	Total	1	(\$244.69)

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
63493	02/08/2016		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	CUP15-9	02/08/2016	FEE-NOTICE OF EXEMPTION FOR CUP 15-9	\$75.00
63494	02/08/2016		MAUREEN KANE & ASSOCIATES,	\$1,550.00
	Invoice	Date	Description	Amount
	3/15-3/18/16	02/08/2016	CONFERENCE-D. SCHLICHTING	\$1,550.00
63495	02/09/2016		AT & T	\$9.07
	Invoice	Date	Description	Amount
	2016-00000957	02/01/2016	2/1-2/29/16 SVC-WHITE PAGES	\$9.07
63496	02/09/2016		AT & T	\$225.00
	Invoice	Date	Description	Amount
	2016-00000956	02/01/2016	2/1-2/29/16 SVC-600 S BREA CYN	\$225.00
63497	02/09/2016		GAS COMPANY, THE	\$142.55
	Invoice	Date	Description	Amount
	1135HATCH-FEB16	02/04/2016	12/31/15-2/2/16 SVC-1135 HATCHER AVE	\$125.86
	2016-00000955	02/08/2016	1/5-2/4/16 SVC-1 INDUSTRY HILLS PKWY	\$16.69
63498	02/09/2016		SO CALIFORNIA EDISON COMPANY	\$8,867.16
	Invoice	Date	Description	Amount
	2016-00000940	02/06/2016	1/1-2/1/16 SVC-600 BREA CYN RD	\$475.78
	2016-00000941	02/05/2016	1/5-2/3/16 SVC-15625 E. STAFFORD	\$3,736.68
	2016-00000942	02/04/2016	1/1-2/1/16 SVC-VARIOUS SITES	\$1,855.44
	2016-00000943	02/06/2016	1/1-2/1/16 SVC-NOGALES ST/SAN JOSE AVE	\$587.80
	2016-00000944	02/04/2016	1/5-2/3/16 SVC-208 S. WADDINGHAM WAY CP	\$124.57
	1135HATCH-FEB16	02/06/2016	1/7-2/5/16 SVC-1135 HATCHER	\$324.73
	1123HATCHA-FEB16	02/06/2016	1/7-2/5/16 SVC-1123 HATCHER A	\$178.81
	15660STAFF-FEB16	02/05/2016	12/29/15-1/28/16 SVC-15660 STAFFORD ST	\$1,567.46

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	2016-00000948	02/02/2016	1/1-2/1/16 SVC-1 VALLEY/AZUSA	\$15.89
63499	02/09/2016		SO CALIFORNIA EDISON COMPANY	\$739.58
	Invoice	Date	Description	Amount
	7500641983	02/02/2016	10/1-10/31/15 SVC-RELIABILITY SVC	\$739.58
63500	02/09/2016		SUBURBAN WATER SYSTEMS	\$160.00
	Invoice	Date	Description	Amount
	180050727855	02/02/2016	1/6-2/2/16 SVC-NE CNR VALLEY/STIMS	\$160.00
63501	02/09/2016		TELEPACIFIC COMMUNICATIONS	\$5,050.15
	Invoice	Date	Description	Amount
	74960901-0	01/31/2016	INTERNET SVC-CITY HALL/METRO SOLAR	\$5,050.15
63502	02/09/2016		VERIZON	\$180.22
	Invoice	Date	Description	Amount
	2016-00000949	01/28/2016	1/28-2/27/16 SVC-ELECTRIC MODEM	\$73.28
	2016-00000950	01/28/2016	1/28-2/27/16 SVC-ELECTRIC MODEM	\$39.52
	2016-00000951	01/28/2016	1/28-2/27/16 SVC-ELECTRIC MODEM	\$56.01
	2016-00000952	01/25/2016	1/25-2/24/16 SVC-ELECTRIC MODEM	\$5.72
	2016-00000953	01/25/2016	1/25-2/24/16 SVC-ELECTRIC MODEM	\$5.69
63503	02/09/2016		VERIZON WIRELESS - LA	\$1,071.72
	Invoice	Date	Description	Amount
	9759546434	01/26/2016	12/27/15-1/26/16 SVC-MOBILE BROADBAND	\$114.03
	9759546433	01/26/2016	12/27/15-1/26/16 SVC-VARIOUS WIRELESS	\$957.69
63504	02/09/2016		DIRECTV - FOR BUSINESS	\$180.00
	Invoice	Date	Description	Amount
	27729677122	01/31/2016	HD ACCESS ANNUAL	\$180.00

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
63505	02/17/2016		EXXON MOBIL	\$699.00
	Invoice	Date	Description	Amount
	72006767602	02/07/2016	FUEL-SECURITY VEHICLES	\$699.00
63506	02/17/2016		GAS COMPANY, THE	\$1,232.81
	Invoice	Date	Description	Amount
	2016-00000960	02/08/2016	01/01-02/01/16 SVC - 1 INDUSTRY HILLS PKWY UNIT	\$135.23
	2016-00000961	02/08/2016	01/05-02/04/16 SVC - 2700 CHINO HILLS PKWY	\$111.16
	2016-00000962	02/09/2016	10/28-12/01/15 SVC - 710 NOGALES ST	\$51.64
	2016-00000963	02/10/2016	01/07-02/08/16 SVC - 15625 STAFFORD ST APT A	\$93.88
	2016-00000964	02/10/2016	01/07-02/08/16 SVC - 15625 STAFFORD ST APT B	\$96.73
	2016-00000965	02/10/2016	01/06-02/08/16 SVC - 15651 STAFFORD ST	\$346.47
	2016-00000966	02/10/2016	01/07-02/08/16 SVC - 15633 RAUSCH RD	\$397.70
63507	02/17/2016		NOBLE AMERICAS ENERGY	\$106,688.19
	Invoice	Date	Description	Amount
	160410005277403	02/10/2016	WHOLESALE USE-JAN 2016	\$172.50
	160430005292850	02/12/2016	WHOLESALE USE-JAN 2016	\$106,515.69
63508	02/17/2016		PAETEC COMMUNICATIONS	\$786.48
	Invoice	Date	Description	Amount
	59163032	02/10/2016	PHONE SVC-FEB 2016	\$786.48
63509	02/17/2016		RICOH USA, INC.	\$3,448.87
	Invoice	Date	Description	Amount
	48959061	02/06/2016	COPIER LEASE-FEB 2016	\$3,166.14
	48970289	02/06/2016	COPIER LEASE-HR	\$282.73
63510	02/17/2016		SHELL	\$9.00
	Invoice	Date	Description	Amount
	8000073489602	02/04/2016	CAR WASH-CITY VEHICLE	\$9.00

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date	Payee Name		Check Amount
CITY.WF.CHK - City General Wells Fargo				
63511	02/17/2016	SO CALIFORNIA EDISON COMPANY		\$17,863.50
	Invoice	Date	Description	Amount
	2016-00000967	02/09/2016	01/07-02/05/16 SVC - VARIOUS SITES	\$115.22
	2016-00000975	02/09/2016	01/01-02/01/16 SVC - 208 S WADDINGHAM WAY	\$16,826.40
	2016-00000976	02/10/2016	01/01-02/01/16 SVC - GALE AVE/L ST	\$34.73
	2016-00000977	02/11/2016	01/12-02/10/16 SVC - 575 BALDWIN PARK AVE U	\$63.80
	2016-00000978	02/11/2016	12/15-02/08/16 SVC - VALLEY BLVD U-VARIOUS SITES	\$703.65
	19835WAL-FEB16	02/13/2016	01/14-02/12/16 SVC - 19835 E WALNUT DR	\$55.90
	2016-00000984	02/12/2016	01/13-02/11/16 SVC - 490 7TH U	\$63.80
63512	02/17/2016	VERIZON		\$659.66
	Invoice	Date	Description	Amount
	2016-00000972	02/01/2016	02/01-02/29/16 SVC - GENERATOR SITE-TELEMETRY	\$58.94
	2016-00000973	02/01/2016	02/01-02/29/16 SVC - GENERATOR SITE-TELEMETRY	\$56.01
	841 7TH-FEB16	02/10/2016	02/10-03/09/16 SVC - 841 S. 7TH	\$51.55
	2016-00000985	02/04/2016	02/04-03/03/16 SVC - GS-21620 VALLEY BLVD	\$58.94
	2016-00000986	02/04/2016	02/04-03/03/16 SVC - EM-21858 GARCIA LN	\$63.28
	2016-00000987	02/07/2016	02/07-03/06/16 SVC - GS-408 BREA CYN RD	\$30.67
	2016-00000988	02/10/2016	02/10-03/09/16 SVC - 600 BREA CYN RD	\$164.97
	2016-00000989	02/10/2016	02/10-03/09/16 SVC - EM-21508 BAKER PKWY	\$56.01
	2016-00000990	02/10/2016	02/10-03/09/16 SVC - EM-21808 GARCIA LN	\$63.28
	2016-00000991	02/10/2016	02/10-03/09/16 SVC - GENERATOR SITE-TELEMETRY	\$56.01
63513	02/17/2016	VERIZON BUSINESS		\$148.00
	Invoice	Date	Description	Amount
	HATCHER-64868884	02/10/2016	01/01-01/31/16 SVC - VARIOUS SITES & HATCHER	\$32.09
	64868885	02/10/2016	01/01-01/31/16 SVC - VARIOUS SITES	\$115.91
63514	02/17/2016	WALNUT VALLEY WATER DISTRICT		\$4,357.89
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
2212992	02/09/2016	01/01-02/01/16 SVC - IRR 820 FAIRWAY DR		\$61.06
2213044	02/09/2016	01/01-02/01/16 SVC - LEMON AVE N OF CURRIER RD		\$40.07
2213078	02/09/2016	01/01-02/01/16 SVC - BREA CYN RD & OLD RANCH RD		\$31.92
2213093	02/09/2016	01/01-02/01/16 SVC - FERRERO & GRAND EAST		\$564.73
2213111	02/09/2016	01/01-02/01/16 SVC - BAKER PKWY METER #1		\$73.34
2213112	02/09/2016	01/01-02/01/16 SVC - BAKER PKWY METER #2		\$141.93
2213118	02/09/2016	01/01-02/01/16 SVC - GRAND AVE CROSSING		\$73.34
2213119	02/09/2016	01/01-02/01/16 SVC - GRAND AVE CROSSING		\$73.34
2213121	02/09/2016	01/01-02/01/16 SVC - 22002 VALLEY BLVD		\$214.48
2213138	02/09/2016	01/01-02/01/16 SVC - 21350 VALLEY-MEDIAN		\$41.70
2213139	02/09/2016	01/01-02/01/16 SVC - GRAND CROSSING EAST		\$33.55
2213140	02/09/2016	01/01-02/01/16 SVC - GRAND CROSSING WEST		\$44.96
2213141	02/09/2016	01/01-02/01/16 SVC - BAKER PKWY & GRAND N/W		\$1,635.64
2213148	02/09/2016	01/01-02/01/16 SVC - E/S GRAND S/O BAKER PKWY		\$114.85
2213154	02/09/2016	01/01-02/01/16 SVC - BREA CYN N OF RR TRKS		\$146.01
2213155	02/09/2016	01/01-02/01/16 SVC - BREA CYN N OF CURRIER		\$23.76
2213156	02/09/2016	01/01-02/01/16 SVC - 60 FWY INTERCHANGE		\$23.76
2213174	02/09/2016	01/01-02/01/16 SVC - END OF BAKER PKWY-TEMP		\$839.36
2213857	02/10/2016	12/31-02/01/16 SVC - PUMP STN BREA CYN		\$22.08
2214083	02/10/2016	12/31-02/01/16 SVC - NOGALES PUMP STN		\$56.17
19835WAL-2213994	02/10/2016	12/31-02/01/16 SVC - 19835 WALNUT DR		\$101.84
63515	02/25/2016		ADVANCED DISCOVERY, INC.	\$1,697.10
Invoice	Date	Description	Amount	
B170653	01/31/2016	PROF SVC-LITIGATION	\$1,697.10	
63516	02/25/2016		ALVAKA NETWORKS	\$18,925.17
Invoice	Date	Description	Amount	
156066	02/01/2016	NETWORK MAINT-MAR 2016	\$6,620.00	
156093	02/01/2016	NETWORK MAINT-MAR 2016	\$6,540.17	
156197NP	01/31/2016	TRIP CHARGE	\$165.00	

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	156210	02/08/2016	ADD'L HOURS FOR FEB 2015	\$5,600.00
63517	02/25/2016		ARAMARK REFRESHMENT SERVICE,	\$120.71
	Invoice	Date	Description	Amount
	9123272	02/17/2016	COFFEE/OFFICE SUPPLIES	\$120.71
63518	02/25/2016		CDW GOVERNMENT LLC	\$4,431.64
	Invoice	Date	Description	Amount
	BZG9858	02/05/2016	COMPUTER EQUIPMENT	\$4,431.64
63519	02/25/2016		CITY OF INDUSTRY	\$1,319.56
	Invoice	Date	Description	Amount
	2016-00000051	01/31/2016	IH FUEL PUMP-SECURITY VEHICLES	\$1,012.54
	2016-00000053	01/31/2016	IH FUEL PUMP-CITY VEHICLES	\$307.02
63520	02/25/2016		CITY OF INDUSTRY DISPOSAL CO.	\$2,362.08
	Invoice	Date	Description	Amount
	2417938	01/31/2016	MO SVC-CITY RESIDENCES	\$2,362.08
63521	02/25/2016		CITY OF INDUSTRY-MEDICAL	\$18,000.00
	Invoice	Date	Description	Amount
	REG 2/25/16	02/17/2016	TRANSFER FUNDS-MEDICAL	\$18,000.00
63522	02/25/2016		CITY OF INDUSTRY-PAYROLL ACCT	\$150,000.00
	Invoice	Date	Description	Amount
	P/R 2/15/16	02/12/2016	PAYROLL REIMBURSEMENT FOR 2/15/16	\$150,000.00
63523	02/25/2016		CITY OF INDUSTRY-REFUSE	\$9,994.33
	Invoice	Date	Description	Amount
	2411980	02/01/2016	DISP SVC/BOX RENTAL-TONNER CYN	\$666.00
	2411982	02/01/2016	DISP SVC/BOX RENTAL-TONNER CYN	\$378.95

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	2411981	02/01/2016	DISP SVC-CITY HALL	\$299.47
	2411983	02/01/2016	DISP SVC-TRES HERMANOS	\$138.38
	2412575	02/01/2016	DISP SVC-CITY BUS STOPS	\$4,376.33
	2412235-A	02/01/2016	DISP SVC-205 HUDSON	\$184.24
	2412235-B	02/01/2016	DISP SVC-841 7TH AVE	\$184.24
	2415190	02/01/2016	DISP SVC-1123 HATCHER	\$3,766.72
63524	02/25/2016		CITY OF LA PUENTE	\$421,574.00
	Invoice	Date	Description	Amount
	16-005	02/11/2016	VALLEY BLVD SOUND WALL-AGRMT #15-1213	\$421,574.00
63525	02/25/2016		CNC ENGINEERING	\$183,544.06
	Invoice	Date	Description	Amount
	032016	03/01/2016	MEALS/WHEELS RENT-MAR 2016	\$5,000.00
	44398	02/11/2016	INDUSTRY 66KV ELEC SUBSTATION FACILITY	\$1,138.97
	44399	02/11/2016	ON-CALL STREET MAINT PROGRAM	\$796.06
	44400	02/11/2016	WALNUT DR SOUTH WIDENING	\$185.50
	44401	02/11/2016	VALLEY BLVD PCC PAVEMENT RECONSTRUCTION	\$16,215.91
	44402	02/11/2016	CLARK AVE WIDENING	\$1,799.88
	44403	02/11/2016	2015 CLEANOUT OF STORMWATER TREATMENT	\$380.01
	44404	02/11/2016	EMERGENCY CREEK AND ROADWAY REPAIRS	\$4,276.32
	44405	02/11/2016	MAINT REPAIRS AT 205 N. HUDSON AVE	\$364.65
	44406	02/11/2016	GENENERAL ENGINEERING-CIP	\$42,530.66
	44407	02/11/2016	GENENERAL ENGINEERING 1/25-2/7/16	\$59,607.79
	44408	02/11/2016	TONNER CYN PROPERTY	\$2,289.34
	44409	02/11/2016	PUENTE VALLEY OPERABLE UNIT	\$1,411.92
	44410	02/11/2016	MAINT OF CITY HALL	\$1,098.16
	44411	02/11/2016	HOMESTEAD MUSEUM MAINT	\$2,020.89
	44412	02/11/2016	OPERATION AND MAINT OF METRO SOLAR PARKNG	\$5,003.57
	44413	02/11/2016	TRAFFIC SIGNAL AT DON JULIAN/SIXTH AVE	\$6,158.07
	44414	02/11/2016	PROPERTY PURCHASE/REDEVELOP-1135 HATCHER	\$126.67

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	44415	02/11/2016	INDUSTRY HILLS IMPROVEMENTS	\$313.76
	44416	02/11/2016	INDUSTRY HILLS FUEL TANK DEVICE	\$313.76
	44417	02/11/2016	PROPERTY MGMT FOR CITY OWNED PROPERTIES	\$2,538.48
	44418	02/11/2016	205 HUDSON AVE	\$196.10
	44419	02/11/2016	STORM DRAIN IN AJAX AVE	\$470.64
	44420	02/11/2016	VARIOUS ASSIGNMENTS - SA TO IUDA	\$3,571.69
	44421	02/11/2016	METROLINK STN-COMMETER RAIL STN	\$627.52
	44422	02/11/2016	REPAIRS TO STORM WATER PUMP STATIONS	\$156.88
	44423	02/11/2016	MAINT OF YARD AT 1123 HATCHER AVE	\$313.76
	44424	02/11/2016	ARENTH AVE RECONSTRUCTION	\$7,215.42
	44425	02/11/2016	2015-2016 TARGET SURVEY	\$313.76
	44429	02/11/2016	PECK ROAD STORM DRAIN DEBRIS REMOVAL	\$156.88
	44430	02/11/2016	SURVEY OF MUNICIPALITIES	\$2,109.40
	44431	02/11/2016	FULLERTON RD GRADE SEPARATION	\$2,986.56
	44432	02/11/2016	ALAMEDA CORRIDOR EAST RELATED PROJECTS	\$1,664.22
	44433	02/11/2016	FAIRWAY DR GRADE SEPARATION	\$238.24
	44428	02/11/2016	UPPER SAN GRABRIEL RIVER STORMWATER	\$6,853.71
	44427	02/11/2016	UTILITY UNDERGROUND DISTRICT ATLAS	\$3,040.08
	44426	02/11/2016	GALE AVE AND STONER CREEK INTERSECTION	\$58.83
63526	02/25/2016		COMFORT SYSTEMS USA	\$1,973.83
	Invoice	Date	Description	Amount
	242421	02/12/2016	A/C MAINT-EL ENCANTO	\$1,973.83
63527	02/25/2016		CONSOLIDATED ELECTRICAL DIST.	\$146.81
	Invoice	Date	Description	Amount
	3301-500088	02/08/2016	ELECTRICAL SUPPLIES-841 7TH AVE	\$142.59
	3301-500082	02/08/2016	ELECTRICAL SUPPLIES-841 7TH AVE	\$4.22
63528	02/25/2016		CORELOGIC INFORMATION	\$192.50
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	81659046	01/31/2016	GEOGRAPHIC PKG-JAN 2016	\$192.50
63529	02/25/2016		COUNTRY ESTATE FENCE, INC.	\$1,145.64
	Invoice	Date	Description	Amount
	22263	01/29/2016	FENCE SUPPLIES-TRES HERMANOS	\$1,145.64
63530	02/25/2016		COUNTY OF LA DEPT OF PUBLIC	\$470.48
	Invoice	Date	Description	Amount
	PW-15100101156	10/02/2015	PUMP HOUSE MAINT	\$470.48
63531	02/25/2016		EASYLINK SERVICES	\$56.33
	Invoice	Date	Description	Amount
	07634191602	02/02/2016	FAX SVC-JAN 2016	\$56.33
63532	02/25/2016		FEDERAL EXPRESS CORP.	\$354.34
	Invoice	Date	Description	Amount
	5-317-92767	02/12/2016	MESSENGER SVC	\$354.34
63533	02/25/2016		FERGUSON ENTERPRISES, INC	\$252.79
	Invoice	Date	Description	Amount
	2944870	02/05/2016	PLUMBING SUPPLIES-841 7TH AVE	\$34.00
	2953439	02/09/2016	PLUMBING SUPPLIES-CITY HALL	\$218.79
63534	02/25/2016		FRAZER, LLP	\$62,135.00
	Invoice	Date	Description	Amount
	141403	01/31/2016	COI-PROF SVC FOR JAN 2016	\$27,330.00
	141624	02/15/2016	COI-ACCTG SVC 2/1-2/15/16	\$34,805.00
63535	02/25/2016		FUEL PROS, INC.	\$407.50
	Invoice	Date	Description	Amount
	0000023223	12/28/2015	INDUSTRY HILLS FUEL STN MAINT	\$407.50

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
63536	02/25/2016		GMS ELEVATOR SERVICES, INC	\$138.00
	Invoice	Date	Description	Amount
	00081757	02/01/2016	MO SVC-ELEVATOR	\$138.00
63537	02/25/2016		HADDICK'S AUTO BODY	\$140.00
	Invoice	Date	Description	Amount
	H-73102	01/24/2016	TOWING SVC-LIC 1279616	\$140.00
63538	02/25/2016		HDL COREN & CONE	\$2,400.00
	Invoice	Date	Description	Amount
	0022342-IN	01/29/2016	CONTRACT SVC-FIRST QTR 2016	\$2,400.00
63539	02/25/2016		HEDMAN - L A	\$25.02
	Invoice	Date	Description	Amount
	4931A	11/19/2015	PRINTER RIBBON FOR CHECK WRITER	\$25.02
63540	02/25/2016		INDUSTRY MANUFACTURERS	\$239,826.00
	Invoice	Date	Description	Amount
	02/17/16	02/17/2016	CITY CONTRACT-THIRD QTR OF FY 15/16	\$239,826.00
63541	02/25/2016		INDUSTRY SECURITY SERVICES	\$35,359.10
	Invoice	Date	Description	Amount
	14-16617	02/05/2016	SECURITY SVC-TRES HERMANOS	\$2,187.12
	14-16606	02/05/2016	SECURITY SVC 1/29-2/4/16	\$15,639.64
	14-16702	02/12/2016	SECURITY SVC-TRES HERMANOS	\$2,187.12
	14-16691	02/12/2016	SECURITY SVC 2/5-2/11/16	\$15,345.22
63542	02/25/2016		KIMLEY-HORN & ASSOCIATES, INC.	\$9,350.15
	Invoice	Date	Description	Amount
	7396118	12/31/2015	GENERAL TRAFFIC-ENGINEERING/REVIEW	\$639.33

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	7420594	12/31/2015	TRAFFIC SURVEY-VARIOUS SITES	\$7,887.20
	7433172	12/31/2015	STREET LIGHTING ANALYSIS-RAILROAD ST &	\$823.62
63543	02/25/2016		L A COUNTY DEPT OF PUBLIC	\$2,500.00
	Invoice	Date	Description	Amount
	DI160000011	01/12/2016	DEPOSIT FOR INSTALL OF LEFT-TURN POCKETS-	\$2,500.00
63544	02/25/2016		L A COUNTY SHERIFF'S	\$690,377.95
	Invoice	Date	Description	Amount
	162724NH	02/04/2016	SHERIFF CONTRACT-JAN 2016	\$690,377.95
63545	02/25/2016		LANG, HANSEN, O'MALLEY &	\$25,000.00
	Invoice	Date	Description	Amount
	5238	02/03/2016	LEGISLATIVE SVC-FEB 2016	\$25,000.00
63546	02/25/2016		LOS ANGELES AREA COUNCIL	\$479.72
	Invoice	Date	Description	Amount
	#12/31/15	12/31/2015	TONNER CYN WATER CHARGES FOR DEC 2015	\$479.72
63547	02/25/2016		MR PLANT & INTERIOR BOTANICAL	\$710.00
	Invoice	Date	Description	Amount
	FEB3186	02/01/2016	PLANT MAINT-FEB 2016	\$122.00
	FEB3187	02/01/2016	PLANT MAINT-FEB 2016	\$588.00
63548	02/25/2016		MX GRAPHICS, INC.	\$149.33
	Invoice	Date	Description	Amount
	8971	01/13/2016	BLUEPRINT SVC-JN 6205	\$149.33
63549	02/25/2016		PHILIPS, PAUL J.	\$92.57
	Invoice	Date	Description	Amount
	02/10/16	02/10/2016	REIMBURSE FOR EXPENSES-LUNCH MEETINGS	\$92.57

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
63550	02/25/2016		PLACEWORKS	\$35,653.35
	Invoice	Date	Description	Amount
	58336	01/31/2016	CKE RESTAURANT HOLDINGS/TOMMY'S	\$7,550.00
	58346	01/31/2016	STAFF SERVICES	\$11.98
	58335	01/31/2016	CT REALTY INVESTORS/WAREHOUSING	\$28,071.25
	58334	01/31/2016	MAJESTIC REALTY/OFFICE BLDG CROSSROADS	\$20.12
63551	02/25/2016		POST ALARM SYSTEMS	\$273.25
	Invoice	Date	Description	Amount
	849899	02/05/2016	MONITORING SVC-MAR 2016	\$273.25
63552	02/25/2016		R.F. DICKSON CO., INC.	\$16,795.60
	Invoice	Date	Description	Amount
	2507790	01/31/2016	STRET AND PARKING LOT SWEEPING	\$16,795.60
63553	02/25/2016		RICHARDS, WATSON & GERSHON	\$140.49
	Invoice	Date	Description	Amount
	205201	01/21/2016	SPECIAL COUNSEL LEGAL ASSIGNMENTS	\$140.49
63554	02/25/2016		RICKABUS, GRACE M.	\$3,500.00
	Invoice	Date	Description	Amount
	MARCH 2016	02/08/2016	LEASE OF STORAGE-MAR 2016	\$3,500.00
63555	02/25/2016		SAN GABRIEL VALLEY FAMILY	\$4,300.00
	Invoice	Date	Description	Amount
	2723	01/31/2016	GRAFFITI REMOVAL-JAN 2016	\$4,300.00
63556	02/25/2016		SAN GABRIEL VALLEY NEWSPAPER	\$462.64
	Invoice	Date	Description	Amount
	0010768604-01	02/09/2016	SUMMARY OF ORDINANCE #793	\$462.64

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
63557	02/25/2016		SNOWDEN ELECTRIC COMPANY,	\$1,282.00
	Invoice	Date	Description	Amount
	16-0110	01/26/2016	STREET LIGHT MAINT-DEC 2015	\$1,282.00
63558	02/25/2016		SO CAL INDUSTRIES	\$89.93
	Invoice	Date	Description	Amount
	213177	01/29/2016	FENCE RENTAL-INDUSTRY HILLS	\$89.93
63559	02/25/2016		STAPLES BUSINESS ADVANTAGE	\$465.74
	Invoice	Date	Description	Amount
	8037845447	01/30/2016	OFFICE SUPPLIES	\$465.74
63560	02/25/2016		STATE COMPENSATION INS. FUND	\$332.02
	Invoice	Date	Description	Amount
	02/10/16	02/10/2016	DEPOSIT PREMIUM	\$332.02
63561	02/25/2016		THE DOLPHIN GROUP, INC.	\$15,000.00
	Invoice	Date	Description	Amount
	30266	01/31/2016	MEDIA CONSULTING-JAN 2016	\$15,000.00
63562	02/25/2016		THEE BEST ROOTER & PLUMBING	\$495.00
	Invoice	Date	Description	Amount
	4844	01/30/2016	PLUMBING SVC-EL ENCANTO	\$495.00
63563	02/25/2016		THRALL, RANCE	\$14,580.00
	Invoice	Date	Description	Amount
	FEBRUARY 2016	02/08/2016	MAINT SERVICE-FEB 2016	\$14,580.00
63564	02/25/2016		TRIMARK ASSOCIATES, INC.	\$1,726.67
	Invoice	Date	Description	Amount

**CITY OF INDUSTRY
WELLS FARGO BANK
February 25, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	EB1100D	02/01/2016	MAINT SVC-METRO SOLAR	\$1,726.67
63565	02/25/2016		UNDERGROUND SERVICE ALERT OF	\$34.50
	Invoice	Date	Description	Amount
	120160155	02/01/2016	DIG ALERTS	\$34.50
63566	02/25/2016		WILLDAN ENGINEERING	\$755.84
	Invoice	Date	Description	Amount
	00613791	01/28/2016	ENGINEERING SVC-VAROUS SITES	\$755.84

Checks	Status	Count	Transaction Amount
	Total	74	\$2,135,682.59

CITY COUNCIL

ITEM NO. 5.2

RESOLUTION NO. CC 2015-38

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

RECITALS

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

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

WHEREAS, in or around 2007, as part of a public works project, the City widened Railroad Avenue at its intersection with Azusa Avenue, which resulted in a loss of approximately 2,728 square feet of usable land area at the Property; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

EXHIBIT A

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

CITY OF INDUSTRY, a municipal corporation
"City"

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

_____, 2015

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

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

RECITALS

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

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

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

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

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

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

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

ARTICLE 1
DEFINITIONS

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

1.1.1 Agreement means this Purchase Agreement.

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

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

1.1.4 Deemed Disapproved Exceptions is defined in Section 2.5.2.

1.1.5 Default is defined in Section 5.2.

1.1.6 Deposit is defined in Section 2.2.1.

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

1.1.8 Disapproved Exceptions is defined in Section 2.5.2.

1.1.9 Disapproval Notice is defined in Section 2.5.2.

1.1.10 Due Diligence Period is defined in Section 2.7.

1.1.11 Escrow is defined in Section 2.3.1.

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

1.1.13 Grant Deed is defined in Section 2.5.3.

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

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

1.1.15 Holder is defined in Section 3.2.2.

1.1.16 Outside Date is defined in Section 2.3.2.

1.1.17 Project is defined in Recital C.

1.1.18 Property is defined in Recital A.

1.1.19 Purchase Price is defined in Section 2.1.

1.1.20 Released Parties is defined in Section 2.8.

1.1.21 Review Period is defined in Section 2.5.2.

1.1.22 Right of Entry Agreement is defined in Section 2.7.

1.1.23 [Intentionally Left Blank]

1.1.24 Survey is defined in Section 2.5.1.

1.1.25 Title Company is defined in Section 2.5.4.

1.1.26 Title Policy is defined in Section 2.5.4.

1.1.27 Title Report is defined in Section 2.5.1.

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

ARTICLE 2 PURCHASE AND SALE OF THE PROPERTY

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

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

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

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

2.3 Escrow.

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

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

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

2.3.3 Delivery of Closing Documents.

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

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

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

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

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

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

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

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

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

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

2.4.4 [Intentionally Left Blank]

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

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

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

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

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

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

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

2.5 Condition of Title; Survey; Title Insurance.

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

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

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

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

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

2.6 Escrow and Title Charges; Prorations.

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

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

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

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

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

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

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

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

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

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

Developer's Initials

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

2.9 Environmental.

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

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

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

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

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

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

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

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

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

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

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

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

2.10 Escrow Holder.

2.10.1 Escrow Holder is authorized and instructed to:

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

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

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

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

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

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

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

ARTICLE 3
BILLBOARD LEASE

3.1 Billboard Lease.

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

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

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

ARTICLE 4
LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS

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

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

4.2 Security Financing; Right of Holders.

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

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

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

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

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

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

ARTICLE 5 USE OF THE PROPERTY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6
EVENTS OF DEFAULT, REMEDIES AND TERMINATION

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

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

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

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

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

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

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

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

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

6.3 Remedies in the Event of Default.

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

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

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

City Developer

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

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

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

6.5 Legal Actions.

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

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

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

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

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

ARTICLE 7 GENERAL PROVISIONS

7.1 Insurance.

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

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

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

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

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

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

7.2 Indemnity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEVELOPER

CT CHESTNUT LLC,
a Delaware limited liability company

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

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

CITY OF INDUSTRY

By: _____
Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

APPROVED AS TO FORM:

By: _____
James M. Casso, City Attorney

LIST OF EXHIBITS

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

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

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

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

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

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

APN: 8264-025-911

EXHIBIT "B"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

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

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

GRANT DEED

Documentary Transfer Tax: \$ _____

THE UNDERSIGNED GRANTOR DECLARES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Signatures appear on next page.]

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

GRANTOR:

CITY OF INDUSTRY

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

ATTEST:

Cecelia Dunlap, Deputy City Clerk

GRANTEE:

CT CHESTNUT LLC,
a Delaware limited liability company

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

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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

State of California)
County of Los Angeles)

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

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

State of California)
County of Los Angeles)

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

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

LEGAL DESCRIPTION OF THE PROPERTY

(Attached.)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

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

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

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

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

APN: 8264-025-911

EXHIBIT "C"

RIGHT OF ENTRY AND ACCESS AGREEMENT

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

WITNESSETH:

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

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

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

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

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

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

1. Access by Grantee.

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

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

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

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

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

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

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

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

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

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

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

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

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

GRANTEE:

CT CHESTNUT LLC,
a Delaware limited liability company

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

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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

(Signatures continued)

GRANTOR:

CITY OF INDUSTRY

By: _____

Name: Mark D. Radecki

Title: Mayor

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

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

Exhibit A

LEGAL DESCRIPTION OF THE PROPERTY

(Attached.)

EXHIBIT "A"

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

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

APN: 8264-025-911

EXHIBIT "D"
BILLBOARD LEASE

[Attached]

M&P OUTDOOR ADVERTISING, LLC

42 Via Paradiso
Henderson, Nevada 89011

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

City: Industry State: California Date

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

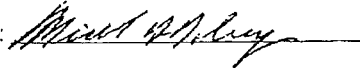
APN: 8264-025-002
LOCATION: Azusa Blvd & Railroad Street N.E.

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

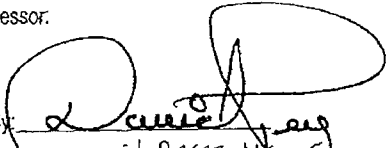
M&P OUTDOOR ADVERTISING, LLC

42 Via Paradiso
Henderson, Nevada 89011
Telephone: (702) 566-7473 -- Fax: (702) 566-7481

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

By: 

Lessor.

By: 
Name: David Perez, Mayor
Address:

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

Addendum to Lease Agreement

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

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

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

Paragraph 5 line 3 of the following wording is deleted:

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

The following three paragraphs are added to the Lease Agreement:

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

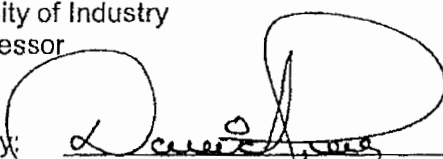
Accepted:

M & P Outdoor Advertising, LLC
Lessee

By: 

Date: 2/2/07

City of Industry
Lessor

By: 

Date: JAN 25 2007

CITY COUNCIL

ITEM NO. 5.3

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
SEPTEMBER 10, 2015
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CALL TO ORDER

The Regular Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark D. Radecki at 9:01 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

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

ROLL CALL

PRESENT: Mark D. Radecki, Mayor
Cory C. Moss, Mayor Pro Tem
Roy Haber, Council Member
Jeff Parriott, Council Member
Newell W. Ruggles, Council Member

STAFF PRESENT: Paul J. Philips, City Manager; James M. Casso, City Attorney; Cecelia Dunlap, Deputy City Clerk; John Ballas, City Engineer; and Brian James, Planning Director.

PUBLIC COMMENTS

Mr. Richard Hopkins, from the East San Gabriel Coalition for Homelessness, provided a brief introduction and overview of the organization and the services they provide, along with providing pamphlets and flyers to the City Council. Mr. Hopkins indicated any financial assistance from the City would be greatly appreciated.

CONSENT CALENDAR

Mayor Radecki recused himself from check number 62594 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Square Root Golf and Landscape.

Mayor Pro Tem Moss recused herself from check number 62547 for item 1 (Register of Demands) because she had a potential or actual financial conflict of interest in that she is employed by CNC Engineering.

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
SEPTEMBER 10, 2015
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Council Member Ruggles recused himself from check number 62561 for item 1 (Register of Demands) because he had a potential or actual financial conflict of interest in that he is employed by Haddick's Auto Body.

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY MAYOR PRO TEM MOSS THAT THE RECOMMENDATIONS BE ACCEPTED FOR THE REMAINING ITEMS LISTED ON THE CONSENT CALENDAR. MOTION CARRIED 5-0, WITH MAYOR RADECKI RECUSING FROM CHECK NUMBER 62594 ON ITEM 1 (REGISTER OF DEMANDS), WITH MAYOR PRO TEM MOSS RECUSING FROM CHECK NUMBER 62547 ON ITEM 1 (REGISTER OF DEMANDS), AND WITH COUNCIL MEMBER RUGGLES RECUSING FROM CHECK NUMBER 62561 ON ITEM 1 (REGISTER OF DEMANDS).

1. CONSIDERATION OF REGISTER OF DEMANDS

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

2. CONSIDERATION AND APPROVAL OF SETTLEMENT AGREEMENT BETWEEN THE CITY OF INDUSTRY AND 8 NET, INC.

APPROVED THE SETTLEMENT AGREEMENT.

Deputy City Clerk Dunlap announced in order to facilitate Public Hearing – Continued Agenda Items No. 6.1 and 6.2, Agenda Item No. 7.1 would be taken out of order and recommended action prior to the consideration of Agenda Items No. 6.1 and 6.2.

PUBLIC HEARING REGARDING GENERAL PLAN AMENDMENT 15-1, A PROPOSED AMENDMENT TO THE ROADWAY CLASSIFICATION PLAN OF THE GENERAL PLAN CIRCULATION ELEMENT TO REMOVE A PORTION OF EL ENCANTO ROAD

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER HABER TO OPEN THE PUBLIC HEARING. MOTION CARRIED 5-0.

Planning Director James provided a staff report to the City Council.

Mayor Radecki inquired if anyone wanted to be heard on the matter. There were no comments.

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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MOTION BY COUNCIL MEMBER HABER, AND SECOND BY MAYOR PRO TEM MOSS TO CLOSE THE PUBLIC HEARING. MOTION CARRIED 5-0.

CONSIDERATION OF RESOLUTION NO. CC 2015-29 - A RESOLUTION OF THE CITY OF COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING GENERAL PLAN AMENDMENT 15-1 TO ELIMINATE A PORTION OF EL ENCANTO ROAD FROM THE ROADWAY CLASSIFICATION PLAN OF THE GENERAL PLAN CIRCULATION ELEMENT AND AN ADDENDUM TO THE PREVIOUSLY ADOPTED ENVIRONMENTAL IMPACT REPORT FOR THE 2014 GENERAL PLAN

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER HABER TO ADOPT RESOLUTION NO. CC 2015-29. MOTION CARRIED 5-0.

PUBLIC HEARING REGARDING THE INTENT TO VACATE A PORTION OF VIRGIL WATERS WAY THAT BECAME EXCESS RIGHT OF WAY DUE TO THE REALIGNMENT OF THE INTERSECTION OF VIRGIL WATERS WAY AND AZUSA AVENUE

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER HABER TO OPEN THE PUBLIC HEARING. MOTION CARRIED 5-0.

Mayor Radecki inquired if anyone wanted to be heard on the matter. There were no comments.

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY COUNCIL MEMBER RUGGLES TO CLOSE THE PUBLIC HEARING. MOTION CARRIED 5-0.

CONSIDERATION OF RESOLUTION NO. CC 2015-26 - A RESOLUTION OF THE CITY OF COUNCIL OF THE CITY OF INDUSTRY VACATING A PORTION OF VIRGIL WATERS WAY IN THE CITY OF INDUSTRY

MOTION BY COUNCIL MEMBER RUGGLES, AND SECOND BY COUNCIL MEMBER HABER TO ADOPT RESOLUTION NO. CC 2015-26. MOTION CARRIED 5-0.

PUBLIC HEARING REGARDING THE INTENT TO VACATE A PORTION OF EL ENCANTO ROAD THAT BECAME EXCESS RIGHT OF WAY DUE TO THE CREATION OF PARRIOTT PLACE WEST

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY COUNCIL MEMBER RUGGLES TO OPEN THE PUBLIC HEARING. MOTION CARRIED 5-0.

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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Mayor Radecki inquired if anyone wanted to be heard on the matter. There were no comments.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER HABER TO CLOSE THE PUBLIC HEARING. MOTION CARRIED 5-0.

CONSIDERATION OF RESOLUTION NO. CC 2015-27 - A RESOLUTION OF THE CITY OF COUNCIL OF THE CITY OF INDUSTRY VACATING A PORTION OF EL ENCANTO ROAD IN THE CITY OF INDUSTRY

MOTION BY COUNCIL MEMBER RUGGLES, AND SECOND BY COUNCIL MEMBER HABER TO ADOPT RESOLUTION NO. CC 2015-27. MOTION CARRIED 5-0.

CONSIDERATION OF DEVELOPMENT PLAN 15-6 SUBMITTED BY ORANGE COAST PETROLEUM EQUIPMENT INC. ON BEHALF VELOCITY TRUCK RENTAL LEASING TO CONSTRUCT AN ABOVE-GROUND, DIESEL FUEL TANK AND AN ACCOMPANYING NEGATIVE DECLARATION LOCATED AT 2425 KELLA AVENUE

Senior Planner Helling presented a staff report to the City Council.

CONSIDERATION OF RESOLUTION NO. CC 2015-30 - A RESOLUTION OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING A NEGATIVE DECLARATION AND DEVELOPMENT PLAN 15-6 FOR THE CONSTRUCTION OF A 12,000-GALLON ABOVE GROUND, DIESEL FUEL STORAGE TANK AT 2425 KELLA AVENUE, CITY OF INDUSTRY, CALIFORNIA, WITHIN THE "MC" MANUFACTURING/COMMERCIAL OVERLAY ZONE, AND MAKING FINDINGS IN SUPPORT THEREOF

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY COUNCIL MEMBER RUGGLES TO ADOPT RESOLUTION NO. CC 2015-30. MOTION 5-0.

CONSIDERATION OF CONTRACT COMPLETION DOCUMENTS SUBMITTED BY SOUTHERN CONTRACTING COMPANY IN THE AMOUNT \$7,201,006.20 FOR CONTRACT NO. CITY-1389, INDUSTRY'S 66KV ELECTRICAL SUBSTATION FACILITIES LOCATED AT 208 S. WADDINGHAM WAY

City Engineer Ballas provided a staff report to the City Council.

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY MAYOR PRO TEM MOSS TO AUTHORIZE THE CITY ENGINEER TO EXECUTE AND FILE CONTRACT

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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COMPLETION DOCUMENTS AND TO RECEIVE AND FILE THE FINAL ACCOUNTING. MOTION 5-0.

CONSIDERATION OF REJECTION OF BIDS RECEIVED FOR CONTRACT NO. CITY-1420, WALNUT DRIVE SOUTH WIDENING AND STORM DRAIN IMPROVEMENTS (IPD-233)

City Engineer Ballas presented a staff report to the City Council.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER HABER TO REJECT ALL BIDS. MOTION CARRIED 5-0.

CONSIDERATION OF LOAN AGREEMENT BETWEEN THE CITY OF INDUSTRY AND THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY FOR THE ADVANCE AND REIMBURSEMENT OF COSTS FOR CONSTRUCTION CONTRACTS CONSTITUTING ENFORCEABLE OBLIGATIONS FOT THE 600-ACRE INDUSTRY BUSINESS CENTER

City Manager Philips stated that the item was being removed from the agenda and continued to a future meeting.

CITY COUNCIL COMMITTEE REPORTS

There were none.

AB1234 REPORTS

There were none.

CITY COUNCIL COMMUNICATIONS

Council Member Ruggles announced that on Friday, September 11, 2015, at 6:30 p.m., the City of La Puente was holding a Community Rally for the recognition of Public Safety Officers.

Mayor Pro Tem Moss wished Mayor Radecki a happy birthday and indicated there was cake in the lobby in celebration of his birthday, and asked to take a short recess before recessing into Closed Session.

Mayor Radecki recessed the City Council meeting at 9:27 a.m.

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CITY OF INDUSTRY, CALIFORNIA
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Mayor Radecki reconvened the meeting at 9:45 a.m. All members of the City Council were present.

CLOSED SESSION

City Attorney Casso announced there was a need for Closed Session as follows:

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

- B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4):
One Case.

There were no public comments on the Closed Session items.

Mayor Radecki recessed the meeting into Closed Session at 9:45 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the meeting at 10:55 a.m. All members of the City Council were present. City Attorney Casso reported out of Closed Session.

With regard to Closed Session item A, Case One, with a 5-0 vote, the City Council provided direction to the City Manager and City Attorney, and took no reportable action.

With regard to Closed Session item A, Case Two, with a 5-0 vote, the City Council provided direction to the City Manager and City Attorney, and took no reportable action.

With regard to Closed Session item B, with a 5-0 vote, the City Council provided direction to the City Manager and City Attorney, and took no reportable action.

ADJOURNMENT

There being no further business, the City Council adjourned at 10:56 a.m.

CITY COUNCIL REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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MARK D. RADECKI
MAYOR

CECELIA DUNLAP
DEPUTY CITY CLERK

CITY COUNCIL REGULAR AND SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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PAGE 1

CALL TO ORDER

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

FLAG SALUTE

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

ROLL CALL

PRESENT: Mark D. Radecki, Mayor
Cory C. Moss, Mayor Pro Tem
Roy Haber, Council Member
Newell W. Ruggles, Council Member

STAFF PRESENT: Paul J. Philips, City Manager; James M. Casso, City Attorney; Cecelia Dunlap, Deputy City Clerk; John Ballas, City Engineer; and Brian James, Planning Director.

PUBLIC COMMENTS

Mr. Ben Wong, Southern California Edison informed the City Council of upcoming changes within their organization and complimented Public Works Director Ballas on their positive working relationship.

INTERVIEW OF APPLICANT TO FILL THE VACATED CITY COUNCIL SEAT, AND CONSIDERATION OF APPOINTMENT TO FILL THE UNEXPIRED TERM

Mayor Radecki indicated there was one applicant for the vacated City Council seat and called upon Mr. Abraham Cruz. Mr. Cruz approached the podium, read his consideration letter to the City Council, and responded to questions.

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY COUNCIL MEMBER RUGGLES TO APPOINT ABRAHAM CRUZ TO FILL THE UNEXPIRED TERM ON THE CITY COUNCIL. MOTION 4-0.

Deputy City Clerk Dunlap administered the Oath of Office to Mr. Abraham Cruz.

CITY COUNCIL REGULAR AND SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
SEPTEMBER 24, 2015
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Mr. Cruz received his Oath of Office, and took his seat as Member of the City Council.

CONSENT CALENDAR

Mayor Pro Tem Moss recused herself from check number 62641 for item 1 (Register of Demands) because she had a potential or actual financial conflict of interest in that she is employed by CNC Engineering.

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY COUNCIL MEMBER RUGGLES THAT THE RECOMMENDATIONS BE ACCEPTED FOR THE REMAINING ITEMS LISTED ON THE CONSENT CALENDAR. MOTION CARRIED 5-0, WITH MAYOR PRO TEM MOSS RECUSING FROM CHECK NUMBER 62641 ON ITEM 1 (REGISTER OF DEMANDS)

1. CONSIDERATION OF REGISTER OF DEMANDS

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

2. CONSIDERATION OF THE MINUTES OF THE JUNE 11, 2015 REGULAR MEETING

APPROVED AS SUBMITTED.

3. CONSIDERATION OF THE MINUTES OF THE JUNE 22, 2015 SPECIAL MEETING

APPROVED AS SUBMITTED.

4. CONSIDERATION OF AN AGREEMENT BETWEEN THE CITY OF INDUSTRY AND KEVIN RADECKI FOR EMPLOYMENT FROM JULY 1, 2015 THROUGH JUNE 30, 2016

APPROVED THE AGREEMENT.

5. CONSIDERATION OF A PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF INDUSTRY AND THE PUN GROUP, LLP, TO PROVIDE AUDITING SERVICES FOR FISCAL YEAR 2015-2016

CITY COUNCIL REGULAR AND SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
SEPTEMBER 24, 2015
PAGE 3

APPROVED THE AGREEMENT.

CONSIDERATION OF MAYOR'S APPOINTMENTS OF A VOTING DELEGATE AND AN ALTERNATE VOTING DELEGATE TO THE FOOTHILL TRANSIT JOINT POWERS AUTHORITY GOVERNING BOARD

MOTION BY COUNCIL MEMBER RUGGLES, AND SECOND BY COUNCIL MEMBER HABER TO APPOINT MAYOR PRO TEM MOSS AS VOTING DELEGATE AND COUNCIL MEMBER CRUZ AS ALTERNATE VOTING DELEGATE TO THE FOOTHILL TRANSIT JOINT POWERS AUTHORITY GOVERNING BOARD. MOTION 5-0.

CONSIDERATION OF COOPERATIVE AGREEMENT NO. 07-5033 WITH THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF THE GRAND AVENUE OFF-RAMP

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER HABER TO APPROVE THE AGREEMENT. MOTION 5-0.

CONSIDERATION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF INDUSTRY AND THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY FOR THE EXPENDITURE OF CITY GRANT FUNDS ON THE GRAND AVENUE OFF-RAMP PROJECT

MOTION BY COUNCIL MEMBER RUGGLES, AND SECOND BY MAYOR PRO TEM MOSS TO APPROVE THE MEMORANDUM OF UNDERSTANDING. MOTION 5-0.

CONSIDERATION OF MINOR LOT LINE ADJUSTMENT APPLICATION NO. 78 SUBMITTED BY THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY TO ADJUST THE BOUNDARIES OF TWO EXISTING PARCELS TO MEET THE DEVELOPMENT STANDARDS OF THE CITY FOR THE NORTHEAST CORNER OF PARRIOTT PLACE WEST AND DON JULIAN ROAD

City Engineer Ballas provided a staff report to the City Council.

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY MAYOR PRO TEM MOSS TO APPROVE MINOR LOT LINE ADJUSTMENT NO. 78. MOTION CARRIED 5-0.

CITY COUNCIL REGULAR AND SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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**CONSIDERATION OF MINOR LOT LINE ADJUSTMENT APPLICATION NO. 79
SUBMITTED BY THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY TO ADJUST THE BOUNDARIES OF FOUR EXISTING
PARCELS TO MATCH THE PROPOSED SITE PLAN FOR THE SOUTHEAST
CORNER OF AZUSA AVENUE AND CHESTNUT STREET**

City Engineer Ballas provided a staff report to the City Council.

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES TO APPROVE MINOR LOT LINE ADJUSTMENT NO. 79. MOTION CARRIED 5-0.

**CONSIDERATION OF MINOR LOT LINE ADJUSTMENT APPLICATION NO. 80
SUBMITTED BY THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY TO ADJUST THE BOUNDARIES OF TWO EXISTING
PARCELS TO MATCH THE PROPOSED SITE PLAN FOR THE SOUTHEAST
CORNER OF AZUSA AVENUE AND CHESTNUT STREET**

City Engineer Ballas provided a staff report to the City Council.

MOTION BY COUNCIL MEMBER HABER, AND SECOND BY COUNCIL MEMBER CRUZ TO APPROVE MINOR LOT LINE ADJUSTMENT NO. 80. MOTION CARRIED 5-0.

**DISCUSSION REGARDING THE POSSIBILITY OF RECEIVING ADDITIONAL
REVENUE TO FUND PROJECTS THAT MAY HAVE A POSTIVE IMPACT ON THE
COMMUNITY**

City Manager Philips presented a staff report to the City Council.

Council Member Ruggles stated his interest in housing development within the City and would like to see additional locations from what had already been proposed. Mayor Radecki indicated the top priority should be focused on open space restoration and preservation.

CITY COUNCIL COMMITTEE REPORTS

There were none.

AB1234 REPORTS

CITY COUNCIL REGULAR AND SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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There were none.

CITY COUNCIL COMMUNICATIONS

There were none.

CLOSED SESSION

City Attorney Casso announced there was a need for Closed Session under the Regular Meeting as follows:

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

Property: APN Numbers: 8701-0210271, 8701-022-270 & 273,
1000-011-019, 020, 021 & 022, 1000-021-013 & 014,
1000-031-014 & 015

City Negotiators: City Manager and City Attorney

Negotiating Party: Successor Agency to the Industry Urban-
Development Agency

Under Negotiation: Price and Terms

City Attorney Casso announced there was a need for Closed Session under the Special Meeting as follows:

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

There were no public comments on the Closed Session items.

Mayor Radecki recessed the Regular and Special Meetings into Closed Session at 9:16 a.m.

RECONVENE CITY COUNCIL MEETING

Mayor Radecki reconvened the Regular and Special Meetings at 10:40 a.m. All members of the City Council were present. City Attorney Casso reported out of closed session.

CITY COUNCIL REGULAR AND SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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With regard to the Regular Meeting Closed Session item A, with a 5-0 vote, the City Council provided direction to the City Attorney, and took no reportable action.

With regard to the Special Meeting Closed Session item A, with a 5-0 vote, the City Council provided direction to the City Attorney, and took no reportable action.

ADJOURNMENT

There being no further business, the City Council adjourned at 10:41 a.m.

MARK D. RADECKI
MAYOR

CECELIA DUNLAP
DEPUTY CITY CLERK

CITY COUNCIL

ITEM NO. 5.4



CITY OF INDUSTRY

Incorporated June 18, 1957

MEMORANDUM

To: Honorable Mayor Radecki and Members of the City Council

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

Staff: Alex Gonzalez, Director of Development Services and Administration
Clem Calvillo, City Engineer, CNC Engineering
Josh Nelson, Deputy City Engineer, CNC Engineering

Date: February 23, 2016

SUBJECT: Consideration of Resolution CC 2016-14 Confirming the Continued Existence of an Emergency Condition for Follows Camp Facilities Maintenance and Repair Project Pursuant to California Public Contract Code Section 22050 and Section 3.52.110 of the City's Municipal Code

The City retains title to 84.37 acres of land commonly known as "Follows Camp" at 23100 and 23400 E. East Fork Road in Azusa ("Property"). The Property is situated in the San Gabriel Mountains, adjacent to the boundaries of the San Gabriel Mountains National Monument above the cities of Azusa and Glendora. The Property currently contains two crossing points over the East Fork of the San Gabriel River, a small bridge commonly known as the "Railroad Car Bridge" and an Arizona Crossing. During storm events, the waterway is a dynamic system which moves large quantities of debris which includes large cobbles, sand, and trees within the riverbed limits. As a result of storm events that have accumulated debris in the riverbed, the Railroad Car Bridge maintains less than one foot of freeboard on its northern end, and the Arizona Crossing is impassable due to downed trees and debris.

Based on the predicted severity of winter El Niño driven storm events, it has been determined that emergency repair activities are necessary to ensure: 1) the structural integrity of the Railroad Car Bridge, 2) the structural integrity of the Arizona Crossing, and 3) the structural integrity of the East Fork Road. It is critical to maintain the integrity of these assets to: maintain access to Southern California Edison powerlines on the Follows Camp property ridgeline that serve Camp Williams and National Forest Service properties, and ensure the structural integrity of the East Fork Road, which is a critical link within the National Monument and the only road that parallels the East Fork of the San Gabriel River.

On November 25, 2015 the City Council adopted Resolution 2015-42 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain

work without competitive bidding to safeguard life, health, or property and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions.

On November 27, 2015, the City received Notice to Proceed from the U.S. Army Corps of Engineers under Region General Permit (RGP) No. 63 for Repair and Protection Activities in Emergency Situations.

On December 10, 2015 the City Council adopted Resolution 2015-45 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions.

Pre-construction site preparation commenced on December 14, 2015. Work commenced and was completed on the Arizona Crossing December 21, 2015. Work on the Railroad Car Bridge occurred on December 23, 2015 and December 29, 2015; with completion of the Railroad Car Bridge activities on December 29, 2015.

On December 29, 2015 Sage Environmental Group notified the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service that work on the Railroad Car Bridge and the Arizona Crossing were completed without any direct contact to open waters and no contact with endangered species.

On January 13, 2016 City staff and CNC Engineering staff met with Forest Service staff at the property to discuss resolution of permitting issues and coordination with Los Angeles County Building and Safety, Los Angeles County Planning, and Los Angeles County Public Works to complete the temporary stabilization work on the East Fork Road and receive guidance from Forest Service staff on the process for long term improvements.

On January 14, 2016 the City Council adopted Resolution 2016-03 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions.

On January 27, 2016 City staff and CNC Engineering staff met with Los Angeles County Geotechnical and Materials Engineering staff at the property to discuss the possible risk to the East Fork Road based on the guidance received from Forest Service staff. City staff submitted additional materials for review and requested a determination from Los Angeles County Geotechnical staff as to whether: a) an emergency repair is necessary, b) a temporary protective solution is adequate, or c) the area should be monitored before any repairs or protective solutions are considered.

On January 28, 2016 the City Council adopted Resolution 2016-08 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and

necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions.

On February 8, 2016, the Principal Engineer from the Los Angeles County Department of Public Works, Geotechnical and Materials Engineering Division, notified the City in writing that the current condition of the East Fork Road does not merit an emergency condition. However, the City was directed to maintain and monitor the slope for erosion control on a monthly basis and after every storm event.

On February 11, 2016 the City Council adopted Resolution 2016-12 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions.

Based on the direction from LA County Public Works to maintain and monitor the slope below the East Fork Road during storm events, City staff is recommending the continuation of this emergency declaration for the next 45 days, at a minimum, to ensure that the City is capable of responding in a timely fashion to any damage that may occur due to El Nino rain events.

It is expected that the process to complete preliminary studies, engineering, environmental review, and permitting for future improvements at the Follows Camp site will last between four to five years. If the emergency declaration is lifted, work will continue to secure the site and perform minor maintenance work as allowed under existing permit processes and regulatory restrictions. However, any major improvements in the future are subject to the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). The City has contracted with Cordoba Corporation to study the future use of the property, and any future plans are subject to City Council approval.

The City has adopted the Uniform Public Construction Cost Accounting Act ("Act"), and under the provisions of the Act (California Public Contract Code Section 22035(b)), and Section 3.52.110 of the City's Code, in the event of an emergency, upon a four-fifths vote by the City Council, the City may procure any necessary equipment, services and supplies for the emergency without engaging in the competitive bidding process. In accordance with the provisions of Section 22050(a)(2) of the Public Contract Code, it is necessary for the City Council to make a finding that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency.

Under the provisions of Section 22050 of the Public Contract Code, upon adoption of an emergency action, the City Council must review the emergency action at every regularly scheduled meeting until the action is terminated, to determine, whether by a four-fifths vote, there is a need for continued action. The City Council's adoption of Resolution CC 2016-14 would make the findings needed pursuant to the California Public Contract Code

Section 22050 to continue the declared emergency action to allow the City Manager to immediately retain the services necessary to complete the work.

Pursuant to California Public Contracts Code Section 22050, the City Council will be provided project updates at every regularly scheduled Council meeting until the project is completed.

Exhibits

A: Resolution No. CC 2016-14

EXHIBIT A

Resolution No. CC 2016-14

[Attached]

RESOLUTION NO. CC 2016-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, CONFIRMING THE CONTINUED EXISTENCE OF AN EMERGENCY CONDITION AT THE FOLLOWS CAMP PROPERTY AND DECLARING THAT THE PUBLIC INTEREST AND NECESSITY REQUIRE CERTAIN WORK TO BE PERFORMED WITHOUT COMPETITIVE BIDDING PURSUANT TO CALIFORNIA PUBLIC CONTRACT CODE SECTION 22050 AND SECTION 3.52.110 OF THE CITY'S MUNICIPAL CODE

RECITALS

WHEREAS, the City owns 84.37 acres of land commonly known as "Follows Camp" located at 23100 and 23400 E. East Fork Road in Azusa ("Property"); and

WHEREAS, the Property currently has two crossing points over the East Fork of the San Gabriel River, a small bridge commonly known as the "Railroad Car Bridge" and an Arizona Crossing. During storm events, the waterway is a dynamic system which moves large quantities of debris which includes large cobbles, sand, and trees within the riverbed limits. Due to storm events that have accumulated debris in the riverbed, the Railroad Car Bridge maintains less than one foot of freeboard on its northern end, and the Arizona Crossing is impassable due to downed trees and debris; and

WHEREAS, given the predicted severity of winter El Niño driven storm events, it has been determined that emergency repair activities are necessary to ensure the structural integrity of the Railroad Car Bridge; the structural integrity of the Arizona Crossing; and the structural integrity of the East Fork Road; and

WHEREAS, the City has adopted the Uniform Public Construction Cost Accounting Act ("Act"), and under the provisions of the Act (California Public Contract Code Section 22035(b)), and Section 3.52.110 of the City's Municipal Code, in the event of an emergency, upon a four-fifths vote by the City Council, the City may procure any necessary equipment, services and supplies for the emergency without engaging in the competitive bidding process; and

WHEREAS, on November 25, 2015 the City Council adopted Resolution 2015-42 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property, and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions; and

WHEREAS, on December 10, 2015 the City Council adopted Resolution 2015-45 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property, and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions; and

WHEREAS, on January 14, 2016 the City Council adopted Resolution 2016-03 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property, and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions; and

WHEREAS, on January 28, 2016 the City Council adopted Resolution 2016-08 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property, and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions; and

WHEREAS, on February 11, 2016 the City Council adopted Resolution 2016-12 for the Follows Camp Facilities Maintenance and Repairs Project, declaring that the public interest and necessity demand the immediate expenditure of public money and completion of certain work without competitive bidding to safeguard life, health, or property, and authorizing the City Manager to execute all necessary contracts and documents with qualified contractors to respond to the emergency conditions; and

WHEREAS, the City has applied for, and received, a permit from the U.S. Army Corps of Engineers to perform emergency maintenance and repair activities; and

WHEREAS, pursuant to Section 22050 of the Public Contract Code, upon adoption of an emergency action, the City Council must review the emergency action at every regularly scheduled meeting until the action is terminated, to determine, whether by a four-fifths vote, there is a need for continued action; and

WHEREAS, there is a need for continued emergency action at the Property to ensure the structural integrity of the Railroad Car Bridge; the structural integrity of the Arizona Crossing; and the structural integrity of the East Fork Road.

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

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

SECTION 2: The City Council hereby finds and determines that due to the prediction of increased winter storm activity as a result of El Niño conditions, continued, immediate attention must be taken to ensure the viability of the river crossings over the East Fork of the San Gabriel River at Follows Camp to ensure access to the area's electrical distribution lines. Moreover, continued, immediate attention must be taken to protect the East Fork Road adjacent to Follows Camp, as it provides a critical link in the area to Camp Williams and National Forest Service properties just east of Follows Camp. The U.S. Army Corps of Engineers also determined that emergency conditions are currently present at the Property and approved the City's request to complete the necessary steps to rectify the emergency situation.

SECTION 3: Based on the foregoing, pursuant to California Public Contract Code Section and 22050 and Section 3.52.110 of the City's Municipal Code, the City Council hereby finds that an emergency situation continues to exist and declares that the public interest and necessity demand the immediate expenditure of public money for such repair work to safeguard life, health, and property without complying with the competitive bidding requirements of the California Public Contract Code. The emergency will not permit a delay resulting from a competitive solicitation for bids, and the action is necessary to respond to the emergency. The City Council hereby continues to waive competitive bidding under Public Contract Code 22050, and Section 3.52.110 of the City's Municipal Code.

SECTION 4: The City Council hereby authorizes the City Manager to execute all necessary contracts and documents with a qualified contractor(s) or vendor(s), for the Follows Camp emergency repair project.

SECTION 5: The City Council shall review the emergency action at every regularly scheduled meeting until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action.

SECTION 7: The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 8: That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Industry at a meeting held on February 23, 2016 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

CITY COUNCIL

ITEM NO. 5.5



MEMORANDUM

To: Honorable Mayor Radecki and Members of the City Council

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

Staff: Alex Gonzalez, Director of Development Services and Administration

Date: February 23, 2016

SUBJECT: Approve Agreement with Michael Baker International for Planning Services

As a part of the City's reorganization to create a Development Services Department with a contracted City Planner position to support in-house staff; the City's Administrative staff researched and interviewed several firms which could provide professional, technical planning support services and assist in the evaluation and reorganization of the City's planning functions.

City staff is recommending that Michael Baker International be retained to support and assist in the implementation of planning best practices. Michael Baker International was founded in 1940 and provides a comprehensive range of services to municipal clients with over 5,000 employees in 90 offices. Michael Baker International has provided planning support staffing to more than 100 municipalities, including local municipalities such as Chino Hills, Rancho Cucamonga, and West Hollywood. Initially, Michael Baker International will perform a full evaluation and work plan for the City's planning systems. Over time, Michael Baker will scale back its efforts to match the City's needs in a manner that is appropriate based on the number of development proposals submitted.

Exhibits

A: Professional Services Agreement with Michael Baker International

EXHIBIT A

Professional Services Agreement with Michael Baker International

[Attached]

CITY OF INDUSTRY

PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement"), is made and effective as of February 23, 2016 ("Effective Date"), between the City of Industry, a municipal corporation ("City") and Michael Baker International, Inc., a Pennsylvania corporation ("Consultant"). The City and Consultant are hereinafter collectively referred to as the "Parties".

RECITALS

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

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

1. TERM

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than February 23, 2017, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

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

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

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

(d) Consultant shall comply with all applicable federal, state, and local laws, regulations and ordinances in the performance of this Agreement, including but not limited to, the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*). During the term of this

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

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

3. MANAGEMENT

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

4. PAYMENT

(a) The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B ("Rate Schedule"), attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed Two Hundred Thousand dollars (\$200,000) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

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

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

5. SUSPENSION OR TERMINATION OF AGREEMENT

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

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

6. OWNERSHIP OF DOCUMENTS

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

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

right, title, and interest, including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by Consultant in the course of providing the services under this Agreement. All reports, documents, or other written material developed by Consultant in the performance of the Services pursuant to this Agreement, shall be and remain the property of the City. Any reuse by City of any such materials on any project other than the project which is the subject of this Agreement without Consultant's prior written consent shall be at the sole risk of City and City agrees to indemnify and hold harmless Consultant from all costs, losses, and expenses, including legal fees, incurred as a result of any such use by City.

(c) City acknowledges that as part of performing the Services, Consultant personnel may utilize, develop and/or modify proprietary software, methodologies compositions, publications, plans, designs, specifications, blueprints, maps, formulas, processes, photographs, slides, video tapes, computer programs, computer disks, computer tapes, memory chips, soundtracks, audio recordings, films, audio-visual presentations, exhibits, reports, studies, works of art, inventions, patents, trademarks, copyrights, or intellectual properties which have been originated or developed by the personnel of Consultant or its affiliates or by third parties under contract to Consultant to develop same, or which has been purchased by, or licensed to, Consultant (collectively, "Consultant Proprietary Intellectual Property"). City agrees that Consultant Proprietary Intellectual Property is the sole property of Consultant (or its licensor) and that Consultant (or its licensor) will at all times retain sole and exclusive title to and ownership thereof. Notwithstanding the foregoing, all work product shall be the property of the City, and shall be transferred to the City upon termination of this Agreement, or as soon as requested by the City.

City agrees that any additions, enhancements, improvements or other modifications to Consultant Proprietary Intellectual Property developed, acquired or first conceived or reduced to practice by Consultant personnel or any third party on behalf of Consultant, whether in conjunction with performing the services or work under this Agreement or otherwise ("Consultant Enhancements") shall be the sole property of, and ownership shall vest in Consultant (or its licensor). City agrees to take all reasonably necessary actions to assure the conveyance of all rights, title and interest in, to and under any Consultant Enhancements, including copyright, to Consultant (or its licensor). The cost of conveying such rights shall be at Consultant's expense. Notwithstanding the foregoing, all work product shall be the property of the City, and shall be transferred to the City upon termination of this Agreement, or as soon as requested by the City.

Consultant grants to City a non-exclusive, royalty-free, perpetual license to use the Consultant Proprietary Intellectual Property and the Consultant Enhancements to the extent necessary to allow the City to use any the records and information produced, or generated as part of the services performed under this Agreement.

7. INDEMNIFICATION

(a) Indemnity for professional liability

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

(b) Indemnity for other than professional liability

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

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

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

8. INSURANCE

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

9. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to the City a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultants exclusive

direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against the City, or bind the City in any manner.

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

(c) City agrees that it shall not, during the term of this Agreement, nor for a period of one year after termination, solicit for employment, hire or retain, whether as an employee or independent contractor, any person working under this Agreement, who is or has been employed by Consultant.

10. LEGAL RESPONSIBILITIES

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

11. UNDUE INFLUENCE

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

12. NO BENEFIT TO ARISE TO LOCAL OFFICERS AND EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

13. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City, which shall not be unreasonably withheld or delayed, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City, unless otherwise required by law or court order. (b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under, unless Consultant is prohibited by law from informing the City of such Discovery, court order or subpoena. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless City is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Consultant in such proceeding, Consultant agrees to cooperate fully with the City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

14. NOTICES

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

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

With a Copy To: James M. Casso, City Attorney
P.O. Box 4131
West Covina, CA 91791

To Consultant: Michael Baker International, Inc.
14725 Alton Parkway
Irvine, CA 92618
Attention: Michael Tylman, Office Executive

15. ASSIGNMENT

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

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

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

16. GOVERNING LAW/ATTORNEYS' FEES

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

17. ENTIRE AGREEMENT

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

18. SEVERABILITY

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

19. COUNTERPARTS

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

20. CAPTIONS

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

21. WAIVER

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

22. REMEDIES

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

23. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

24. FORCE MAJUERE

In no event shall either City or Consultant have any claim or right against the other for any failure of performance where such failure of performance is caused by or is the result of causes beyond the reasonable control of the other party due to any occurrence commonly known as a "force majeure," including, but not limited to: acts of God; fire, flood, or other natural catastrophe; acts of any governmental body; labor dispute or shortage; national emergency; insurrection; riot; or war.

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

"CITY"
City of Industry

"CONSULTANT"
Michael Baker International, Inc.

By: _____
Paul Philips, City Manager

By _____
Michael A. Tylman, Office Executive

Attest:

By: _____
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: _____
James M. Casso, City Attorney

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

EXHIBIT A

SCOPE OF SERVICES

- Processing administrative and discretionary land use entitlement applications
- Supporting the Planning Commission
- Overseeing the preparation of Planning Commission agendas
- Preparing and presenting Planning Commission and City Council staff reports
- Providing support for the City's various Authorities
- Preparing public notices, as required
- Providing assistance at the Planning Department's public counter, as needed
- Directing and training administrative support staff in performing various municipal planning functions
- Preparing CEQA documentation for projects, as applicable
- Coordinating any advance planning work being performed by other planning consultants
- Representing the City at meetings of regional planning agencies, such as SCAG and the San Gabriel Valley Council of Governments, as necessary
- Preparing ordinances and otherwise maintaining and updating the Municipal Code, as necessary
- Performing other related duties, as assigned by City staff

EXHIBIT B

RATE SCHEDULE

Senior Planner: \$120 / hour

Associate Planner: \$100 / hour

EXHIBIT C

INSURANCE REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notice of cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for

nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

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

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

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

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

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

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

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

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

CITY COUNCIL

ITEM NO. 6.1



CITY OF INDUSTRY

Incorporated June 18, 1957

MEMORANDUM

To: Honorable Mayor and Members of the City Council

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

Staff: Clement N. Calvillo, CNC Engineering *CNC*
Joshua Nelson, CNC Engineering *JN*
Sean Calvillo, CNC Engineering *SC*

Date: February 17, 2016

SUBJECT: Arenth Avenue Reconstruction from Anaheim-Puente Road to Nogales Street (MP 14-12)

For the Arenth Avenue Reconstruction, project we need to determine the depth of the utilities that exist within the street from Anaheim-Puente Road to Nogales Street. Because the project entails a full reconstruction, the depth of the new pavement section has the potential to interfere with the existing utilities in the street. In total, there will be 65 locations to pothole that pose potential issues.

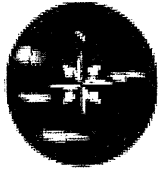
We contacted four contractors for price quotes and received three quotes. The following is a list of those three contractors and their respective quotes for the determination of the horizontal and vertical positions of existing underground utilities in 65 locations along Arenth Avenue from Anaheim-Puente Road to Nogales Street:

<u>Contractor</u>	<u>Quote</u>
1. SAF-r-DIG Utility Surveys, Inc.	\$43,225.00
2. Kana Subsurface Engineering	\$43,400.00
3. Cardno, Inc	\$60,345.00

As noted above, SAF-r-DIG Utility Surveys, Inc. submitted the lowest quote of all three. Their proposal includes all the necessary items of work required for this effort.

It is our recommendation to approve the Service Request with SAF-r-DIG Utility Surveys, Inc., in the amount of \$43,225.00 for the potholing of Arenth Avenue. Please approve the Service Request and forward to Christina Brown for further processing.

PJP/CC/JN/SC:af



www.safrdig.com
License: 712492 - CA

SAF-r-DIGSM Utility Surveys, Inc.

"Positive I.D. Potholing", three dimensional information, utilizing Non-destructive soil extraction technology, performed with surgical skill!

We designate, locate and verify actual depths of underground utilities.

Proposal/Contract

Issue Date: 2/8/2016

Client Ref:

Our TaskID: 201602005

Client ID: CITY03

Attn: Sean Calvillo

City of Industry
c/o CNC Engineering
15625 Safford St.

City of Industry CA 91744

Ph: (626) 333-0336 Fax: (626) 336-7076

Billing Address:

City of Industry

Project Name: City of Industry Arenth Ave

SAF-r-DIG Utility Surveys, Inc. (hereinafter referred to as SAF-r-DIG), shall provide scope of services as requested by: City of Industry (hereinafter referred to as Client). Services will be conducted in accordance with Attachment A, SAF-r-DIG's standard Scope, Terms and Conditions, unless otherwise expressly noted, in writing, prior to the execution of this contract.

SCOPE Provide Subsurface Utility Services to determine the horizontal and vertical positions of existing underground utilities in 65 locations along Arenth Ave in the City of Industry. Note: **SERVICES:** Please review and initial attached two pages of Scope, Terms and Conditions and return along with signed contract and notice to proceed.

COMPENSATION: SAF-r-DIG agrees to perform the above Scope of Services for consideration of:

Task Total: \$43,225.00

Prevailing Wage. Estimated based on 65 locations to include permit acquisitions and moderate traffic control.

ADDITIONAL COST EXCEPTIONS / INCLUSIONS as noted and Provided By:	* City/County/DOT encroachment permits.....	INCLUDED
	* Special 'Inspection' Bonding by City/County/DOT.....	N/A
	* Pre-marking utility survey area; as required by state law.....	INCLUDED
	* Notification of One-Call Service, (USA, DigAlert, Blue Stake).....	INCLUDED
	* Special Traffic Control, plans, barricading and signs.....	INCLUDED
	* Daily mobilization and demobilization.....	INCLUDED
	* Daily Per-Diem (2man crew) if necessary.....	N/A

SCHEDULE: SAF-r-DIG shall commence work upon receipt of this executed contract with services estimated to start on: _____ and be completed by: _____

This proposal and its provisions will expire after: **6/30/2016**

APPROVALS:

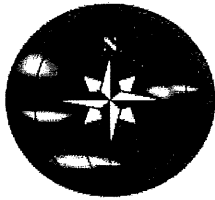
For SAF-r-DIG:

Printed: Nina S. Marcinek
Title: President/Chair
Date: 2/8/2016

For Client:

Printed: _____
Title: _____
Date: _____

...To engage our services, please sign above and return copy with original signature to address below



Attachment A (Page 1 of 2) all two pages must include Client Initials with Proposal

GENERAL:

1.0 **CLIENT SHALL** include or provide the following:

- 1.1 Coordinate activity with owner, or agency, reveal name of owner and purpose for desired data.
- 1.2 Full sized, scaled site and profile drawings not greater than 50':1", hardcopy and/or electronic file.
- 1.3 Soils reports for the required inspection holes (if available).
- 1.4 Arrange for access in restricted areas to the site for **SAF-r-DIG's** personnel and equipment.
- 1.5 Indicate client's Risk Manager; and, "on-site decision / reporting person" along with phone number (preferably a person from the design department).
- 1.6 Preliminary Lien information, such as owners name and address.
- 1.7 Provide an address and phone number and, if applicable, a contract person in your Accounting Department.
- 1.8 Indicate your Project Manager's Name, Phone and Cell Phone number(s), plus Field Contact Person and their Phone and Cell Phone number(s).

2.0 **SAF-r-DIG's** normal Scope of Work **SHALL** include or provide the following:

- 2.1 All special equipment, skilled personnel, **certified DOT safety-sensitive (random tested) trained technicians**, and the supplies necessary, or, required to perform designation and utility location services utilizing air/vacuum, **dust-controlled, soil extraction methods**.
- 2.2 **ASSIST** in securing all necessary plans, plats, records, and other available data as provided by utility owners.
- 2.3 Furnish Client, concurrent with execution of contract, **Certificate(s) of Insurance** on standard ACORD forms. The insurance shall satisfy the requirements of local jurisdiction authority.
 - 2.3.1 **Additional "insured-parties"** sometimes have special conditions that may require additional premium, thus requiring a Change Order.
- 2.4 **ASSIST** in obtaining all necessary **permits** from city, county, and/or other jurisdictions to allow **SAF-r-DIG** to work in existing streets, roads, and rights-of-way for purpose of designating, marking, measuring, soil extracting and recording the vertical elevations of existing subsurface utilities. (An encroachment permit may be required).
- 2.5 Comply with **CGA, ASEC standards** and all applicable subsurface **utility damage-prevention laws**; including pre-marking prospective site areas and by requesting required utility notification service, i.e., prior to soils extraction services.
- 2.6 **Start task seventy-two (72) hours** after receipt of permitting and coordination with city, appropriate agent, utility owner and county inspectors relating to notification and inspection regulations.
- 2.7 Provide all necessary **traffic control** for streets with speed limits **less than 35 MPH**, including labor, and equipment, according to the CA MUTCD standards. High traffic density locations or **over 25 MPH** will require licensed traffic control, traffic control plans and barricading.
- 2.8 **Comply with all jurisdictional regulations** pertaining to the movement of traffic; i.e., services restricting traffic may not be permitted at signalized intersections; or, on major, or, collector streets, during the peak traffic hours. Delays may be subject to stand-by time.
- 2.9 **Permit Conditions**, current daily labor law (8-hr.-day) and traffic conditions, could restrict work crew to a 6-hr. work-day **at the work site**.
- 2.10 **Neatly cut** and remove existing pavement; (normally does not exceed **12" diameter**).

- 2.11 **Adverse pavement or soil conditions** may be encountered. If so, a Change Order may apply.
 - 2.12 Extract soils to **expose any existing utilities**, in such a manner to ensure the **safety** and **integrity** of the utility.
 - 2.13 In **Client-requested data format**, observe and record the following minimal **Field Data** information for each utility located:
 - 2.13.1 **Pavement thickness** and description of pavement surface and base.
 - 2.13.2 **Diameter / Width of utility, top** and, if requested, **bottom** depths, and **configuration of systems**.
 - 2.13.3 Elevations **ACCURATELY** measured to 1/10th foot from original ground and/or pavement surface to utility.
 - 2.13.4 **Utility structure material** composition, when reasonably ascertainable.
 - 2.14 Furnish and install "PK" nails, "hubs", stakes, high-visibility "whiskers", or, markings, directly above the centerline of the utility structure (pipe and/or duct). (**Swing-tie referencing**, for surveyors, may also be requested).
 - 2.15 **GUARANTEE restoration** of pavement within limits of the original cut for **3 years**. When inspection holes are in areas other than roadway pavement, the disturbed areas shall be restored, as nearly as reasonably possible, to the condition existing prior to the air/vacuum soil extraction process. Pneumatically tamp to, or **exceed, compaction requirements** of existing standards and supplements; to the extent they apply to excavations. Backfill materials will comply with utility owner specifications.
 - 2.16 Leave the task site in a **clean and safe condition**, as it existed prior to starting services.
 - 2.17 Maintain **compliance with all federal and state mandated programs** with written policy statements and current program status to **protect CLIENT** from any "PASS-THRU" claims or liability.
 - 2.18 Agrees that **no charge or claim for damages** shall be made for delays or hindrances beyond the control of CLIENT during the progress of any portion of the services specified in this agreement.
 - 2.19 **GUARANTEE completeness and accuracy of services** and all supporting data required under obligation for this project, and, at its expense, correct all errors or omissions therein which may be disclosed.
 - 2.20 **Requests for payment will include a detailed invoice and Certified Report(s) of ALL services. All invoiced amounts are due and payable within 30 days.**
- 3.0 **SAF-r-DIG SHALL NOT provide, or be liable, for the following:**
- 3.1 Removal or treatment of **hazardous materials** encountered on or at the task site.
 - 3.2 Field conditions significantly different than those represented by CLIENT; e.g., soil conditions, "as-builts" plans, concrete-slurry encased cables, or tentative drawings may subject estimated costs to re-negotiation.
 - 3.3 Locating **non-detectable utilities such as ACP (asbestos cement pipe), concrete, PVC, PE** and fiber optic cables that are not accessible for signal induction.
 - 3.4 **"PASS-THRU" Expenses**. Additionally, when **prepaid by SAF-r-DIG** CLIENT is subject to a 15% add-on fee for those expenses. Such items may include but are not limited to; permitting, special traffic control plans & barricading, special drawings, concrete coring and hazardous materials handling.

CITY COUNCIL

ITEM NO. 6.2



CITY OF INDUSTRY

Incorporated June 18, 1957

MEMORANDUM

To: Honorable Mayor and Members of the City Council

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

Staff: Clement N. Calvillo, CNC Engineering *CNC*
Joshua Nelson, CNC Engineering *JN*
Lissette Calleros, Avant- Garde Inc. *LC*

Date: February 17, 2016

SUBJECT: Approve the Tiger Grant Agreement with the U.S. Department of Transportation for the SR-57/60 Confluence Project (MP 99-31 #22)

In connection with the SR57/60 Confluence at Grand Avenue, it is necessary for the City of Industry to execute a Grant Agreement with the U.S. Department of Transportation (DOT) for the use of City acquired grant funds. The agreement specifies the terms, project funding, scope of work, project schedule, reporting requirements and expenditure guidelines.

The City secured \$10 million in TIGER Discretionary grant funds from the "2014 TIGER Discretionary Grants" program administered by the Federal Highway Administration (FHWA) for a 28% share in project costs related to the construction and construction support services. The remaining 72% share is to be funded with Los Angeles County Metropolitan Transportation Authority (METRO) Local Prop C sales tax funds and Federal Regional Surface Transportation Program funds, and local funds in the form of bond proceeds from the Successor Agency to the Industry Urban-Development Agency. The total project costs are estimated at \$36,639,590. Below is a breakdown of the project funding:

PROJECT FUNDING:

TIGER Grant Funds	\$10,000,000	
Metro Grant Funds	\$4,500,000	
Metro Grant Funds	\$9,447,781	
Local Funds	\$12,691,809	Successor Agency to the Industry Urban- Development Agency*
Total	\$36,639,590	

*It should be noted that the City Council previously approved MOU's for both the on and off ramp projects outlining the arrangement for processing of payments relative to the cooperative agreements with Caltrans and use of Successor Agency funds.

In general, the project proposes two phases. Phase I includes construction of an on-ramp from SB Grand Avenue to WB SR-60, extension of the on-ramp lane as an auxiliary lane to SB SR-57 add lane, reconfiguration of the lanes at the WB SR-60 intersections on Grand Avenue and removal of the raised median to add a left turn lane to EB SR-60. Phase II includes extension of a SB SR-57 lane to the Grand off-ramp, reconstruction of the WB loop on-ramp and off-ramp to Grand Avenue, and reconstruction of the WB SR-60 Grand Avenue intersection. After extensive coordination with FHWA, TIGER funds will not be used in Phase I. However, the City will be required to conduct the reporting as required by FHWA in the grant agreement. It was requested that FHWA allow the City to move forward with Phase I separate from Phase II, due to the progression of the project schedules.

Below for reference are general timelines for both projects:

Phase I (On Ramp)

Actual Completion of NEPA:	March 25, 2011
Actual PS&E Approval:	June 24, 2015
Actual Construction Start Date:	March 8, 2016
Planned Project Construction Substantial Completion and Open to Traffic Date:	November 30, 2017

Phase II (Off Ramp)

Actual Completion of NEPA:	December 11, 2013
Actual Completion of Final Design:	December 15, 2015
Planned PS&E Approval:	March 15, 2016
Planned Construction Start Date:	July 13, 2016
Planned Project Construction Substantial Completion and Open to Traffic Date:	February 20, 2018

A draft of the Grant Agreement has been reviewed by staff and legal counsel and found to be in order. It is hereby recommended that the City Council approve the Grant Agreement in a form found acceptable to the City Attorney upon receipt of the final agreement from FHWA.

**UNITED STATES OF AMERICA
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
WASHINGTON, DC 20590**

**GRANT AGREEMENT UNDER THE
CONSOLIDATED APPROPRIATIONS ACT, 2014 (Pub. L. 113-76, JANUARY 17,
2014)
FOR THE NATIONAL INFRASTRUCTURE INVESTMENTS DISCRETIONARY
GRANT PROGRAM
(FY 2014 TIGER DISCRETIONARY GRANTS)**

City of Industry

SR-57/60 Confluence Freight Corridor

FHWA FY 2014 TIGER Grant No. [#]

This agreement (the “Agreement” or “Grant Agreement”) reflects the selection of City of Industry (“Recipient”) as a Recipient of a grant awarded under the provisions of the Consolidated Appropriations Act, 2014 (Pub. L. 113-76, January 17, 2014), regarding National Infrastructure Investments (the “Act”). The grant program under the Act is referred to as “FY 2014 TIGER Discretionary Grants” or “TIGER Discretionary Grants.”

SECTION 1. TERMS AND CONDITIONS OF THE GRANT

- 1.1 This Agreement is entered into between United States Department of Transportation (“DOT” or the “Government”) and the Recipient. This Agreement will be administered by the Federal Highway Administration (also referred to herein as “FHWA” or the “Government”).
- 1.2 This Grant is made to the Recipient for the project as described in the Recipient’s Technical Application (the “Project”), titled “SR-57/60 Confluence Freight Corridor”, and the negotiated provisions on the Project’s material terms and conditions, including the Project’s scope, assurance/confirmation that all required funding has been obtained and committed, and the timeline for completion of this urban Project.
- 1.3 The Government, having reviewed and considered the Recipient’s Application and finding it acceptable, pursuant to the Act awards a TIGER Discretionary Grant in the amount of Ten Million Dollars (\$10,000,000), for the entire period of performance (referred to as the “Grant”). This Grant is the total not-to-exceed amount of funding that is being provided by the Government under this Grant Agreement. For urban projects, the Recipient hereby certifies that not less than Two Million,

Dollars (\$2,500,000) in non-Federal funds are committed to fund the Project in order to satisfy the Act's requirement that at least twenty percent (20%) of the Project's costs are funded by non-Federal sources. The Government's liability to make payments to the Recipient under this Grant Agreement is limited to those funds obligated by the Government under this Agreement as indicated herein and by any subsequent amendments agreed to in writing by all parties.

1.4 The Recipient agrees to abide by and comply with all terms and conditions of this Agreement and to abide by, and comply with, all requirements as specified in the Exhibits and Attachments, identified in paragraphs 1.5 and 1.6, which are considered as integral parts of this Agreement. Each Exhibit and Attachment identified below is deemed to be incorporated by reference into this Agreement as is fully set out herein.

1.5 This Agreement shall also include the following Exhibits as integral parts hereof located at: http://www.ops.fhwa.dot.gov/Freight/infrastructure/tiger/fy2014_gr_exhbt_tmp/index.htm

Exhibit A	Legislative Authority
Exhibit B	General Terms and Conditions
Exhibit C	Applicable Federal Laws and Regulations
Exhibit D	Grant Assurances
Exhibit E	Responsibility and Authority of the Recipient
Exhibit F	Reimbursement of Project Costs
Exhibit G	Grant Requirements and Contract Clauses
Exhibit H	Quarterly Progress Reports: Format and Content

1.6 This Grant Agreement shall also include the following Attachments as integral parts hereof:

Attachment A	Statement of Work
Attachment B	Estimated Project Schedule
Attachment C	Estimated Project Budget
Attachment D	Performance Measurement Table

1.7 In the case of any inconsistency or conflict between the specific provisions of this Grant Agreement, the Exhibits, and the Attachments, such inconsistency or conflict shall be resolved as follows: First, by giving preference to the specific provisions and terms of this Grant Agreement; second, by giving preference to the provisions and terms of the Exhibits; and, finally by giving preference to the provisions and terms in the Attachments.

SECTION 2. RECIPIENT AND PROJECT INFORMATION

Recipient, in accordance with the requirements of the TIGER Discretionary Grant Program, provides the following information:

- 2.1 Project’s Statement of Work Summary (for further information see Attachment A): The SR-57/60 Confluence Freight Corridor Bottleneck Relief project consist of improvements to the On and Off Ramps at Grand Avenue. The project is being implemented in two phases; Phase I – On-Ramp and Phase II – Off –Ramp.

Phase I – On Ramp

The project proposes construction of an on-ramp from SB Grand Avenue to WB SR-60, extend the on-ramp lane as an auxiliary lane to SB SR57 add lane, reconfiguring the lanes at the WB SR-60 intersections on Grand Avenue and removing the raised median to add a left turn lane to EB SR-60. TIGER funds will not be used in Phase I.

Phase II – Off Ramp

The project proposes to construct improvements to the SR-60/SR-57 Confluence. The major items of work include extending a southbound SB SR-57 lane to the Grand off-ramp, reconstructing the westbound on and off-ramps to Grand Avenue, and reconstructing the westbound loop on-ramp and off-ramp to Grand Avenue, and reconstructing the WB SR-60 Grand Avenue intersection.

- 2.2 Project’s Schedule Summary (for further information see Attachment B):

Phase I (On Ramp)	
Actual Completion of NEPA:	March 25, 2011
Actual PS&E Approval:	June 24, 2015
Actual Construction Start Date:	March 8, 2016
Planned Project Construction Substantial Completion and Open to Traffic Date:	November 30, 2017
Phase II (Off Ramp)	
Actual Completion of NEPA:	December 11, 2013
Actual Completion of Final Design:	December 15, 2015
Planned PS&E Approval:	March 15, 2016
Planned Construction Start Date:	July 13, 2016
Planned Project Construction Substantial Completion and Open to Traffic Date:	February 20, 2018

- 2.3 Project’s Budget Summary (for further information see Attachment C):

TIGER Grant Funds and Additional Sources of Project Funds:

TIGER Discretionary Grant Amount:	\$10,000,000	27%
Other Federal Funds (if any):	\$0	0%
State Funds (if any):	\$0	0%
Local Funds (if any)	\$26,639,590	73%
Other Funds (if any) ¹ :	\$0	0%
Total Project Cost:	\$36,639,590	100%

If there are any cost savings or if the contract award is under the engineer's estimate, 23 C.F.R. 630.106(f) shall not apply to any match for the TIGER Discretionary Grant amount, and the Recipient's funding amount and percentage share may be reduced, provided that the Recipient's share of the costs under the Act may not be reduced below 20% for urban area projects.

2.4 Project's State and Local Planning Requirements:

Project is included in the Southern California Association of Governments regional conformity transportation model (RTP) project #1M0104, and the 2015 Federal Transportation Improvement Program (projects LA0D393 and LAF7200).

2.5 Project's Environmental Approvals and Processes:

Phase I – On Ramp

Environmental Documentation Type, Titles and Date:

Combined Environmental Impact Report and Environmental Assessment October 29, 2010.

Environmental Decision Type and Date:

Finding of No Significant Impact for Westbound On-Ramp at Grand Avenue/SR-60 Interchange Improvements Project, Approved March 25, 2011.Revalidation of NEPA Conclusion Validity: Signed 5/29/2015.

Name of Agency and Office Approving each Environmental Decision Document:

Approved by Caltrans Division of Environmental Planning, District 7 under an assignment of environmental responsibilities pursuant to the authority in 23 U.S.C. 327.

Phase II – Off Ramp

Environmental Documentation Type, Titles and Date:

Combined EIR and EA and Programmatic Section 4(f) Evaluation prepared and approved by Caltrans. NEPA/CEQA Re-Validation Memorandum January 2015.

¹ Successor Agency & Metro Proposition C 25 funds

Environmental Decision Type and Date:

Finding of No Significant Impact for State Route 57/State Route 60 Confluence at Grand Ave Project, Signed December 11, 2013 Revalidation of NEPA Conclusion Validity: Signed 2/18/2015.

Name of Agency and Office Approving each Environmental Decision Document: Approved by Caltrans Division of Environmental Planning, District 7 under an assignment of environmental responsibilities pursuant to the authority in 23 U.S.C. 327.

2.6 Recipient's and any Sub-Recipient's Dun and Bradstreet Information:

Dun and Bradstreet Data Universal Numbering System (DUNS) No. of the Recipient:

0788244710000

Name of any First-Tier Sub-Recipients: N/A

DUNS No. of First-Tier Sub-Recipient: N/A

2.7 Recipient's Designation of Official Contact (to whom all communications from Government will be addressed):

Paul Phillips
City Manager
City of Industry
15625 East Stafford Street #100
City of Industry, CA 91744-3922
(626) 333-2211
paul@cityofindustry.org

Notwithstanding paragraph 5.3 of this Grant Agreement, the Recipient may update the contact information listed in this paragraph by written notice (formal letter) to the Government without the need for a formal amendment to this Agreement.

SECTION 3. REPORTING REQUIREMENTS

Subject to the Paperwork Reduction Act, and consistent with the purposes of the TIGER Discretionary Grant Program, Recipient agrees to collect data necessary to measure performance of the Project and to ensure accountability and transparency in Government spending. Recipient further agrees to submit periodic reports to the Government that contain data necessary to measure performance of the Project and to ensure accountability and transparency in Government spending.

3.1 **Project Outcomes and Performance Measurement Reports:** Recipient shall collect the data necessary to track and report on each of the performance measures identified in the Performance

Measurement Table in Attachment D and report results of the data for each measure to the Government periodically, according the reporting schedule identified in Attachment D. Furthermore, Recipient agrees to provide an initial Pre-project Report and a final Project Outcomes Report to the Government.

- 3.1.1 The Pre-project Report shall consist of current baseline data for each of the performance measures specified in the Performance Measurement Table in Attachment D. The Pre-project Report shall include a detailed description of data sources, assumptions, variability, and the estimated level of precision for each measure. Recipient shall submit the report to the Government by **August 13, 2016**. Recipient shall represent that the data in the Pre-project Report is current as of **June 13, 2016**;
- 3.1.2 Recipient shall submit interim Project Performance Measurement Reports to the Government for each of the performance measures specified in the Performance Measurement Table in Attachment D following Project completion. Recipient shall submit reports at each of the intervals identified for the duration of the time period specified in the Performance Measurement Table in Attachment D. Recipient shall represent that the data in each of the interim Project Performance Reports is current as of the final date of the reporting interval.
- 3.1.3 The Project Outcomes Report shall consist of a narrative discussion detailing Project successes and/or the influence of external factors on Project expectations. Recipient shall submit the Project Outcomes Report to the Government by: **April 20, 2024** which includes an *ex post* examination of project effectiveness in relation to the Pre-project Report baselines. Recipient shall represent that the data in the Project Outcomes Report is current as of **February 20, 2024**.
- 3.1.4 Recipient shall submit each report via email to each of the Government contacts identified in paragraph 3.5 of this Agreement. The email shall reference and identify in the email subject line the TIGER Grant Number and provide the number of the Performance Measures report submitted, e.g., Re: FHWA FY 2014 TIGER Discretionary Grant No. [#] - Performance Measure Report No. 1 or 2 or 3, etc.
- 3.2 **Project Progress and Monitoring Reports:** Consistent with the purposes of the TIGER Discretionary Grant Program, to ensure accountability and transparency in Government spending, the Recipient shall submit quarterly progress reports and the Federal Financial Report (SF-425) to the contacts designated by the Government in section 3.5, as set forth in Exhibit H, Quarterly Progress Reports: Format and Content, to the Government on a quarterly basis, beginning on the 20th of the first month of the calendar year quarter following the execution of the Agreement, and on the 20th of the first month of each calendar year quarter thereafter until completion of the Project. The initial report shall include a detailed description, and, where appropriate, drawings, of the items funded.
- 3.2.1 The Recipient shall submit all required reports and documents to the Government electronically, referencing the Grant number, to the contacts designated by the Government in section 3.5.
- 3.3 **Annual Budget Review and Program Plan:** The Recipient shall submit an Annual Budget Review and Program Plan to the Government via e-mail 60 days prior to the end of each

Agreement year. The Annual Budget Review and Program Plan shall provide a detailed schedule of activities, estimate of specific performance objectives, include forecasted expenditures, and schedule of milestones for the upcoming Agreement year. If there are no proposed deviations from the approved Estimated Project Budget, the Annual Budget Review shall contain a statement stating such. The Recipient will meet with the Government to discuss the Annual Budget Review and Program Plan. If there is an actual or projected project cost increase, the annual submittal should include a written plan for providing additional sources of funding to cover the project budget shortfall or supporting documentation of committed funds to cover the cost increase.

3.4 **Closeout Process:** Closeout occurs when all required project work and all administrative procedures described in Title 23 (or 2 C.F.R. 200.343- .345, as applicable) are completed, and the Government notifies the Recipient and forwards the final Federal assistance payment, or when the Government acknowledges Recipient's remittance of the proper refund. Within 90 days of the Project completion date or termination by the Government, the Recipient agrees to: (1) submit a final Federal Financial Report (SF-425), a certification or summary of project expenses, and third-party audit reports; and (2) provide a report on the final scope of work, schedule, and budget compared against the scope of work described in section 2.1, the Project's Schedule Summary in section 2.2, and the Project's Budget Summary in section 2.3.

3.5 All notices or information required by this Agreement should be addressed and sent to all the Government contacts as follows:

Jean Mazur
Senior Transportation Engineer Project Delivery Liaison
FHWA California Division
650 Capitol Mall, Suite 4-100
Sacramento, CA 95814-4708
916-498-5732
Jean.mazur@dot.gov

and

FHWA TIGER Program Manager
Federal Highway Administration
Office of Freight Management and Operations
1200 New Jersey Avenue, SE
Room E86-201
Washington, DC 20590
(202) 366-0857
FHWA-TIGER.Reports@dot.gov

and

OST TIGER Discretionary Grants Coordinator
United States Department of Transportation
Office of the Secretary

1200 New Jersey Avenue, SE
Washington, DC 20590
(202) 366-8914
TIGERGrants@dot.gov

Notwithstanding paragraph 5.3 of this Grant Agreement, the Government may update the contact information listed in this paragraph by written notice (formal letter) to the Recipient without the need for a formal amendment to this Agreement.

SECTION 4. SPECIAL GRANT REQUIREMENTS

There are no special grant requirements for this Project.

SECTION 5. TERMINATION, EXPIRATION, AND MODIFICATION

- 5.1 Subject to terms set forth in this Agreement, the Government reserves, in its sole discretion, the right to terminate this Agreement and all of its obligations associated with this Agreement, unless otherwise agreed to in a signed writing between the Recipient and the Government, if any of the following occurs:
- 5.1.1 The Recipient fails to obtain or provide any non-TIGER Discretionary Grant contribution or alternatives approved by the Government as provided in this Agreement and in accordance with paragraphs 2.2 and 2.3;
 - 5.1.2 The Recipient fails to begin construction before **September 13, 2016**;
 - 5.1.3 The Recipient fails to begin expenditure of Grant funds by **October 25, 2016**;
 - 5.1.4 The Recipient fails to meet the conditions and obligations specified under this Agreement including, but not limited to, a material failure to comply with schedule in paragraph 2.2 even if it is beyond the reasonable control of the Recipient, or after giving the Recipient a reasonable opportunity to cure such failure; or,
 - 5.1.5 The Government, in its sole discretion, determines that termination of the Agreement is in the public interest.
- 5.2 Funds made available under this Agreement shall be obligated by DOT on or before September 30, 2016. Funds made available under this Agreement, once obligated, are available for liquidation and adjustment through September 30, 2021, the "Grant Termination Date." Unless otherwise agreed to by the parties, this Agreement shall terminate on the Grant Termination Date.
- 5.3 Either party (the Government or the Recipient) may seek to amend or modify this Agreement prior to the Grant Termination Date by written notice (formal letter) to the other party. The Grant Agreement may be amended or modified only on the mutual written agreement by both parties. Changes to Attachments B and C (Estimated Project Schedule and Estimated Project Budget) do not require modification through the process in this paragraph if such modifications do not affect

the dates or amounts in paragraphs 2.2 and 2.3, and the change has been consented to by the Government in writing consistent with the requirements of FHWA (including by email).

SECTION 6. AWARD AND EXECUTION OF GRANT AGREEMENT

6.1 **Counterparts:** This Agreement may be executed in counterparts, which shall constitute one document. This Agreement shall be executed in quadruplicate; each countersigned original shall be treated as having identical legal effect.

6.2 **Effective Date:** The Agreement shall be effective when fully executed by authorized representatives of the Recipient and the Government; provided, however, that the Recipient shall execute this Agreement, and then submit four (4) original signed copies of the Agreement to the Government for execution. When signed and dated by the authorized official of the Government, this instrument will constitute an Award under the Act.

6.3 **Survival:** Notwithstanding anything to the contrary contained herein, the provisions of this Agreement relating to reporting requirements set forth in Section 3 of this Agreement shall survive the expiration or earlier termination of this Agreement.

EXECUTION BY THE GOVERNMENT

Executed this _____ day of _____, 201__.

Signature of Government's Authorized Representative

Vincent P. Mammano
Division Administrator
FHWA California Division

EXECUTION BY CITY OF INDUSTRY

By signature below, the Recipient acknowledges that it accepts and agrees to be bound by this Agreement.

Executed this _____ day of _____, 201__.

By: _____ Date: _____
Mark D. Radecki
Mayor

APPROVED AS TO FORM:

By: _____ Date: _____
James M. Casso, City Attorney

EXECUTION BY STATE DEPARTMENT OF TRANSPORTATION

By signature below, the State Department of Transportation (SDOT) acknowledges that it agrees to act as a limited agent for the Recipient to assist in the receipt and disbursement of the TIGER Discretionary Grant obligated by this Agreement and to perform such other administrative and oversight duties with respect to the Grant and the Project as the Recipient and the SDOT shall agree upon between themselves. The SDOT acknowledges the fiduciary duty owed to the parties to this agreement and will promptly disburse the TIGER Grant to the Recipient at Recipient's direction and instructions. Further, the SDOT will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the duties it assumes under this Agreement in compliance with the terms and conditions contained herein.

Executed this _____ day of _____, 201__.

Signature of State Department of Transportation Designated Official Representative

Malcolm Dougherty
Director of the California Department of Transportation

ATTACHMENT A STATEMENT OF WORK

Phase I – On Ramp

The project proposes construction an on-ramp from SB Grand Avenue to WB SR-60, extend the on-ramp lane as an auxiliary lane to Sb SR-57 add lane, reconfiguring the lanes at the WB SR-60 intersections on Grand Avenue and removing the raised median to add a left turn lane to EB SR-60. TIGER funds will not be in Phase I.

Phase II – Off Ramp

The project proposes to construct improvements to the SR-60/SR-57 Confluence. The major items of work include extending a southbound SB SR-57 lane to the Grand off-ramp, reconstructing the westbound loop on-ramp and off-ramp to Grand Avenue, and reconstructing the WB SR-60 Grand Avenue intersection.

Major project tasks/milestones:

1. **Earthwork** – This includes work removing any existing landscape, site features and underground facilities; excavation and backfill; grading; embankment fill; and site preparation work.
2. **Structural Section** – This includes preparation of the roadway base, and placing the various layers of the roadbed such as aggregate base, lean concrete base, and concrete pavement and asphalt.
3. **Drainage** – This work includes construction of box culverts and all drainage features such as drainage inlets, drain pipes and junction boxes.
4. **Specialty Items** – This work includes safety barriers, permanent water pollution prevention features, and contractor administration costs (TRO).
5. **Traffic Items** – This work includes traffic striping, signing, overhead signs, crash cushions, ramp meters, traffic signals, count stations and traffic management communication systems.
6. **Planting and Irrigation** – This includes all landscaping and irrigation components of the project.
7. **Roadside Management and Safety** – This includes safety features for maintenance workers such as vegetation control treatments, gore area paving, maintenance pullouts and fates, and maintenance access roads.
8. **Roadway Mobilization** – This would include all typical mobilization items per Caltrans specifications.
9. **Roadway Additions** – This includes supplemental work such as Federal Trainee program, bird protection, additional water pollution control, partnering, maintain electrical systems, and dispute resolution board.
10. **Roadway Contingency** – This includes contingency for unforeseen items during construction.
11. **Retaining Walls and Sound Walls** – This includes specialty retaining walls and sound barriers.
12. **Right of Way** – Acquisition of property needed for the project.
13. **Construction Engineering and Inspection** – This includes all construction management items, environmental mitigation consultants and engineering support.

**ATTACHMENT B
ESTIMATED PROJECT SCHEDULE**

Phase I (On Ramp)

Actual Completion of NEPA: March 25, 2011

Actual PS&E Approval: June 24, 2015

Planned Construction Start Date: March 8, 2016

Planned Project Construction Substantial Completion and Open to Traffic Date: November 30, 2017

Phase II (Off Ramp)

Actual Completion of NEPA: December 11, 2013

Actual Start of Right of Way Acquisition: August 1, 2015

Planned End of Right of Way Acquisition: February 15, 2016

Actual Start of Final Design: June 1, 2014

Actual Completion of Final Design: December 15, 2015

Planned PS&E Approval: March 15, 2016

Planned Construction Contract Award Date: June 13, 2016

Planned Construction Start Date: July 13, 2016

Activity- Phase I	Begin Construction	End Construction
Earthwork	3/8/2016	10/17/2016
Structural Section	5/3/2016	7/24/2017
Drainage	5/31/2016	6/26/2017
Specialty Items	7/25/2017	8/21/2017
Traffic Items	3/8/2016	9/7/2017
Planting and Irrigation	10/18/2016	12/2/2016
Roadside Management and Safety	2/7/2017	7/24/2017
Roadway Mobilization	3/8/2016	4/4/2016
Roadway Additions	3/8/2016	9/7/2017
Retaining Walls and Sound Walls	3/8/2016	9/7/2017
Right of Way	8/1/2015	2/15/2016
Construction Engineering and Inspection	3/8/2016	9/7/2017
Planned Closeout Date		12/30/2017

Activity-Phase II	Begin Construction	End Construction
Earthwork	7/13/2016	3/21/2017
Structural Section	9/7/2016	2/20/2018
Drainage	9/7/2016	10/3/2017
Specialty Items	10/5/2016	2/20/2018
Traffic Items	7/13/2016	2/20/2018
Planting and Irrigation	12/27/2017	2/20/2018
Roadside Management and Safety	6/14/2017	11/28/2017
Roadway Mobilization	7/13/2016	8/9/2016
Roadway Additions	7/13/2016	2/20/2018
Retaining Walls and Sound Walls	8/10/2016	11/1/2016
Construction Engineering and Inspection	7/13/2016	2/20/2018
Planned Close out date		8/30/2018

Planned Project Construction Substantial Completion
and Open to Traffic Date:

February 20, 2018

Planned Project Closeout Date:

August 20, 2018

**ATTACHMENT D
PERFORMANCE MEASUREMENT TABLE**

Study Area: Grand Avenue On and Off Ramps.

Table 1: Performance Measurement Table

Measure	Description of Measure	Measurement Period	Reporting Period
Level of Service	<p>Level of Service (LOS) for signalized intersections is determined by the amount of control delay experienced by drivers. Based on the amount of delay a LOS is assigned ranging from A to F. Procedures for determining LOS are presented in the Highway Capacity Manual published by the Transportation Research Board.</p> <p>Measure LOS at intersection of Grand Ave and WB SR-60</p>	<p>Baseline Measurement: Annual average, accurate as of February 8, 2016</p> <p>Interim Performance Measures: Accurate as of February 20, 2019</p>	<p>Baseline Measurement: May 8, 2016</p> <p>Interim Performance Measures: For a period of 5 years, beginning April 20, 2019, annually</p>
Peak/Off-Peak Travel Time	<p>Travel time measured for traffic measured during peak and off-peak periods for a designated highway or road segment</p> <p>Measure Peak Travel Time on WB SR-60 from Diamond Bar Blvd Exit to Brea Canyon Rd Exit, & on SB SR-57 from Sunset Crossing OC to Brea Canyon Road to SR-60 diverge.</p>	<p>Baseline Measurement: Annual average, accurate as of February 8, 2016</p> <p>Interim Performance Measures: Accurate as of February 20, 2019</p>	<p>Baseline Measurement: May 8, 2016</p> <p>Interim Performance Measures: For a period of 5 years, beginning April 20, 2019, annually</p>

CITY COUNCIL

ITEM NO. 6.3

MEMORANDUM

To: Honorable Mayor and Members of City Council
From: Finance Department
Date: February 18, 2016
Subject: City Of Industry Year Ended June 30, 2015 Annual Financial Reports (Draft)

RECOMMENDATION

Receive and file

City of Industry

- 1) Annual Audited Financial Statements For The Year Ended June 30, 2015
- 2) Continuing Annual Disclosure Report

EXECUTIVE SUMMARY

The City's independent auditors, The Pun Group, LLP, have completed their annual audit of the City's financial statements which include the financial activities of its component units (Successor Agency to the Industry Urban-Development Agency, the Civic-Recreational-Industrial Authority and the Industry Public Facilities Authority) for the year ended June 30, 2015. The financial statements received an unqualified (or clean) opinion.

DESCRIPTION OF REPORTS

The financial reports for the year ended June 30, 2015 are briefly described below:

Annual Financial Report

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

Continuing Annual Disclosure Report

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

Fiscal Impact

There is no fiscal impact as result of this action.

DRAFT
2-18-2016

CITY OF INDUSTRY
For the Year Ended June 30, 2015
Financial Statements
With
Independent Auditor's Reports

CITY OF INDUSTRY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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CITY OF INDUSTRY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Industry, California (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of GASB Statements Nos. 68 and 71

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 1 to the basic financial statements. In addition, aggregate net pension liability is reported in the Statement of Net Position in the amount of \$4,782,916 as of the measurement date. Net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date for California Public Employee Retirement System (“CalPERS”) plans. Our opinion is not modified with respect to this matter.

As discussed in Note 5 to the basic financial statements, the City is uncertain of the collectability of the note receivable from Industry Convalescent Hospital and the related accrued interest totaled to \$42,217,440 as of June 30, 2015. 100% of the outstanding balance was off-set by an allowance for doubtful account. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis (“MD&A”), the Budgetary Comparison Schedule, the Schedules of Funding Progress OPEB Plan, the Schedule of the City’s Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of the City’s Contributions and on pages 7 to 21 and 80 to 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Long-Term Debt are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 **NEED DATE**, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Santa Ana, California
NEED DATE

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**Management's Discussion and
Analysis**

DRAFT
2-18-2016

CITY OF INDUSTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The City of Industry and its component units (the "City") provide this Management's Discussion and Analysis that gives an overview of the City's activities for the year ended June 30, 2015. Please read this information in conjunction with the City's basic financial statements.

Financial Highlights

As management of the City, we offer readers of the City's financial statements this narrative and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

The assets of the City's governmental activities exceeded its liabilities at June 30, 2015 by \$629.1 million (Net Position). Of this amount, \$103.9 million is restricted for debt service activities. Net Position increased by \$47.4 million due to operations with a \$6.2 million decrease due to implementation of GASB Statement No. 68 and GASB Statement No. 71.

The assets of the City's business-type activities exceeded its liabilities at June 30, 2015 by \$37.5 million (Net Position). Of this amount, \$33.7 million is invested in capital assets, net of related debt. Net Position increased by \$0.7 million due to operations with an additional \$0.3 million increase due to a change in presentation in accounting for certain water operations of Industry Public Utilities Water System.

General Overview of the Financial Statements

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

Government-Wide Statements

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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

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

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The City as a Whole

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

Governmental Activities – Net Position

Table 1
Net Position

	Governmental Activities		
	2015	2014	Change
Current and other assets	\$ 823,766,969	\$ 849,167,515	\$ (25,400,546)
Capital assets, net	<u>206,740,701</u>	<u>208,407,210</u>	<u>(1,666,509)</u>
Total assets	<u>1,030,507,670</u>	<u>1,057,574,725</u>	<u>(27,067,055)</u>
Deferred outflows of resources			
Deferred charge on refunding	1,259,986	1,724,960	(464,974)
Other deferred outflows of resources	<u>369,922</u>	<u> </u>	<u>369,922</u>
Total deferred outflows of resources	<u>1,629,908</u>	<u>1,724,960</u>	<u>(95,052)</u>
Long-term liabilities	378,067,254	415,673,650	(37,606,396)
Other liabilities	<u>23,152,751</u>	<u>55,719,499</u>	<u>(32,566,748)</u>
Total liabilities	<u>401,220,005</u>	<u>471,393,149</u>	<u>(70,173,144)</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	1,607,283		1,607,283
Difference between employer contribution and employer's proportionate share of contribution	<u>242,910</u>	<u> </u>	<u>242,910</u>
Total deferred inflows of resources	<u>1,850,193</u>	<u> </u>	<u>1,850,193</u>
Net position:			
Net investment in capital assets	201,760,700	208,043,984	(6,283,284)
Restricted for:			
Debt service	103,864,252	160,757,267	(56,893,015)
Unrestricted	<u>323,442,428</u>	<u>219,105,285</u>	<u>104,337,143</u>
Total net position	<u>\$ 629,067,380</u>	<u>\$ 587,906,536</u>	<u>\$ 41,160,844</u>

During the year, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pension—an amendment of GASB Statement No. 27" and No. 71, "Pension Transition for Contribution Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68". These statements establish accounting and financial reporting standards for purpose of measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present

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value to periods of employee service. GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames.

The City's prior period financial statements included for comparative purposes are presented as previously reported and the change in accounting standards have been reported as an adjustment to the beginning net position in the current period. The change resulted in a restatement in beginning net position of \$6,232,085 in the government-wide governmental activities.

As noted above, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately \$629.1 million at June 30, 2015.

The largest portion of the Net Position is restricted by external sources on how the funds may be used. Approximately \$201.8 million is the City's net investment in its capital assets. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. In addition, approximately \$103.9 million are restricted for the City's future debt service obligations.

The City's total Net Position under governmental activities increased over the prior year by \$41.2 million.

Total liabilities and deferred inflows of resources decreased by approximately \$68.3 million as the City made payments on its long-term obligations and also prefunded \$11.0 million of its OPEB actuarial accrued liability as of July 1, 2015. Other liabilities decreased by \$32.6 million as the City paid for litigation in the amount of \$42.5 million which was accrued for in the prior year which was offset by increases of its OPEB accrued liability.

The decrease in Net investment in capital assets of \$6.3 million is a result of current year dispositions and depreciation expense exceeding payments on long-term debt obligations.

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Governmental Activities – Changes in Net Position

Table 2
Change in Net Position

	Governmental Activities		
	2015	2014	Change
Revenues:			
Taxes	\$ 96,231,387	\$ 101,519,823	\$ (5,288,436)
Revenues from use of money and property	74,018,477	45,289,566	28,728,911
Other revenues	3,815,296	4,167,776	(352,480)
Community development	3,210,500	2,955,038	255,462
Total revenues	177,275,660	153,932,203	23,343,457
Expenses:			
General government	5,928,344	9,003,648	(3,075,304)
Support services	8,124,701	7,679,546	445,155
Community development	3,765,894	3,919,393	(153,499)
Community services	4,262,699	3,687,057	575,642
Public safety	10,336,819	11,093,832	(757,013)
Capital projects and public works	17,421,517	16,940,599	480,918
Interest expense	17,865,315	18,717,068	(851,753)
Total expenses	67,705,289	71,041,143	(3,335,854)
Increase in net assets before other items	109,570,371	82,891,060	26,679,311
Other items:			
Litigation settlement	(1,002,412)	(42,500,000)	41,497,588
Gain on disposal of assets, net	20,580,856	(14,761)	20,595,617
Write off escheated liabilities	1,114,712		1,114,712
Bond issuance and redemption costs		(650,433)	650,433
Loss on redemption of 2005 bond		(425,381)	425,381
Other uses-debt service payments from property tax override fund on behalf of fiduciary fund	(81,885,018)	(31,181,125)	(50,703,893)
Transfers - internal activities	(985,580)	(726,223)	(259,357)
Increase in net position	\$ 47,392,929	\$ 7,393,137	\$ 39,999,792
Net position, beginning of year	587,906,536	580,513,399	7,393,137
Prior period adjustment	(6,232,085)		(6,232,085)
Net position, beginning of year	581,674,451	580,513,399	1,161,052
Net position, end of year	\$ 629,067,380	\$ 587,906,536	\$ 41,160,844

The total revenues reported as governmental activities, increased by approximately \$23.3 million. The increase in revenue from use of money and property of \$28.7 million was a result of additional interest income of \$36.1 million received by the City due to an early bond redemption on its investment in IUDA bonds. The increase is offset by an unrealized decline in the fair market value of investments of approximately \$7 million.

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Tax revenue decreased by \$5.3 million which was a result of a net decrease in sales tax revenues of \$7 million offset by an increase in other taxes of \$1.7 million. The \$7 million decrease in sales tax revenue was directly related to a one time sales tax settlement of \$8.61 million received in 2014 which was not received in 2015 offset by slight growth in the sales tax revenues of \$1.61 million. The tax settlement was due to a reallocation of sales tax revenues due to the City for prior years.

The City's total expenses before other items decreased by approximately \$3.3 million from the prior year. General government expenses decreased approximately \$3.1 million year over year as the City in the prior year had to pay for expenses on behalf of the Successor Agency. In 2015 the Successor Agency received approval from the Department of Finance to change the funding source from the City to the Successor Agency

In the current year, the City disposed of one property for approximately \$26 million in proceeds which resulted in a gain of \$20.6 million.

The other increase in expenditures reported in other items is the \$50.7 million increase in monies paid from the City's Agency Property Tax Override Fund. The increase of \$50.7 million was used to pay for an early bond redemption of the Industry Urban-Development Agency Project No. 2 2003 Subordinate Lien Tax Allocation Refunding bonds.

The \$6.2 million prior period adjustment represents the decrease in Net Position due to the implementation of GASB Statement No. 68 and GASB Statement No. 71.

Business-Type Activities – Net Position

	Table 3 Net Position		
	Business-Type Activities		
	2015	2014	Change
Current and other assets	\$ 13,629,758	\$ 10,992,459	\$ 2,637,299
Capital assets, net	<u>33,662,318</u>	<u>34,578,597</u>	<u>(916,279)</u>
Total assets	<u>47,292,076</u>	<u>45,571,056</u>	<u>1,721,020</u>
Liabilities	<u>9,836,145</u>	<u>9,111,439</u>	<u>724,706</u>
Total liabilities	<u>9,836,145</u>	<u>9,111,439</u>	<u>724,706</u>
Net position:			
Invested in capital assets,			
Net of related debt	33,662,318	34,578,597	(916,279)
Unrestricted	<u>3,793,613</u>	<u>1,881,020</u>	<u>1,912,593</u>
Total net position	<u>\$ 37,455,931</u>	<u>\$ 36,459,617</u>	<u>\$ 996,314</u>

Total Net Position for the City's business type activities increased by approximately \$1.0 million as compared to the prior year. In the current year, the City changed its presentation of certain water operations of the Industry Public Utilities Commission that were operated by a third party vendor.

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In prior years the City only reflected the net transfers of profits from the operator to the City in its financial statements. During 2015 the City included \$0.76 million of net assets of these operations in the City's financial statements due to the change in presentation. The remaining increase in total Net Position is due to increase from net operating income.

Business-Type Activities – Change In Net Position

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

Table 4
Change in Net Position

	Business-Type Activities		
	2015	2014	Change
Revenues:			
Charges for services	\$ 9,710,743	\$ 7,519,625	\$ 2,191,118
Revenues from use of money and property	33,443	119,410	(85,967)
Other revenues	178,878		178,878
Total revenues	<u>9,923,064</u>	<u>7,639,035</u>	<u>2,284,029</u>
Expenses:			
Purchased electricity	4,203,587	3,512,723	690,864
Water transmission and distribution	2,816,765	1,110,969	1,705,796
Cost of expo operations	2,773,085	3,157,628	(384,543)
Cost of housing authority operations	389,405	370,846	18,559
Total expenses	<u>10,182,842</u>	<u>8,152,166</u>	<u>2,030,676</u>
Income (Loss) from operations before transfers	(259,778)	(513,131)	253,353
Transfers	<u>985,580</u>	<u>1,133,790</u>	<u>(148,210)</u>
Change in net position	<u>\$ 725,802</u>	<u>\$ 620,659</u>	<u>\$ 105,143</u>
Net position, beginning of year	36,459,617	35,838,958	620,659
Period period adjustment	270,512		270,512
Net position, beginning of year	<u>36,730,129</u>	<u>35,838,958</u>	<u>891,171</u>
Net position, end of year	<u>\$ 37,455,931</u>	<u>\$ 36,459,617</u>	<u>\$ 996,314</u>

Charges for services increased by approximately \$2.2 million year over year due to the inclusion of operating revenue of \$1.8 million as a result of change in presentation in accounting for certain water operations of Industry Public Utilities Water System. In addition there was an increase in electricity sales offset by a decrease in revenues generated by the Expo Center.

Expenses increased year over year by \$2.0 million which was a result of inclusion of operating expenses due to the change in presentation in accounting for certain water operations of Industry Public Utilities Water System.

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Transfer-ins from the general fund decreased by \$0.1 million over the prior year due to more revenue generated in the current year.

The \$270,512 prior period adjustment represents the increase in Net Position due to the change in its presentation of certain water operations of the Industry Public Utilities Commission that were operated by a third party vendor.

Financial Analysis of the City's Funds

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

Table 5
General Fund Comparison

	2015	2014	Change
Revenues:			
Taxes	\$ 39,470,470	\$ 46,899,638	\$ (7,429,168)
Licenses and permits	2,646,610	2,539,226	107,384
Fines, forfeitures and penalties	563,890	415,812	148,078
Revenues from use of money and property	5,761,481	12,806,242	(7,044,761)
Total revenues	<u>48,442,451</u>	<u>62,660,918</u>	<u>(14,218,467)</u>
Expenditures:			
Legislative	431,807	357,373	74,434
General administration	3,903,997	5,936,313	(2,032,316)
Support services	17,747,767	6,557,824	11,189,943
Community development	731,013	689,857	41,156
Community services	3,725,258	3,148,503	576,755
Public safety	8,311,886	8,729,322	(417,436)
Public works	10,881,576	12,752,783	(1,871,207)
Capital projects	2,385,000		2,385,000
Total expenditures	<u>48,118,304</u>	<u>38,171,975</u>	<u>9,946,329</u>
Excess of Revenues over Expenditures	<u>324,147</u>	<u>24,488,943</u>	<u>(24,164,796)</u>
Other Financing Sources (Uses):			
Other income	1,069,615	1,000,000	69,615
Prop A Exchange	(2,827,500)	(2,906,000)	78,500
Settlement claims	(1,002,412)	(42,500,000)	41,497,588
Net Transfers	96,945,870	23,820,012	73,125,858
Total other financing sources (uses)	<u>94,185,573</u>	<u>(20,585,988)</u>	<u>114,771,561</u>
Change in fund balances	<u>\$ 94,509,720</u>	<u>\$ 3,902,955</u>	<u>\$ 90,606,765</u>

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The General Fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund reflects a fund balance of \$332.1 million, which is an increase from prior year of \$94.5 million. The increase is due to \$0.3 million generated from operations and \$94.2 million of net transfers in mainly from the City's debt service fund to pay for future capital improvement projects or expenditures.

The Tax revenue decreased by \$7.4 million which was a result of a net decrease in sales tax revenues of \$7 million offset by \$0.4 million increase in other taxes. The \$7 million decrease in sales tax revenue was directly related to a one time sales tax settlement of \$8.61 million received in 2014 which was not received in 2015 offset by slight growth in the sales tax revenues of \$1.61 million. The tax settlement was due to a reallocation of sales tax revenues due to the City for prior years.

The decrease of \$7 million in revenue from use of money and property is related to change in unrealized decline in the fair market value of investments of approximately \$6 million year over year and a decrease in earned interest and other income of \$1 million.

Total expenditures of the General Fund increase by \$9.9 million year of year. The majority of this increase in expenditures was the City paying \$11 million towards its unfunded actuarial liability for OPEB benefits offset by reductions in expenditures in public works projects of \$1.9 million and \$2.0 million in general administration expenditures. The decrease in general administration expenditures was a result of the City no longer having to pay for the Successor Agency administration expenditures. The Department of Finance approved the change in funding source for the administration expenditures from the City to the Successor Agency.

The Capital Projects Fund accounts for major capital outlay and infrastructure improvements for the City. The fund balance as of year-end amounted to approximately \$0.6 million, a decrease from prior year by \$20.4 million due to the disposal of land held for sale and subsequent transfer of the sales proceeds to the General Fund.

The Debt Service Fund accounts for the payment of principal and interest on outstanding bond obligations. The fund balance decreased by approximately \$88 million due to revenues in excess of expenditures of \$74 million and other financing uses of \$162 million. The excess of revenues over expenditures of \$74 million was a result of additional interest income of \$36 million received on the early redemption of the Industry Urban-Development Agency Project No. 2 2003 Subordinate Lien Tax Allocation Refunding bonds owned by the City. The \$162 million of other financing uses was due to \$81.9 million of tax override funds to pay for debt service from the shortfall in the Successor Agency and \$80 million of net transfers to the General Fund.

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General Fund Budgetary Highlights

The City adopts a budget every fiscal year. There was no mid-year amendment to the budget during the current year. Differences between the budget and actual expenditures for the general fund are shown below:

Table 6
General Fund Budget to Actual Comparison

	Original Budget	Actual	Variance
Legislative	\$ 376,400	\$ 431,807	\$ (55,407)
General administration	3,627,800	3,903,997	(276,197)
Support services	6,746,300	17,747,767	(11,001,467)
Community development	614,500	731,013	(116,513)
Community services	3,856,000	3,725,258	130,742
Public safety	8,272,000	8,311,886	(39,886)
Public works	12,604,000	10,881,576	1,722,424
Capital projects	2,385,000	2,385,000	(2,385,000)
Total expenditures	\$ <u>36,097,000</u>	\$ <u>48,118,304</u>	\$ <u>(12,021,304)</u>

The budget overage in the Legislative department was due to an increase election expenses incurred in the last quarter of the fiscal year.

The budget overage in the Support services department was attributed to the prefunding of unfunded actuarial accrued liability for future OPEB expenses of \$11 million during fiscal year.

The \$2,385,000 expenditure in the Capital Projects category relates to the City reimbursing the Successor Agency to the IUDA for a prior expenditure.

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Capital Asset and Debt Administration

Capital Assets

Net capital assets for governmental activities as of June 30, 2015 and 2014 are summarized as follows:

Table 7
Net Capital Assets at Year-End

	Governmental Activities		
	2015	2014	Change
Land	\$ 51,335,846	\$ 51,335,846	\$
Construction in progress	8,538,798	12,994,210	(4,455,412)
Buildings and improvements	118,220,676	118,220,676	
Equipment, furniture and fixtures	6,378,133	6,378,133	
Infrastructure	141,980,260	132,673,028	9,307,232
Capital assets, gross	326,453,713	321,601,893	4,851,820
Less accumulated depreciation	(119,713,012)	(113,194,683)	(6,518,329)
Capital assets, net	<u>\$ 206,740,701</u>	<u>\$ 208,407,210</u>	<u>\$ (1,666,509)</u>

As of June 30, 2015, the City had approximately \$206.7 million invested in capital assets including buildings, land, roads, and other general infrastructure net of accumulated depreciation. This amount represents a net decrease of \$1.7 million year over year. The City capitalized \$4.5 million of costs into construction in progress ("CIP") and transferred \$9.3 million in costs from CIP to infrastructure and improvements. Accumulated depreciation increased by \$6.5 million.

Net capital assets for business activities as of June 30, 2015 and 2014 are summarized as follows:

Table 8
Net Capital Assets at Year-End

	Business-Type Activities		
	2015	2014	Change
Land	\$ 6,764,880	\$ 6,764,880	\$
Water rights	441,200	441,200	
Buildings and improvements	53,785,327	53,726,324	59,003
Source of supply	4,495,493	4,495,493	
Equipment, furniture and fixtures	1,288,657	1,276,251	12,406
Infrastructure	294,622		294,622
Construction in progress	270,468		270,468
Capital assets, gross	67,340,647	66,704,148	636,499
Less accumulated depreciation	(33,678,329)	(32,125,551)	(1,552,778)
Capital assets, net	<u>\$ 33,662,318</u>	<u>\$ 34,578,597</u>	<u>\$ (916,279)</u>

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Capital assets related to business activities belong to IPUC and the Industry Hills Expo Center. The decrease in net capital assets was a result of \$0.6 million of additions to improvements, net of the increase in accumulated depreciation of \$1.6 million.

Debt

At June 30, 2015, the City had total long term debt and other non-current liabilities of approximately \$378.1 million due to outside third parties.

During the year the City retired principal on its bonded debt of \$33.5 million and prefunded \$ 11 million of OPEB liability resulting in a net OPEB asset of \$1.7 million. In addition, due to the implementation of GASB 68, the City reported \$4.8 million of net pension liability for its proportionate share of CALPERS' pension liability.

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

Table 9
Outstanding Debt, at Year-End

	Governmental Activities		
	2015	2014	Change
General obligation bonds	\$ 115,425,000	\$ 125,515,000	\$ (10,090,000)
Revenue bonds	167,000,000	177,445,000	(10,445,000)
Refunding lease revenue bonds	4,980,000	5,710,000	(730,000)
Tax allocation bonds	82,855,000	95,090,000	(12,235,000)
Original issue premium/discount	2,881,496	3,605,857	(724,361)
OPEB benefits payable		8,185,842	(8,185,842)
Compensated absences	142,842	121,951	20,891
Pension liability	4,782,916		4,782,916
Total outstanding debt	<u>\$ 378,067,254</u>	<u>\$ 415,673,650</u>	<u>\$ (37,606,396)</u>

Financial Reporting for Pension—an amendment of GASB Statement No. 27” and No. 71, “Pension Transition for Contribution Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68”. These statements establish accounting and financial reporting standards for purpose of measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. The change resulted in a restatement in beginning net position of \$6,232,085 in the government-wide governmental activities.

On July 1, 2015, PFA issued a total of \$574,905,000 in bonds to pay the cost to acquire the Local Obligations issued by SA to IUDA to provide proceeds to the SA to IUDA to refund and defease its outstanding bonds as of June 30, 2015. Interest rates on the refunding bonds range from 1.764% to 5.750%.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

On December 3, 2015, the City issued a total of \$336,570,000 in Senior Sales Tax Revenue Refunding Bonds Series 2015A (Taxable) and \$51,460,000 of Subordinate Sales Tax Revenue Bonds Series 2015B (Taxable) to refund and defease its 2005 and 2008 sales tax revenue bonds outstanding at June 30, 2015 and to provide additional funds to fund future capital project expenditures. Interest rates on the refunding bonds range from 1.460% to 4.250%. See footnote 21 for further discussion.

Economic Factors and Next Year's Budgets and Rates

The City has experienced steady development within the City limits during the past year. Economic trends in the Los Angeles area are comparable with the indices. The assessed valuation of property located within the City boundaries including properties located in its redevelopment project areas amounted to approximately \$7.777 billion for the 2015-2016 fiscal year as compared to \$7.555 billion in the prior fiscal year which represents an increase of approximately 3.0% of assessed value.

The City has adopted a balanced budget of \$149 million in revenues with approximately \$37.6 million in capital project expenditures to be incurred for the 2015-2016 fiscal year. The following is a summary of major capital improvement projects for the City for the 2015-2016 year.

Table 10
Capital Projects For 2015-2016

<u>Project Description</u>	<u>Budget 2015-16</u>
Grade separation projects	\$ 8,460,000
Street widening, reconstruction, resurfacing and slurry seal	16,892,000
Bridge widening, seismic retrofit and mainteance improvements	1,339,000
Traffic signal improvements	2,999,000
Storm drain improvements	2,942,000
Reclaimed water system improvements	
IPUC potable water system and electrical distribution system	1,350,000
Metrolink/commuter/rail station	114,000
Expo Center sewer system improvement	1,560,000
Industry Hills	516,000
El Encanto healthcare facility	115,000
San Gabriel Canyon properties	441,000
Tonner Canyon	315,000
Industry Housing and Property management projects	515,000
Total	<u>\$ 37,558,000</u>

CITY OF INDUSTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Request for Information

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

DRAFT 2-18-2016

Basic Financial Statements

DRAFT 2-18-2016

CITY OF INDUSTRY
STATEMENT OF NET POSITION
JUNE 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash	\$ 21,679,280	\$ 4,073,873	\$ 25,753,153
Cash and investments with fiscal agent	183,111,628		183,111,628
Deposit for refunding	31,088,840		31,088,840
Investments	131,892,303	8,399,684	140,291,987
Accounts receivable, less allowance for doubtful accounts of \$196,000 for governmental activities and \$33,000 for business type activities	530,297	1,084,595	1,614,892
Receivables - current	14,804,996	3,000	14,807,996
Due from Fiduciary funds	47,095,534		47,095,534
Internal balance	23,358		23,358
Inventories	38,481	56,550	95,031
Prepaid items	557,040	12,056	569,096
Investments with fiscal agent - restricted	41,142,206		41,142,206
Investment in IUDA bonds	350,137,924		350,137,924
Net OPEB asset	1,665,082		1,665,082
Capital assets not being depreciated:			
Land	51,335,846	6,764,880	58,100,726
Water rights		441,200	441,200
Source of supply-water		441,687	441,687
Construction in progress	8,538,798	270,468	8,809,266
Capital assets being depreciated net of accumulated depreciation:			
Buildings and improvements	118,220,676	53,785,327	172,006,003
Equipment, furniture and fixtures	6,378,133	1,288,657	7,666,790
Infrastructure	141,980,260	294,622	142,274,882
Source of supply-electric		4,053,806	4,053,806
Less: accumulated depreciation	<u>(119,713,012)</u>	<u>(33,678,329)</u>	<u>(153,391,341)</u>
Total capital assets, net of depreciation	206,740,701	33,662,318	240,403,019
Total assets	<u>1,030,507,670</u>	<u>47,292,076</u>	<u>1,077,799,746</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	1,259,986		1,259,986
Pension contribution subsequent to measurement date	255,850		255,850
Adjustment due to differences in proportions	114,072		114,072
Total deferred outflows of resources	<u>1,629,908</u>		<u>1,629,908</u>
Total assets and deferred outflows of resources	<u>1,032,137,578</u>	<u>47,292,076</u>	<u>1,079,429,654</u>
LIABILITIES			
Accounts payable	14,806,093	1,643,161	16,449,254
Other liabilities		183,850	183,850
Rental deposits and advances	572,548	176,520	749,068
Accrued expenses	7,774,110		7,774,110
Due to other governmental funds		23,360	23,360
Unearned revenue		7,809,254	7,809,254
Long-term liabilities:			
Portion due or payable within one year	35,367,694		35,367,694
Portion due or payable after one year	342,699,560		342,699,560
Total liabilities	<u>401,220,005</u>	<u>9,836,145</u>	<u>411,056,150</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on pension plan investments	1,607,283		1,607,283
Difference between employer contribution and employer's proportionate share of contribution	242,910		242,910
Total deferred inflows of resources	<u>1,850,193</u>		<u>1,850,193</u>
Total liabilities and deferred inflows of resources	<u>403,070,198</u>	<u>9,836,145</u>	<u>412,906,343</u>
NET POSITION			
Net investment in capital assets	201,760,700	33,662,318	235,423,018
Restricted for:			
Debt service	103,864,252		103,864,252
Unrestricted	323,442,428	3,793,613	327,236,041
Total net position	<u>\$ 629,067,380</u>	<u>\$ 37,455,931</u>	<u>\$ 666,523,311</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Net (Expenses) Revenues and Changes in Net Position					
	Program Revenues			Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES						
General government	\$ 5,928,344			\$ (5,928,344)		\$ (5,928,344)
Support services	8,124,701			(8,124,701)		(8,124,701)
Community development	3,765,894	3,210,500	3,810,296	3,254,902		3,254,902
Community services	4,262,699			(4,262,699)		(4,262,699)
Public safety	10,336,819			(10,336,819)		(10,336,819)
Public works	13,118,584			(13,118,584)		(13,118,584)
Capital projects	4,302,933			(4,302,933)		(4,302,933)
Interest expense	17,865,315			(17,865,315)		(17,865,315)
Total governmental activities	<u>67,705,289</u>	<u>3,210,500</u>	<u>3,810,296</u>	<u>(60,684,493)</u>		<u>(60,684,493)</u>
BUSINESS-TYPE ACTIVITIES						
Electric utility	4,203,587	5,091,577			887,990	887,990
Water utility	2,816,765	3,108,974			292,209	292,209
Cost of expo operations	2,773,085	1,290,492			(1,482,593)	(1,482,593)
Cost of housing authority operations	389,405	219,700			(169,705)	(169,705)
Total business-type activities	<u>10,182,842</u>	<u>9,710,743</u>			<u>(472,099)</u>	<u>(472,099)</u>
Total City	<u>\$ 77,888,131</u>	<u>\$ 12,921,243</u>	<u>\$ 3,810,296</u>	<u>(60,684,493)</u>	<u>(472,099)</u>	<u>(61,156,592)</u>
General revenues and other items:						
Taxes						
Property taxes				59,048,301		59,048,301
Sales tax				33,620,881		33,620,881
Tax increment pass through payments				445,054		445,054
Franchise				1,828,446		1,828,446
Documentary transfer tax				174,754		174,754
Transient occupancy tax				1,000,052		1,000,052
PSAF/COPS				113,899		113,899
Total taxes				<u>96,231,387</u>		<u>96,231,387</u>
Revenues from use of money and property				74,018,477	33,443	74,051,920
Grant income				5,000		5,000
Write off escheated liabilities				1,114,712		1,114,712
Other revenue					178,878	178,878
Gain from property sale				20,580,856		20,580,856
Litigation settlement				(1,002,412)		(1,002,412)
Other uses-debt service payments from property tax override fund on behalf of fiduciary fund				(81,885,018)		(81,885,018)
Transfers - internal activities				(985,580)	985,580	
Total general revenues and other items				<u>108,077,422</u>	<u>1,197,901</u>	<u>109,275,323</u>
Changes in net position				<u>47,392,929</u>	<u>725,802</u>	<u>48,118,731</u>
Net position, beginning of year				587,906,536	36,459,617	624,366,153
Prior period adjustment-see note 1				(6,232,085)	270,512	(5,961,573)
Net position, beginning of year as restated				<u>581,674,451</u>	<u>36,730,129</u>	<u>618,404,580</u>
Net position, end of year				<u>\$ 629,067,380</u>	<u>\$ 37,455,931</u>	<u>\$ 666,523,311</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS					
Cash	\$ 18,734,279	\$ 5,843	\$ 201,878	\$ 2,737,280	\$ 21,679,280
Cash and investments with fiscal agent	183,111,628				183,111,628
Deposit for refunding			31,088,840		31,088,840
Investments	96,522,067	826,140	30,780,326	3,763,770	131,892,303
Investments with fiscal agent - restricted			41,142,206		41,142,206
Investments in IUDA bonds			350,137,924		350,137,924
Accounts receivable, net of allowance for doubtful accounts of \$196,000	530,297				530,297
Receivables - current	6,339,514	1,234	8,445,985	18,263	14,804,996
Inventory	38,481				38,481
Site lease prepayment			5,597,156		5,597,156
Prepaid items	557,040				557,040
Due from other funds	107,251	694,358	31,133,177	19,277	31,954,063
Due from Fiduciary funds	47,095,534				47,095,534
Total assets	<u>\$ 353,036,091</u>	<u>\$ 1,527,575</u>	<u>\$ 498,527,492</u>	<u>\$ 6,538,590</u>	<u>\$ 859,629,748</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	13,848,461	914,848	2,361	40,424	14,806,094
Rental deposits and advances	572,548				572,548
Accrued expenses	190,604				190,604
Site lease deferred revenues	5,597,156				5,597,156
Due to enterprise and fiduciary funds					
Due to other funds	760,135		31,086,677	83,891	31,930,703
Total liabilities	<u>20,968,904</u>	<u>914,848</u>	<u>31,089,038</u>	<u>124,315</u>	<u>53,097,105</u>
FUND BALANCES					
Nonspendable:					
Inventory	38,481				38,481
Prepayment of site lease			5,597,156		5,597,156
Prepaid items	557,040				557,040
Restricted:					
Public transportation and road improvement				6,274,065	6,274,065
Capital projects				140,210	140,210
Debt service			72,231,046		72,231,046
Committed:					
Debt service			351,223,056		351,223,056
Assigned:					
Debt service			38,387,196		38,387,196
Unassigned:	331,471,666	612,727			332,084,393
Total fund balances	<u>332,067,187</u>	<u>612,727</u>	<u>467,438,454</u>	<u>6,414,275</u>	<u>806,532,643</u>
Total liabilities and fund balances	<u>\$ 353,036,091</u>	<u>\$ 1,527,575</u>	<u>\$ 498,527,492</u>	<u>\$ 6,538,590</u>	<u>\$ 859,629,748</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Total fund balance of governmental funds \$ 806,532,643

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

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

City infrastructure and capital assets	326,453,713
Accumulated depreciation	<u>(119,713,012)</u>
Total capital assets	<u>206,740,701</u>

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

Accrued interest payable on bonds payable	(7,583,506)
Net OPEB assets	1,665,081
Deferred loss on refunding	1,259,986
Deferred outflows - Employer contribution after measurement date	255,850
Deferred outflows - Adjustment due to differences in proportions	114,072
Deferred inflows - net difference between projected and actual earnings on pension plan investments	(1,607,283)
Deferred inflows - Difference between employer contribution and employer's proportionate share of contribution	<u>(242,910)</u>
	<u>(6,138,710)</u>

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

City of Industry:	
General obligation bonds and other - Current portion	(21,405,000)
General obligation bonds and other - Long term	(261,020,000)
Issuance premium - Current portion	(654,369)
Issuance premium - Long term	(2,342,032)
Compensated absences	(142,842)
Net pension liability	(4,782,916)
Public Facilities Authority:	
Tax allocation revenue bonds - Current portion	(12,590,000)
Tax allocation revenue bonds - Long term	(70,265,000)
Refunding lease revenue bonds - Current portion	(750,000)
Refunding lease revenue bonds - Long term	(4,230,000)
Issuance discount - Current portion	31,675
Issuance discount - Long term	83,230
Total liabilities	<u>(378,067,254)</u>

Net position of governmental activities \$ 629,067,380

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES					
Taxes	\$ 39,470,470	\$	\$ 56,760,917	\$ 3,810,296	\$ 100,041,683
Licenses and permits	2,646,610				2,646,610
Fines, forfeitures and penalties	563,890				563,890
Grant income				5,000	5,000
Revenues from use of money and property	5,761,481	2,611	69,558,523	12,544	75,335,159
Total revenues	<u>48,442,451</u>	<u>2,611</u>	<u>126,319,440</u>	<u>3,827,840</u>	<u>178,592,342</u>
EXPENDITURES					
Current:					
Legislative	431,807				431,807
General administration	3,903,997		406,866	484,504	4,795,367
Support services	17,747,767				17,747,767
Community development	731,013			89,625	820,638
Community services	3,725,258				3,725,258
Public safety	8,311,886			534,862	8,846,748
Public works	10,881,576			57,663	10,939,239
Debt service:					
Principal retirement - long term debt			33,500,000		33,500,000
Interest			18,296,273		18,296,273
Capital outlay:					
Capital projects	2,385,000	6,769,752			9,154,752
Total expenditures	<u>48,118,304</u>	<u>6,769,752</u>	<u>52,203,139</u>	<u>1,166,654</u>	<u>108,257,849</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>324,147</u>	<u>(6,767,141)</u>	<u>74,116,301</u>	<u>2,661,186</u>	<u>70,334,493</u>
OTHER FINANCING SOURCES (USES)					
Other uses-fiduciary fund debt service			(81,885,018)		(81,885,018)
Proceeds from sale of property		4,644,146			4,644,146
Write off of escheated liabilities	1,069,615			45,097	1,114,712
Prop A Exchange	(2,827,500)				(2,827,500)
Settlement claims	(1,002,412)				(1,002,412)
Transfers in (out) to enterprise funds	(136,330)			(849,250)	(985,580)
Net transfers from/ (to) other governmental funds	97,082,200	(18,256,575)	(80,175,098)	1,349,473	-
Total other financing sources (uses)	<u>94,185,573</u>	<u>(13,612,429)</u>	<u>(162,060,116)</u>	<u>545,320</u>	<u>(80,941,652)</u>
Change in fund balances	94,509,720	(20,379,570)	(87,943,815)	3,206,506	(10,607,159)
FUND BALANCES, beginning of year	<u>237,557,467</u>	<u>20,992,297</u>	<u>555,382,269</u>	<u>3,207,769</u>	<u>817,139,802</u>
FUND BALANCES, end of year	<u>\$ 332,067,187</u>	<u>\$ 612,727</u>	<u>\$ 467,438,454</u>	<u>\$ 6,414,275</u>	<u>\$ 806,532,643</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances of total governmental funds \$ (10,607,159)

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

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

Capital outlays net of \$4,302,933 non capitalized expenditures	4,851,819
Depreciation expense	(6,518,330)

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

Net effect on disposal of land held for resale	15,936,710
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Bond proceeds provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the statement of
net position. Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the statement of
net position. These consist of the following:

Repayment of principal on long-term debt is an expenditure in the governmental funds but reduces the liability in the statement of net position	33,500,000
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Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported as
expenditures in the governmental funds. These items consist of:

Change in accrued interest payable	171,572
Net change of bond premium/discount and deferred amount on refunding	259,386
Change in compensated absences	(20,891)
Change in OPEB obligation	9,850,924
Net pension expense	(31,102)

Lease income from PFA site lease	(1,316,682)
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Lease expense for PFA site lease	<u>1,316,682</u>
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Total changes in net position of governmental activities	\$ <u><u>47,392,929</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	CITY OF INDUSTRY	CIVIC- RECREATIONAL- INDUSTRIAL AUTHORITY	CITY OF INDUSTRY PROPERTY AND HOUSING MANAGEMENT AUTHORITY	TOTALS
	INDUSTRY PUBLIC UTILITIES COMMISSION	INDUSTRY HILLS - EXPO CENTER		JUNE 30, 2015
ASSETS				
Current assets:				
Cash and deposits	\$ 3,627,116	\$ 410,411	\$ 36,346	\$ 4,073,873
Investments	7,002,396		1,397,288	8,399,684
Accounts receivable, net of allowance of \$33,000	974,652	104,002	5,941	1,084,595
Inventory of materials and supplies, at cost	10,000	46,550		56,550
Prepaid items	12,056			12,056
Deposits		3,000		3,000
Noncurrent assets:				
Land	35,500		6,729,380	6,764,880
Water rights	441,200			441,200
Source of supply	4,495,493			4,495,493
Infrastructure	294,622			294,622
Buildings and improvements	25,625,873	23,454,416	4,705,038	53,785,327
Equipment, furniture and fixtures	229,332	958,866		1,188,198
Vehicles		100,459		100,459
Construction in progress	4,549		265,919	270,468
Less: accumulated depreciation	<u>(16,409,023)</u>	<u>(15,744,032)</u>	<u>(1,525,274)</u>	<u>(33,678,329)</u>
Total capital assets, net	<u>14,717,546</u>	<u>8,769,709</u>	<u>10,175,063</u>	<u>33,662,318</u>
Total assets	<u>26,343,766</u>	<u>9,333,672</u>	<u>11,614,638</u>	<u>47,292,076</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,434,274	104,439	104,448	1,643,161
Other liabilities	183,850			183,850
Rental deposits and advances		162,977	13,543	176,520
Due to other funds	17,329		6,031	23,360
Unearned revenue from reclaimed water sales	<u>7,809,254</u>			<u>7,809,254</u>
Total liabilities	<u>9,444,707</u>	<u>267,416</u>	<u>124,022</u>	<u>9,836,145</u>
NET POSITION				
Investment in capital assets	14,717,546	8,769,709	10,175,063	33,662,318
Unrestricted	2,181,513	296,547	1,315,553	3,793,613
Total net position	<u>\$ 16,899,059</u>	<u>\$ 9,066,256</u>	<u>\$ 11,490,616</u>	<u>\$ 37,455,931</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	CITY OF INDUSTRY	CIVIC- RECREATIONAL - INDUSTRIAL AUTHORITY	CITY OF INDUSTRY PROPERTY AND HOUSING MANAGEMENT AUTHORITY	TOTALS
	INDUSTRY PUBLIC UTILITIES COMMISSION	INDUSTRY HILLS - EXPO CENTER		JUNE 30, 2015
OPERATING REVENUES				
Charges for sales and services				
Water sales and service	\$ 3,108,974	\$	\$	\$ 3,108,974
Electric and solar energy sales	5,091,577			5,091,577
Event and rental revenues		1,290,492	219,700	1,510,192
Total operating revenues	<u>8,200,551</u>	<u>1,290,492</u>	<u>219,700</u>	<u>9,710,743</u>
OPERATING EXPENSES				
General administration	3,357,119	1,124,188		4,481,307
Purchased electricity	2,631,985			2,631,985
Purchased water	323,163			323,163
Cost of expo center operations		901,744		901,744
Cost of housing authority operations			291,866	291,866
Depreciation	708,085	747,153	97,539	1,552,777
Total operating expenses	<u>7,020,352</u>	<u>2,773,085</u>	<u>389,405</u>	<u>10,182,842</u>
OPERATING INCOME (LOSS)	<u>1,180,199</u>	<u>(1,482,593)</u>	<u>(169,705)</u>	<u>(472,099)</u>
NON-OPERATING REVENUES				
Interest income	21,977	6,532	4,934	33,443
Other income	178,558		320	178,878
Total non-operating revenues	<u>200,535</u>	<u>6,532</u>	<u>5,254</u>	<u>212,321</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>1,380,734</u>	<u>(1,476,061)</u>	<u>(164,451)</u>	<u>(259,778)</u>
TRANSFERS				
Transfers in from other government funds	136,330	849,250		985,580
Total transfers	<u>136,330</u>	<u>849,250</u>		<u>985,580</u>
Changes in net position	1,517,064	(626,811)	(164,451)	725,802
Net position, beginning of year	15,111,483	9,693,067	11,655,067	36,459,617
Prior period adjustment-see note 1	270,512			270,512
Net position, end of year	<u>\$ 16,899,059</u>	<u>\$ 9,066,256</u>	<u>\$ 11,490,616</u>	<u>\$ 37,455,931</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	CITY OF INDUSTRY	CIVIC- RECREATIONAL- INDUSTRIAL AUTHORITY	CITY OF INDUSTRY PROPERTY AND HOUSING MANAGEMENT AUTHORITY	TOTALS
	INDUSTRY PUBLIC UTILITIES COMMISSION	INDUSTRY HILLS - EXPO CENTER		JUNE 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 8,240,682	\$ 1,255,610	\$ 222,332	\$ 9,718,624
Payments to suppliers and employees	(5,667,124)	(2,073,913)		(7,741,037)
Payments for general and administrative expenses			(215,017)	(215,017)
Net cash provided by (used in) operating activities	<u>2,573,558</u>	<u>(818,303)</u>	<u>7,315</u>	<u>1,762,570</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	136,330	849,250		985,580
Other income received	178,558		320	178,878
Net cash provided by non-capital financing activities	<u>314,888</u>	<u>849,250</u>	<u>320</u>	<u>1,164,458</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(299,171)	(45,250)	(292,078)	(636,499)
Contributed capital from contracted water operations	384,335			384,335
Net cash provided by (used in) capital and related financing activities	<u>85,164</u>	<u>(45,250)</u>	<u>(292,078)</u>	<u>(252,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(12,589)			(12,589)
Proceeds from investment maturities			281,076	281,076
Interest income received	21,977	6,532	4,934	33,443
Net cash provided by investing activities	<u>9,388</u>	<u>6,532</u>	<u>286,010</u>	<u>301,930</u>
Net increase in cash	2,982,998	(7,771)	1,567	2,976,794
Cash, July 1, 2014	644,118	418,182	34,779	1,097,079
Cash, June 30, 2015	<u>\$ 3,627,116</u>	<u>\$ 410,411</u>	<u>\$ 36,346</u>	<u>\$ 4,073,873</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,180,199	\$ (1,482,593)	\$ (169,705)	\$ (472,099)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	708,085	747,153	97,539	1,552,777
(Increase) decrease in assets				
Accounts receivable	551,420	(44,534)	(1,011)	505,875
Prepays	655			655
Inventory		(17,093)		(17,093)
Due to other governmental funds	17,329		6,031	23,360
Increase (decrease) in liabilities				
Accounts payable	627,814	(16,788)	70,818	681,844
Accrued expenses		(14,100)		(14,100)
Rental deposits and advances		9,652	3,643	13,295
Deferred revenue	(511,944)			(511,944)
Net cash provided by (used in) operating activities	<u>\$ 2,573,558</u>	<u>\$ (818,303)</u>	<u>\$ 7,315</u>	<u>\$ 1,762,570</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>PRIVATE - PURPOSE TRUST FUND</u>	<u>ASSESSMENT DISTRICTS</u>	<u>TOTALS JUNE 30, 2015</u>
ASSETS			
Cash	\$ 3,607,619	\$ 329,434	\$ 3,937,053
Cash - Restricted	10,767,465		10,767,465
Investments	31,247,881	1,499,445	32,747,326
Investments - restricted	16,332,486		16,332,486
Investments with fiscal agent - restricted	83,743,904	518,719	84,262,623
Notes receivable	16,623,701		16,623,701
Other receivables	811,172		811,172
Property held for sale or disposition	452,317,125		452,317,125
Total assets	<u>615,451,353</u>	<u>2,347,598</u>	<u>617,798,951</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	836,228		836,228
Total deferred outflows of resources	<u>836,228</u>		<u>836,228</u>
Total assets and deferred outflows of resources	<u>616,287,581</u>	<u>2,347,598</u>	<u>618,635,179</u>
LIABILITIES			
Accounts payable	6,441,009		6,441,009
Interest payable	9,097,002		9,097,002
Other liabilities		2,347,454	2,347,454
Due to City of Industry	47,095,390	144	47,095,534
Bonds payable, net	467,315,608		467,315,608
Total liabilities	<u>529,949,009</u>	<u>\$ 2,347,598</u>	<u>532,296,607</u>
 FIDUCIARY NET POSITION	 <u>\$ 86,338,572</u>	 <u>\$</u>	 <u>86,338,572</u>

The accompanying notes are an integral part of this statement.

CITY OF INDUSTRY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

		PRIVATE - PURPOSE TRUST FUND
ADDITIONS		
Taxes, net	\$	54,418,923
Revenues from use of money and property		14,834,673
Gain on sale of property		3,475,488
Participants contributions		
Net increase in fair value		
Other sources-write off of escheated liabilities		733,489
Other sources-debt service paid by tax override		81,885,018
Total additions		155,347,591
DEDUCTIONS		
Bond interest expense		75,580,926
General administration		3,581,430
Participant distributions		
Bond principal payments		
Write down of property		960,000
Total deductions		80,122,356
Changes in net assets		75,225,235
FIDUCIARY NET POSITION, beginning of year		11,113,337
FIDUCIARY NET POSITION, end of year	\$	86,338,572

The accompanying notes are an integral part of this statement.

**Notes to Basic
Financial Statements**

DRAFT
2-18-2016

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies**

Description of the reporting entity

The City of Industry (referred to as the "City") is a municipal corporation governed by an elected five-member council of which the mayor is appointed by the members of the city council. The accompanying financial statements present the financial activities of the City, which is the primary government and the financial activities of its component units, which are entities for which the City is financially accountable. Although legally separate entities, blended component units are in substance, part of the City's operations and are reported as an integral part of the City's financial statements. Blended component units, which include the Civic-Recreational-Industrial Authority (referred to as "CRIA"), the Industry Public Utilities Commission (referred to as "IPUC"), the Industry Public Facilities Authority (referred to as the "PFA") and the Industry Property and Housing Authority (referred to as the "Housing Authority"). The Successor Agency to the Industry Urban-Development Agency (referred to as the "SA to IUDA") is a fiduciary component unit.

Blended Component Units

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

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

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

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

Fiduciary Component Unit

The City has elected to become the Successor Agency to the Industry Urban-Development Agency (referred to as the "SA to IUDA"). The City and the Successor Agency have separate Board of Directors. However, individuals serving on the City's Council also serve on the SA to IUDA Board. The SA to IUDA is a component unit of the City that is fiduciary in nature and is reported in the statements of fiduciary net position and changes in fiduciary net position within the City's fiduciary funds.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Fiduciary Component Unit (continued)

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

Basis of accounting and measurement focus

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

Government-wide financial statements

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

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

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

Certain indirect costs are included in program expenses.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Fund financial statements

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

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

Governmental funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered measurable when the amounts can be estimated, or otherwise determined. Revenues are considered available if they are collected within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred.

Exceptions to this general rule include: (1) accumulated unpaid vacation and other employee amounts are not accrued and (2) principal and interest on long-term debt are recognized when due.

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

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

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

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Governmental funds (continued)

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources and committed, assigned, or unassigned amounts are considered to have been spent when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The City reports the following major governmental funds:

General Fund

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

Capital Projects Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs. On September 26, 2013 pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the debt service shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the debt service shortfall. 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 9 for further discussion.

The City reports the following non-major governmental funds:

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted for expenditures for specified purposes.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Governmental funds (continued)

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus.

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

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total Net Position. The City's proprietary funds include the Industry Hills Expo Center, IPUC, and the Housing Authority. These funds are presented on the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

During the year ended June 30, 2015, the City implemented a change in accounting policy to include the net position and results of operation of the Industry Public Utilities Water System where in prior years only the net profit was included. The effect of this change has been retroactively applied by reporting the cumulative effect of the application as a restatement of beginning net position. The change resulted in a restatement in beginning net position of \$270,512 in the government-wide proprietary net position, respectively. The adoption had no effect on the governmental fund financial statements.

The City reports the following major proprietary funds:

Industry Public Utilities Commission

This fund accounts for activities of providing water and limited electrical services to the public.

Industry Hills Expo Center

This fund accounts for space rentals for events and equestrian activities to the general public.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Governmental funds (continued)

Industry Property and Housing Authority

This fund accounts for property and housing rental activity.

Fiduciary fund types

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

Private-Purpose Trust Fund

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

Agency Funds

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

Cash and investments

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

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

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

Accounts receivable

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

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Inventories

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

Capital assets and depreciation

Capital assets, including infrastructure, are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Generally capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

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

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government - wide financial statements and in the fund financial statements of the proprietary fund types.

Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The range of lives used for depreciation purposes for each capital asset class is as follows:

Buildings and improvements	45	years
Equipment	3 - 10	years
Infrastructure	20 - 50	years

Property held for sale or disposition

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

In the year ended June 30, 2006, the SA to the IUDA transferred land with a fair value of \$21,283,484 to the City as a partial reimbursement payment to the City. The book value of this land amounted to \$5,346,774 and no gain or loss was recognized on this transaction. The land previously was recorded in the capital projects fund as "Land held for sale" in the amount of \$21,283,484 in the governmental fund statement. In the Statement of Net Position under the governmental activities column the land previously had been recorded at its original cost basis of \$5,346,774.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Property held for sale or disposition (continued)

The land was sold for \$25,927,630 during the year ended June 30, 2015 and a net gain of \$20,580,856 is reported in the statement of net position.

New Accounting Standard

During the year ended June 30, 2015, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pension—an amendment of GASB Statement No. 27 and No. 71," Pension Transition for Contribution Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68". These statements establish accounting and financial reporting standards for purpose of measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014.

The effect of these statements has been retroactively applied by reporting the cumulative effect of the application as a restatement of beginning net position. The changes for Statement 68 and 71 resulted in a restatement in beginning net position of \$5,902,422 and \$329,663, respectively in the government-wide governmental activities and fiduciary net position. The adoption had no effect on the governmental fund financial statements.

GASB has issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This Statement establishes account and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for the periods beginning after December 15, 2013 and did not have a significant impact on the City's financial statements for the year ended June 30, 2015.

Net Position

Net position in the government-wide financial statements is classified as net investment in capital assets, restricted and unrestricted. Net Investment in Capital Assets, consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets. Restricted Net Position consist of assets, net of any related liabilities, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or laws through constitutional provisions or enabling legislations. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Net position (continued)

Unrestricted Net Position consists of amounts that do not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

Fund balance

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

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

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

Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the City imposes upon itself at its highest level of decision making authority (the City Council) through resolution and that remain binding unless removed in the same manner. The City has \$31,478,035 of committed fund balances at June 30, 2015

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

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

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources and committed, assigned, or unassigned amounts are considered to have been spent when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Defined benefit pension plan

The City, under a contract with the California Public Employees' Retirement System of California, provides a retirement plan covering all full-time and certain part-time employees of the City.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for the City's pension reporting for the year ended June 30, 2015:

- Valuation Date (VD) June 30, 2013
- Measurement Date (MD) June 30, 2014
- Measurement Period (MP) July 1, 2013 to June 30, 2014

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Property taxes

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

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. **Summary of significant accounting policies (continued)**

Property taxes (continued)

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

Bond issuance costs and premiums/discounts

Bond premiums and discounts in the government-wide and fiduciary funds financial statements are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses in the period incurred on the statement of changes in net position. In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, at the time the bonds are issued. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Unavailable revenue

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

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

2. Cash and investments

Cash and investments for governmental and business-type activities at June 30, 2015 consisted of the following:

Statement of net position:

	Amount
Cash	\$ 25,753,153
Cash and investments with fiscal agent	183,111,628
Investments	140,291,987
Deposit for refunding	31,088,840
Investments with fiscal agent - restricted	41,142,206
Investments in IUDA bonds	350,137,924
Fiduciary funds:	
Cash	3,937,053
Cash Restricted	10,767,465
Investments Restricted	16,332,486
Investments	32,747,326
Investments with fiscal agent - restricted	84,262,623
Total cash and investments	\$ 919,572,691
Cash	40,457,671
Investments	879,115,020
Total cash and investments	\$ 919,572,691

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

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

At June 30, 2015, the City's deposits exceeded federally insured limits by \$26,156,151; however, such amounts are secured by the financial institutions that hold such deposits for the City.

As of June 30, 2015, SA to IUDA's deposits exceeded federally insured limits by \$13,773,810.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

2. Cash and investments (continued)

Investments authorized by the City's investment policy

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

- Securities of the U.S. Government, or its agencies
- Bankers Acceptance
- Commercial paper rated A-1 by Standard & Poor's Corporation or Moody's Investor Service
- Local Agency Investment Fund (State Pool) Deposits (referred to as "LAIF")
- Repurchase agreements
- Inactive public deposits
- Los Angeles County Investment Pool
- Savings accounts

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

Investments authorized by debt agreements

Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by a bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

2. Cash and investments (continued)

Custodial credit risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, the City will not be able recover the value of its investments or collateral security that are in the possession of an outside party. Under section 53652 of the California Government Code, it is required that the depository secure active or inactive deposits with eligible securities having a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2015, the financial institutions that hold collateral for the City of Industry had satisfied this requirement. All securities, with the exception of LAIF and other pooled investments, are held by a third-party custodian.

Interest rate risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in months)</u>
Commercial paper	\$ 30,530,256	2.60
Federal home loan notes	24,575,589	1.26
Treasury obligations	32,181,298	5.62
Mortgage backed securities	12,148,497	5.43
LAIF	73,603,675	9.69
Investment -restricted	16,332,486	N/A
Held by bond trustee:		
Treasury obligations	87,722,616	N/A
Treasury notes	17,153,610	40.64
Government obligations	55,093,349	N/A
Money market funds	17,245,347	N/A
Mortgage backed securities	17,304,667	82.76
Asset backed securities	9,022,437	41.66
Foreign issued securities	1,886,308	15.57
Municipal securities	5,360,587	42.77
Corporate Bonds	126,341,062	94.80
Corporate securities	2,475,312	N/A
Investment in IUDA bonds	350,137,924	163.13
	<u>\$ 879,115,020</u>	

**CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. Cash and investments (continued)

Credit risk

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

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End				Not Rated
			Aaa/P-1	AA/Aa - A/A	BBB/Baa - B/B	CCC/Caa - C/C	
Commercial paper	\$ 30,530,256	Aaa/P-1	30,530,256				\$
Federal home loan notes	24,575,589	Aaa/P-1	23,076,142				1,499,447
Treasury notes	32,181,298	Aaa/P-1	32,181,298				
Mortgage backed securities	12,148,497	AA/Aa-A/A	12,148,497				
LAIF	73,603,675	N/A					73,603,675
Investment Restricted-Treasury Obligation	16,332,486	Aaa/P-1	16,332,486				
Held by bond trustee:							
Treasury obligations: Bond trustee	87,722,616	Aaa/P-1	87,722,616				
Treasury notes	17,153,610	Aaa/P-1	17,153,610				
Government obligations	55,093,349	Aaa/P-1	55,093,349				
Money market funds	17,245,347	Aaa/P-1	13,677,702				3,567,645
Mortgage backed securities	17,304,667	AA/Aa-A/A	10,212,445	6,816,528	62,107	213,587	
Asset backed securities	9,022,437	Aaa/P-1		900,684	8,121,753		
Foreign issued securities	1,886,308	AA/Aa-A/A		1,886,308			
Municipal securities	5,360,587	AA/Aa-A/A		5,360,587			
Corporate Bond	126,341,062	AA/Aa-A/A		54,787,190	70,603,704	950,168	
Corporate Securities	2,475,312	N/A			2,475,312		
Investment in IUDA bonds	350,137,924	N/A					350,137,924
Total investments	\$ 879,115,020		\$ 298,128,401	\$ 69,751,297	\$ 81,262,876	\$ 1,163,755	\$ 428,808,691

Concentration of credit risk

The investment policy of the City and its component units contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The investments that represent 5% or more of the total investments of the City consist of LAIF, Treasury Obligations-Bond Trustee, Government Obligations-Bond Trustee, Corporate Bonds and IUDA Bonds.

State of California Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in the investment pool is approximately the same as the value of the pool shares.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government sponsored enterprises, and corporations.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

2. Cash and investments (continued)

State of California Local Agency Investment Fund (continued)

At June 30, 2015, the carrying amount of the investments in LAIF amounted to \$73,603,675 which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

Investment in IUDA Bonds

The City and the Public Facilities Authority have investments in IUDA bonds. As of June 30, 2015, the City has an investment balance of \$270,477,924 and the Public Facilities Authority has an investment balance of \$79,660,000.

3. Receivables - current

As of June 30, 2015, receivables on the balance sheet of the governmental fund statement consist of the following:

	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTALS
<u>City of Industry</u>					
Accrued interest receivable	\$ 1,386,801	1,234	\$ 15,254		\$ 1,403,289
Accrued interest receivable					
Successor Agency bonds			7,336,224		7,336,224
Sales tax receivable	3,979,814				3,979,814
Property tax receivable	129,353		400,733		530,086
Other	843,546			18,263	861,809
<u>Industry Public Facilities Authority</u>					
Accrued interest receivable					
Successor Agency bonds			693,774		693,774
Totals	<u>\$ 6,339,514</u>	<u>\$ 1,234</u>	<u>\$ 8,445,985</u>	<u>\$ 18,263</u>	<u>\$ 14,804,996</u>

4. Notes receivable – fiduciary fund

Developer notes receivable - construction loan

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

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

4. Notes receivable – fiduciary fund (continued)

Developer notes receivable - construction loan (continued)

	Amount June 30, 2015	Principal Amounts due in one year	Non-current Principal
Due June, 2022, payable in monthly payments of \$78,171 including interest at 4.00% per annum beginning July 2002	\$ 5,718,968	\$ 722,448	\$ 4,996,520
Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	4,876,639	616,041	4,260,598
Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	1,641,778	207,398	1,434,380
Totals	\$ 12,237,385	\$ 1,545,887	\$ 10,691,498

Total interest received on these loans during the year ended June 30, 2015, amounted to \$521,875.

Developer notes receivable – Nissan Auto Mall

In May 2010, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, IUDA provided the Developer with a loan of \$4,500,000 which was outstanding as of June 30, 2015.

	Amount June 30, 2015	Principal Amounts due in one year	Non-current Principal
Due May, 2022, payable in monthly payments of \$25,069 and a final balloon payment of \$3,427,959 including interest at 4.00% per annum beginning May 2012	\$ 4,386,316	\$ 127,703	\$ 4,258,613

Total interest received on this loan during the year ended June 30, 2015, amounted to \$178,127.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

5. Industry Convalescent Hospital

During 1992, the City Council passed a resolution stating that periodic advances made to Industry Convalescent Hospital dba El Encanto Healthcare and habilitation Center in the past, as well as currently, will be treated as loans. The note is payable on demand with simple interest at 6% per annum on the unpaid balance. As of June 30, 2015 the unpaid note balance amounted to \$20,060,000 and accrued interest amounted to \$22,157,440. As the collectability of this note and accrued interest is uncertain, the loan amounts have been shown as General Fund expenditures in the financial statements; and the City will recognize the collections on the note receivable as revenue as the amounts are collected.

The Hospital leases property from SA to IUDA for \$1 a year, which is renewed annually, and at the time of renewal the lease may be terminated or the lease payment renegotiated by SA to IUDA. During the fiscal year ended 2015, the City incurred expenses on behalf of the Hospital totaling \$337,264 relating to contract labor, security and repairs and maintenance and capital asset additions.

6. Interfund receivables/payables and transfers in/out

Interfund transactions

Interfund receivables and (payables) consisted of the following at June 30, 2015:

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>				Total
	General Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	
Governmental Funds:					
General Fund	\$	\$ 694,358	\$ 46,500	\$ 19,277	\$ 760,135
Enterprise funds	23,362				23,362
Other Governmental Funds	83,891				83,891
Fiduciary Funds	47,095,534				47,095,534
Totals	\$ 47,202,787	\$ 694,358	\$ 46,500	\$ 19,277	\$ 47,962,922

The majority of the interfund balances were a result of routine interfund transactions due for reimbursement of expenditures. The \$47,095,534, net of payables due from the Successor Agency contains \$14,421,307 relating to the loan fund as described in note 9 and \$34,139,469 as described below.

In August 2014, the City of Industry and the SA to the IUDA entered into "Agreement for Advance and Reimbursement of Costs for Construction Contracts Constituting Enforceable Obligations", the City has agreed to advance money from time to time as may be required to enable the SA to the IUDA to make timely payment of the Contract Costs, and in an aggregate amount not to exceed \$50,000,000. The City advanced \$34,139,469 to the SA which these advances will constitute the Loan under the Agreement and the advances shall bear no interest. The loan is to be repaid from proceeds of property sales of the SA to the IUDA. As of June 30, 2015 there was \$13,317,443 held in a trust account from property sales which be used to repay the loan in the ROPS 15-16B period of January 1, 2016 to June 30, 2016. No interest has been imputed on this loan in accordance with GASB no. 62.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

6. Interfund receivables/payables and transfers in/out (continued)

Interfund transactions (continued)

In June 2015, the City of Industry Tax Override Fund advanced \$31,086,677 to the Industry Public Facilities Authority to be used by PFA to pay the costs to acquire the Local Obligations issued by SA to IUDA to provide proceeds to the SA to IUDA to refund and decrease its outstanding bonds as of June 30, 2015, see note 20. The amount was used in the 2015 PFA bond refunding and PFA recorded a transfer-in to offset the due-to. This amount is recorded as a due from (to) within the Debt Service Funds and is eliminated on the balance sheet of the fund statement. The cash deposited with the bond trustee is presented as a deposit for refunding on the balance sheet.

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

Site lease prepayment between PFA and City	\$	5,597,156
Lease income/expense paid from PFA to City on site lease prepayment between PFA and City	\$	373,144
Lease income/expense paid from City to PFA on lease-back between PFA and City	\$	943,538

Interfund transfers

The City of Industry reports interfund transfers between many of its funds. For the year ended June 30, 2015, the sum of all the transfers are presented in the table is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					Totals
	General Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	Enterprise Funds	
General Fund	\$	\$ 7,701,564	\$ 17,868	\$ 1,349,473	\$ 136,330	\$ 9,205,235
Capital Projects Fund	25,958,139					25,958,139
Debt Service Funds	80,192,966					80,192,966
Other Governmental Funds					849,250	849,250
Total transfers	\$ 106,151,105	\$ 7,701,564	\$ 17,868	\$ 1,349,473	\$ 985,580	\$ 116,205,590

**CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

7. Capital assets

Governmental activities

Capital asset activity for the year ending June 30, 2015 is as follows:

<u>CAPITAL ASSETS</u>	<u>BALANCE</u> <u>July 1, 2014</u>	<u>ADDITIONS</u>	<u>RECLASSES</u>	<u>BALANCE</u> <u>June 30, 2015</u>
PRIMARY GOVERNMENT				
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 51,335,846			\$ 51,335,846
Construction in progress	12,994,210	4,851,819	(9,307,231)	8,538,798
Totals	<u>64,330,056</u>	<u>4,851,819</u>	<u>(9,307,231)</u>	<u>59,874,644</u>
Capital assets being depreciated				
Buildings and improvements	118,220,676			118,220,676
Machinery and equipment	1,916,190			1,916,190
Furniture and fixture	4,461,943			4,461,943
Infrastructure	132,673,029		9,307,231	141,980,260
Totals	<u>257,271,838</u>		<u>9,307,231</u>	<u>266,579,069</u>
Less accumulated depreciation				
Buildings and improvements	53,588,449	2,558,439		56,146,888
Machinery and equipment	1,252,164	212,031		1,464,195
Furniture and fixture	3,097,148	348,169		3,445,317
Infrastructure	55,256,920	3,399,692		58,656,612
Totals	<u>113,194,681</u>	<u>6,518,331</u>		<u>119,713,012</u>
Net capital assets being depreciated	144,077,157	(6,518,331)	9,307,231	146,866,057
Governmental activities capital assets, net	<u>\$ 208,407,213</u>	<u>\$ (1,666,512)</u>	<u>\$ -</u>	<u>\$ 206,740,701</u>

Business-type activities

<u>CAPITAL ASSETS</u>	<u>BALANCE</u> <u>July 1, 2014</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> <u>June 30, 2015</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 6,764,880			\$ 6,764,880
Water rights	441,200			441,200
Source of supply-Water	441,687			441,687
Construction in progress		270,468		270,468
Totals	<u>7,647,767</u>	<u>270,468</u>		<u>7,918,235</u>
Capital assets being depreciated				
Buildings and improvements	53,726,324	59,003		53,785,327
Equipment, furniture and fixtures	1,276,251	12,406		1,288,657
Infrastructure		294,622		294,622
Source of Supply-Electric	4,053,806			4,053,806
Totals	<u>59,056,381</u>	<u>366,031</u>		<u>59,422,412</u>
Less: accumulated depreciation				
Buildings and improvements	15,609,152	794,825		16,403,977
Equipment, furniture and fixtures	15,506,890	674,705		16,181,595
Source of Supply-Electric	1,009,510	83,247		1,092,757
Totals	<u>32,125,552</u>	<u>1,552,777</u>		<u>33,678,329</u>
Capital assets being depreciated, net	26,930,829	(1,186,746)		25,744,083
Business-type activities capital assets, net	<u>\$ 34,578,596</u>	<u>\$ (916,278)</u>		<u>\$ 33,662,318</u>

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

7. Capital assets (continued)

Depreciation expense was charged to the primary government in the governmental activities-general government expenses in the amount of \$6,518,330 and to the business activities in the amount of \$1,552,777. Depreciation expense was charged to governmental functions as follows:

General government	\$	1,074,314
Support services		1,119,403
Community development		117,756
Community services		537,441
Public safety		1,490,071
Public works		2,179,345
Total depreciation expense	\$	<u>6,518,330</u>

Property held for sale or disposition of the Private-Purpose Trust fund

PROPERTY HELD FOR SALE OR DISPOSITION	BALANCE July 1, 2014	ADDITIONS	RETIREMENTS	BALANCE June 30, 2015
Capital Assets Not Being Depreciated:				
Land	\$ 184,366,620	\$	\$ (10,222,819)	\$ 174,143,801
Construction in progress	55,780,500	44,639,200		100,419,700
Infrastructure	187,616,550			187,616,550
Buildings and improvements	16,149,551		(927,605)	15,221,946
Furniture and fixtures	676,222			676,222
Vehicles	33,312			33,312
Totals	<u>444,622,755</u>	<u>44,639,200</u>	<u>(11,150,424)</u>	<u>478,111,531</u>
Less: Accumulated depreciation	<u>26,106,673</u>		<u>(312,267)</u>	<u>25,794,406</u>
Capital assets, net	<u>\$ 418,516,082</u>	<u>\$ 44,639,200</u>	<u>\$ (10,838,157)</u>	<u>\$ 452,317,125</u>

The SA to IUDA sold five parcels of land for \$12,061,646 and recognized a gain of \$3,475,488. In addition the SA to IUDA has written down certain of its capital assets to their net realizable value and has recognized a loss of \$960,000. On August 27, 2014, pursuant to resolution no. OB 2014-21, certain parcels of property listed on the Long-Range Property Management Plan were transferred to the Caltrans at no cost.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. Long-term debt

City of Industry

General obligation bonds

In May 2014, the City issued \$28,985,000 of General Obligation Refunding Bonds, Series 2014 (Federally Taxable) (the "2014 GO Refunding Bonds"). Proceeds from the 2014 GO Refunding Bonds, along with other funds, were used to refund the \$35,000,000 Taxable General Obligation Bonds, Issue of 2002. In addition to the funds received, the City used approximately \$1,764,000 from other funds to fund the redemption of the 2002 bonds.

In May 2009, the City issued \$37,860,000 of General Obligation Refunding Bonds (the "2009 GO Refunding Bonds"). Proceeds from the 2009 GOB Refunding Bonds, along with other funds, were used to refund the \$61,935,000 City General Obligation Refunding Bonds, Issue of 2001. In addition to the funds received, the City used approximately \$4,000,000 from other funds to fund the redemption of the 2001 bonds.

On July 30, 2009, the City issued \$50,975,000 of General Obligation Refunding Bonds, Series B (the "2009 GO Refunding Bonds, Series B"). Proceeds from the 2009 GO Refunding Bonds, Series B were used to refund the \$72,490,000 of Public Works Capital Improvement General Obligation Refunding Bonds, Issue of 2003.

On August 31, 2010, the City issued \$43,340,000 of General Obligation Refunding Bonds (the "2010 GO Refunding Bonds"). Proceeds from the 2010 GO Refunding Bonds were used to refund the \$27,245,000 2004 GO Refunding Bonds, Series A, and the \$29,015,000 2004 GO Refunding Bonds, Series B. The bonds were fully redeemed in full on September 17, 2010.

All the general obligation bonds are secured by property taxes received by the City and monies received from the SA to IUDA related to loans between the City and SA to IUDA. The general obligation bonds will be paid off through the fiscal year ending 2030. Principal and interest payments outstanding at June 30, 2015 on the bonds amounted to \$140,350,332. Annual principal and interest payments on the general obligation bonds are expected to require 13% of the property taxes and subordinate bond payments received from the SA to IUDA. For the year ended June 30, 2015, total monies received to pay for these bonds amounted to \$112,648,091. Principal and interest paid on the bonds during the year ended June 30, 2015 amounted to \$14,634,238.

Sales tax revenue bonds

In April 2005, the City issued \$113,420,000 of Taxable Sales Tax Revenue Bonds. The net proceeds of approximately \$102,200,000 from the issuance were deposited into the Redevelopment Revolving Fund, which constitutes a loan to IUDA; IUDA or its successor is then obligated to repay these loans through available tax increment revenues.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. Long-term debt (continued)

Sales tax revenue bonds (continued)

During April 2008, the City issued \$77,540,000 of Sales Tax Revenue Bonds. The net proceeds of approximately \$69,900,000 from the issuance were deposited into the Redevelopment Revolving Fund, which constitutes a loan to IUDA; IUDA or its successor is then obligated to repay these loans through available tax increment revenues.

During April 2010, the City issued \$45,380,000 of Taxable Sales Tax Revenue Bonds. Proceeds of approximately \$39,725,000 were deposited into the Redevelopment Revolving Fund, which constitutes a loan to IUDA; IUDA or its successor is then obligated to repay these loans through available tax increment revenues. The remaining proceeds of approximately \$4,500,000 were deposited into a reserve account. Refer to IUDA's 2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable) for settlement of the loan.

The sales tax revenue bonds are secured by sales tax revenues received by the City until the bonds are paid off in fiscal year 2027. Principal and interest payments outstanding at June 30, 2015 on the bonds amounted to \$232,095,334. Annual principal and interest payments on the sales tax revenue bonds are expected to require 45% of the sales tax revenues. For the year ended June 30, 2015, total sales tax revenues received to pay for these bonds amounted to \$33,620,881. Principal and interest paid on the bonds during the year ended June 30, 2015 amounted to \$20,086,210.

Special bond issues

In December 1998, the City issued \$6,735,000 of 1998 Revenue Bonds, the purpose of providing funds to acquire the City of Industry Limited Obligation Refunding Improvement Bonds, Assessment District No. 91-1. These funds were used to advance refund and to defease the 1991 Assessment Bonds.

The 1998 Revenue Bonds are special obligations of the City, payable from revenues consisting primarily of debt service payments received from the Refunding Improvement Bonds which revenues are secured by liens of unpaid reassessments on the properties within the Assessment District.

Any surplus revenues, after paying administrative costs or paying of installments upon properties which are subject to the reassessment, will be paid over to the City to be used for any lawful purpose of the City. The 1998 Revenue Bonds and the City of Industry Limited Obligation Refunding Improvement Bonds, Assessment District No. 91-1 are not debt or liabilities of the City. However, the bonds are payable solely by the revenues and funds pledged in the indenture. Accordingly, these obligations have not been reflected as obligations on the financial statements of the City.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8. Long-term debt (continued)

The future annual debt service requirements for all general obligation bonds and sales tax revenue bonds are as follows:

YEAR ENDING JUNE 30,	INTEREST	PRINCIPAL	TOTAL
2016	\$ 13,666,810	21,405,000	35,071,810
2017	12,693,884	22,320,000	35,013,884
2018	11,649,340	23,350,000	34,999,340
2019	10,535,102	24,455,000	34,990,102
2020	9,326,569	25,630,000	34,956,569
2021-2025	28,844,932	126,595,000	155,439,932
2026-2030	3,304,029	38,670,000	41,974,029
Totals	\$ 90,020,666	\$ 282,425,000	\$ 372,445,666

Public Facilities Authority

Bond Purchase Agreement

On February 1, 2007, IUDA and PFA entered into a Bond Purchase Agreement. In April 2002, IUDA had previously issued \$197,000,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Bonds, Series B (“2002 IUDA TA Bonds”); IUDA used the proceeds to purchase U.S. government securities to advance refund the 1992 and 1997 Series Bonds. In order to purchase the 2002 IUDA TA Bonds and to fund the acquisition and construction of certain municipal improvements, PFA issued \$169,695,000 2007 Tax Allocation Bonds on February 1, 2007.

The net proceeds of \$166,028,203 were partially used to purchase the 2002 IUDA TA Bonds from IUDA. IUDA has assigned to PFA the IUDA’s right to redeem its 2002 IUDA TA Bonds. PFA has then transferred and assigned its rights, title and interest in the 2002 IUDA TA Bonds to the Trustee as security for the 2007 Tax Allocation Revenue Bonds. The 2002 IUDA TA Bonds are registered in the name of the Trustee.

Lease refunding/City Certificates of Participation

In order to assist the City in financing the construction of various projects, on August 1, 2000, IUDA and the City entered into a lease agreement for certain properties owned by the City for a one time site lease payment in the amount of \$11,000,000. The IUDA agreed to lease back these properties to the City. In conjunction with the signing of these lease agreements on August 30, 2000, the City issued \$12,620,000 of Certificates of Participation Series 2000 bonds (“2000 Certificates”) to fund IUDA’s site lease payment. Under the lease agreement, the certificates represented direct, undivided fractional interests of the owners in lease payments to be made by the City to IUDA.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8. Long-term debt (continued)

Public Facilities Authority (continued)

Lease refunding/City Certificates of Participation (continued)

The term of both leases ceased on the date in which all the outstanding 2000 Certificates were paid in full as discussed below.

In March 2010, the City terminated its lease agreement with IUDA and leased the properties to PFA under a Site Lease Agreement between the City and PFA. As consideration, PFA paid an upfront rental payment of approximately \$7,500,000 to the City for the lease of certain properties. The funds were then used by the City to prepay the 2000 Certificates. These funds were placed in an irrevocable trust to provide for all future debt service payments on the 2000 Certificates. Accordingly, the trust account and the defeased Certificates are not included in the City's financial statements.

In order to prepay the Site Lease, PFA issued \$8,460,000 of 2010 Refunding Lease Revenue Bonds. In order to secure payments of the bond principal and interest, PFA then leased back the property to the City in which the City is then obligated to pay semi-annual lease payments as rental payments for the leased back properties. PFA has assigned its right to receive the lease payments to U.S. Bank Trust National Association as trustee for the holders of the Refunding Lease Revenue Bonds.

The term of both leases will cease on the date on which all the outstanding principal and interest payments of the 2010 Refunding Lease Revenue Bonds are paid in full or a provision has been made for such payment, but not later than August 1, 2030.

PFA will amortize the site lease prepayment over the term of the lease as follows:

Fiscal Year Ended June 30	<u>Lease Expense</u>
2016	\$ 373,144
2017	373,144
2018	373,144
2019	373,144
2020	373,144
Thereafter	3,731,436

The following is a schedule of future minimum lease payments to be received by PFA and paid by the City:

Fiscal Year Ended June 30	<u>Amount</u>
2016	\$ 937,658
2017	937,658
2018	937,658
2019	937,658
2020	937,658
Thereafter	937,658

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8. Long-term debt (continued)

Public Facilities Authority (continued)

Lease refunding/City Certificates of Participation (continued)

YEAR ENDING JUNE 30,	INTEREST	PRINCIPAL	TOTAL
2016	3,626,062	13,340,000	16,966,062
2017	3,091,863	13,770,000	16,861,863
2018	2,475,513	14,360,000	16,835,513
2019	1,900,414	14,915,000	16,815,414
2020	1,288,494	15,450,000	16,738,494
2021-2025	668,100	16,000,000	16,668,100
Totals	\$ 13,050,446	\$ 87,835,000	\$ 100,885,446

Summary of bond transactions – City of Industry

The following is a summary of bond transactions for the year ended June 30, 2015:

DESCRIPTION / TERMS	INTEREST RATE	BALANCE JUNE 30, 2014	ADDITIONS (RETIRED)	BALANCE JUNE 30, 2015	AMOUNTS DUE WITHIN ONE YEAR
CITY OF INDUSTRY:					
GENERAL OBLIGATION BONDS:					
\$37,860,000 General Obligation Refunding Bonds Issue of 2009					
\$3,805,000 to \$4,545,000 principal payment due annually through July 1, 2019					
	2.93% to 3.80%	24,440,000	(3,675,000)	20,765,000	3,805,000
\$50,975,000 2009 General Obligation Refunding Bonds, Series B					
\$4,580,000 to \$5,640,000 principal payment due annually through July 1, 2020					
	4.00% to 5.00%	34,915,000	(4,390,000)	30,525,000	4,580,000
\$43,340,000 2010 General Obligation Refunding Bonds					
\$1,550,000 to \$3,240,000 principal payment due annually through July 1, 2029					
	3.00% to 5.00%	37,175,000	(2,025,000)	35,150,000	2,100,000
\$28,985,000 2014 General Obligation Refunding Bonds					
\$4,470,000 to \$6,395,000 principal payment due annually beginning July 1, 2020 through July 1, 2024					
	2.50% to 3.125%	28,985,000	-	28,985,000	-
Total general obligation bonds		\$ 125,515,000	\$ (10,090,000)	\$ 115,425,000	\$ 10,485,000

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. Long-term debt (continued)

Summary of bond transactions – City of Industry (continued)

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2014</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2015</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
CITY OF INDUSTRY:					
SALES TAX REVENUE BONDS					
\$113,420,000 Sales Tax Revenue Bonds Issue of 2005 (taxable) \$5,055,000 to \$8,485,000 principal payments due annually through January 1, 2026	5.00% to 5.50%	\$ 77,540,000	\$ (4,805,000)	\$ 72,735,000	\$ 5,055,000
\$77,540,000 Sales Tax Revenue Bonds Issue of 2008 (taxable) \$3,770,000 to \$6,095,000 principal payments due annually through January 1, 2027	4.00% to 5.00%	61,245,000	(3,645,000)	57,600,000	3,770,000
\$45,380,000 Sales Tax Revenue Bonds Issue of 2010 (taxable) \$2,095,000 to \$4,385,000 principal payments due annually through January 1, 2027	5.75% to 8.00%	38,660,000	(1,995,000)	36,665,000	2,095,000
Total sales tax revenue bonds		<u>177,445,000</u>	<u>(10,445,000)</u>	<u>167,000,000</u>	<u>10,920,000</u>
Grand Total City bonds		<u>\$ 302,960,000</u>	<u>\$ (20,535,000)</u>	<u>\$ 282,425,000</u>	<u>\$ 21,405,000</u>

Summary of bond transactions – Public Facilities Authority

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2014</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2015</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
PUBLIC FACILITIES AUTHORITY					
\$169,695,000 2007 Tax Allocation Revenue Bonds, tax exempt due in annual principal installments of \$12,590,000 to \$15,085,000 through May 1, 2021	4.00% to 4.50%	95,090,000	(12,235,000)	82,855,000	12,590,000
\$8,460,000 2010 Refunding Lease Revenue Bonds, tax exempt due in annual principal installments of \$750,000 to \$915,000 through August 1, 2020	4.00% to 4.25%	5,710,000	(730,000)	4,980,000	750,000
Total		<u>\$ 100,800,000</u>	<u>\$ (12,965,000)</u>	<u>\$ 87,835,000</u>	<u>\$ 13,340,000</u>

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. Long-term debt (continued)

Summary of bond transactions – Public Facilities Authority (continued)

The annual debt service requirements for all bonded long-term debt as of June 30, 2015 for City and PFA are as follows:

YEAR ENDING JUNE 30,	INTEREST	PRINCIPAL	TOTAL
2016	\$ 17,292,872	\$ 34,745,000	\$ 52,037,872
2017	15,785,747	36,090,000	51,875,747
2018	14,124,853	37,710,000	51,834,853
2019	12,435,516	39,370,000	51,805,516
2020	10,615,063	41,080,000	51,695,063
2021-2025	29,513,032	142,595,000	172,108,032
2026-2030	3,304,029	38,670,000	41,974,029
Totals	<u>\$ 103,071,112</u>	<u>\$ 370,260,000</u>	<u>\$ 473,331,112</u>

Long-term liability activity for the year ended June 30, 2015 is summarized as follows:

Governmental activities:	BALANCE JULY 01, 2014	ADDITIONS	DECREASES	BALANCE JUNE 30, 2015	AMOUNTS DUE WITHIN ONE YEAR
Bonds payable:					
General obligation bonds	\$ 125,515,000	\$	\$ (10,090,000)	\$ 115,425,000	\$ 10,485,000
Tax allocation bonds	95,090,000		(12,235,000)	82,855,000	12,590,000
Sales tax revenue bonds	177,445,000		(10,445,000)	167,000,000	10,920,000
Refunding lease revenue bonds	5,710,000		(730,000)	4,980,000	750,000
Deferred amounts:					
Unamortized premiums/ discounts on refunding	3,605,856		(724,360)	2,881,496	622,694
	<u>407,365,856</u>	-	<u>(34,224,360)</u>	<u>373,141,496</u>	<u>35,367,694</u>
Other liabilities:					
OPEB contribution payable	8,185,842	1,189,017	(11,039,941)	(1,665,082)	
Aggregate pension liability		4,782,916		4,782,916	
Compensated absences	121,951	20,891		142,842	
Totals	<u>\$ 415,673,649</u>	<u>\$ 5,992,824</u>	<u>\$ (45,264,301)</u>	<u>\$ 376,402,172</u>	<u>\$ 35,367,694</u>
Portion due or payable after one year					<u>342,699,560</u>
Total					<u>\$ 378,067,254</u>

At June 30, 2015, compensated absences totaled \$142,842 for governmental funds, which will be paid by the General Fund.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable

2003 Tax Allocation Bonds (Taxable)

On December 29, 2003, IUDA issued several bond issues to advance refund the 1995 Subordinate Tax Allocation Refunding Bonds for all three project areas, the taxable bonds that were issued were Project No. 1 \$78,720,000 2003 Tax Allocation Bonds Series A, Project No. 2 \$39,730,000 2003 Tax Allocation Bonds, and Project No. 3 \$44,585,000 2003 Tax Allocation Bonds.

As part of the aforementioned bond issuances the IUDA and City entered into a loan agreement in order to enhance the security of the IUDA bonds and thereby reduce the overall borrowing costs. The City agreed to loan IUDA \$14,019,840 to secure the aforementioned IUDA bonds and to provide an additional source of funding for the bonds. IUDA agreed to repay all advances with interest at 8% per annum. In accordance with the loan agreement, the City deposited with U.S. Bank (the "Trustee") \$14,019,840, hereinafter referred to as the "Loan Fund". The monies are held in trust for the benefit of the City and the bond owners. IUDA has assigned all of its rights to these proceeds to the Trustee as security for the bonds and their owners. As of June 30, 2015, the City has advanced all the monies in the Loan Fund to IUDA.

These monies are deposited with U.S. Bank as trustee and have been recorded on the accompanying financial statements as "Investments with fiscal agent – restricted" in the amount of \$14,421,308 and a liability due to the City in the fiduciary fund. Upon the payment or discharge of all the outstanding bonds all amounts then held in the Loan fund will be transferred to the City.

2003 Subordinate Lien Tax Allocation Refunding Bonds

On December 30, 2003, IUDA and the City entered into the "Bond Exchange Agreement". IUDA incurred debt to the City in the amount of approximately \$213,200,000 including accrued interest of \$17,654,981 from loans from the City's Redevelopment Revolving Fund. In December 2003, the IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 \$83,785,692 2003 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 \$119,719,962 2003 Subordinate Lien Tax Allocation Refunding Bonds, and Project No. 3 \$9,726,529 2003 Subordinate Lien Tax Allocation Refunding Bonds.

On November 25, 2014 the Successor Agency to the Industry Urban-Development Agency redeemed \$15,516,634 in principal of the Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Subordinate Lien Tax Allocation Refunding Bonds for a total amount of \$51,592,265. Included in this amount was \$29,445,691 of compounded interest redeemed and \$6,629,940 in redemption premium. The \$51,592,265 was paid using funds from the City's Agency Tax Override Fund.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

2005 Subordinate Lien Tax Allocation Refunding Bonds

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

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

2008 Subordinate Lien Tax Allocation Refunding Bonds

On April 1, 2008, IUDA and City entered into the "2008 Revolving Fund Loan Agreement". The City issued its 2008 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$77,540,000 and deposited the net proceeds of approximately \$69,900,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2008, IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: \$33,673,437 2008 Project No.1 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 8.25%; \$31,083,172 2008 Project No. 2 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 5.75%; \$5,120,288 2008 Project No. 3 Subordinate Lien Tax Allocation Refunding Bonds with average interest of 10%.

2010 Subordinate Lien Tax Allocation Refunding Bonds

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

Civic-Recreational-Industrial Redevelopment Project No. 1

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

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

Civic-Recreational-Industrial Redevelopment Project No. 1 (continued)

In February 2007, IUDA redeemed the 2002 IUDA Tax Allocation Bonds and sold the bonds to PFA. The payments made by IUDA for the 2002 IUDA TA Bonds would be used to secure the payments of PFA's \$169,695,000 Tax Allocation Revenue Bond ("2007 PFA TAR Bonds").

Principal and interest payments are made by SA to IUDA to PFA for the payment of the 2002 IUDA TA Bonds. PFA then uses those monies to make principal and interest payments on the 2007 PFA TA Bonds. Any surplus funds received by PFA are returned to SA to IUDA.

In December 2003, IUDA issued \$78,720,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds Series A, to refund previously issued \$19,275,826 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 1995 Subordinate Tax Allocation Refunding Bonds and partially repay a portion of the outstanding revolving fund debt to the City.

On December 30, 2003, IUDA issued \$68,090,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B, with an average interest rate of 3.5%. The bonds were issued to finance the completion, extension and construction of projects contained in the Redevelopment Plan. A portion of the Bond proceeds were used to fund a reserve for the Bonds and to pay costs associated with the Bond issuance.

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

On February 1, 2007, IUDA issued \$16,038,957 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2007 Subordinate Lien Taxable Tax Allocation Refunding Bonds with an average interest rate of 8.00%. The bonds were sold to the City in exchange for the cancellation of the 2006 Revolving Fund Loan with principal and interest amounts of \$15,000,000 and \$1,038,958, respectively.

Transportation-Distribution-Industrial Redevelopment Project No. 2

On August 15, 2002, IUDA issued \$17,270,000 of Industry-Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2. 2002 Tax Allocation Refunding Bonds to advance refund \$18,010,000 of outstanding 1992 Tax Allocation Refunding Bonds.

In December 2003, IUDA issued \$39,730,000 of Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Tax Allocation Bonds to refund a portion of the previously issued \$65,103,890 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 1995 Subordinate Tax Allocation Refunding Bonds and to repay a portion of the revolving fund debt.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

Transportation-Distribution-Industrial Redevelopment Project No. 3

On August 15, 2002, IUDA issued \$17,455,000 of Industry-Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3. 2002 Tax Allocation Refunding Bonds to effect an advance refunding of the previously issued \$19,780,000 1992 Tax Allocation Refunding Bonds.

In December 2003, IUDA issued \$44,585,000 of Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2003 Tax Allocation Bonds to refund previously issued \$33,498,474 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 1995 Subordinate Tax Allocation Refunding Bonds and to repay a portion of the revolving fund debt.

All bonds listed above have been refunded on July 1, 2015. Refer to Note 21 Subsequent Event for more details.

Revenue pledged

All of the bonds described in this note are secured by a pledge of all future tax increment revenues until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2015 amounted to \$864,380,907. With the dissolution of the redevelopment agency, tax increment is no longer received and instead the SA receives payments from the RPTTF fund. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2015, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$60,800,703, which the SA received \$54,418,923 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.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency 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 money 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 SA to IUDA received RPTTF Funds for the year ending June 30, as follows:

	<u>2015</u>	<u>2014</u>
RPTTF Funds	\$ 60,800,703	\$ 59,878,794
Less: Administrative expenses	(1,054,833)	(1,075,629)
Pass through payments	(5,326,947)	(3,779,408)
Net	<u>\$ 54,418,923</u>	<u>\$ 55,023,757</u>

For the year ending June 30, 2015 principal and interest on the bonds amounted to \$135,787,310 which resulted in a debt service shortfall of \$81,877,818. The debt service shortfall was paid directly to the bank trustee or bond holder by the City of Industry from the Agency Override Fund. This amount is shown as "Additions" on the Statement of Changes in Fiduciary Net Position.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

As of June 30, 2015, details of bonds payable are as follows:

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 01, 2014</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2015</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
Industry Urban-Development					
Agency Project No. 1:					
\$197,000,000 2002 Tax Allocation					
Refunding Bonds Series B, due in annual					
principal installments of \$11,775,000					
to \$14,915,000 through May 1, 2021					
	5.00% to 5.50%	\$ 90,920,000	\$ (11,260,000)	\$ 79,660,000	\$ 11,775,000
\$78,720,000 2003 Tax Allocation Bonds,					
Series A (Taxable), due in annual					
principal installments of \$4,980,000					
to \$6,660,000 through May 1, 2021					
	6.00%	39,450,000	(4,725,000)	34,725,000	4,980,000
\$68,090,000 2003 Tax Allocation Bonds,					
Series B, due in annual					
principal installments of \$2,290,000					
to \$3,180,000 through May 1, 2021					
	4.00% to 5.00%	18,385,000	(2,110,000)	16,275,000	2,290,000
\$83,785,692 2003 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$5,915,000					
\$9,525,000 through December 1, 2020					
	10.00%	51,005,000	(5,375,000)	45,630,000	5,915,000
\$71,868,838 2005 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$3,110,000 to					
\$5,900,000 through December 1, 2025					
	6.30% to 6.80%	50,820,000	(2,920,000)	47,900,000	3,110,000
\$16,038,957 2007 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$1,335,000 to					
\$2,115,000 through December 1, 2021					
	8.00%	13,135,000	(1,235,000)	11,900,000	1,335,000
\$33,673,437 2008 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$1,959,000 to					
\$3,695,000 through December 1, 2024					
	8.25%	<u>26,537,000</u>	<u>(1,810,000)</u>	<u>24,727,000</u>	<u>1,959,000</u>
Totals - Project No. 1					
		<u>\$ 290,252,000</u>	<u>\$ (29,435,000)</u>	<u>\$ 260,817,000</u>	<u>\$ 31,364,000</u>

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

As of June 30, 2015, details of bonds payable are as follows (continued):

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 01, 2014</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2015</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
Industry Urban-Development Agency Project No. 2:					
\$17,270,000 2002 Tax Allocation Refunding Bonds, due in annual principal installments of \$830,000 to \$1,190,000 through May 1, 2024	4.38% to 4.75%	\$ 9,775,000	\$ (795,000)	\$ 8,980,000	\$ 830,000
\$39,730,000 2003 Tax Allocation Bonds (Taxable), due in annual principal installments of \$1,965,000 to \$3,125,000 through May 1, 2024	5.50% to 6.10%	24,370,000	(1,865,000)	22,505,000	1,965,000
\$119,719,962 2003 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$4,736,269 to \$8,622,914 through December 1, 2024	10.00%	79,794,915	(21,069,281)	58,725,634	4,736,269
\$17,788,304 2005 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$770,000 to \$1,460,000 through December 1, 2025	6.30% to 6.80%	12,580,000	(720,000)	11,860,000	770,000
\$31,083,172 2008 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$850,000 to \$6,050,000 through December 1, 2026	5.75%	27,675,000	(805,000)	26,870,000	850,000
\$40,000,000 2010 Subordinate Tax Allocation Refunding Bonds, due in annual principal installments of \$1,660,000 to \$4,335,000 through December 1, 2026	9.15%	35,195,000	(1,515,000)	33,680,000	1,660,000
Totals - Project No. 2		\$ <u>189,389,915</u>	\$ <u>(26,769,281)</u>	\$ <u>162,620,634</u>	\$ <u>10,811,269</u>

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

As of June 30, 2015, details of bonds payable are as follows (continued):

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 01, 2014</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2015</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
Industry Urban-Development					
Agency Project No. 3:					
\$17,455,000 2002 Tax Allocation					
Refunding Bonds, due in annual principal installments of \$835,000 to \$1,200,000 through May 1, 2024	4.38% to 5.00%	\$ 9,860,000	\$ (805,000)	\$ 9,055,000	\$ 835,000
\$44,585,000 2003 Tax Allocation Bonds					
(Taxable), due in annual principal installments of \$2,205,000 to \$3,510,000 through May 1, 2024	5.50% to 6.10%	27,335,000	(2,090,000)	25,245,000	2,205,000
\$9,726,529 2003 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual principal installments of \$875,000 to \$1,165,000 through December 1, 2018	10.00%	4,865,000	(800,000)	4,065,000	875,000
\$5,120,288 2008 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual principal installments of \$77,886 to \$1,267,544 beginning in December 1, 2017 through December 1, 2026	10.00%	5,120,289		5,120,289	
Totals - Project No. 3		<u>47,180,289</u>	<u>(3,695,000)</u>	<u>43,485,289</u>	<u>3,915,000</u>
Combined totals		<u>\$ 526,822,204</u>	<u>\$ (59,899,281)</u>	<u>\$ 466,922,923</u>	<u>\$ 46,090,269</u>

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

Annual debt service requirements to maturity are as follows:

YEAR ENDED JUNE 30, 2015

<u>PROJECT AREA NO. 1</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTALS</u>
2016	\$ 17,306,079	\$ 31,364,000	\$ 48,670,079
2017	15,163,970	33,461,000	48,624,970
2018	12,924,376	35,636,000	48,560,376
2019	10,516,741	37,986,000	48,502,741
2020	7,843,264	40,606,000	48,449,264
2021-2025	10,805,706	75,864,000	86,669,706
2026-2027	200,600	5,900,000	6,100,600
Total	<u>\$ 74,760,736</u>	<u>\$ 260,817,000</u>	<u>\$ 335,577,736</u>
<u>PROJECT AREA NO. 2</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2016	\$ 17,480,140	\$ 10,811,269	\$ 28,291,409
2017	19,570,507	11,578,560	31,149,067
2018	22,133,258	12,409,438	34,542,696
2019	25,272,522	13,311,249	38,583,771
2020	29,108,605	14,267,294	43,375,899
2021-2025	175,828,767	78,702,824	254,531,591
2026-2027	1,512,739	21,540,000	23,052,739
Total	<u>\$ 290,906,538</u>	<u>\$ 162,620,634</u>	<u>\$ 453,527,172</u>
<u>PROJECT AREA NO. 3</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2016	\$ 2,305,364	\$ 3,915,000	\$ 6,220,364
2017	2,055,558	4,165,000	6,220,558
2018	2,096,516	4,644,792	6,741,308
2019	1,853,923	4,936,985	6,790,908
2020	2,154,258	4,207,870	6,362,128
2021-2025	9,425,973	19,184,761	28,610,734
2026-2027	11,899,119	2,430,881	14,330,000
Total	<u>\$ 31,790,711</u>	<u>\$ 43,485,289</u>	<u>\$ 75,276,000</u>
<u>TOTALS</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2016	\$ 37,091,583	\$ 46,090,269	\$ 83,181,852
2017	36,790,035	49,204,560	85,994,595
2018	37,154,150	52,690,230	89,844,380
2019	37,643,186	56,234,234	93,877,420
2020	39,106,127	59,081,164	98,187,291
2021-2025	196,060,446	173,751,585	369,812,031
2026-2027	13,612,458	29,870,882	43,483,339
Total	<u>\$ 397,457,985</u>	<u>\$ 466,922,923</u>	<u>\$ 864,380,908</u>

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

9. Successor Agency bonds payable (continued)

Long-term liability activity for the year ended June 30, 2015, is summarized as follows:

	July 1, 2014	Increases	Decreases	June 30, 2015	Amounts due within one year
Bonds payable:					
Tax allocation	\$ 526,822,204	\$	\$ (59,899,281)	\$ 466,922,923	\$ 46,090,269
Less deferred amounts:					
Unamortized premiums on refundings	552,495		(159,810)	392,685	392,685
Total bonds payable	<u>\$ 527,374,699</u>	<u>\$</u>	<u>\$ (60,059,091)</u>	<u>\$ 467,315,608</u>	<u>\$ 46,482,954</u>

At June 30, 2015 the City owns \$270,477,924 and PFA owns \$79,660,000 of the \$466,922,923 outstanding bonds of the SA to the IUDA.

10. Defined benefit pension plan

Plan description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan. All full-time and certain part-time employees of the City are covered in this plan. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (or other local methods). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Employees Covered by Benefit Terms

At June 30, 2013, the following employees were covered by the benefit terms:

	<u>Classic Miscellaneous</u>	
	<u>First Tier</u>	<u>Second Tier</u>
Active employees	17	1
Transferred and separated	8	
Retired Employees and Beneficiaries	28	
Total	<u>53</u>	<u>1</u>

There were no employees covered by the Public Employee Pension Reform Act ("PEPRA") plan at June 30, 2013.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

10. Defined benefit pension plan (continued)

Plan description (continued)

The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

Benefit Provision	Classic Miscellaneous	
	First Tier	Second Tier
Benefit Formula	2.7% @ 55	2.0% @ 60
Social Security Coverage	no	no
Full/Modified	full	full
Final Average Compensation Period	12 mos.	12 mos.
Sick Leave Credit	yes	yes
Non-Industrial Disability	standard	standard
Industrial Disability	no	no
Pre-Retirement Death Benefits		
Optional Settlement 2W	yes	yes
1959 Survivor Benefit Level	level 4	level 4
Special	no	no
Alternate (firefighters)	no	no
Post-Retirement Death Benefits		
Lump Sum	\$500	\$500
Survivor Allowance (PRSA)	yes	yes
COLA	3%	3%

Starting July 2013, PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Employer contribution rate for fiscal year 2015 6.9% and \$12,733 is included in the deferred outflow of resources for the year then ended.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

10. Defined benefit pension plan (continued)

Contribution

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For measurement period ended June 30, 2014

Active Employee Contribution Rate	7.947%	6.880%
Active Employer Contribution Rate	17.889%	9.974%

For the year ended June 30, 2015, the contributions recognized for the Plan were as follows:

Proportionate share of Contributions-employer	\$632,761
Contributions-employees paid by employer	\$133,185

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Pension Plan Fiduciary Net Position:

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense:

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

10. Defined benefit pension plan (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense: (continued)

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
First Tier			
Balance at: 6/30/13 (Valuation date)	\$ 26,590,255	\$ 20,057,350	\$ 6,532,905
Balance at: 6/30/14 (Measurement date)	28,172,632	23,391,383	4,781,249
Net Changes during 2013-2014	1,582,377	3,334,033	(1,751,656)
Second Tier			
Balance at: 6/30/13 (Valuation date)	\$ 9,272	\$ 6,994	\$ 2,278
Balance at: 6/30/14 (Measurement date)	9,824	8,157	1,667
Net Changes during 2013-2014	552	1,163	(611)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

10. Defined benefit pension plan (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense: (continued)

The City's proportionate share of the net pension liability was as follows:

	<u>First Tier</u>	<u>Second Tier</u>
June 30, 2013	0.19938%	0.00007%
June 30, 2014	0.19346%	0.00007%
Change - Increase (Decrease)	<u>0.00592%</u>	<u>0.00000%</u>

As of June 30, 2015, the City reported net pension liabilities for its proportionate share of the net pension liability of \$4,782,916.

For the year ended June 30, 2015, the City recognized pension expense of \$286,952. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contribution subsequent to measurement date	\$ 255,850	
Net difference between projected and actual earnings on Pension Plan Investment		(1,607,283)
Adjustment due to Differences in proportions	114,072	
Difference between employer contribution and employer's proportionate share of contribution		(242,910)
Totals \$	<u>369,922</u>	<u>(1,850,193)</u>

\$255,850 consists of contributions made subsequent to the measurement date to be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	\$ (447,834)
2017	(447,834)
2018	(438,630)
2019	(401,823)
2020	-
Thereafter	-

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

10. Defined benefit pension plan (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions:

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% to 14.2%, depending on Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The mortality table and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

10. Defined benefit pension plan (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions: (continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time there is a change in methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

10. Defined benefit pension plan (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions: (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
First Tier	\$ 8,518,707	\$ 4,781,249	\$ 1,679,513
Second Tier	\$ 2,970	\$ 1,667	\$ 585

11. Commitments and contingencies

The City has determined that some of the proceeds from the 1995 and 2000 General Obligations bonds were not spent in accordance with the bond indenture. The City has entered into the voluntary correction program with the Internal Revenue Service to correct this matter. The City and the Internal Revenue Service are at the early stages of the review of this matter and the ultimate resolution as to the amount of the penalty and other steps to correct this matter cannot be determined at this point. No liability has been provided for in the accompanying financial statements at June 30, 2015.

12. Transactions with related parties

A company that provides auto body and towing services to the City is a related party to a City council member and the Vice Chairman of CRIA. For the year ended June 30, 2015, total expenses amounted to \$83,952.

During the year ending June 30, 2015 a company that provides contracted management services for the Homestead Museum for the City employed a former council member.

A Company that provides engineering services to the City employs a member of the City council.

Companies that provided maintenance, trash collections, and recyclable collection services to the City is a related party to a former member of the Planning Commission through family ownership. For the year ending June 30, 2015 expenses incurred with these companies were as follows: maintenance expenses of \$1,784,967, trash collections expenses of \$14,005,590 and recyclable expenses of \$19,235.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

12. Transactions with related parties (continued)

A company that provides landscaping services to the City is a related party to certain council members and a member of the Planning Commission. Total landscaping expenses amounted to \$1,890,041 for the current fiscal year and accounts payable at June 30, 2015 amounted to \$185,487.

13. Self-insurance plan

The City established a Self-insurance Plan (the "Plan") to pay for liability claims against the City and its component units. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making provision to have sufficient funds available to pay approved claims and legal and investigative expenses.

The insurance committee has vested this responsibility to the City Manager. Potential liability for claims in excess of \$250,000 up to \$10,000,000 is covered by excess liability insurance policies.

As of June 30, 2015, there are \$181,459 in pending liability claims and litigation outstanding against the City and its component units. Based on information presently available, the City believes that there are substantial defenses to such litigation and disputes and that, in any event, the ultimate liability, if any, resulting there from will not have a material effect on the financial position of the City and its component units.

14. Low and moderate income housing

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

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

The matter is the subject of a pending lawsuit, *Southern California Association of Non-Profit Housing v. State of California Department of Finance et al.* (Sacramento County Superior Court Case No. 34-2012-80001355; Court of Appeal Case No. C075705). In November 2013, the Superior Court of the State of California for the County of Sacramento entered judgment in favor of DOF, finding that the HACoLA Payments were no longer enforceable obligations. Petitioner, a non-profit housing association, has appealed the judgment. The opening brief on appeal was filed in November 2014.

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

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

15. Other post employment benefits (OPEB)

The City provides post-retirement health and dental care benefits for retirees and their spouses under a single-employer OPEB plan. The City is self-insured and pays 100% of all health and dental care benefits. Employees who were hired after April 26, 1990 are provided with a different level of coverage per resolution 1478, which provides 100% coverage after twenty-five years of service. Employees hired prior to April 26, 1990 receive 100% coverage after ten years of service. The Plan does not issue a separate stand-alone financial report.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions requires governments to account for other post-employment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis.

The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their post-employment benefit rather than when they use their post-employment benefit.

Depending on the funding status of an entity on their actuarially required contribution, a post-employment benefit liability or asset is recognized on the government-wide Statement of Net Assets over time.

(a) Funding Policy

As of June 30, 2015, there were eighteen individuals receiving post-retirement benefits from the City. For the year ended June 30, 2015, the City and its component units paid \$438,888 for these individuals on a pay as you go basis. The City prefunded all its OPEB contribution based on its actuarial accrued liability as of July 1, 2015 through the California Public Employees' Retirement System California Employer's Retiree Benefit Trust Fund (the PERS CERBT fund) and will receive reimbursement for the \$438,888 paid in 2015.

(b) Annual OPEB Cost and Net OPEB Obligation/ (Asset)

The City and component units annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years.

ANNUAL REQUIRED CONTRIBUTION (ARC):

	AMOUNT
Normal cost	\$ 385,451
Amortization of initial unfunded actuarial accrued liability (UAAL)	769,645
Residual UAAL amortization	(235)
 Total ARC	 \$ 1,154,861

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

15. Other Post employment Benefits (OPEB) (continued)

NET OPEB OBLIGATION/(ASSET):

	AMOUNT
ARC	\$ 1,154,861
Interest on net pension obligation	589,380
Amortization adjustment	(555,225)
Annual OPEB Cost	1,189,016
Prefunding OPEB	(11,039,940)
Changes in Net OPEB Obligation/(Asset)	(9,850,924)
Balance as of July 1, 2014	8,185,842
Balance as of June 30, 2015	\$ (1,665,082)

Preceding years trend information

Fiscal Year June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation)/Asset
2013	1,450,539	20.35%	(7,256,842)
2014	1,283,097	27.60%	(8,185,842)
2015	1,189,017	928.49%	1,665,082

(c) Funded Status and Funding Progress

The City funded 100% of its actuarial accrued liability as of June 30, 2015.

Actuarial value of assets	\$ 11,039,940
Actuarial accrued liability (AAL)	\$ 11,039,940
Unfunded actuarial accrued liability (UAAL)	-
Funded ratio	100%
Covered payroll	\$ 1,732,278
UAAL as a percentage of covered payroll	0%

Actuarial Methods and Assumptions:

The entry age normal actuarial cost method was used to estimate the actuarial accrued liability and normal cost. The level percentage of payroll method was used to allocate amortization cost by year over a 30-year amortization period. The actuarial assumptions included a 2.75% annual inflation rate, a 7.2% investment rate of return, projected salary increases of 2.75% and annual health care cost inflation of 4.0%.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

15. Other Post employment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions (continued)

Actuarial valuations are based on estimates that are likely to change over time. The relationship of plan assets and the accrued liability for OPEB benefits over time is presented as required supplementary information. Projections of benefits are based on the nature of benefits provided under the plan at the time of the actuarial valuation and the pattern of cost sharing between the employer and plan members to that point. Actuarial calculations are long-term in nature, and techniques are used to reduce the short-term volatility of actuarial accrued liabilities and the actuarial valuation of assets.

16. Industry Hills Regional Public Park and Recreation Area

On September 30, 2000, a lease was entered into with a third party and the City for the operation and management of what was formerly known as the Industry Hills Sheraton Resort and Conference Center. The term of the lease is for 25 years with six five-year options to extend the lease. The initial annual rental payment was \$300,000 with nothing due for the first year. Rent will be increased \$20,000 per year from the initial period of the lease. This lease is accounted for in the general fund of the City.

On June 1, 2002, CRIA assumed control over the operations of the Industry Hills Equestrian Center and Equestrian Center Trails. During 2004, the name was formally changed to The Industry Hills Expo Center. CRIA has employed a management company to manage the daily operations of the Expo Center. The activities of the Expo Center are accounted for in the enterprise fund in the accompanying proprietary funds financial statements under the heading "Industry Hills Expo Center". CRIA shall have available the use of all funds held or accruing in its Capital Improvement Fund for capital improvements. If any funds are expended for the maintenance and operation expenses, the City will reimburse CRIA from the general fund.

17. Rental property

The City and its component units rent land, buildings and housing to others through non-cancelable rental agreements. Rental income for the year ended June 30, 2015 amounted to \$11,031,863. Rental income of \$694,746 is reported in the Governmental Fund statements, \$219,700 in the Enterprise Fund statements, and \$10,117,417 in the Fiduciary Fund Statements.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

17. Rental property (continued)

Future minimum rental income payments based on terms in effect at June 30, 2015 are as follows:

YEAR ENDING JUNE 30	AMOUNT
2016	\$ 9,265,439
2017	9,989,767
2018	8,664,330
2019	7,452,870
2020	7,463,592
2021-2025	33,957,903
2026-2030	33,761,039
2031-2035	33,876,388
Thereafter	210,553,448

The Successor Agency is in the process of winding down its activities in accordance with the dissolution of redevelopment agencies in the State of California. The above table does not take into account when or if the property will be sold in the future.

On April 28, 2005, IUDA entered into an agreement with a private company 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 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.

CITY OF INDUSTRY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

18. Lease commitments

The City leases office space and other equipment and storage under operating lease agreements from third parties. Minimum lease commitments on all non-cancelable operating leases are as follows:

YEAR ENDING JUNE 30,	LEASED FROM THIRD PARTIES
2016	\$ 63,631
2017	42,631
2018	42,631
2019	20,468
2020	2,187

19. Excess of expenditures over appropriations

Excess of expenditures over appropriations occurred in the General Fund during the year ending June 30, 2015 as follows:

General Fund Budget to Actual Comparison

	Original Budget	Actual	Variance
Legislative	\$ 376,400	\$ 431,807	\$ (55,407)
General administration	3,627,800	3,903,997	(276,197)
Support services	6,746,300	17,747,767	(11,001,467)
Community development	614,500	731,013	(116,513)
Public safety	8,272,000	8,311,886	(39,886)
Capital projects	2,385,000	2,385,000	(2,385,000)
Total expenditures	<u>\$ 19,637,000</u>	<u>\$ 33,511,470</u>	<u>\$ (13,874,470)</u>

The budget overage in the Legislative department was due to an increase election expenses incurred in the last quarter of the fiscal year.

The budget overage in the Support services department was attributed to the prefunding of unfunded actuarial accrued liability for future OPEB expenses of \$11 million during fiscal year.

The \$2,385,000 expenditure in the Capital Projects category relates to the City reimbursing the Successor Agency to the IUDA for a prior expenditure.

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

20. Subsequent events

On July 1, 2015, PFA issued the following bonds to pay the costs to acquire the Local Obligations issued by SA to IUDA to provide proceeds to the SA to IUDA to refund and defease its outstanding bonds as of June 30, 2015. Interest rates on the refunding bonds range from 1.764% to 5.750%.

Local Obligations issued by SA to IUDA and acquired by PFA:

Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) Taxable	<u>\$ 239,525,000</u>
Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) Tax Exempt	\$ 7,140,000
Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) Taxable	249,770,000
Successor Agency to the Industry Urban-Development Agency Subordinate Tax Allocation Revenue Refunding Bonds Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) Taxable	33,815,000
	<u>\$ 290,725,000</u>
Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) Tax Exempt	\$ 7,230,000
Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) Taxable	37,425,000
	<u>\$ 44,655,000</u>
Total local obligations acquired	<u>\$ 574,905,000</u>

CITY OF INDUSTRY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

20. Subsequent event (continued)

The PFA Bonds are secured by revenue derived from the Local Obligations which are secured by pledged tax revenue of the SA to IUDA as well as amounts assigned from City of Industry with respect to certain override revenues.

The annual debt service requirements for these bonds for both PFA and SA to IUDA are as follows:

YEAR ENDING JUNE 30,	INTEREST	PRINCIPAL	TOTAL
2016	\$ -	\$ -	\$ -
2017	32,952,580	47,815,000	80,767,580
2018	21,027,086	59,995,000	81,022,086
2019	19,516,717	61,515,000	81,031,717
2020	17,621,192	63,395,000	81,016,192
2021-2025	49,359,183	321,535,000	370,894,183
2026-2030	1,566,162	20,650,000	22,216,162
Totals	\$ <u>142,042,920</u>	\$ <u>574,905,000</u>	\$ <u>716,947,920</u>

Sales tax refunding bonds

On December 3, 2015, the City issued \$336,570,000 Senior sales tax revenue refunding bonds Series 2015A (Taxable) and \$51,460,000 Subordinate sales tax revenue bonds Series 2015B (Taxable) to refund and defease its 2005 and 2008 sales tax revenue bonds outstanding at June 30, 2015. Interest rates on the refunding bonds range from 1.460% to 4.250%.

The annual debt service of the bonds are as follows:

YEAR ENDING JUNE 30,	INTEREST	PRINCIPAL	TOTAL
2016	\$ -	\$ -	\$ -
2017	21,973,305	600,000	22,573,305
2018	20,091,393	2,375,000	22,466,393
2019	20,042,523	2,425,000	22,467,523
2020	19,985,311	2,480,000	22,465,311
2021-2025	98,713,427	13,620,000	112,333,427
2026-2030	95,247,398	31,295,000	126,542,398
2031-2035	85,738,666	50,285,000	136,023,666
2036-2040	71,253,677	64,765,000	136,018,677
2041-2045	51,698,932	84,325,000	136,023,932
2046-2050	25,944,206	110,080,000	136,024,206
2051-2055	1,423,732	25,780,000	27,203,732
Totals	\$ <u>512,112,570</u>	\$ <u>388,030,000</u>	\$ <u>900,142,570</u>

**Required Supplementary
Information (Unaudited)**

DRAFT
2-18-2016

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2015

I. Budgetary information

The City Council adopts an annual budget, submitted by the City Manager prior to June 30th. The appropriated budget is prepared by fund, function and department. All annual appropriations lapse at the end of the fiscal year. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments to the operating budget within a fund.

Transfers of operating budgets between funds or from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriation and all changes in capital improvement project budgets require the approval of the City Council.

The annual budget is prepared on a basis consistent with generally accepted accounting principles and is adopted for all governmental type funds.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is at the fund level.

II. Summary of Expenditures Budget to Actual

Below is a summary of expenditures compared to budget of the general fund for the year ended June 30, 2015:

Table 6
 General Fund Budget to Actual Comparison

	Original Budget	Actual	Variance
Legislative	\$ 376,400	\$ 431,807	\$ (55,407)
General administration	3,627,800	3,903,997	(276,197)
Support services	6,746,300	17,747,767	(11,001,467)
Community development	614,500	731,013	(116,513)
Community services	3,856,000	3,725,258	130,742
Public safety	8,272,000	8,311,886	(39,886)
Public works	12,604,000	10,881,576	1,722,424
Capital projects	2,385,000	2,385,000	(2,385,000)
Total expenditures	\$ <u>36,097,000</u>	\$ <u>48,118,304</u>	\$ <u>(12,021,304)</u>

CITY OF INDUSTRY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - REVENUES
FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
TAXES			
Sales tax	\$ 38,550,000	\$ 33,620,881	\$ (4,929,119)
Tax increment pass through payments	1,750,000	445,054	(1,304,946)
Franchise tax	1,427,000	1,828,446	401,446
Documentary transfer tax	258,000	174,754	(83,246)
Transient occupancy tax	900,000	1,000,052	100,052
Property tax	1,400,000	2,287,384	887,384
PSAF/COPS	108,000	113,899	5,899
Total taxes	<u>44,393,000</u>	<u>39,470,470</u>	<u>(4,922,530)</u>
LICENSES AND PERMITS			
Salvage fees and licenses	191,000	205,358	14,358
Building permits, Inspection fees and plans	718,000	898,835	180,835
Refuse collection	1,400,000	1,477,003	77,003
Motor vehicles license fees	195,000	65,414	(129,586)
Total licenses and permits	<u>2,504,000</u>	<u>2,646,610</u>	<u>142,610</u>
FINES AND FORFEITURES			
Vehicle impound and storage fees	31,000	22,550	(8,450)
Bin impound fees	15,000	7,490	(7,510)
Fines and forfeitures	270,000	444,586	174,586
Parking citations	122,000	89,264	(32,736)
Total Fines & Forfeitures	<u>438,000</u>	<u>563,890</u>	<u>125,890</u>
REVENUE FROM USE OF MONEY AND PROPERTY			
Interest income	9,035,000	7,787,841	(1,247,159)
Rental income	695,120	694,746	(374)
Change in fair market value of investments		(3,288,801)	(3,288,801)
Other income	603,150	567,695	(35,455)
Total revenue from use of money and property	<u>10,333,270</u>	<u>5,761,481</u>	<u>(4,571,789)</u>
Total general fund revenues	<u>\$ 57,668,270</u>	<u>\$ 48,442,451</u>	<u>\$ (9,225,819)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 34,832,600	\$ 139,933,372	\$ 105,100,772
Write off of escheated liabilities		1,069,615	1,069,615
Prop A Exchange		(2,827,500)	(2,827,500)
Settlement claims		(1,002,412)	(1,002,412)
Transfers (out)		(42,987,502)	(42,987,502)
Total other financing sources (uses)	<u>\$ 34,832,600</u>	<u>\$ 94,185,573</u>	<u>\$ 59,352,973</u>

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
LEGISLATIVE			
City council:			
Salaries	\$ 121,000	\$ 118,784	\$ 2,216
Services and supplies:			
Office supplies	100	120	(20)
Travel and meetings	7,600	9,398	(1,798)
Telephone	2,300	5,787	(3,487)
Dues and subscriptions	21,000	19,879	1,121
Totals - City council	152,000	153,968	(1,968)
City clerk:			
Salaries	187,000	200,184	(13,184)
Services and supplies:			
Office supplies	200	683	(483)
Travel and meetings	1,100	1,106	(6)
Advertising and printing	24,000	34,585	(10,585)
Election expense	3,000	33,104	(30,104)
Dues and subscriptions	9,000	8,169	831
Miscellaneous	100	8	92
Totals- City clerk	224,400	277,839	(53,439)
Totals - Legislative	376,400	431,807	(55,407)
GENERAL ADMINISTRATION			
City attorney:			
Services and supplies:			
Legal services	2,249,000	2,872,986	(623,986)
Totals - City attorney	\$ 2,249,000	\$ 2,872,986	\$ (623,986)

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
GENERAL ADMINISTRATION, continued			
City manager:			
Salaries	\$ 416,000	\$ 318,796	\$ 97,204
Salaries reimbursement from SA to IUDA	(216,500)	(137,444)	(79,056)
Services and supplies:			
Professional services	118,000	147,344	(29,344)
Office supplies	2,000	1,957	43
Travel and meetings	11,000	7,144	3,856
Vehicle expense	3,000	5,374	(2,374)
Dues and subscriptions	75,000	82,866	(7,866)
Telephone	600	626	(26)
Miscellaneous		99	(99)
Legal	159,000	100,482	58,518
Automobiles		24,784	(24,784)
Legislative expenses	62,000	60,180	1,820
Totals - City manager	630,100	612,208	17,892
Human resources:			
Salaries	140,000	237,625	(97,625)
Salaries reimbursement from SA to IUDA	(20,800)	(23,008)	2,208
Services and supplies:			
Travel expenses		782	(782)
Office supplies		38	(38)
Printing and photographs		357	(357)
Dues and subscriptions	2,000	2,800	(800)
Rental equipment		1,110	(1,110)
Repairs and maintenance	400	312	88
Telephone	100	62	38
Totals - Human Resources	121,700	220,078	(98,378)
Successor Agency Administration:			
Services and supplies:			
Professional services		40,441	(40,441)
Legal	464,000	158,043	305,957
Property taxes and assessments	158,000		158,000
Dues and subscriptions		(573)	573
Miscellaneous	5,000		5,000
Miscellaneous engineering		814	(814)
Totals - IUDA Administration	627,000	198,725	428,275
Totals - General Administration	\$ 3,627,800	\$ 3,903,997	\$ (276,197)

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
SUPPORT SERVICES			
Central services:			
Salaries	\$ 179,000	\$ 109,676	\$ 69,324
Services and supplies:			
Professional services	660,000	628,147	31,853
Office supplies	42,000	52,380	(10,380)
Repairs and maintenance	11,000	41,038	(30,038)
Equipment rentals	27,500	28,922	(1,422)
Printing and photographs	6,000	7,253	(1,253)
Storage expense	42,000	42,000	
Travel and meetings	1,000	2,808	(1,808)
Vehicle expenses	31,000	22,016	8,984
Dues and subscription	7,000	4,847	2,153
Computer services	225,000	292,696	(67,696)
Building maintenance	234,000	118,972	115,028
Telephone	16,000	15,772	228
Utilities	66,000	69,334	(3,334)
Miscellaneous	18,000	47,605	(29,605)
Refuse disposal - residents	26,000	34,402	(8,402)
Totals - Central services	<u>1,591,500</u>	<u>1,517,868</u>	<u>73,632</u>
City treasurer:			
Salaries	291,000	290,018	982
Salaries reimbursement from SA to IUDA	(117,500)	(119,703)	2,203
Services and supplies:			
Office supplies	100		100
Repairs and maintenance	100		100
Miscellaneous	1,100	594	506
Totals - City treasurer	<u>174,800</u>	<u>170,909</u>	<u>3,891</u>
Finance department:			
Services and supplies:			
Office supplies	1,000	109	891
Repairs and maintenance	15,000	14,200	800
Equipment Rental/Lease	6,000	3,879	2,121
Dues and subscriptions			
Accounting	800,000	858,785	(58,785)
Professional Services	200,000	677,345	(477,345)
Totals - Finance department	<u>\$ 1,022,000</u>	<u>\$ 1,554,318</u>	<u>\$ (532,318)</u>

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
SUPPORT SERVICES, continued			
Non-departmental:			
Services and supplies:			
Insurance and bonds	\$ 332,000	\$ 309,348	\$ 22,652
Employees insurance	136,000	125,348	10,652
Group and medical insurance	1,725,000	1,373,046	351,954
PERS	521,000	498,689	22,311
Expense reimbursement from SA to IUDA	(317,000)	(245,758)	(71,242)
OPEB benefits		11,039,940	(11,039,940)
Miscellaneous	26,000	1,943	24,057
Tuition reimbursement	5,000	20,526	(15,526)
Furniture, equipment, and fixtures		34,394	(34,394)
Taxes and assessments	305,000	208,712	96,288
Payroll taxes	60,000	26,520	33,480
Insurance claims	175,000	134,870	40,130
Parking citation	49,000	33,706	15,294
Lease obligation	941,000	943,388	(2,388)
Total Non-departmental	<u>3,958,000</u>	<u>14,504,672</u>	<u>(10,546,672)</u>
Totals - Support Services	<u>6,746,300</u>	<u>17,747,767</u>	<u>(11,001,467)</u>
COMMUNITY DEVELOPMENT			
Engineering:			
Salaries	140,000	166,714	(26,714)
Salaries reimbursement from SA to IUDA	(48,100)	(52,749)	4,649
Miscellaneous engineering	31,000	26,254	4,746
Totals - Engineering	<u>122,900</u>	<u>140,219</u>	<u>(17,319)</u>
Planning:			
Salaries	284,000	331,848	(47,848)
Services and supplies:			
Offices supplies	200	21	179
Travel and meetings	4,000	2,523	1,477
Legal advertising/printing		238	(238)
Dues and subscription	4,000	5,025	(1,025)
Telephone	400	838	(438)
Miscellaneous		6,428	(6,428)
Filing fees	19,000	26,763	(7,763)
Professional services	180,000	217,110	(37,110)
Totals- Planning	<u>491,600</u>	<u>590,794</u>	<u>(99,194)</u>
Totals - Community Development \$	<u>614,500</u>	<u>731,013</u>	<u>(116,513)</u>

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
COMMUNITY SERVICES			
Community promotion:			
Services and supplies:			
Community promotion	\$ 1,542,000	\$ 1,594,868	\$ (52,868)
Housing grant	75,000	4,880	70,120
Telephone	1,000	318	682
Totals - Community promotion	<u>1,618,000</u>	<u>1,600,066</u>	<u>17,934</u>
El Encanto Hospital:			
Services and supplies			
Professional fees	1,000	369	631
Repairs and maintenance	24,000	31,014	(7,014)
Property maintenance	235,000	229,359	5,641
Security	60,000	62,070	(2,070)
Capital outlay	14,000	10,272	3,728
Totals - El Encanto Hospital	<u>334,000</u>	<u>333,084</u>	<u>916</u>
Workman Temple Homestead Museum:			
Services and supplies:			
Professional services		11,902	(11,902)
Museum agreement	1,093,000	1,072,697	20,303
Utilities	33,000	35,021	(2,021)
Property maintenance	598,000	565,419	32,581
Expense reimbursement from SA to IUDA		(26,151)	26,151
General engineering	1,000	9,167	(8,167)
Janitorial services	12,000	9,250	2,750
Vehicle		788	(788)
Miscellaneous	88,000	84,231	3,769
Capital outlay	56,000	7,973	48,027
Totals - Workman Temple Museum	<u>1,881,000</u>	<u>1,770,297</u>	<u>110,703</u>
Tres Hermanos:			
Services and supplies:			
Telephone	1,000	477	523
Utilities	1,000	4,407	(3,407)
Security	84,000	115,371	(31,371)
Property maintenance	5,000	21,591	(16,591)
Expense reimbursement from SA to IUDA	(68,000)	(120,035)	52,035
Totals - Tres Hermanos	<u>23,000</u>	<u>21,811</u>	<u>1,189</u>
Totals - Community Services	<u>\$ 3,856,000</u>	<u>\$ 3,725,258</u>	<u>\$ 130,742</u>

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
PUBLIC SAFETY			
Law enforcement:			
Services and supplies:			
Printing and photography	\$ 3,000	\$ 2,016	\$ 984
Professional services		240	(240)
Vehicle expenses	14,000	12,415	1,585
Telephone	3,000	3,796	(796)
Miscellaneous		2,862	(2,862)
General law and traffic enforcement	7,852,000	7,974,292	(122,292)
Other law enforcement	13,000	8,329	4,671
Animal control	26,000	38,864	(12,864)
Security	285,000	249,632	35,368
Building lease and storage payments	76,000	19,440	56,560
Totals - Public Safety	<u>8,272,000</u>	<u>8,311,886</u>	<u>(39,886)</u>
PUBLIC WORKS			
Community facilities and ground			
Services and supplies:			
Professional services	319,000	754,402	(435,402)
Repairs and maintenance	45,000	14,376	30,624
Vehicle expenses	94,000	125,618	(31,618)
Telephone	14,000	19,702	(5,702)
General engineering	1,035,600	1,502,048	(466,448)
Miscellaneous	10,500	18,363	(7,863)
Furniture, equipment, fixtures		6,298	(6,298)
Utilities	516,000	546,578	(30,578)
Property maintenance	6,242,000	4,047,924	2,194,076
Expense reimbursement from SA to IUDA	(1,403,100)	(739,353)	(663,747)
Printing and photography	4,000	1,372	2,628
Security	633,000	611,979	21,021
Totals - Community facilities	<u>7,510,000</u>	<u>6,909,307</u>	<u>600,693</u>
Public Works Administration:			
Salaries	140,000	111,685	28,315
Salaries reimbursement from SA to IUDA	(48,100)	(44,433)	(3,667)
Services and supplies:			
Dues and subscriptions	100	2,181	(2,081)
Streets and roads	5,002,000	3,902,836	1,099,164
Totals - Public Works	<u>5,094,000</u>	<u>3,972,269</u>	<u>1,121,731</u>
Totals - Public Works	<u>12,604,000</u>	<u>10,881,576</u>	<u>1,722,424</u>
Capital projects:			
Real estate purchases		2,385,000	(2,385,000)
Total Capital projects	-	<u>2,385,000</u>	<u>(2,385,000)</u>
Total expenditures	<u>\$ 36,097,000</u>	<u>\$ 48,118,304</u>	<u>\$ (12,021,304)</u>

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF FUNDING PROGRESS
 OPEB PLAN
 FOR THE YEAR ENDED JUNE 30, 2015

The table below displays a short history of the Actuarial Accrued Liability, the Actuarial Value of Assets, and the Unfunded Actuarial Accrued Liability. Fund ratio (i.e., the ratio of the Actuarial Value of Assets to Actuarial Accrued Liability), the estimated annual covered payroll and the Unfunded Actuarial Accrued Liability (UAAL) as a percentage of the covered payroll.

Actuarial Valuation	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
Date	(a)	(b)	(a-b)	(b)/(a)	(c)	[(a)-(b)]/c
9/1/2008	\$ 14,162,839	\$	\$ 14,162,839	0.0%	\$ 2,005,622	706%
9/1/2011	14,417,646		14,417,646	0.0%	1,670,642	863%
9/1/2014	14,741,274		14,741,274	0.0%	1,661,041	887%
7/1/2015 ⁽¹⁾	11,039,940	11,039,940		100.0%	1,732,278	0%

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF THE CITY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY AND
 RELATED RATIOS
 FOR THE YEAR ENDED JUNE 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan First Tier

Measurement Period	June 30, 2014 ¹
City's Proportion of the Net Pension Liability	0.07684%
City's Proportionate Share of the net Pension Liability	\$ 4,781,249
City's Covered-Employee Payroll	\$ 1,735,901
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	275.43%
City's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan Second Tier

Measurement Period	June 30, 2014 ¹
City's Proportion of the Net Pension Liability	0.00003%
City's Proportionate Share of the net Pension Liability	\$ 1,667
City's Covered-Employee Payroll	\$ 43,694
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	3.82%
City's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

CITY OF INDUSTRY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF THE CITY'S
 CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan First Tier

	2014-15 ¹	2013-14 ¹
Actuarially Determined Contribution ²	\$ 237,606	\$ 298,701
Contribution in Relation to the Actuarially Determined Contribution ²	(237,606)	(298,701)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ^{3,4}	<u>\$ 1,787,978</u>	<u>\$ 1,735,901</u>
Contributions as a Percentage of Covered-Employee Payroll	<u>13.09%</u>	<u>17.21%</u>

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan Second Tier

	2014-15 ¹	2013-14 ¹
Actuarially Determined Contribution ²	\$ 5,511	\$ 4,397
Contribution in Relation to the Actuarially Determined Contribution ²	(5,511)	(4,397)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ^{3,4}	<u>\$ 45,005</u>	<u>\$ 43,694</u>
Contributions as a Percentage of Covered-Employee Payroll	<u>12.25%</u>	<u>10.06%</u>

PEPRA Contribution

	2014-15	2013-14
	<u>\$ 12,733</u>	<u>\$ -</u>

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$1,685,341 for Tier 1 Plan and \$42,421 for Tier 2 Plan) was assumed to increase by the 3.00% payroll growth assumption

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

Other Supplementary Information

DRAFT 2-18-2016

CITY OF INDUSTRY
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2015

	CITY OF INDUSTRY DEBT SERVICE	CITY OF INDUSTRY TAX OVERRIDE	INDUSTRY PUBLIC FACILITIES AUTHORITY DEBT SERVICE	TOTALS
ASSETS				
Cash	\$ 53,432	\$ 148,446	\$	\$ 201,878
Investments	30,779,865	461		30,780,326
Deposit for refunding			31,088,840	31,088,840
Investments with fiscal agent - restricted	40,296,003		846,203	41,142,206
Investments in IUDA bonds	270,477,924		79,660,000	350,137,924
Accrued interest and other receivables	7,509,760	242,451	693,774	8,445,985
Site lease prepayment			5,597,156	5,597,156
Due from general fund	46,500			46,500
Due from public facilities authority		31,086,677		31,086,677
Total assets	<u>\$ 349,163,484</u>	<u>\$ 31,478,035</u>	<u>\$ 117,885,973</u>	<u>\$ 498,527,492</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,361	\$	\$	\$ 2,361
Due to tax override fund			31,086,677	31,086,677
Total liabilities	<u>2,361</u>		<u>31,086,677</u>	<u>31,089,038</u>
FUND BALANCES				
Nonspendable:				
Prepayment of site lease			5,597,156	5,597,156
Restricted for debt service	40,296,003		31,935,043	72,231,046
Committed for debt service	270,477,924	31,478,035	49,267,097	351,223,056
Assigned for debt service	38,387,196			38,387,196
Total fund balances	<u>349,161,123</u>	<u>31,478,035</u>	<u>86,799,296</u>	<u>467,438,454</u>
Total liabilities and fund balances	<u>\$ 349,163,484</u>	<u>\$ 31,478,035</u>	<u>\$ 117,885,973</u>	<u>\$ 498,527,492</u>

CITY OF INDUSTRY
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	CITY OF INDUSTRY DEBT SERVICE	CITY OF INDUSTRY TAX OVERRIDE	INDUSTRY PUBLIC FACILITIES AUTHORITY DEBT SERVICE	TOTALS
REVENUES				
Taxes:				
Property taxes	\$ 12,547,221	\$ 44,213,696	\$	\$ 56,760,917
Interest income - Industry Urban Development Agency	63,666,854		4,773,552	68,440,406
Lease income - City of Industry			943,538	943,538
Other revenues from use of money and property	90,139	84,440		174,579
Total revenues	<u>76,304,214</u>	<u>44,298,136</u>	<u>5,717,090</u>	<u>126,319,440</u>
EXPENDITURES				
Current:				
General administration	15,855		391,011	406,866
Debt service:				
Principal retirement - long term debt	20,535,000		12,965,000	33,500,000
Interest	14,185,447		4,110,826	18,296,273
Total expenditures	<u>34,736,302</u>		<u>17,466,837</u>	<u>52,203,139</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,567,912</u>	<u>44,298,136</u>	<u>(11,749,747)</u>	<u>74,116,301</u>
OTHER FINANCING SOURCES (USES)				
Other uses-fiduciary fund debt service		(81,885,018)		(81,885,018)
Transfer in from General fund			17,868	17,868
Transfers out to General fund	(80,192,966)			(80,192,966)
Total other financing uses	<u>(80,192,966)</u>	<u>(81,885,018)</u>	<u>17,868</u>	<u>(162,060,116)</u>
Change in fund balances	(38,625,054)	(37,586,882)	(11,731,879)	(87,943,815)
FUND BALANCES, July 1, 2014	<u>387,786,177</u>	<u>69,064,917</u>	<u>98,531,175</u>	<u>555,382,269</u>
FUND BALANCES, June 30, 2015	<u>\$ 349,161,123</u>	<u>\$ 31,478,035</u>	<u>\$ 86,799,296</u>	<u>\$ 467,438,454</u>

CITY OF INDUSTRY
COMBINING BALANCE SHEET - NON MAJOR FUNDS
JUNE 30, 2015

	CITY OF INDUSTRY						CIVIC- RECREATIONAL- INDUSTRIAL AUTHORITY	TOTALS
	STATE GAS TAX	MEASURE R LOCAL RETURN FUND	PROPOSITION A - SALES TAX	PROPOSITION C - SALES TAX	AQMD GRANT	GRANT FUND	CAPITAL PROJECTS FUND	
ASSETS								
Cash	\$	\$	\$ 2,668,919	\$ 47,025	\$	\$	\$ 21,336	\$ 2,737,280
Investments			3,618,085				145,685	3,763,770
Receivables - current	17,903						360	18,263
Due from General Fund					19,277			19,277
Total assets	<u>\$ 17,903</u>	<u>\$</u>	<u>\$ 6,287,004</u>	<u>\$ 47,025</u>	<u>\$ 19,277</u>	<u>\$</u>	<u>\$ 167,381</u>	<u>\$ 6,538,590</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$	\$	\$ 5,753	\$	\$ 7,500	\$	\$ 27,171	\$ 40,424
Due to General Fund			45,755	38,136				83,891
Total liabilities			<u>51,508</u>	<u>38,136</u>	<u>7,500</u>		<u>27,171</u>	<u>124,315</u>
FUND BALANCES								
Restricted for								
Public transportation and road improvement	17,903		6,235,496	8,889	11,777			6,274,065
Capital projects							140,210	140,210
Total fund balances	<u>17,903</u>		<u>6,235,496</u>	<u>8,889</u>	<u>11,777</u>		<u>140,210</u>	<u>6,414,275</u>
Total liabilities and fund balances	<u>\$ 17,903</u>	<u>\$</u>	<u>\$ 6,287,004</u>	<u>\$ 47,025</u>	<u>\$ 19,277</u>	<u>\$</u>	<u>\$ 167,381</u>	<u>\$ 6,538,590</u>

CITY OF INDUSTRY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - NON MAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	CITY OF INDUSTRY						CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY	TOTALS
	STATE GAS TAX	MEASURE R LOCAL RETURN FUND	PROPOSITION A - SALES TAX	PROPOSITION C - SALES TAX	AQMD GRANT	GRANT FUND	CAPITAL PROJECTS FUND	
REVENUES								
Taxes	\$ 20,991	\$ 4,809	\$ 3,777,729	\$ 6,767	\$	\$	\$	\$ 3,810,296
Revenues from use of money and property	6,593		5,480	9			462	12,544
Grant income						5,000		5,000
Total revenues	\$ 27,584	\$ 4,809	\$ 3,783,209	\$ 6,776	\$	\$ 5,000	\$ 462	\$ 3,827,840
EXPENDITURES								
Current:								
General administration	\$	\$	\$	\$	15,472	\$	469,032	484,504
Community development					89,625			89,625
Public safety			534,862					534,862
Public works	24,253	4,809		23,601		5,000		57,663
Total expenditures	24,253	4,809	534,862	23,601	105,097	5,000	469,032	1,166,654
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,331		3,248,347	(16,825)	(105,097)		(468,570)	2,661,186
OTHER FINANCING (USES) SOURCES								
Transfer in from General Fund		4,809				5,000	1,349,473	1,359,282
Write off escheated liabilities							45,097	45,097
Transfers out to enterprise and fiduciary funds							(849,250)	(849,250)
Transfer out to General Fund		(4,809)				(5,000)		(9,809)
Total other financing (uses) sources							545,320	545,320
Net change in fund balances	3,331		3,248,347	(16,825)	(105,097)		76,750	3,206,506
FUND BALANCES, July 1, 2014	14,572		2,987,149	25,714	116,874		63,460	3,207,769
FUND BALANCES, June 30, 2015	\$ 17,903	\$	\$ 6,235,496	\$ 8,889	\$ 11,777	\$	\$ 140,210	\$ 6,414,275

CITY OF INDUSTRY
 COMBINING STATEMENT OF NET POSITION
 INDUSTRY PUBLIC UTILITIES COMMISSION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	<u>CITY OF INDUSTRY</u>		<u>TOTALS</u>
	<u>INDUSTRY PUBLIC</u>		<u>JUNE 30,</u>
	<u>UTILITIES COMMISSION</u>		
	<u>WATER</u>	<u>ELECTRIC</u>	<u>2015</u>
ASSETS			
Current assets:			
Cash	\$ 1,536,626	\$ 2,090,490	\$ 3,627,116
Investments	5,161,025	1,841,371	7,002,396
Accounts receivable, net	423,269	551,383	974,652
Inventory of materials and supplies, at cost	10,000		10,000
Prepaid items	12,056		12,056
Noncurrent assets:			
Capital assets:			
Land	35,500		35,500
Water rights	441,200		441,200
Source of supply	441,687	4,053,806	4,495,493
Infrastructure	104,500	190,122	294,622
Construction in progress	4,549		4,549
Buildings and improvements	25,625,873		25,625,873
Equipment, furniture and fixtures	229,332		229,332
Less accumulated depreciation	<u>(15,316,266)</u>	<u>(1,092,757)</u>	<u>(16,409,023)</u>
Capital assets, net	<u>11,566,375</u>	<u>3,151,171</u>	<u>14,717,546</u>
Total assets	<u>18,709,351</u>	<u>7,634,415</u>	<u>26,343,766</u>
LIABILITIES			
Current liabilities:			
Accounts payable	613,463	820,811	1,434,274
Other liabilities	183,850		183,850
Due to other governmental funds	14,854	2,475	17,329
Unearned revenue from reclaimed water sales	<u>7,809,254</u>		<u>7,809,254</u>
Total current liabilities	<u>8,621,421</u>	<u>823,286</u>	<u>9,444,707</u>
Total liabilities	<u>8,621,421</u>	<u>823,286</u>	<u>9,444,707</u>
NET POSITION			
Investment in capital assets	11,566,375	3,151,171	14,717,546
Unrestricted (deficit)	<u>(1,478,445)</u>	<u>3,659,958</u>	<u>2,181,513</u>
Total net position	<u>\$ 10,087,930</u>	<u>\$ 6,811,129</u>	<u>\$ 16,899,059</u>

CITY OF INDUSTRY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INDUSTRY PUBLIC UTILITIES COMMISSION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	CITY OF INDUSTRY		TOTALS
	INDUSTRY PUBLIC		JUNE 30, 2015
	UTILITIES COMMISSION	UTILITIES COMMISSION	
	WATER	ELECTRIC	
OPERATING REVENUES			
Charges for sales and services:			
Water sales and service	\$ 3,108,974	\$	\$ 3,108,974
Electric and solar energy sales		5,091,577	5,091,577
Total operating revenues	<u>3,108,974</u>	<u>5,091,577</u>	<u>8,200,551</u>
OPERATING EXPENSES			
Purchased water	323,163		323,163
Purchased electricity		2,631,985	2,631,985
General administration	1,868,764	1,488,355	3,357,119
Depreciation	624,838	83,247	708,085
Total operating expenses	<u>2,816,765</u>	<u>4,203,587</u>	<u>7,020,352</u>
OPERATING INCOME	292,209	887,990	1,180,199
NON-OPERATING REVENUE - INTEREST INCOME			
Interest income	16,237	5,740	21,977
Other income	70,965	107,593	178,558
Total non-operating revenue	<u>87,202</u>	<u>113,333</u>	<u>200,535</u>
INCOME BEFORE TRANSFERS	<u>379,411</u>	<u>1,001,323</u>	<u>1,380,734</u>
TRANSFERS			
Transfer in from General Fund		136,330	136,330
Total transfers in		<u>136,330</u>	<u>136,330</u>
Change's in net position	379,411	1,137,653	1,517,064
Net position - beginning of year	9,438,007	5,673,476	15,111,483
Prior period adjustment-see note 1	270,512		270,512
Net position - end of year	<u>\$ 10,087,930</u>	<u>\$ 6,811,129</u>	<u>\$ 16,899,059</u>

CITY OF INDUSTRY
 COMBINING STATEMENT OF CASH FLOWS
 INDUSTRY PUBLIC UTILITIES COMMISSION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	CITY OF INDUSTRY		TOTALS
	INDUSTRY PUBLIC		JUNE 30, 2015
	WATER	ELECTRIC	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,016,130	\$ 5,224,552	\$ 8,240,682
Payments to suppliers and employees	(1,978,939)	(3,688,185)	(5,667,124)
Net cash provided by operating activities	<u>1,037,191</u>	<u>1,536,367</u>	<u>2,573,558</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from General Fund		136,330	136,330
Other income	70,965	107,593	178,558
Net cash provided by non-capital financing activities	<u>70,965</u>	<u>243,923</u>	<u>314,888</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(109,049)	(190,122)	(299,171)
Contributed capital from contracted water provider	384,335		384,335
Net cash provided by (used in) capital and related financing activities	<u>275,286</u>	<u>(190,122)</u>	<u>85,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(12,589)		(12,589)
Interest income	16,237	5,740	21,977
Net cash provided by investing activities	<u>3,648</u>	<u>5,740</u>	<u>9,388</u>
Net increase in cash	1,387,090	1,595,908	2,982,998
Cash, July 1, 2014	149,536	494,582	644,118
Cash, June 30, 2015	<u>\$ 1,536,626</u>	<u>\$ 2,090,490</u>	<u>\$ 3,627,116</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 292,209	\$ 887,990	\$ 1,180,199
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	624,838	83,247	708,085
(Increase) decrease in assets			
Accounts receivable	418,445	132,975	551,420
Prepaid items	655		655
Increase (decrease) in liabilities			
Accounts payable	198,134	429,680	627,814
Due to other governmental funds	14,854	2,475	17,329
Unearned revenue	(511,944)		(511,944)
Net cash provided by operating activities	<u>\$ 1,037,191</u>	<u>\$ 1,536,367</u>	<u>\$ 2,573,558</u>

CITY OF INDUSTRY
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>BALANCE</u> July 1, 2014	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2015
Total-Agency Funds				
ASSETS:				
Cash and investments	\$ 2,237,654	2,774,944	2,665,000	\$ 2,347,598
Total assets	<u>\$ 2,237,654</u>	<u>2,774,944</u>	<u>2,665,000</u>	<u>\$ 2,347,598</u>
LIABILITIES:				
Due to General Fund	\$ 17,146	637,439	654,441	\$ 144
Other liabilities	2,220,508	639,556	512,610	2,347,454
Total liabilities	<u>\$ 2,237,654</u>	<u>1,276,995</u>	<u>1,167,051</u>	<u>\$ 2,347,598</u>

CITY OF INDUSTRY

SCHEDULE OF LONG-TERM DEBT
 \$37,860,000 GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2009 - MATURITY SCHEDULE
 JUNE 30, 2015

Year Ending June 30,	Date	Principal	Interst Rate	Interest	Debt Service	Annual Debt Service
	7/1/2015	\$ 3,805,000	2.930%	\$ 485,113	\$ 4,290,113	\$
2016	1/1/2016		2.930%	410,781	410,781	4,700,894
	7/1/2016	3,955,000	3.125%	410,781	4,365,781	
2017	1/1/2017		3.125%	322,156	322,156	4,687,937
	7/1/2017	4,130,000	3.375%	322,156	4,452,156	
2018	1/1/2018		3.375%	221,875	221,875	4,674,031
	7/1/2018	4,330,000	3.600%	221,875	4,551,875	
2019	1/1/2019		3.600%	113,625	113,625	4,665,500
	7/1/2019	4,545,000	3.800%	113,625	4,658,625	
2020	1/1/2020		3.800%			4,658,625
		<u>\$ 20,765,000</u>		<u>\$ 2,621,987</u>	<u>\$ 23,386,987</u>	<u>\$ 23,386,987</u>

CITY OF INDUSTRY

SCHEDULE OF LONG-TERM DEBT

\$50,975,000 GENERAL OBLIGATION REFUNDING SERIES B BONDS, ISSUE OF 2009 - MATURITY SCHEDULE
JUNE 30, 2015

Year Ending June 30,	Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
	7/1/2015	\$ 4,580,000	4.000%	\$ 657,688	\$ 5,237,688	\$
2016	1/1/2016		4.000%	571,088	571,088	5,808,776
	7/1/2016	4,755,000	5.000%	571,088	5,326,088	
2017	1/1/2017		5.000%	460,763	460,763	5,786,851
	7/1/2017	4,975,000	4.250%	460,763	5,435,763	
2018	1/1/2018		4.250%	358,950	358,950	5,794,713
	7/1/2018	5,180,000	4.375%	358,950	5,538,950	
2019	1/1/2019		4.375%	251,450	251,450	5,790,400
	7/1/2019	5,395,000	4.500%	251,450	5,646,450	
2020	1/1/2020		4.500%	127,800	127,800	5,774,250
	7/1/2020	5,640,000	4.500%	127,800	5,767,800	
2021	1/1/2021		4.500%			5,767,800
		<u>\$ 30,525,000</u>		<u>\$ 4,197,790</u>	<u>\$ 34,722,790</u>	<u>\$ 34,722,790</u>

CITY OF INDUSTRY

SCHEDULE OF LONG-TERM DEBT
 \$43,340,000 GENERAL OBLIGATION REFUNDING BOND, ISSUE OF 2010 - MATURITY SCHEDULE
 JUNE 30, 2015

Year Ending June 30,	Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
	7/1/2015	\$ 2,100,000	3.000%	\$ 784,075	\$ 2,884,075	\$
2016	1/1/2016		3.000%	752,625	752,625	3,636,700
	7/1/2016	2,155,000	4.000%	752,625	2,907,625	
2017	1/1/2017		4.000%	709,525	709,525	3,617,150
	7/1/2017	2,240,000	4.000%	709,525	2,949,525	
2018	1/1/2018		4.000%	664,725	664,725	3,614,250
	7/1/2018	2,330,000	4.000%	664,725	2,994,725	
2019	1/1/2019		4.000%	618,125	618,125	3,612,850
	7/1/2019	2,430,000	5.000%	618,125	3,048,125	
2020	1/1/2020		5.000%	557,375	557,375	3,605,500
	7/1/2020	2,550,000	5.000%	557,375	3,107,375	
2021	1/1/2021		5.000%	493,625	493,625	3,601,000
	7/1/2021	2,675,000	4.500%	493,625	3,168,625	
2022	1/1/2022		4.500%	431,200	431,200	3,599,825
	7/1/2022	2,800,000	5.000%	431,200	3,231,200	
2023	1/1/2023		5.000%	361,200	361,200	3,592,400
	7/1/2023	2,940,000	5.000%	361,200	3,301,200	
2024	1/1/2024		5.000%	287,700	287,700	3,588,900
	7/1/2024	3,095,000	5.000%	287,700	3,382,700	
2025	1/1/2025		5.000%	210,325	210,325	3,593,025
	7/1/2025	3,240,000	4.500%	210,325	3,450,325	
2026	1/1/2026		4.500%	137,075	137,075	3,587,400
	7/1/2026	1,550,000	4.250%	137,075	1,687,075	
2027	1/1/2027		4.250%	104,138	104,138	1,791,213
	7/1/2027	1,615,000	4.000%	104,138	1,719,138	
2028	1/1/2028		4.000%	71,838	71,838	1,790,976
	7/1/2028	1,680,000	4.125%	71,838	1,751,838	
2029	1/1/2029		4.125%	37,188	37,188	1,789,026
	7/1/2029	1,750,000	4.250%	37,188	1,787,188	
2030	1/1/2030		4.250%			1,787,188
		\$ <u>35,150,000</u>		\$ <u>11,657,403</u>	\$ <u>46,807,403</u>	\$ <u>46,807,403</u>

CITY OF INDUSTRY

SCHEDULE OF LONG-TERM DEBT
 \$28,985,000 GO REFUNDING BONDS TAXABLE GENERAL OBLIGATION, ISSUE OF 2014 - MATURITY SCHEDULE
 JUNE 30, 2015

Year Ending June 30,	Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
	7/1/2015	\$	0.000%	\$ 416,482	\$ 416,482	\$
2016	1/1/2016		0.000%	416,482	416,482	832,964
	7/1/2016		0.000%	416,482	416,482	
2017	1/1/2017		0.000%	416,482	416,482	832,964
	7/1/2017		0.000%	416,482	416,482	
2018	1/1/2018		0.000%	416,482	416,482	832,964
	7/1/2018		0.000%	416,482	416,482	
2019	1/1/2019		0.000%	416,482	416,482	832,964
	7/1/2019		0.000%	416,482	416,482	
2020	1/1/2020		0.000%	416,482	416,482	832,964
	7/1/2020	4,470,000	0.000%	416,482	4,886,482	
2021	1/1/2021		2.500%	360,607	360,607	5,247,089
	7/1/2021	5,875,000	2.500%	360,607	6,235,607	
2022	1/1/2022		2.750%	279,825	279,825	6,515,432
	7/1/2022	6,035,000	2.750%	279,825	6,314,825	
2023	1/1/2023		2.875%	193,072	193,072	6,507,897
	7/1/2023	6,210,000	2.875%	193,072	6,403,072	
2024	1/1/2024		3.000%	99,921	99,921	6,502,993
	7/1/2024	6,395,000	3.000%	99,921	6,494,921	
2025	1/1/2025		3.125%			6,494,921
		<u>\$ 28,985,000</u>		<u>\$ 6,448,152</u>	<u>\$ 35,433,152</u>	<u>\$ 35,433,152</u>

CITY OF INDUSTRY

SCHEDULE OF LONG-TERM DEBT
 \$113,420,000 SALES TAX REVENUE BONDS, ISSUE OF 2005 - MATURITY SCHEDULE
 JUNE 30, 2015

Year Ending June 30,	Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
	7/1/2015	\$	5.100%	\$ 1,949,134	\$ 1,949,134	\$
2016	1/1/2016	5,055,000	5.100%	1,949,134	7,004,134	8,953,268
	7/1/2016		5.000%	1,820,231	1,820,231	
2017	1/1/2017	5,310,000	5.000%	1,820,231	7,130,231	8,950,462
	7/1/2017		5.250%	1,687,481	1,687,481	
2018	1/1/2018	5,575,000	5.250%	1,687,481	7,262,481	8,949,962
	7/1/2018		5.250%	1,541,138	1,541,138	
2019	1/1/2019	5,870,000	5.250%	1,541,138	7,411,138	8,952,276
	7/1/2019		5.400%	1,387,050	1,387,050	
2020	1/1/2020	6,175,000	5.400%	1,387,050	7,562,050	8,949,100
	7/1/2020		5.400%	1,220,325	1,220,325	
2021	1/1/2021	6,510,000	5.400%	1,220,325	7,730,325	8,950,650
	7/1/2021		5.400%	1,044,555	1,044,555	
2022	1/1/2022	6,860,000	5.400%	1,044,555	7,904,555	8,949,110
	7/1/2022		5.400%	859,335	859,335	
2023	1/1/2023	7,230,000	5.400%	859,335	8,089,335	8,948,670
	7/1/2023		5.400%	664,125	664,125	
2024	1/1/2024	7,625,000	5.400%	664,125	8,289,125	8,953,250
	7/1/2024		5.500%	454,438	454,438	
2025	1/1/2025	8,040,000	5.500%	454,438	8,494,438	8,948,876
	7/1/2025		5.500%	233,338	233,338	
2026	1/1/2026	8,485,000	5.500%	233,338	8,718,338	8,951,676
		\$ <u>72,735,000</u>		\$ <u>25,722,300</u>	\$ <u>98,457,300</u>	\$ <u>98,457,300</u>

CITY OF INDUSTRY

SCHEDULE OF LONG-TERM DEBT
 \$77,540,000 SALES TAX REVENUE BONDS, ISSUE OF 2008 - MATURITY SCHEDULE
 JUNE 30, 2015

Year Ending June 30,	Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
	7/1/2015	\$	4.250%	\$ 1,314,863	\$ 1,314,863	\$
2016	1/1/2016	3,770,000	4.250%	1,314,863	5,084,863	6,399,726
	7/1/2016		4.000%	1,234,750	1,234,750	
2017	1/1/2017	3,930,000	4.000%	1,234,750	5,164,750	6,399,500
	7/1/2017		4.000%	1,156,150	1,156,150	
2018	1/1/2018	4,085,000	4.000%	1,156,150	5,241,150	6,397,300
	7/1/2018		4.125%	1,074,450	1,074,450	
2019	1/1/2019	4,250,000	4.125%	1,074,450	5,324,450	6,398,900
	7/1/2019		4.250%	986,794	986,794	
2020	1/1/2020	4,425,000	4.250%	986,794	5,411,794	6,398,588
	7/1/2020		4.250%	892,763	892,763	
2021	1/1/2021	4,610,000	4.250%	892,763	5,502,763	6,395,526
	7/1/2021		4.625%	794,800	794,800	
2022	1/1/2022	4,810,000	4.625%	794,800	5,604,800	6,399,600
	7/1/2022		4.625%	683,569	683,569	
2023	1/1/2023	5,030,000	4.625%	683,569	5,713,569	6,397,138
	7/1/2023		5.000%	567,250	567,250	
2024	1/1/2024	5,265,000	5.000%	567,250	5,832,250	6,399,500
	7/1/2024		5.000%	435,625	435,625	
2025	1/1/2025	5,525,000	5.000%	435,625	5,960,625	6,396,250
	7/1/2025		5.000%	297,500	297,500	
2026	1/1/2026	5,805,000	5.000%	297,500	6,102,500	6,400,000
	7/1/2026		5.000%	152,375	152,375	
2027	1/1/2027	6,095,000	5.000%	152,375	6,247,375	6,399,750
		\$ <u>57,600,000</u>		\$ <u>19,181,778</u>	\$ <u>76,781,778</u>	\$ <u>76,781,778</u>

CITY OF INDUSTRY

SCHEDULE OF LONG-TERM DEBT
 \$45,380,000 TAXABLE SALES TAX REVENUE BONDS, ISSUE OF 2010 - MATURITY SCHEDULE
 JUNE 30, 2015

Year Ending June 30,	Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
	7/1/2015	\$	5.750%	\$ 1,322,241	\$ 1,322,241	\$
2016	1/1/2016	2,095,000	5.750%	1,322,241	3,417,241	4,739,482
	7/1/2016		6.000%	1,262,010	1,262,010	
2017	1/1/2017	2,215,000	6.000%	1,262,010	3,477,010	4,739,020
	7/1/2017		6.000%	1,195,560	1,195,560	
2018	1/1/2018	2,345,000	6.000%	1,195,560	3,540,560	4,736,120
	7/1/2018		6.600%	1,121,106	1,121,106	
2019	1/1/2019	2,495,000	6.600%	1,121,106	3,616,106	4,737,212
	7/1/2019		6.750%	1,038,771	1,038,771	
2020	1/1/2020	2,660,000	6.750%	1,038,771	3,698,771	4,737,542
	7/1/2020		7.000%	948,996	948,996	
2021	1/1/2021	2,840,000	7.000%	948,996	3,788,996	4,737,992
	7/1/2021		7.250%	849,596	849,596	
2022	1/1/2022	3,040,000	7.250%	849,596	3,889,596	4,739,192
	7/1/2022		7.400%	739,396	739,396	
2023	1/1/2023	3,260,000	7.400%	739,396	3,999,396	4,738,792
	7/1/2023		7.600%	618,776	618,776	
2024	1/1/2024	3,500,000	7.600%	618,776	4,118,776	4,737,552
	7/1/2024		7.850%	485,776	485,776	
2025	1/1/2025	3,765,000	7.850%	485,776	4,250,776	4,736,552
	7/1/2025		8.000%	338,000	338,000	
2026	1/1/2026	4,065,000	8.000%	338,000	4,403,000	4,741,000
	7/1/2026		8.000%	175,400	175,400	
2027	1/1/2027	4,385,000	8.000%	175,400	4,560,400	4,735,800
		\$ <u>36,665,000</u>		\$ <u>20,191,256</u>	\$ <u>56,856,256</u>	\$ <u>56,856,256</u>

Continuing Annual Disclosure Report

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

I. INTRODUCTION

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

General Obligation Bonds

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

Sales Tax Revenue Bonds

5. \$113,420,000 City of Industry 2005 Taxable Sales Tax Revenue Bonds.
6. \$77,540,000 City of Industry 2008 Sales Tax Revenue Bonds.
7. \$45,380,000 City of Industry 2010 Taxable Sales Tax Revenue Bonds.
8. \$336,570,000 City of Industry 2015 Taxable Senior Sales Tax Revenue Refunding Bonds, Series 2015A.
9. \$51,460,000 City of Industry 2015 Taxable Subordinate Sales Tax Revenue Bonds, Series 2015B.

II. CONTENT OF SUPPLEMENTAL ANNUAL REPORT

A. Audited Financial Statements

The Audited Financial Statements of the City of Industry for Fiscal Year 2014-15 have been filed on the Electronic Municipal Market Access ("EMMA") web portal.

B. Assessed Valuation

The following sets forth the historical and current assessed valuations of the City for the fiscal years shown.

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

Annual Assessed Values

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Gross Assessed</u>
2015	\$ 2,590,253,321	\$ 4,299,199,196	\$ 785,296,106	\$ 7,674,748,623
Assessed Valuations of Taxable Property				
<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2015	\$ 5,753,243,709	\$ 509,436,526	\$ 1,292,119,683	\$ 7,554,799,918
2016 (Current)	\$ 5,885,237,961	\$ 545,223,020	\$ 1,347,161,535	\$ 7,777,622,516

Source: L. A. County Assessor 2014/15 and 2015/16 Combined Tax Rolls.

C. Top Property Owners/Taxpayers

The ten largest local secured taxpayers including assessed valuation of the top ten properties in the City, as shown on the tax rolls for Fiscal Year 2014-2015 are shown in the table below.

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1 Walnut Creek Energy LLC	Utility	\$ 508,400,000	6.73%
2 Industry East Land LLC	Industrial	214,179,459	2.84%
3 Fairway Subs LLC	Industrial	207,358,747	2.74%
4 Newage PHM LLC	Commercial	189,537,660	2.51%
5 JCC California Properties LLC	Commercial	135,539,513	1.79%
6 Tropicana Manufacturing Co Inc	Industrial	104,967,392	1.39%
7 Quemetco West LLC	Industrial	80,957,084	1.07%
8 Industrial Park Sub LLC et al	Industrial	77,814,052	1.03%
9 Adcor Realty Corporation	Industrial	72,780,180	0.96%
10 R R and C Development Company	Commercial	64,934,139	0.86%
Top 10 Total		1,656,468,226	
City Total Net Value		<u>\$ 7,554,799,918</u>	

Source: L. A. County Assessor 2014/15 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

D. Secured Tax Charges and Delinquencies

The following table sets forth secured tax charges and delinquencies for certain taxable properties within the City for the fiscal years shown.

Secured Tax Charges and Delinquencies

<u>Fiscal Year</u>	<u>Secured Tax Charge^{(1) (2)}</u>	<u>Amount Delinquent June 30⁽²⁾</u>	<u>Percentage Delinquent June 30</u>
2014-15	\$ 48,127,852	\$ 105,609	0.22 %

Source: City of Industry.

(1) Excludes redevelopment agency impounds.

(2) Amounts are rounded.

E. Tax Rate

The following table sets forth property tax rates within a representative tax rate area ("TRA 2179") within the City for the fiscal years shown.

Table 4
Typical Total Tax Rate (TRA 2179)

General	<u>1.000000</u>
City of Industry	.737500
Bassett Unified School District	.115393
Mount San Jacinto Community College District	.021294
The Metropolitan Water District of Southern California	<u>.003500</u>
Total	<u>1.877687</u>

Source: L. A. County Assessor.

F. Sales Tax Revenues

The Sales Tax Revenues received by the City for the Year 2014-15 are set forth in the table in Section G, below.

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

G. Debt Service Coverage

The following table sets forth the percent by which annual Sales Tax Revenues provided coverage for debt service on the Sales Tax Bonds and Parity Debt for the fiscal years shown.

**Sales Tax Revenue Bonds
Debt Service Coverage
Fiscal Year Ending June 30, 2015**

Sales Tax Revenue:	\$ 33,620,881
\$113,420,000 2005 Sales Tax Revenue Bonds	
Principal:	4,805,000
Interest:	4,143,322
\$77,540,000 2008 Sales Tax Revenue Bonds	
Principal:	3,645,000
Interest:	2,753,656
\$45,380,000 2010 Sales Tax Revenue Bonds	
Principal:	1,995,000
Interest:	2,744,232
Total Principal and Interest (Debt Service):	\$ 20,086,210
Debt Service Coverage Ratio:	1.67
Percent change from prior year:	-17%

Source: City of Industry.

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

H. Summary of Regarding Revenues, Expenditures and Fund Balances for the most recent completed fiscal year

The following table sets forth information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the City for the most recent completed fiscal year.

	7/1/2015 - 12/31/2015
Revenues	
Taxes	\$ 13,205,248
Licenses and Permits	1,211,150
Fine, Forfeitures and Penalties	172,563
Revenues from use of money and property	4,734,956
Total Revenues	19,323,917
Expenditures	
Legislative	135,457
General Administration	1,551,079
Support Services	4,537,568
Community Development	421,166
Community Services	2,095,355
Public Safety	3,544,252
Public Works	4,870,838
Capital Projects	-
Total Expenditures	17,155,715
Excess of Revenue Over Expenditures	2,168,202
Other Financing Sources (Uses)	
Transfers in from other governmental funds	470,415,498
Transfers in from enterprise funds	2,568,743
Transfers out to other governmental funds	(15,871,768)
Transfers out to enterprise funds	-
Write off due to Successor Agency bond redemption	(14,421,307)
Settlement claims	(225,000)
Total other financing sources (uses)	442,466,166
Net changes in fund balance	444,634,368
FUND BALANCES, beginning of year	332,067,187
FUND BALANCES, end of year	\$ 776,701,555

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

I. Summary of Revenues, Expenditures, and changes in Fund Balances for the adopted budget

The following table sets forth information Summary Financial Information Regarding Revenues, Expenditures and Fund Balances for the General Fund of the City, Reflecting the Adopted Budget of the City for the Current Fiscal year.

	Adopted Budget 2016	Amended Budget 2016
Revenues		
Taxes	\$ 39,918,000	\$ 39,918,000
Licenses and Permits	2,620,500	2,620,500
Fine, Forfeitures and Penalties	539,000	539,000
Interest income	8,562,000	8,562,000
Revenues from use of money and property	1,353,150	1,353,150
Total Revenues	<u>52,992,650</u>	<u>52,992,650</u>
Expenditures		
Legislative	269,000	269,000
General Administration	2,848,500	2,959,800
Support Services	6,991,500	7,305,900
Community Development	735,500	611,800
Community Services	4,036,800	4,101,800
Public Safety	8,468,500	8,468,500
Public Works	9,948,800	10,461,700
Capital Projects	-	-
Total Expenditures	<u>33,298,600</u>	<u>34,178,500</u>
Excess of Revenue Over Expenditures	<u>19,694,050</u>	<u>18,814,150</u>
Other Financing Sources (Uses)		
Transfers in from other governmental funds	23,605,761	493,389,337
Transfers in from enterprise and fiduciary funds	-	-
Proceeds from sale of capital assets	-	-
Loss on write off debts due from Successor Agency	-	-
Proposition A Exchange	-	-
Transfers out to enterprise and fiduciary funds	-	-
Transfers out to other governmental funds	(38,651,700)	(63,812,212)
Total other financing sources (uses)	<u>(15,045,939)</u>	<u>429,577,125</u>
Net changes in fund balance	<u>4,648,111</u>	<u>448,391,275</u>
FUND BALANCES, beginning of year	<u>332,183,372</u>	<u>332,148,733</u>
FUND BALANCES, end of year	<u>\$ 336,831,483</u>	<u>\$ 780,540,008</u>

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

J. Permits and taxable Transactions

The following table sets forth information concerning permit and taxable transactions for the most current year of information.

<u>Type of Business</u>	<u>Permits(2)</u>	<u>Taxable Transactions(1)</u>
Retail and Food Services		
Motor Vehicle and Parts Dealers	104	\$ 333,228
Home Furnishings and Appliance Stores	154	199,417
Building Material and Garden Equipment and Supplies	50	79,706
Food and Beverage Stores	49	14,492
Gasoline Stations	15	74,002
Clothing and Clothing Accessories Stores	279	60,439
General Merchandise Stores	119	198,711
Food Services and Drinking Places	186	120,654
Other Retail Group	2118	72,208
Total Retail and Food Services	3074	1,152,857
All Other Outlets	1329	914,644
Totals All Outlets	4403	\$ 2,067,501

(1) 2014 data only available for the first, second, and third quarters.

(2) Permits as of third quarter 2014.

Source: Board of Equalization.

K. Sales Tax Rates

The following table sets forth information concerning sales tax rates for the current fiscal year ended June 30, 2016.

State Tax	6.50%
State General Fund	3.94% (1)
Other State Funds	0.50
State Local Revenue Fund	1.56
State Local Public Safety Fund	0.50
Local Tax	2.50%
"Sales Tax Revenues" (as used in this Official Statement)	0.75%
County Transportation Funds	1.75
Total:	9.00%

(1) Includes 0.25% associated with the "Triple Flip."

Source: City of Industry

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

L. Overlapping Debt

The following table sets forth information concerning for the overlapping debt for the fiscal year ended June 30, 2015.

2015-16 Assessed Valuation: \$7,777,406,040

Assessed Valuation:	<u>% Applicable (1)</u>	<u>Debt 11/1/2015</u>
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Los Angeles County Flood Control District	0.640%	\$ 96,672
Metropolitan Water District	0.326	359,969
Mt. San Antonio Community College District	9.522	35,130,785
Rio Hondo Community College District	1.192	1,894,837
Baldwin Park Unified School District	0.022	20,863
Bassett Unified School District	32.144	15,141,136
Hacienda-La Puente Unified School District	25.512	21,194,872
Pomona Unified School District	4.293	9,551,359
Rowland Unified School District	21.610	56,473,094
Walnut Valley Unified School District	5.407	6,350,811
Other High School and School Districts Various	Various	6,265,812
City of Industry	100.000	104,940,000 (2)
City of Industry 1915 Act Bonds	100.000	2,565,000
Los Angeles County Regional Park and Open Space Assessment District	0.629	318,337
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 260,303,547
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.629%	\$ 11,987,505
Los Angeles County Superintendent of Schools Certificates of Participation	0.629	49,970
Baldwin Park Unified School District Certificates of Participation	0.022	6,329
Hacienda-La Puente Unified School District Certificates of Participation	25.512	7,184,179
Pomona Unified School District General Fund Obligations	4.293	779,609
Rowland Unified School District Certificates of Participation	21.610	1,080,500
Whittier School District Certificates of Participation	6.434	661,415
Los Angeles County Sanitation District No. 15 Authority	4.156	717,189
Los Angeles County Sanitation District No. 18 Authority	0.786	74,079
Los Angeles County Sanitation District No. 21 Authority	11.063	1,125,274
City of Industry General Fund Obligations	100.000	4,230,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		27,896,049
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 27,896,049

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

L. Overlapping Debt (continued)

OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	574,905,000
GROSS COMBINED TOTAL DEBT	863,104,596
NET COMBINED TOTAL DEBT	863,104,596 (3)

Ratios to Assessed Valuation:

Direct Debt	1.35%
Total Direct and Overlapping Tax and Assessment Debt	3.35%
Combined Direct Debt	1.40%
Gross Combined Total Debt	11.10%
Net Combined Total Debt	11.10%

Ratio to Redevelopment Incremental Valuation

Total Overlapping Tax Increment Debt	<u>9.28%</u>
--------------------------------------	--------------

(1) Based on 2014-15 ratios.

(2) Excludes issue to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

M. Additional Material Information

In addition to any of the information expressly required to be provided under this disclosure certificate, the City is required to provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Nothing to report.

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

\$6,735,000 City of Industry 1998 Revenue Bonds
(Catellus Commerce Center Assessment District Bond Refinancing)

I. INTRODUCTION

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

II. CONTENT OF SUPPLEMENTAL ANNUAL REPORT

A. Audited Financial Statements

The Audited Financial Statements of the City of Industry for Fiscal Year 2014-15 have been filed on the Electronic Municipal Market Access ("EMMA") web portal.

B. Aggregate Principal of Bonds Outstanding

The following table sets forth the aggregate principal amount of the Bonds outstanding in the fiscal years shown.

<u>Fiscal Year</u>	<u>Bonds Outstanding</u>
2014-15	\$2,915,000

Source: City of Industry

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

C. Assessed Valuation

The following table sets forth the assessed valuations of all parcels currently subject to assessment in the Assessment District, showing the total assessed valuation for all such parcels and the overall value-to-lien ratio for the fiscal years shown.

Assessed Valuations of Taxable Property Fiscal Year 2014-2015									
AD 91-1 Reassessment No.	Assessor's Parcel No.	Owner	Unpaid Reassessment	% of Total Unpaid Reassessment	Assessed Land Value	Value/Lien Ratio (to 1)	Improvements Value	Total Value (1)	Total Value/Lien Ratio (to 1)
12	8760-025-054	1	\$ 147,902	5.07%	\$ 4,732,027	31.99	\$ 4,434,570	\$ 9,166,597	61.98
13	8760-025-030	2	\$ 85,836	2.94%	\$ 1,474,002	17.17	\$ 3,229,616	\$ 4,703,618	54.80
14A	8760-025-044	3	\$ 60,592	2.08%	\$ 1,010,925	16.68	\$ 2,079,605	\$ 3,090,530	51.01
15A & 15B	8760-025-046 & 42	4	\$ 140,731	4.83%	\$ 2,554,787	18.15	\$ 3,235,656	\$ 5,790,443	41.15
16A	8760-025-069, 70 & 71	4 & 5	\$ 335,813	11.52%	\$ 10,036,235	29.89	\$ 7,014,311	\$ 17,050,546	50.77
17A & 17B	8760-025-035 & 36	5	\$ 239,350	8.21%	\$ 6,577,248	27.48	\$ 4,402,599	\$ 10,979,847	45.87
18A, 18B & 18C	8760-024-034, 35 & 36	6	\$ 679,095	23.30%	\$ 15,585,091	22.95	\$ 14,263,037	\$ 29,848,128	43.95
19	8760-024-037	7	\$ 43,126	1.48%	\$ 2,200,152	51.02	\$ 4,897,047	\$ 7,097,199	164.57
21A, 21B & 21C	8760-024-049, 50 & 51	5	\$ 370,756	12.72%	\$ 9,487,441	25.59	\$ 6,076,226	\$ 15,563,667	41.98
22A, 22B & 23A	8760-024-052, 56 & 63	5 & 6	\$ 194,771	6.68%	\$ 7,462,032	38.31	\$ 5,330,022	\$ 12,792,054	65.68
24A & 24B	8760-025-062 & 63	5 & 6	\$ 171,578	5.89%	\$ 4,903,622	28.58	\$ 3,198,013	\$ 8,101,635	47.22
25A, 25B & 25C	8760-025-064, 65 & 66	5 & 6	\$ 445,450	15.28%	\$ 11,832,651	26.56	\$ 8,421,436	\$ 20,254,087	45.47
			<u>\$ 2,915,000</u>	<u>100%</u>	<u>\$ 77,856,213</u>	<u>26.71</u>	<u>\$ 66,582,138</u>	<u>\$ 144,438,351</u>	<u>49.55</u>

OWNER CODES:

- 1 - Haitao Group LLC
- 2 - K W Global Inc.
- 3 - John N. Pan
- 4 - Dreyers Grand Ice Cream Inc.
- 5 - Catellus Development Corporation
- 6 - Santa Fe Pacific Realty Corporation
- 7 - Hi Tek Warehouse Corporation

Source: City of Industry

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

D. Vacant Parcels

All the parcels within the Assessment District 91-1 have been developed.

E. Reassessments

The following tables set forth the amount of reassessment levied on each parcel in the Assessment District for the preceding fiscal year, and the total amount (if any) which is delinquent for each parcel, including length of delinquency and status of foreclosure for each parcel listed for the fiscal years shown.

Reassessment No.	Assessor's Parcel No.	Fiscal Year 2014 - 2015		Reassessment Amount	Payment Status
		Owner	Sites Address		
18A, 18B & 18C	8760-024-034	SANTA FE PACIFIC REALTY CORPORATION	501 CHERYL LN	\$ 85,977.34	Paid
18A, 18B & 18C	8760-024-035	SANTA FE PACIFIC REALTY CORPORATION	501 CHERYL LN	61,730.95	Paid
18A, 18B & 18C	8760-024-036	SANTA FE PACIFIC REALTY CORPORATION		287.80	Paid
19	8760-024-037	ZHENG DUNHUA AND XIA YIN	20851 CURRIER RD	9,398.43	Paid
21A, 21B & 21C	8760-024-049	CATELLUS DEVELOPMENT CORPORATION	455 BREA CANYON RD	38,711.91	Paid
21A, 21B & 21C	8760-024-050	CATELLUS DEVELOPMENT CORPORATION	455 BREA CANYON RD	31,960.66	Paid
21A, 21B & 21C	8760-024-051	CATELLUS DEVELOPMENT CORPORATION	455 BREA CANYON RD	10,126.87	Paid
22A, 22B & 23A	8760-024-052	SANTA FE PACIFIC REALTY CORPORATION	528 SPANISH LN	24,060.28	Paid
22A, 22B & 23A	8760-024-063	CATELLUS DEVELOPMENT CORPORATION	535 BREA CANYON RD	9,552.29	Paid
22A, 22B & 23A	8760-024-056	CATELLUS DEVELOPMENT CORPORATION	535 BREA CANYON RD	8,834.08	Paid
13	8760-025-030	K W GLOBAL INC	293 BREA CANYON RD	18,706.37	See Note 1
17 A & 17 B	8760-025-035	CATELLUS DEVELOPMENT CORPORATION	439 CHERYL LN	28,059.56	Paid
17 A & 17 B	8760-025-036	CATELLUS DEVELOPMENT CORPORATION		24,102.39	Paid
15A & 15B	8760-025-042	DREYERS GRAND ICE CREAM INC	351 CHERYL LN	11,918.66	Paid
14	8760-025-044	PAN JOHN N	339 CHERYL LN	13,204.80	Paid
15A & 15B	8760-025-046	DREYERS GRAND ICE CREAM INC	351 CHERYL LN	18,751.01	Paid
12	8760-025-054	HAITAO GROUP LLC	333 BREA CANYON RD	32,232.45	Paid
24A & 24B	8760-025-062	CATELLUS DEVELOPMENT CORPORATION	368 CHERYL LN	13,319.70	Paid
24A & 24B	8760-025-063	SANTA FE PACIFIC REALTY CORPORATION	368 CHERYL LN	24,072.57	Paid
25A, 25B & 25C	8760-025-064	CATELLUS DEVELOPMENT CORPORATION	381 BREA CANYON RD	47,185.70	Paid
25A, 25B & 25C	8760-025-065	SANTA FE PACIFIC REALTY CORPORATION	381 BREA CANYON RD	25,119.45	Paid
25A, 25B & 25C	8760-025-066	SANTA FE PACIFIC REALTY CORPORATION	381 BREA CANYON RD	24,772.49	Paid
16A	8760-025-069	CATELLUS DEVELOPMENT CORPORATION	433 CHERYL LN	12,752.87	Paid
16A	8760-025-070	DREYERS GRAND ICE CREAM INC		11,872.95	Paid
16A	8760-025-071	CATELLUS DEVELOPMENT CORPORATION	383 CHERYL LN	48,558.26	Paid
				\$ 635,269.83	

Source: City of Industry

Note 1: Owner K W Global at parcel 8760-025-030 defaulted in 2015 at the amount of \$5,095.83.

CITY OF INDUSTRY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2014-2015

F. Reserve Fund Balance

The following table sets forth the balance in the Reserve Fund and whether it meets the Reserve Requirement for the fiscal years shown.

<u>Fiscal Year</u>	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
2014-15	\$518,719	\$518,719

Source: City of Industry

DRAFT 2-18-2016

CITY COUNCIL

ITEM NO. 6.4



MEMORANDUM

TO: The Honorable Mayor Radecki and Members of the City Council
FROM: Paul J. Philips, City Manager *Paul J. Philips*
DATE: February 23, 2016
SUBJECT: 2016 Industry Hills City Championship Golf Tournament

Attached please find a flyer from last year's Industry Hills City Championship Golf Tournament. Pacific Palms, Southern California Golf Association, R&A, United States Golf Association, and the IMC were sponsors for this Tournament. Prior to preparing the enrollment forms and making all of the necessary arrangements for this year's tournament, the Committee would like to confirm the sponsors' participation.

This will be the 9th Annual Tournament, and will take place from July 22nd through July 24th. In the past, 300 golfers have participated in the tournament. The golfers will be using both of the courses (the IKE and the Babe). In the past, the IMC has contributed \$40,000.00, and this amount is being requested again.

IT IS RECOMMENDED that the Council discuss and provide direction regarding this proposed annual event and the requested \$40,000.00 sponsorship fee from the City.



WELCOME TO THE 8TH ANNUAL Industry Hills city championship

July 24th - 26th 2015

eisenhower (IKE) and zaharias (BABE) courses

pacific palms resort

city of industry, CA

THE 2015 TOURNAMENT IS IN THE BOOKS!

The Tournament Committee, Pacific Palms Resort and The City of Industry thank you for your participation and support of the 8th Annual Industry Hills City Championship.

On behalf of all the players we would like to thank the management and employees of the Pacific Palms Resort for the fantastic food, the quality of the golf courses and their welcoming attitude throughout the entire tournament.

In addition, many thanks are due to the Tournament Committee, all volunteers, who run the event, manage the communications and generally present one of the best city tournaments on the schedule.

THANKS TO EVERYONE AND SEE YOU NEXT YEAR!

The Tournament Committee

Contact Information:

Tournament Office Telephone #: 626.810.4653 ☎

Email: info@industryhillscitychampionship.com

Industry Hills Mens Club web site: www.ihgolfclub.com

Hotel Phone #: 800.524.4557 ☎

Resort Website: www.PacificPalmsResort.com

For details about Accommodation offer at Pacific Palms, go to our [Accommodation](#) page.

City of Industry



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