ROLL CALL:
Mayor/Chairman/President:
David W. Armenta
Mayor Pro Tempore/Vice Chairman/Vice President:
Bob J. Archuleta
Councilmembers/Directors/Commissioners:
Gustavo V. Camacho
Gregory Salcido
Brent A. Tercero

Meeting jointly and regularly with the Pico Rivera Successor Agency to the Pico Rivera Redevelopment Agency (as needed); Pico Rivera *Housing Assistance Agency (second Tuesday of the month); *Pico Rivera Water Authority (fourth Tuesday of the month); and Public Financing Authority (as needed)

COMMISSIONERS SCHEDULED TO BE PRESENT:
Fred Zermeno, Planning Commission
Gustavo Contreras, Sister City Commission

INVOCATION:

PLEDGE OF ALLEGIANCE:

SPECIAL PRESENTATIONS:
- Certificate of Recognition presented to SASSFA Site Manager, Elia Alcala recognizing her retirement from the Senior Center
- Proclamation proclaiming July Parks & Recreation Month

PLEASE TURN OFF ALL PAGERS AND/OR PHONES WHILE MEETING IS IN SESSION AND PLEASE REFRAIN FROM TEXTING DURING THE MEETING

In compliance with the Americans with Disabilities Act of 1990, the City of Pico Rivera is committed to providing reasonable accommodations for a person with a disability. Please call the City Clerk’s office at (562) 801-4389, if special accommodations are necessary and/or if information is needed in an alternative format. Special requests must be made in a reasonable amount of time in order that accommodations can be arranged (within 24 to 48 hours notice).

*Commissioners receive a $30.00 stipend per each meeting held and attended.
PUBLIC HEARING:

City Council:

1. Public Hearing - Landscaping and Lighting Assessment District No. 1. (700)
   a. Open Hearing
   b. Memo from City Manager
   c. Written Communication(s)
   d. Oral Communication(s)
   e. Close Hearing
   f. Recommendations:
      1. Adopt Resolution approving the Engineer’s Annual Levy Report for the Pico Rivera Landscape and Lighting Assessment District No.1 for Fiscal Year 2016-17; and
      2. Adopt Resolution ordering the Collection of Assessments within the Pico Rivera Landscape and Lighting Assessment District No. 1 for Fiscal Year 2016-17 pursuant to the Landscaping and Lighting Act of 1972.

Resolution No. _____  A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF PICO RIVERA, CALIFORNIA, APPROVING THE
ENGINEER’S REPORT FOR THE FISCAL YEAR 2016-17 LEVY
AND COLLECTION OF ASSESSMENTS WITHIN THE PICO
RIVERA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT
NO. 1, FISCAL YEAR 2016-17

Resolution No. _____  A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF PICO RIVERA, CALIFORNIA, ORDERING THE
COLLECTION OF ASSESSMENTS WITHIN THE PICO RIVERA
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1,
FISCAL YEAR 2016-17

2. Public Hearing – Paramount/Mines Landscaping Maintenance Assessment District. (700)
   a. Open Hearing
   b. Memo from City Manager
   c. Written Communication(s)
   d. Oral Communication(s)
   e. Close Hearing
   f. Recommendations:
      1. Adopt Resolution approving the Engineer’s Annual Levy Report for the Paramount/Mines Landscape Maintenance Assessment District for Fiscal Year 2016-17; and
      2. Adopt Resolution confirming the Diagram and Assessment, and ordering the Levy of the Fiscal Year 2016-17 Assessment for the Paramount/Mines Landscape Maintenance Assessment District pursuant to the Landscaping and Lighting Act of 1972.


Water Authority:

   a. Open Hearing  
   b. Memo from City Manager  
   c. Written Communication(s)  
   d. Oral Communication(s)  
   e. Close Hearing  
   f. Recommendation:  
      1. Receive and file the 2015 Urban Water Management Plan;  
      2. Conduct a public hearing for the adoption of the 2015 Urban Water Management Plan in compliance with Senate Bill X7-7, the Water Conservation Act of 2009; and  
      3. Following the conclusion of the public hearing, approve a Resolution adopting the 2015 Urban Water Management Plan.

Resolution No. ______ A RESOLUTION OF THE PICO RIVERA WATER AUTHORITY OF THE CITY OF PICO RIVERA, CALIFORNIA, ADOPTING THE WATER AUTHORITY'S 2015 URBAN WATER MANAGEMENT PLAN TO COMPLY WITH SENATE BILL X7-7, THE WATER CONSERVATION ACT OF 2009

PUBLIC COMMENTS - IF YOU WOULD LIKE TO SPEAK ON ANY LISTED AGENDA ITEMS OR NON-AGENDA ITEMS, PLEASE FILL OUT A GREEN PUBLIC COMMENT REQUEST FORM AND PROVIDE IT TO THE STAFF MEMBER AT THE BACK TABLE BEFORE THE MEETING STARTS.

When you are called to speak, please come forward and state your name and city of residency for the record. You have three (3) minutes to make your remarks. In accordance with Government Code Section 54954.2, members of the City Council may only: 1) respond briefly to statements made or questions posed by the public; 2) ask a question for clarification; 3) provide a reference to staff or other resources for factual information; 4) request staff to report to the City Council at a subsequent meeting concerning any matter raised by the public; and 5) direct staff to place a matter of
business on a future agenda. City Council members cannot comment on items that are not listed on a posted agenda.

**CONSENT CALENDAR ITEMS:**
All items listed on the Consent Calendar may be acted on by a single motion without separate discussion. Any motion relating to a Resolution or Ordinance shall also waive the reading of the titles in full and include its adoption as appropriate. If discussion or separate vote on any item is desired by a Councilmember or staff, that item may be pulled from the Consent Calendar for separate consideration.

City Council:

4. **Minutes:**
   - City Council meeting of June 14, 2016
   **Recommendation:** Approve

5. **19th Warrant Register of the 2015-2016 Fiscal Year.**
   Check Numbers: 272048-272238
   Special Check Numbers: None
   **Recommendation:** Approve

6. **Inter-Fund Loan Forgiveness for Sports Arena Enterprise Fund (Fund No. 590).**
   **Recommendation:**
   1. Staff recommends that the City Council approve the Resolution forgiving the Inter-fund loans made from the General Fund to the Sports Arena and Campground Funds.

   Resolution No. ______  A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, FORGIVING INTER-FUND LOANS MADE FROM THE GENERAL FUND TO THE CAMPGROUND FUND AND SPORTS ARENA FUND

7. **Review and Approval of Investment Policy for Fiscal Year 2016-17.**
   **Recommendation:**
   1. Adopt the Resolution approving the Investment Policy for Fiscal Year 2016-17 that governs investments for the City and the Successor Agency.


8. **2016-2020 Los Angeles County Strategic Plan for Economic Development.**
   **Recommendations:**
   1. Adopt the Resolution in support of the 2016-2020 Los Angeles County Strategic Plan for Economic Development; and
2. Forward copy of the Resolution to the Los Angeles County Economic Development Corporation (LAEDC).

Resolution No. _______ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, IN SUPPORT OF THE 2016-2020 LOS ANGELES COUNTY STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT (STRATEGIC PLAN)

9. Conflict of Interest Code Biennial Review. (300)
Recommendation:
1. Direct the City Clerk’s Office to notify City Departments and applicable Agencies to review their Conflict-of-Interest Code pertaining to designated employees to determine if any changes or amendments are necessary.

10. Approval of a Professional Services Agreement with NTIVA Solutions for Information Technology Support Services. (500)
Recommendations:
1. Award a Professional Services Agreement to NTIVA Solutions to provide Information Technology (“IT”) support services not to exceed $140,000; and
2. Authorize the Mayor to execute the Professional Services Agreement with NTIVA Solutions, in a form approved by the City Attorney.

Agreement No. _______

11. Edward Byrne Memorial Justice Assistance Grant Award – Fiscal Year 2016-2017. (700)
Recommendation:
1. Receive and file the Edward Byrne Memorial Justice Assistance Grant Application.

Water Authority:

12. Minutes:
   • Water Authority special meeting of June 14, 2016
Recommendation: Approve

13. Consideration of Resolution Establishing Regular Meetings of the Pico Rivera Water Authority. (300)
Recommendation:
1. Staff recommends that the Board of Directors of the Pico Rivera Water Authority adopt a Resolution establishing the regular meeting schedule of the Authority.

Resolution No. _______ RESOLUTION OF THE BOARD OF DIRECTORS OF THE PICO RIVERA WATER AUTHORITY ESTABLISHING A REGULAR MEETING SCHEDULE AND PROVIDING FOR MATTERS RELATED THERETO
Public Financing Authority:

14. Minutes:
   - Public Financing Authority special meeting of June 14, 2016 and June 20, 2016

Recommendation: Approve


Recommendation:
1. Staff recommends that the Board of Directors of the Pico Rivera Public Financing Authority adopt Resolution PFA 16-9, approving the issuance of Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 in an amount not to exceed $30,500,000. This item is being brought back to the Public Financing Authority because this action must be approved at a regular meeting of the Authority. There are no changes to the Resolution or recommendation first brought forth to the Authority at the June 14, 2016 meeting.

Resolution No. _____  A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PICO RIVERA PUBLIC FINANCING AUTHORITY APPROVING THE ISSUANCE OF PICO RIVERA PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2016 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,500,000, AND APPROVING AN INDENTURE, A SITE AND FACILITY LEASE, A LEASE AGREEMENT, AN ASSIGNMENT AGREEMENT, A BOND PURCHASE CONTRACT, AN ESCROW AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

CONSENT CALENDAR ITEMS PULLED FOR FURTHER DISCUSSION:

City Council:

Water Authority Special Meeting:

Public Financing Authority Special Meeting:

REGULAR AGENDA:

City Council:


Recommendation:
1. Introduce Ordinance amending Pico Rivera Municipal Code Chapter 3.56 establishing an administrative procedure for claims which are exempted under the Tort Claims Act.

Ordinance No. _____ AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, AMENDING TITLE 3, CHAPTER 3.56 OF THE CITY’S MUNICIPAL CODE RELATING TO THE PROCEDURE FOR CLAIMS AGAINST THE CITY (FIRST READING AND INTRODUCTION)

MAYOR/COUNCILMEMBER REPORTS ON INTERGOVERNMENTAL AGENCY MEETINGS:

AB1234 REPORTS ON TRAVEL AND CONFERENCE ATTENDANCE (RESOLUTION NO. 6640):

NEW BUSINESS:

OLD BUSINESS:

ADJOURNMENT:

AFFIDAVIT OF POSTING

I, Anna M. Jerome, City Clerk, for the City of Pico Rivera, DO HEREBY CERTIFY, under penalty of perjury under the laws of the State of California, that the foregoing notice was posted at the Pico Rivera City Hall bulletin board, Pico Rivera website, Pico Rivera Post Office and Parks: Smith, Pico and Rivera which are available for the public to view on this 24th, day of June 2016.

Dated this 24th, day of June 2016

Anna M. Jerome, CMC
City Clerk

SB343 NOTICE

In compliance with and pursuant to the provisions of SB343 any public writing distributed by the City Clerk to at least a majority of the City Council Members regarding any item on this regular meeting agenda will be available on the back table at the entrance of the Council Chamber at the time of the City Council meeting and at the counter of City Hall at 6615 Passons Boulevard, Pico Rivera, California during normal business hours.
STATEMENT REGARDING DECORUM AT CITY COUNCIL MEETINGS

If you wish to speak at the time set aside for public comments, the City Council has established the following standards and Rules of Decorum as allowed by State law.

- Public comment is limited to those portions of the meeting referred to as Public Comments. These portions are intended for members of the public to address the City Council, Successor Agency, Housing Assistance Agency or Water Authority on matters related to agendas or any other items under the subject matter jurisdiction of the City Council or Agencies.

- A **yellow** Public Hearing Comment Request card must be completed to speak during a Public Hearing.

- A **green** Public Comment Request – Card is for those wishing to address the Council/Agency on agenda items or any other items under the subject jurisdiction of the City Council/Agency.

- Citizens may address the Council, Successor Agency or Housing Assistance Agency once for a **maximum of three minutes**. After each speaker returns to his/her seat, the Mayor shall determine the time and manner of response, but typically if answers are available, they will be given after all speakers have had an opportunity to address the City Council.

- Members of the audience are asked to refrain from clapping or otherwise speaking from their seats. Those not meeting the standards for decorum may be escorted from the meeting.

RULES OF DECORUM CAN BE FOUND IN THE PICO RIVERA MUNICIPAL CODE SECTION 2.08.050 AS ESTABLISHED BY ORDINANCE 783 ADOPTED ON AUGUST 20, 1990 AND AMENDED BY ORDINANCES 822 (SEPTEMBER 21, 1992) AND 1020 (MARCH 21, 2006).
To: Mayor and City Council

From: City Manager

Meeting Date: June 28, 2016

Subject: PUBLIC HEARING – LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1

Recommendation:

1. Adopt Resolution approving the Engineer’s Annual Levy Report for the Pico Rivera Landscape and Lighting Assessment District No. 1 for Fiscal Year 2016-17.

2. Adopt Resolution ordering the Collection of Assessments within the Pico Rivera Landscape and Lighting Assessment District No. 1 for Fiscal Year 2016-17 pursuant to the Landscaping and Lighting Act of 1972.

Fiscal Impact:

This assessment will generate approximately $693,000 in property tax revenue that will be utilized to provide landscape maintenance and provide utilities (i.e., lighting) in the assessment district. As allowed by the State Streets and Highways Code, the assessment amounts are being adjusted upward by an inflation factor of 1.696% (change in Consumer Price Index [CPI] from March 2015 to March 2016.)

Discussion:

At its meeting of June 14, 2016 the City Council Approved Resolution No. 6851 initiating proceedings for the annual levy of assessments; Resolution No. 6852 approving the Engineer’s Report; and Resolution No. 6853 declaring the City Council’s intention to make such levy and collection, and setting June 28, 2016 as the date for public hearing on objections thereto.

The Engineer’s Report identifies the basis of the City to increase the Fiscal Year 2016-17 assessment by 1.696% to reflect the annual increase in the Consumer Price Index (from March 2015 to March 2016) and will cover increased utility and maintenance costs. Under this new rate, a single family home would be assessed $26.34 per year in Zone A and $38.19 in Zone B. In the prior year these rates were $25.90 and $37.55 respectively.

Zone A is area designated as an “unlit” area or where minimal lighting is available at the nearby intersections. Zone B is considered a “lighted” area, or areas which are fully lit. Zone A represents an area less than four percent (4.0%) of the entire city.
The City Council has reviewed the existing fiscal condition of the District and has determined that increasing the FY 2016-17 levy by the inflationary adjustment is necessary and allowed.

The Assessment District is authorized to fund "street improvements" in addition to street lights and power bills. Monies from any existing fund balance may be used to fund the following projects:

- Graffiti removal in the public right-of-way;
- Traffic signal maintenance costs;
- Median and parkway landscape maintenance;
- Establishment of a reasonable fund balance;
- Replacement of light poles.

The holding of a duly-noticed public hearing is required to levy the proposed assessment during FY 2016-17 and to fund public improvements, maintenance and servicing described in the Engineer’s Report. At the hearing, all interested persons are afforded the opportunity to submit written protests and objections to the levy and collection of the proposed assessment. If, upon close of the hearing, written protests filed and not withdrawn do not represent property owners owning more than fifty percent (50%) of the area of the assessable lands within the District, the City Council may proceed with the levying of the assessment.

Following the action, the City Council is asked to:

- Approve the Engineer’s Annual Levy Report
- Confirm the diagram and assessment
- Order the maintenance, servicing and construction of public improvements as set forth in the Report.

Adoption of the attached resolutions constitutes the levy of the assessments set forth in the Engineer’s Report for FY 2016-17.

Assessments will be levied by Los Angeles County and funds so collected, after deduction of any compensation due the County for collection, will be paid to the District Treasurer.

René Bobadilla

RB:MS:gm

Enclosure: 1 – Resolution approving the Engineer’s Report
2 – Resolution ordering the Collection of Assessments
RESOLUTION NO. ______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA APPROVING THE ENGINEER’S REPORT FOR THE FISCAL YEAR 2016-17 LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE PICO RIVERA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1, FISCAL YEAR 2016-17

WHEREAS, the City Council has, by previous Resolutions, formed the Pico Rivera Landscape and Lighting Assessment District (hereinafter referred to as the "District"), and initiated proceedings for Fiscal Year 2016-17, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500 (hereinafter referred to as the “Act”) that provides for the levy and collection of assessments by the County of Los Angeles, for the City of Pico Rivera to pay the maintenance and services of all improvements and facilities related thereto;

WHEREAS, the City Engineer prepared the Engineer’s Annual Levy Report (hereafter referred to as the “Engineer’s Report”) that describes the assessments against parcels of land within the District for the Fiscal Year commencing July 1, 2016 and ending June 30, 2017 pursuant to the provisions of the Act; and

WHEREAS, pursuant to the aforementioned City Council direction, the City Engineer did properly prepare and file said Engineer’s Report with the Pico Rivera City Clerk pursuant to the Act, and such report was presented to the City Council of the City of Pico Rivera for consideration.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and incorporated herein.

SECTION 2. The Fiscal Year 2016-17 Engineer’s Report for the Pico Rivera Landscape and Lighting Assessment District is approved as filed with the City Clerk (Exhibit A).

SECTION 3. The City Clerk shall attest and certify to the passage and adoption of this resolution, and it shall become effective immediately upon its approval.
ADOPTED AND APPROVED this 28th day of June, 2016.

_______________________________  
David W. Armenta, Mayor  

ATTEST:  
APPROVED AS TO FORM:  

_______________________________  
Anna M. Jerome, City Clerk  
Arnold M. Alvarez-Glasman, City Attorney  

AYES:  
NOES:  
ABSENT:  
ABSTAIN:
City of Pico Rivera

Landscape and Lighting
Maintenance Assessment
District No. 1

2016/2017 ENGINEER'S ANNUAL LEVY REPORT

Intent Meeting: June 14, 2016
Public Hearing: June 28, 2016
ENGINEER’S REPORT AFFIDAVIT

Establishment of Annual Assessments for the:
Landscaping and Lighting Assessment District No. 1

City of Pico Rivera
Los Angeles County, State of California

This Report describes the District including the improvements, budgets, parcels and assessments to be levied for Fiscal Year 2016/2017, as they existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the Los Angeles County Assessor’s maps for a detailed description of the lines and dimensions of parcels within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this 14th day of June, 2016.

Willdan Financial Services
District Engineer
On Behalf of the City of Pico Rivera

By: [Signature]
Zaskia R. Jones
Project Manager, District Administration Services

By: [Signature]
Richard Kopecky
R. C. E. # 16742
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I. OVERVIEW

A. INTRODUCTION

The City of Pico Rivera (the "City") annually levies and collects special assessments in order to continue the operation, maintenance and servicing of landscaping and lighting improvements within the Assessment District designated and known as:

CITY OF PICO RIVERA
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT NO. 1

Pursuant to the order of the City Council of the City of Pico Rivera, this Report is prepared in compliance with the requirements of Article 4, Chapter 1, Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of the State of California (the "1972 Act").

On July 24, 1979 pursuant to the provisions of the 1972 Act, the County of Los Angeles (the "County") and the City of Pico Rivera formed and created Landscaping and Lighting Assessment District No. 1 (the "District") as a combined district with County Lighting Maintenance District (the "CLMD") 10011 that included Zones 10011A and 10011B. Together, the combined Districts included all parcels within the City of Pico Rivera, but represented only a portion of the much larger County Lighting District LLA-1 that was formed and administered by the County. Through Fiscal Year 1995/1996 the County retained responsibility for the operation, maintenance, servicing and administration of the street lighting system within the boundaries of the District representing the entire City of Pico Rivera. The annual assessments established for the District provide supplemental funding for the operation, maintenance and servicing of the street lighting systems within the City not funded by ad valorem property taxes revenues.

To ensure local control of operation, maintenance and servicing of improvements that benefit properties within the City, in May of 1996, the City Council initiated proceedings for a formal request and transfer of funds and authority over the combined districts from the Los Angeles County Board of Supervisors to the City of Pico Rivera City Council effective on August 1, 1996. The detachment and transfer of authority of the County administered districts within the City boundaries allowed the City Council to adopt the inclusion of operation, maintenance, and servicing of various landscape improvements within the City as authorized under the 1972 Act. In addition to street lights, other improvements within the street rights of way including traffic signals, median and parkway landscaping, graffiti removal, and the acquisition of any existing improvements otherwise authorized pursuant to the 1972 Act were adopted by the City Council utilizing the previously authorized method of apportionment and assessment rates established for the District assessments.
This Engineer's Report (the “Report”) provides an annual update of the District including the proposed expenses and revenues, any substantial change in the improvements of the District, and the proposed assessments to be levied on the County tax roll for Fiscal Year 2016/2017. The annual assessments to be levied on parcels within the District are based on a calculation of the proportional special benefits parcels receive from the improvements and services provided, utilizing an established method of apportionment. The revenues generated by the annual assessments partially fund the costs associated with the installation, operation, maintenance, servicing and administration of the public street lighting system, traffic signals, landscaping and graffiti abatement in public areas within the street rights of way throughout the City.

The word “parcel”, for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (“APN”) by the Los Angeles County Assessor's Office. The Los Angeles County Auditor/Controller uses these APN’s and specific Fund Numbers, to identify on the tax roll, properties assessed for special district benefit assessments.

B. COMPLIANCE WITH THE CURRENT LEGISLATION

This Report has been prepared pursuant to the order of the City Council as required by the provisions Chapter 3, of the 1972 Act (commencing with Section 22620), which outlines the procedures for the annual levy of assessments.

At a noticed public hearing, the City Council will consider all public comments and written protests regarding the District, the proposed assessments for the upcoming Fiscal Year as described in this Report. Upon conclusion of the public testimony the City Council may direct any necessary modifications to the Report and approve the Report as submitted or as amended. Following approval of the Report, the City Council will by resolution, order the improvements to be made and confirm the levy and collection of assessments pursuant to the 1972 Act. The assessment rates and method of apportionment described in this Report as approved or modified by the City Council defines the assessments to be applied to each parcel within the District for Fiscal Year 2016/2017. The assessments as approved will be submitted to the County Auditor/Controller to be included on the property tax roll for each parcel for the Fiscal Year.

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the construction, maintenance and servicing of landscape improvements, public lights and appurtenant facilities. The 1972 Act Section 22573 further requires that the cost of these improvements be levied according to benefit rather than assessed value:
"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

In addition to the provisions of the 1972 Act, it has been determined that the existing annual assessments for this District have been previously levied in accordance with the provisions of the California Constitution Articles XIIID (the “Article XIIID”), which was enacted as a result of the passage of Proposition 218, approved by the California voters in November 1996.

Article XIIID specifically addressed both the substantive and procedural requirements to be followed for assessments. The procedural and approval process outlined in Article XIIID Section 4, applied to all assessment districts, with the exception of those existing assessments that met one or more of the exemptions set forth in Section 5 of Article XIIID. Specifically, as it relates to the District, the exemption provision set forth in Section 5(a) of Article XIIID include:

"any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control."

Street Improvement is defined based on the definitions provided by the Office of the Controller for the State of California in the “Guidelines Relating to Gas Tax Expenditures” published by the Division of Local Government Fiscal Affairs. The state’s gas tax program is administered in city agencies, but audited by the office of the State Controller. The proceeds of the gas tax are statutorily limited to expenditures for streets and roads. Because the funds are restricted to street and road costs, the State Controller has developed "Street Purpose Definitions and Guidelines" based on the “Manual of Uniform Highway Accounting and Financial Management Procedures” developed by the American Association of State Highway Officials. Street improvement is defined as the construction, operation, or maintenance of facilities within the right of way used for street or road purposes including but not limited to the following:

- Installation or expansion of the street lighting system including replacement of old equipment with superior equipment, installation of traffic signals at intersections and railroad crossings, replacement of equipment as required for relocations for street purposes, and purchase and installation of traffic signal control equipment.

- Expansion or installation of fences, raised medians or barriers for traffic safety; installation or addition to landscape treatment such as sod, shrubs, trees, irrigation, etc.; installation or extension of curb, gutter, or sidewalks; and replacement of retaining walls to a higher standard.
• Servicing lighting systems and street or road traffic control devices including, repainting and repairing traffic signals and lighting standards; and furnishing of power for street and road lighting and traffic control devices.

• Mowing, tree trimming and watering within the street right of way; replacing top soil, sod, shrubs, trees, irrigation facilities, etc. on the street and roadside; reseeding, resodding, and repairing of shoulders and approaches; reshaping or restoration of drainage channels and side slopes; cleaning or repairing of culverts and drains, or curb and gutter.

Street improvement as it relates to this District, is defined as the continued installation, operation, maintenance and servicing of public street lights and traffic signals (including the maintenance of appurtenant horizontal and vertical surfaces); the installation, operation, maintenance and servicing of landscaped parkways, medians or other public areas within the street rights of way (including the removal or covering of graffiti or any other such improvement, maintenance, operation and servicing authorized by the provisions of the 1972 Act); all of which are located within the public street rights of way, which is further defined as one or any combination of the following:

• Any public street, highway, road, alley, lane, boulevard, parkway, or other way dedicated to or used for public use.

• Any public property, right-of-way, or leasehold interest which is in use in the performance of a public function and which adjoins any of the ways described in the preceding public use.

• As such, it has been determined that the existing District assessments (based on the current rates and method, approved and adopted prior to July 1, 1997) are exempt from the procedural and approval requirements set forth in Article XIIID, Section 4 of the California Constitution as these assessments meet the exemption provisions of Article XIIID, Section 5 (a), namely; an assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for streets.

The current assessments for this District were established prior to the passage of Proposition 218. At the time the City accepted authority and responsibility for the District (August 1996), the assessments for the existing zones (Zone A and Zone B) had been gradually increased by the Los Angeles County Board of Supervisors to a maximum assessment rate of $20.00 and $29.00 per benefit unit, respectively. Although the assessment rates established by the County also included an assessment range formula that provides for the continued incremental increase of the assessment rates using the Consumer Prices Index for Los Angeles, Orange and Riverside Counties, All Items (the “CPI”), between Fiscal Year 1997/1998
through Fiscal Year 2003/2004 the City Council had not exercised its option to adjust the maximum assessment rates.

The proposed annual levy of assessments for Fiscal Year commencing July 1, 2016 and ending June 30, 2017 (Fiscal Year 2016/2017) as described in this Report have been prepared and made pursuant to the provisions of the 1972 Act and are consistent with the assessments previously approved and adopted by the City Council. The assessments described herein for Fiscal Year 2016/2017 (assessment rates including the CPI adjustment and method of apportionment) do not exceed the maximum assessment rates authorized (as interpreted by the City Attorney) and are therefore in compliance with the provisions of the California Constitution Article XIIID.
II. DESCRIPTION OF THE DISTRICT AND SERVICES

A. BOUNDARIES OF THE DISTRICT

The District was originally formed in 1979, by the Los Angeles County Board of Supervisors, as the Pico Rivera Zone of the County Lighting District LLA-1, and included the entire City of Pico Rivera. The boundary of the District is completely within the City limits of the City of Pico Rivera and coterminous with said City limits. An Assessment Diagram showing the exterior boundaries of the District and the benefit zones therein has been previously prepared pursuant to the provisions of the 1972 Act. Said Assessment Diagram is on file in the office of the City Clerk at the City Hall of Pico Rivera, and is hereby made a part of this Report by reference. All lots or parcels of real property included within the District are described in detail on the county assessor's maps on file in the Los Angeles County Assessor's office. Said assessor's maps shall govern for all details concerning the lines and dimensions of such lots or parcels.

B. IMPROVEMENTS - PLANS AND SPECIFICATIONS

This District, by special benefit assessments on a Citywide basis, provides funding for a portion of the costs associated with the continued installation, operation, maintenance and servicing of public street lights and traffic signals (including the maintenance of appurtenant horizontal and vertical surfaces); the installation, operation, maintenance and servicing of landscaped parkways, medians or other public areas within the street rights of way (including the removal or covering of graffiti or any other such improvements, authorized by the provisions of the 1972 Act); all of which are located within the public street rights of way, which is further defined as one or any combination of the following:

- Any public street, highway, road, alley, lane, boulevard, parkway, or other way dedicated to or used for public use.

- Any public property, right-of-way, or leasehold interest which is in use in the performance of public function and which adjoins any of the ways described above.

As defined by Section 22525 of the 1972 Act, "improvement" means one or any combination of the following:

1. The installation or planting of public landscaping.

2. The installation or construction of statuary, fountains, and other ornamental structures and facilities.

3. The installation or construction of public lighting facilities, including, but not limited to, traffic signals. Section 22534 of the 1972 Act further states:
"Public lighting facilities" means all works or improvements used or useful for the lighting of any public places, including, but not limited to, ornamental standards, luminaries, poles, supports, tunnels, manholes, vaults, conduits, pipes, wires, conductors, guys, stubs, platforms, braces, transformers, insulators, contacts, switches, capacitors, meters, communication circuits, appliances, attachments, and appurtenances.

4. The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.

5. The maintenance or servicing, or both, of any of the foregoing. Sections 22531 and 22538 of the 1972 Act further state:

"Maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including: repair, removal, or replacement of all or any part of any improvement; providing, for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; removal of trimmings, rubbish, debris, and other solid waste; cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

"Servicing" means the furnishing of electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvement. Water for the irrigation of any landscaping, the operation of any foundations, or the maintenance of any other improvement.

Maps showing the location of the improvements within the District, are on file with the City Clerk of the City of Pico Rivera, and are made a part of this Report by reference.
III. METHOD OF APPORTIONMENT

A. GENERAL

The net amount to be assessed upon lands within the District in accordance with this Report is apportioned by a formula and method which “fairly distributes the net amount to be assessed among all assessable lots or parcels in proportion to the benefits to be received by each lot or parcel from the improvements” (from Section 22573 of the 1972 Act), namely the maintenance and servicing of public landscaping and lighting improvements and facilities within the street rights of way of the District. Article XIIID Section 4 further requires that “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel”. The maintenance and servicing of public landscaping and lighting facilities installed and constructed within the street rights-of-way of the City provide a specific benefit to properties within the District which is received by each and every lot or parcel therein.

The special benefit assessments as described herein for the District partially fund improvements, services and operations that are specifically identified as “street improvements” as discussed in Section I B of this Report.

B. BENEFIT ANALYSIS

The District’s improvements, the associated costs and proposed assessments described in this Report, have been identified and allocated based on a benefit calculation that proportionally allocates the net cost to the benefiting properties pursuant to the provisions of Article XIIID and the 1972 Act.

The improvements provided by the District have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with applicable portions of the City General Plan. Although the improvements include public street lighting, traffic signals, landscaped parkways and medians available or visible to the public at large, the construction and installation of the improvements have been installed as a necessary part of property development within the District or would be required for the future development properties within the District if the improvements were not pre-existing. Therefore, any public access or use of these improvements by others is incidental and there is no measurable general benefit to properties outside the District or to the public at large.

Special Benefits

The improvements for which properties are assessed directly enhance the desirability, security, environment and surroundings of those properties and the ongoing operation, servicing and maintenance of the improvements are a distinct
and special benefit to the properties within the District. To the extent that some District improvements may provide similar benefits to properties outside the District boundaries or the improvements may benefit the public at large, the proportional costs associated with the “general benefit” are funded by other sources and not included as part of the special benefit assessments. The amount to be assessed against each parcel within the District represents only the parcel’s proportionate special benefit from the improvements.

**Special Benefits of Street Lighting**

The primary benefits of street lighting are for the convenience, safety and protection of people as well as the security or protection of property, property improvements and goods. Specifically, the benefits of adequate and well maintained public street lighting that benefit both the properties and property owners within the District include:

- Improves ingress and egress to property as well provides residents, visitors, customers, suppliers and employees an enhanced environment in which to access properties.
- Enhanced deterrence of crime and the aid to police protection and security activities.
- Reduced vulnerability to criminal assault of residents, employees, patrons and owners at night.
- The promotion of increased business activities during nighttime hours in the case of commercial properties and the ability to conduct or expand business opportunities.
- Increased nighttime safety on roads and highways.
- Reduced vandalism and other criminal acts and damage to improvements or personal property.
- Improved traffic circulation and reduced nighttime accidents and personal property loss.
- Reduction of dumping, graffiti and loitering typically associated with poorly lighted areas.
- Enhances desirability of properties through association with an area that has sufficient street lighting.
- Improved ability of pedestrians and motorists to see.
Special Benefits of Traffic Signals

Traffic signals have many of the same elements of benefit, as well as similar maintenance and servicing requirements, as streetlights. In general, each traffic signal has relatively high intensity safety lighting at its intersection to facilitate safe driving and pedestrian movements. The primary benefits of traffic signal maintenance are as follows:

- Safe, orderly movement of traffic throughout the City as a result of properly spaced, times and maintained traffic signals.
- Reduced downtime caused by malfunctioning traffic signals.
- Reduction in accidents and attendant human misery and decrease in personal and property loss.
- Increased facility of use of roads and highways.

Special Benefits of Street Landscaping

The primary benefits of landscape improvements within street rights-of-way are related to the improved quality of life these improvements provide to a community. The landscaping of street rights-of-way benefits parcels within the District by improving the physical and visual environment within the District and makes the properties therein more desirable. Studies have continually shown that property values and the marketability of those properties in a community are increased when public infrastructures including landscaped improvements are in place and the improvements are clean and well maintained. Facilities that are unsafe, in disrepair or destroyed by the elements or vandalism decrease the enhancement of surrounding properties.

Clearly well maintained medians and parkways (street landscaping) provide a particular and distinct special benefit to parcels within the District. Having properly maintained landscaping within the District means that the owners and visitors of the assessed parcels may enjoy the benefits of such improvements while avoiding the expense of privately installing and maintaining similar improvements. The proper maintenance of street landscaping improves the aesthetics appeal of surrounding properties by reducing pollution and noise and providing a visual enhancement of the area that may otherwise be barren or weed infested. These improvements directly reflect on properties within the District and enhance the environment enjoyed by owners, businesses, residents, tenants and their families. Each parcel within the District is located within reasonable proximity to the District’s landscape improvements, and therefore benefit from the on-going maintenance of those improvements that directly enhances the quality of life throughout the City.

The primary benefits received from street landscaping include:
• Improved erosion resistance, dust and debris control, and enhanced windbreaks.

• Tends to instill a sense of pride within the neighborhood

• Improved aesthetic appeal of nearby parcels through the visual appeal of adequate green space.

• Enhanced adaptation of the urban environment within the natural environment.

• Reduced acts of vandalism created by an enhanced sense of ownership and pride in the community.

• Improved traffic circulation, driver awareness created by well-defined landscaped medians.

• Reduced noise and air pollution (environmental enhancement).

**Special Benefits of Graffiti Removal**

The primary benefits of an active graffiti removal program are as set forth below:

• Greater pride of ownership due to a clean, inviting environment for existing residences and businesses.

• An increase in commercial/industrial activity when new businesses and their employees can be induced to locate in a graffiti-free City.

• A reduction in tagging activity when new tagging is immediately removed, thereby frustrating taggers.

• An increased sense of safety when gang marking and tagging is not allowed to remain visible.

• The enhanced desirability of properties which results from the foregoing benefits.
General Benefit

The annual costs and expenses for providing the improvements for this District (as shown in the budget of this Report) are for the operation, maintenance, servicing, and administration of only the improvements authorized by the 1972 Act. Although it has been determined that these improvements provide special benefits to properties within the District, it is also recognized that some of these improvements and facilities by the nature of their location may also provide some degree of benefit to the public at large (specifically street lighting and traffic signals located on arterial roadways), although this benefit is generally considered incidental and not directly quantifiable.

It is reasonable however, to assume the proportional costs associated with any “general benefit” that may be conferred by the District improvements is less than five percent (5%) of the total annual direct costs necessary to maintain those improvements. Therefore, the City will annually fund at least 5% of the total direct cost of the improvements by other sources available to the City, and these costs shall not be included as part of the special benefit assessments. Gas tax revenues, ad valorem revenues, the General Fund or other revenues available to the City such as block grants may fund the proportional costs identified as “general benefit”. The net amount to be assessed against each parcel within the District shall not exceed the proportionate special benefit parcels receive from the improvements.

C. ASSESSMENT METHODOLOGY

The method of apportionment applied for street lighting, landscaping, traffic signals and graffiti abatement within this District is essentially the same as the original method established by the Los Angeles County Road Department in the Engineer's Report approved by the County Board of Supervisors on May 3, 1979 for the establishment of the City of Pico Rivera Zone of County Lighting District LLA-1 on July 24, 1979, and by reference this document is made part of this Report. At that time, the assessments were utilized for street lighting only and the method of apportionment reflected commonly accepted engineering practices for calculating the degree of benefit various parcels receive from street lighting improvements. This method of apportionment established a comparison and reasonable allocation of benefit to various parcels within the District based on the land use of each parcel as compared to the benefits received by a typical single-family home. The rationale for the proportional benefits each property receives from street lighting is based on weighted benefit factors classified as “People”, “Security” and “Intensity”. Clearly these same factors are applicable to the benefits properties receive from traffic signal and safety light improvements at intersections.
Method of Apportionment (Established by the County for Street Lights)

The following is a description of the rationale and method of apportionment originally established by the County for determining the benefit properties receive from street lighting. This method of apportionment is currently applied for calculating the annual assessments for parcels within the District.

People Related Factors (People Benefits)

People related benefits include, but are not limited to:

- Reduction in night accidents and attendant human misery and decrease in personal and property loss.
- Less vulnerability to criminal assault at night.
- Promotion of business during nighttime hours.
- Increased facility of use of roads and highways.
- Inspiration for community spirit and growth.

Security or Property Protection (Security Benefit)

Security related benefits include, but are not limited to:

- Reduction in vandalism and other criminal acts, and damage to improvements.
- Reduction in burglaries.

Degree of Illumination (Intensity Benefit)

Intensity, or degree of illumination, provided on streets in the lighting district varies with the type of street and the use of the property adjacent thereto. The following table from the Illuminating Engineering Society Handbook was used as a guide for the installation of the majority of the District lighting systems. The cost of providing the highest recommended degree of illumination (used in commercial areas) is about four times the cost of providing the intensity recommended for the lowest category, which includes residential properties.
Recommendation for Average Horizontal Footcandles Roadways (Other Than Expressways or Freeways)

<table>
<thead>
<tr>
<th>Roadway Classification</th>
<th>Area Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Downtown</td>
</tr>
<tr>
<td>Major</td>
<td>2.0</td>
</tr>
<tr>
<td>Collector</td>
<td>1.2</td>
</tr>
<tr>
<td>Local or Minor</td>
<td>0.9</td>
</tr>
</tbody>
</table>

**Land Use Classifications and Weighted Benefit**

Based on land use information provided by the County Assessor, it was determined that in the existing County administered lighting districts over 93 percent of the parcels (County-wide as of 1979) were in a residential category. Approximately 83 percent (County-wide as of 1979) were single-family homes or condominiums, and the remainder was duplexes, triplexes or apartment dwellings. In view of this and the benefits derived by the family unit, both at and in the proximity of their property; a value of one was assigned to the basic family unit, i.e., the single-family home or condominium.

The existing lighting districts include some properties that may not actually have streetlights on their block but which do receive a neighborhood benefit from the lights in the area. These properties were also included in the proposed lighting district. Based on engineering judgment of the factors involved and a strong indication that lighting benefits are largely people related, a value of ½ unit was given to "People Benefit" while "Intensity Benefit" and "Security Benefit" were each rated at ¼ unit to form the basic unit of 1 for a single-family unit. Parcels in other land use categories were then rated by comparison with the basic unit.

In the remainder of the residential category, which is comprised of multiple rental type properties, the value for Intensity would remain at ¼ unit, but the other two items would increase in proportion to the number of family dwelling units on the parcel. For example, a duplex was assigned ¼ unit for Intensity, 1 unit for People Use, and ½ unit for Security Benefit for a total of 1¾ units. The owner of such property would therefore pay 1¾ times as much for lighting as the owner of a single-family residence.

In consideration of the distance some units would be from the lighted roadway, Security Benefits in the residential category would not be increased beyond a value of 1 unit. Thus a 5-unit apartment would be assigned ¼ unit for intensity, 2½ units for People Use, and 1 unit for Security Benefits or a total of 3¾ units. As the number of apartments on a parcel...
increases, the service charge units assigned for people would follow a declining scale as follows:

21 through 50 Apartments.

Units for 20 apartments plus 1/3 unit for each apartment over 20. (20 apartments = ¼ for Intensity, 10 for People and 1 for Security = 11 ¼ units).
Example: 50 apartments; (50 - 20)/3 = 10; 11 ¼ + 10 = 21 ¼ units.

51 through 100 Apartments

Units for 50 apartments plus ¼ unit for each apartment over 50.
Example: 100 apartments; (100 - 50)/4 = 12½; 21¼ + 12½ = 33¾ units.

Over 100 Apartments

Units for 100 apartments plus 1/5 unit for each apartment over 100.
Example: 200 apartments; (200 - 100)/5 = 20; 33¾ + 20 = 53¾ units.

The remaining 7 percent of the lots or parcels (County-wide as of 1979) were separated into 48 land use categories as determined by the County Assessor and units were assigned on the basis of average benefits received as follows:

Group A

1 Unit (Minimum charge for improved property)

This Group classification applies to the following land uses:

<table>
<thead>
<tr>
<th>Irrigated Farms</th>
<th>Dry Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cemeteries</td>
<td>Dump Sites</td>
</tr>
</tbody>
</table>

Group B

Moderate Intensity Lighting ½
Nominal People Use 1
Moderate Security Benefit ½
2 Units

This Group classification applies to the following land uses:

<table>
<thead>
<tr>
<th>Animal Kennels</th>
<th>Nurseries and Greenhouses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Churches</td>
<td>Parking Lots (Industrial)</td>
</tr>
<tr>
<td>Schools (Private)</td>
<td>Petroleum and Gas</td>
</tr>
</tbody>
</table>
### Group C

<table>
<thead>
<tr>
<th>High Intensity Lighting</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal People Use</td>
<td>1</td>
</tr>
<tr>
<td>Moderate Security Benefit</td>
<td>½</td>
</tr>
</tbody>
</table>

This Group classification applies to the following land uses:

Parking Lot (Commercial)

### Group D

<table>
<thead>
<tr>
<th>High Intensity Lighting</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal People Use</td>
<td>1</td>
</tr>
<tr>
<td>High Security Benefit</td>
<td>1</td>
</tr>
</tbody>
</table>

This Group classification applies to the following land uses:

- Office Buildings
- Race Tracks/Stables
- Service Shops
- Lumber Yards
- Camps
- Professional Buildings
- Banks, Savings & Loans
- Homes for Aged
- Golf Courses

### Group E

<table>
<thead>
<tr>
<th>High Intensity Lighting</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate People Use</td>
<td>2</td>
</tr>
<tr>
<td>High Security Benefit</td>
<td>1</td>
</tr>
</tbody>
</table>

This Group classification applies to the following land uses:

- Stores
- Store w/office or residence
- Service Stations
- Clubs and Lodge Halls

### Group F

<table>
<thead>
<tr>
<th>Nominal Intensity</th>
<th>¼</th>
</tr>
</thead>
<tbody>
<tr>
<td>High People Use</td>
<td>3</td>
</tr>
<tr>
<td>High Security Benefit</td>
<td>1</td>
</tr>
</tbody>
</table>

This Group classification applies to the following land uses:

- Rooming House (Treated the same as a 6-unit apartment)
**Group G**

High Intensity Lighting 1  
High People Use 3  
High Security Benefit 1  

5 Units

This Group classification applies to the following land uses:

Restaurant  
Theater

**Group H**

Moderate Intensity Lighting ½  
Nominal People Use 1  
High Security Benefit 1  

2½ Units

Doubled due to average size of business 5 Units

This Group classification applies to the following land uses:

Light Manufacturing  
Food Processing Plant  
Warehousing

**Group I**

High Intensity Lighting 1  
Nominal People Use 1  
High Security Benefit 1  

3 Units

Doubled due to average size of business 6 Units

This Group classification applies to the following land uses:

Auto, Recreational Equipment Sales-Service

**Group J**

High Intensity Lighting 1  
Moderate People Use 2  
High Security Benefit 1  

4 Units

Doubled due to average size of business 8 Units
This Group classification applies to the following land uses:

Markets, Bowling Alleys
Skating Rinks, Department Stores
Hotels and Motels, Mobile Home Parks

**Group K**

It was determined that properties within the 11 land use categories in this group (which represents less than 1/3 of one percent (0.3%) of the total lots or parcels within the districts; County-wide as of 1979) varied widely from the norm and therefore these lots or parcels were considered on an individual basis. Each of the parcels or lots in these land use categories was identified on the official lighting district maps and each street light or portion thereof in the immediate proximity of the lots or parcels benefiting the lots or parcels was assigned a number of units as indicated below. The total number of units so determined for that category would be distributed among the lots or parcels in that category in proportion to the lot or parcel area as shown below. A minimum of 3 units would be assessed to each lot or parcel to be compatible with Group D, which contains many of the smaller business categories. Several huge lots or parcels in outlying areas within the existing lighting districts had no lights in the immediate proximity and therefore those lots or parcels were assessed the minimum.

**Group K-1**

- Moderate Intensity Lighting: 1¼
- Moderate People Use: 3
- Moderate Security Benefit: 1
- 5¼ Units

This Group classification and calculated benefit include the following land uses:

- Open Storage: 0.014973 units per 100 sq. ft. of lot size; or 6.5222 units per acre
- Mineral Processing: 0.005615 units per 100 sq. ft. of lot size; or 2.4459 units per acre

**Group K-2**

- Moderate Intensity Lighting: 1¼
- High People Use: 4
- Moderate Security Benefit: 1
- 6¼ Units
This Group classification and calculated benefit include the following land uses:

**Colleges, Universities (Private)**
- 0.001736 units per 100 sq. ft. of lot size; or
- 0.7562 units per acre

**Wholesale and Manufacturing Outlets**
- 0.059858 units per 100 sq. ft. of lot size; or
- 26.0741 units per acre

**Athletic and Amusement Facilities**
- 0.027431 units per 100 sq. ft. of lot size; or
- 11.9489 units per acre

**Heavy Manufacturing**
- 0.006382 units per 100 sq. ft. of lot size; or
- 2.7800 units per acre

**Hospitals**
- 0.012886 units per 100 sq. ft. of lot size; or
- 5.6131 units per acre

**Group K-3**
- **High Intensity Lighting**
  - 1½
- **High People Use**
  - 4
- **Moderate Security Benefit**
  - 1
  - 6½ Units

This Group classification and calculated benefit include the following land uses:

**Motion Picture, Radio, T.V.**
- 0.010938 units per 100 sq. ft. of lot size; or
- 4.7646 units per acre

**Neighborhood Shopping Centers**
- 0.014449 units per 100 sq. ft. of lot size; or
- 6.2940 units per acre

**Regional Shopping Centers**
- 0.021812 units per 100 sq. ft. of lot size; or
- 9.5013 units per acre

**Vacant Land**

Since the determination of benefit has been related to property use and property users, no charge is to be assessed on vacant lots within the District.
Method of Apportionment Rationale for Landscape Improvements

While the original method of apportionment established for determining the benefit to properties was for street light improvements only, and the rationale for the proportional allocation to various property types was based on “People”, “Security” and “Intensity” related benefits, a similar proportional allocation is applicable to landscape improvements and graffiti abatement. Clearly, landscape improvements and graffiti abatement provide obvious “People” related benefits, however the other benefits that properties derive from these improvements and services are directly related to “Aesthetic” and “Environment” benefits to properties rather than “Intensity” and “Security” benefits. Although the actual benefits parcels receive from landscape improvements and graffiti abatement services are different than the benefits provided by streetlights and traffic signals, proportionately the overall benefit to any particular land use classification from these improvements and services are substantially the same when compared to other properties. Therefore, it has been determined that a fair and equitable apportionment of the net cost to provide maintenance of the landscape improvements within the District’s street rights of way and services related to graffiti abatement shall be apportioned to each parcel within the District using the same total benefit units calculated for street lighting and traffic signal improvements.

Determining the Cost per Lot or Parcel

Using the aforementioned procedures, the sum of the total number of units applicable to all of the lots or parcels in the District shall be determined annually (Total Units). The estimated annual cost of operating and maintaining the District improvements for the Fiscal Year shall be determined (Total Cost). Any surpluses or deficits from the previous Fiscal Year shall be identified and applied as a credit or debit to the district. This credit or debit along with revenues from other sources such as ad valorem revenues or General Fund contributions shall be applied to the “Total Cost” to determine the net amount to be raised by assessment (Net Assessment or Balance to Levy). The cost to be assessed per unit (Unit Cost or Assessment Rate) would be equal to the quotient of the Net Assessment divided by the Total Units. The amount to be assessed to each lot or parcel in the District is determined by multiplying the number of units assigned to that lot or parcel by the Assessment Rate.

Using this method, an Assessment Rate is to be determined for each individual City Zone and that Assessment Rate or Unit Cost shall be used in determining the cost to be assessed to each lot or parcel within that Zone.
The following formulas are used to calculate each property’s assessment:

**People Benefit + Security Benefit + Intensity Benefit = Parcel’s Benefit Factor**

**Total Balance to Levy/ Aggregate of Benefit Factors = Levy per Benefit Factor (Assessment Rate)**

**Assessment Rate x Parcel’s Benefit Factor = Parcel Levy Amount**

### D. SUMMARY OF APPORTIONMENT

A tabular listing of the apportionment formulae described in the preceding section is provided below and is titled, "Summary of Assessment Formulas".

A summary of the proposed revenues for Fiscal Year 2016/2017 is provided in the Section IV of this Report and is titled "Summary of Assessments by Land Use".

**SUMMARY OF ASSESSMENT FORMULAS**

<table>
<thead>
<tr>
<th>Land Use Code</th>
<th>Land Use (Residential)</th>
<th>Benefit Factor (Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01XX</td>
<td>Single-Family, Condominiums</td>
<td>1.00</td>
</tr>
<tr>
<td>02XX</td>
<td>Duplex, Two Units</td>
<td>1.75</td>
</tr>
<tr>
<td>03XX</td>
<td>Three Units</td>
<td>2.50</td>
</tr>
<tr>
<td>04XX</td>
<td>Four Units</td>
<td>3.25</td>
</tr>
<tr>
<td>05XX</td>
<td>Five Units or Apartments</td>
<td>3.75</td>
</tr>
<tr>
<td></td>
<td>For 6 to 20 Units add 1/2 per Unit to the 5-Unit total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20-Unit Apartment</td>
<td>11.25</td>
</tr>
<tr>
<td></td>
<td>For 21 to 50 Units, add 1/3 per Unit to the 20-Unit total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50-Unit Apartment</td>
<td>21.25</td>
</tr>
<tr>
<td></td>
<td>For 51 to 100 Units, add 1/4/ per Unit to the 50-Unit total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100-Unit apartment</td>
<td>33.75</td>
</tr>
<tr>
<td></td>
<td>For 101 or more Units, add 1/4 per Unit to the 100-Unit total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>200-Unit apartment</td>
<td>53.75</td>
</tr>
</tbody>
</table>

The parcel groups beginning with 29XX have a minimum allotment of 3 units per parcel for street lighting and traffic signals, and a minimum allotment of 2 units per parcel for landscaping, parks and graffiti removal.
### SUMMARY OF ASSESSMENT FORMULAS

<table>
<thead>
<tr>
<th>Land Use Code</th>
<th>Land Use (Residential)</th>
<th>Benefit Factor (Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4XXX</td>
<td>Irrigated Farms</td>
<td>1.00</td>
</tr>
<tr>
<td>50XX</td>
<td>Dry Farms</td>
<td>1.00</td>
</tr>
<tr>
<td>77XX</td>
<td>Cemeteries</td>
<td>1.00</td>
</tr>
<tr>
<td>89XX</td>
<td>Dump Sites</td>
<td>1.00</td>
</tr>
<tr>
<td>28XX</td>
<td>Animal Kennels</td>
<td>2.00</td>
</tr>
<tr>
<td>29XX</td>
<td>Nurseries and Greenhouses</td>
<td>2.00</td>
</tr>
<tr>
<td>38XX</td>
<td>Parking Lots (Industrial)</td>
<td>2.00</td>
</tr>
<tr>
<td>71XX</td>
<td>Churches</td>
<td>2.00</td>
</tr>
<tr>
<td>72XX</td>
<td>Private Schools</td>
<td>2.00</td>
</tr>
<tr>
<td>83XX</td>
<td>Petroleum and Gas</td>
<td>2.00</td>
</tr>
<tr>
<td>81XX</td>
<td>Utility</td>
<td>2.00</td>
</tr>
<tr>
<td>27XX</td>
<td>Parking Lots (Commercial)</td>
<td>2.50</td>
</tr>
<tr>
<td>101X</td>
<td>Miscellaneous Commercial</td>
<td>3.00</td>
</tr>
<tr>
<td>17XX</td>
<td>Office Buildings</td>
<td>3.00</td>
</tr>
<tr>
<td>19XX</td>
<td>Professional Buildings</td>
<td>3.00</td>
</tr>
<tr>
<td>23XX</td>
<td>Banks, Savings &amp; Loans</td>
<td>3.00</td>
</tr>
<tr>
<td>24XX</td>
<td>Service Shops</td>
<td>3.00</td>
</tr>
<tr>
<td>66XX</td>
<td>Golf Courses</td>
<td>3.00</td>
</tr>
<tr>
<td>67XX</td>
<td>Race Tracks/Stables</td>
<td>3.00</td>
</tr>
<tr>
<td>68XX</td>
<td>Camps</td>
<td>3.00</td>
</tr>
<tr>
<td>75XX</td>
<td>Homes for Aged</td>
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</tr>
<tr>
<td>11XX</td>
<td>Stores</td>
<td>4.00</td>
</tr>
<tr>
<td>12XX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25XX</td>
<td>Service Stations</td>
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</tr>
<tr>
<td>64XX</td>
<td>Clubs and Lodge Halls</td>
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<tr>
<td>08XX</td>
<td>Rooming Houses (same as 6-Unit Apartments)</td>
<td>4.25</td>
</tr>
<tr>
<td>21XX</td>
<td>Restaurants</td>
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<tr>
<td>61XX</td>
<td>Theaters</td>
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<tr>
<td>30XX</td>
<td>Miscellaneous Industrial</td>
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</tr>
<tr>
<td>31XX</td>
<td>Light Manufacturing</td>
<td>5.00</td>
</tr>
<tr>
<td>34XX</td>
<td>Food Processing Plants</td>
<td>5.00</td>
</tr>
<tr>
<td>33XX</td>
<td>Warehousing</td>
<td>5.00</td>
</tr>
</tbody>
</table>
### Land Use Code | Land Use (Residential) | Benefit Factor (Units)
--- | --- | ---
26XX | Auto, Recreational Equipment Sales and Service | 6.00
14XX | Supermarkets | 8.00
63XX | Bowling Alleys | 8.00
69XX | Skating Rinks | 8.00
13XX | Department Stores | 8.00
18XX | Hotels and Motels | 8.00
09XX | Mobile Home Parks | 8.00
000V | Vacant Properties | 0.00
88XX | Government Owned Properties | 0.00

### Land Use Code | Land Use | Benefit Factor (Units per 100 sf) | Benefit Factor (Units per acre)
--- | --- | --- | ---
39XX | Open Storage | 0.014973 | 6.5222
37XX | Mineral Processing | 0.005615 | 2.4459
73XX | Colleges, Universities (Private) | 0.001736 | 0.7562
22XX | Wholesale and Manufacturing Outlets | 0.059858 | 26.0741
65XX | Athletic and Amusement Facilities | 0.027431 | 11.9489
32XX | Heavy Manufacturing | 0.006382 | 2.7800
74XX | Hospitals | 0.012886 | 5.6131
35XX | Motion Picture, Radio, TV | 0.010938 | 4.7646
15XX | Neighborhood Shopping Centers | 0.014449 | 6.2940
16XX | Regional Shopping Centers | 0.021812 | 9.5013

### E. ASSESSMENT RANGE FORMULA

**Limitation on Increase of Annual Assessments**

The City Council intends to use as a guide, for the purpose of determining annual increases in assessments, the Consumer Price Index from March to March for all Urban Consumers for the Los Angeles-Orange-Riverside area, All Items, published by the United States Department of Labor, Bureau of Labor Statistics; provided, however, that any such annual increase in assessments shall not exceed ten percent (10%).

For Fiscal Year 2016/2017, the proposed assessment rates include a 1.696% CPI adjustment to establish new maximum rates. The proposed rates for Zone A and Zone B are $26.34 and $38.19, respectively.
### IV. FINANCIAL ANALYSIS

#### FISCAL YEAR 2016/2017 PROPOSED BUDGET

**Projected Fund Balance at June 30, 2016:**

$0

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>LANDSCAPING</th>
<th>LIGHTING</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>$556,434</td>
<td>$0</td>
<td>$556,434</td>
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<tr>
<td>Equipment</td>
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<td>9,957</td>
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<tr>
<td>Bank Service Charge</td>
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<tr>
<td>Utilities:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Water</td>
<td>53,424</td>
<td>0</td>
<td>53,424</td>
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<tr>
<td>Electric</td>
<td>4,764</td>
<td>674,207</td>
<td>678,971</td>
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<tr>
<td>Materials and Service</td>
<td>165,821</td>
<td>10,792</td>
<td>176,613</td>
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<tr>
<td>Reimbursements and Transfers</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital Improvement Projects (CIP)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td>$790,400</td>
<td>$685,000</td>
<td>$1,475,400</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FUNDING SOURCES</th>
<th>LANDSCAPING</th>
<th>LIGHTING</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Property Tax Zone A</td>
<td>$0</td>
<td>$0</td>
<td>$24,445</td>
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<td>Net Property Tax Zone B</td>
<td>0</td>
<td>0</td>
<td>632,240</td>
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<td><strong>Subtotal Property Tax Revenue:</strong></td>
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<td>$0</td>
<td>$656,685</td>
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<tr>
<td>Net Assessments Zone A</td>
<td>$0</td>
<td>$0</td>
<td>$25,809</td>
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<tr>
<td>Net Assessments Zone B</td>
<td>0</td>
<td>0</td>
<td>667,506</td>
</tr>
<tr>
<td><strong>Subtotal Assessment Revenue:</strong></td>
<td>$0</td>
<td>$0</td>
<td>$693,315</td>
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<tr>
<td>Capital Improvement Projects (CIP-unspent)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Other Revenues</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reimbursements and Transfers</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fund Balance Transfer (Utilization of Fund Balance)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>General Benefit Contribution (General Fund)</td>
<td>39,520</td>
<td>34,250</td>
<td>73,770</td>
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<tr>
<td>Revenues from Other Sources (General Fund)</td>
<td>27,659</td>
<td>23,971</td>
<td>51,630</td>
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<tr>
<td><strong>Subtotal Other Revenue Sources:</strong></td>
<td>$67,179</td>
<td>$58,221</td>
<td>$125,400</td>
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**TOTAL REVENUE:** $1,475,400

**Projected Fund Balance at June 30, 2017:**

$0

<table>
<thead>
<tr>
<th>PARCEL DETAIL:</th>
<th>Revenues</th>
<th>Benefit Units</th>
<th>Applied Rate</th>
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<tbody>
<tr>
<td>Zone A Assessments</td>
<td>$25,809</td>
<td>979.84</td>
<td>$26.34</td>
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<tr>
<td>Zone B Assessments</td>
<td>$667,506</td>
<td>17,478.60</td>
<td>$38.19</td>
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## SUMMARY OF ASSESSMENTS BY LAND USE

<table>
<thead>
<tr>
<th>Land Use Code</th>
<th>Description</th>
<th>Parcels</th>
<th>Units</th>
<th>Total Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>010C</td>
<td>Condominiums</td>
<td>493</td>
<td>493.00</td>
<td>$18,822.74</td>
</tr>
<tr>
<td>010D</td>
<td>Planned Residential Development Units</td>
<td>459</td>
<td>459.00</td>
<td>17,062.86</td>
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<tr>
<td>010V</td>
<td>Vacant Residential</td>
<td>49</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>010X</td>
<td>Single Family Residences</td>
<td>11,975</td>
<td>11,975.00</td>
<td>450,006.78</td>
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<tr>
<td>020X</td>
<td>Duplexes</td>
<td>244</td>
<td>427.00</td>
<td>16,032.28</td>
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<tr>
<td>030X</td>
<td>Three Units</td>
<td>45</td>
<td>112.50</td>
<td>4,265.65</td>
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<tr>
<td>040X</td>
<td>Four Units</td>
<td>67</td>
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<td>050X</td>
<td>Apartment Complexes, Five or More Units</td>
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<td>985.87</td>
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<tr>
<td>090X</td>
<td>Mobile Home Parks</td>
<td>11</td>
<td>88.00</td>
<td>3,359.84</td>
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<tr>
<td>100V</td>
<td>Vacant Commercial</td>
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<td>0.00</td>
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<tr>
<td>1000</td>
<td>Commercial</td>
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<td>79.02</td>
</tr>
<tr>
<td>1010</td>
<td>Commercial, Miscellaneous</td>
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<td>229.08</td>
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<tr>
<td>1100</td>
<td>Stores</td>
<td>91</td>
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<tr>
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<td>Stores Vacant</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>11T0</td>
<td>Misc Commercial</td>
<td>1</td>
<td>4.00</td>
<td>152.72</td>
</tr>
<tr>
<td>1200</td>
<td>Store and Office Combinations</td>
<td>5</td>
<td>20.00</td>
<td>716.24</td>
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<tr>
<td>1210</td>
<td>Store and Residential Combinations</td>
<td>13</td>
<td>52.00</td>
<td>1,985.36</td>
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<tr>
<td>1310</td>
<td>Commercial, Department Store, Discount</td>
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<tr>
<td>1400</td>
<td>Supermarkets</td>
<td>5</td>
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<td>1,527.20</td>
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<tr>
<td>1500</td>
<td>Neighborhood Shopping Centers</td>
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<td>674.96</td>
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<tr>
<td>1700</td>
<td>Office Buildings</td>
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<tr>
<td>1702</td>
<td>Office Buildings, 2 Story</td>
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<tr>
<td>1720</td>
<td>Office and Residential</td>
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<td>3.00</td>
<td>79.02</td>
</tr>
<tr>
<td>17T0</td>
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</tr>
<tr>
<td>1800</td>
<td>Hotel Under 50 Rooms</td>
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<td>24.00</td>
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<tr>
<td>1812</td>
<td>Hotel 50+ rooms</td>
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<td>8.00</td>
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<td>Motel Under 50 Rooms</td>
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<td>48.00</td>
<td>1,832.64</td>
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<tr>
<td>1822</td>
<td>Motel Under 50 Rooms, misc</td>
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<td>8.00</td>
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</tr>
<tr>
<td>1830</td>
<td>Motel 50+ Rooms</td>
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<td>16.00</td>
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<tr>
<td>1900</td>
<td>Professional Buildings</td>
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<td>1910</td>
<td>Medical/Dental Buildings</td>
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<td>18.00</td>
<td>687.24</td>
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<tr>
<td>2100</td>
<td>Restaurants/Cocktail Lounges</td>
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<td>6,122.10</td>
</tr>
<tr>
<td>2102</td>
<td>Restaurants/Cocktail Lounges, 2 Story</td>
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<td>15.00</td>
<td>572.70</td>
</tr>
<tr>
<td>2110</td>
<td>Fast Foods</td>
<td>5</td>
<td>25.00</td>
<td>954.50</td>
</tr>
<tr>
<td>2120</td>
<td>Fast Foods, Drive Up</td>
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<td>10.00</td>
<td>381.80</td>
</tr>
<tr>
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<td>Banks, Savings and Loans</td>
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<td>21.00</td>
<td>801.78</td>
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<td>2400</td>
<td>Service Shops</td>
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<td>18.00</td>
<td>687.24</td>
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<tr>
<td>2500</td>
<td>Service Stations</td>
<td>10</td>
<td>40.00</td>
<td>1,527.20</td>
</tr>
<tr>
<td>Land Use Code</td>
<td>Description</td>
<td>Parcels</td>
<td>Units</td>
<td>Total Assessment</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------------------------------</td>
<td>---------</td>
<td>-------</td>
<td>------------------</td>
</tr>
<tr>
<td>2520</td>
<td>Service Station with car wash</td>
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<td>4.00</td>
<td>152.72</td>
</tr>
<tr>
<td>2600</td>
<td>Auto, Recreation Equipment, Construction</td>
<td>23</td>
<td>138.00</td>
<td>5,197.80</td>
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<td>2630</td>
<td>Car Wash</td>
<td>1</td>
<td>6.00</td>
<td>229.08</td>
</tr>
<tr>
<td>2640</td>
<td>Car Wash, Self Service</td>
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<td>6.00</td>
<td>229.08</td>
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<tr>
<td>2670</td>
<td>Auto Service Centers (No Gasoline)</td>
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<tr>
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<td>Parking Lots (Commercial)</td>
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<td>Industrial</td>
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<td>Vacant Industrial</td>
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<td>3010</td>
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<td>Light Manufacturing</td>
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<td>445.00</td>
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<td>Warehousing, Distribution, Storage</td>
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<td>3310</td>
<td>Industrial, Warehousing, Distribution</td>
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<td>60.00</td>
<td>2,231.60</td>
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<td>Industrial, Warehousing, Distribution</td>
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<td>3330</td>
<td>Warehousing, Distribution over 50,000 sf</td>
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<td>120.00</td>
<td>4,522.40</td>
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<td>3340</td>
<td>Industrial, Public Storage</td>
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<td>10.00</td>
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<td>Public Storage, Mini Warehouses</td>
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<td>954.50</td>
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<td>3400</td>
<td>Industrial, Food Processing Plant, Meat</td>
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<td>15.00</td>
<td>572.70</td>
</tr>
<tr>
<td>3420</td>
<td>Industrial, Food Processing Plant, Other</td>
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<td>5.00</td>
<td>190.90</td>
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<tr>
<td>3500</td>
<td>Movie, Radio, Television</td>
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<td>2.52</td>
<td>96.21</td>
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<tr>
<td>3800</td>
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<td>20.00</td>
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<td>Churches</td>
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<td>7200</td>
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<td>12.00</td>
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<td>Institution, Hospital</td>
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<td>11.51</td>
<td>439.30</td>
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<td>Institution, Hospital, Convalescent</td>
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<td>7500</td>
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<td>9.00</td>
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<td>1.00</td>
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<td>214.00</td>
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<tr>
<td>8800</td>
<td>Government Owned Properties</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>8900</td>
<td>Dump Sites</td>
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<td>1.00</td>
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<td>Residential Single Family</td>
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<td>2.00</td>
<td>64.52</td>
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<td></td>
<td><strong>14,282</strong></td>
<td><strong>18,458.44</strong></td>
<td><strong>$693,139.77</strong></td>
</tr>
</tbody>
</table>
V. ASSESSMENT ROLL

The individual proposed assessments for Fiscal Year 2016/2017, tabulated by Assessor's parcel numbers, are shown on an Assessment Roll, filed as a separate exhibit in the Office of the City Clerk of the City of Pico Rivera and are made a part of this report by reference. The assessment on each single-family residence for the current Fiscal Year is $26.34 in Zone “A” and $38.19 in Zone “B”.
RESOLUTION NO. ______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA ORDERING THE COLLECTION OF ASSESSMENTS WITHIN THE PICO RIVERA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1, FISCAL YEAR 2016-17

WHEREAS, the City Council has, by previous Resolutions initiated proceedings, declared its intention to levy and collect annual assessments, and approved the Engineer’s Annual Levy Report (hereafter referred to as the “Engineer’s Report”) that describes the assessments against parcels of land within the Pico Rivera Landscape and Lighting Assessment District No. 1 (hereafter referred to as the “District”) for the Fiscal Year commencing July 1, 2016 and ending June 30, 2017 pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (hereafter referred to as the “Act”);

WHEREAS, the levy and collection of assessments shall be collected by the County of Los Angeles for the City of Pico Rivera to pay the cost and expenses of operating, maintaining and servicing of lighting facilities, landscaping, and all appurtenant facilities and operations related thereto located within public places in the City;

WHEREAS, the Engineer selected by the Council has prepare and filed with the City Clerk, and the City Clerk has presented to the City Council, the Engineer’s Report in connection with the proposed levy and collection of assessments upon eligible parcels of land within the District for Fiscal Year 2016-17, and the City Council did by pervious Resolution approve such Engineer’s Report; and

WHEREAS, the City Council desires to levy and collect assessments against parcels of land within the District for the Fiscal Year commencing July 1, 2016 and ending June 30, 2017, to pay the costs and expenses of operating, maintaining and servicing of lighting facilities, landscaping, and appurtenant facilities and operations related thereto located within public places in the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recites are true and correct and incorporated herein.

SECTION 2. Following notice duly given, the City Council has held a full and fair Public Hearing regarding the District, the levy and collection of assessments, the Engineer’s Report prepared in connection therewith, and considered all oral and written statements, protests and communications made or filed by interested persons regarding these matters.
SECTION 3. Based upon its review (and amendments, as applicable) of the Engineer’s Report, a copy of which has been presented to the City Council and has been filed with the City Clerk, the City Council hereby finds and determines that:

- The land within the District receives special benefit from the operation, maintenance and servicing of improvements, located in public places within the boundaries of the District.
- The District includes all of the lands receiving such special benefit.
- The net amount to be assessed upon the lands within the District in accordance with the fee for the Fiscal Year commencing July 1, 2016 and ending June 30, 2017 is apportioned by a formula and method which fairly distributes the net amount among all eligible parcels in proportion to the estimated special benefits to be received by each parcel from the improvements and services.

SECTION 4. The Engineer’s Report and assessments as presented to the City Council and on file in the Office of the City Clerk are hereby confirmed as filed.

SECTION 5. The maintenance, operation and servicing of the improvements and appurtenant facilities shall be performed pursuant to the Act. The City Council hereby orders the proposed improvements to be made, which improvements are briefly described as follows: the maintenance and operation of and the furnishing of services and materials for public lighting facilities and landscaping, including, but not limited to street lights, shrubs, grass, trees and other ornamental vegetation, appurtenant facilities including irrigation systems, drainage systems, fencing, sidewalks, and other ornamental structures and facilities within the public right-of-way.

SECTION 6. The County Auditor of the County of Los Angeles shall enter on the County Assessment Roll opposite each eligible parcel of land the amount of levy so apportioned by the formula and method outlined in the Engineer’s Report, and such levies shall be collected at the same time and in the same manner as the County taxes are collected, pursuant to Chapter 4, Article 2, Section 22646 of the Act. After collection by the County, the net amount of the levy shall be paid to the City Treasurer.

SECTION 7. The City Treasurer shall deposit all money representing assessments collected by the County for the District to the credit of a fund designated as the Improvement Fund for the Pico Rivera Landscape and Lighting Assessment District No. 1; and such money shall be expended only for the maintenance, operation and servicing of the landscaping, lighting and appurtenant facilities as described in Section 4 including all administrative and incidental expenses.

SECTION 8. The adoption of this Resolution constitutes the District levy for the Fiscal Year commencing July 1, 2016 and ending June 30, 2017.
SECTION 9. The City Clerk, or their designate, is hereby authorized and directed to file the levy with the County Auditor upon adoption of this Resolution, pursuant to Chapter 4, Article 1, Section 22641 of the Act.

SECTION 10. The City Clerk shall attest and certify to the passage and adoption of this resolution, and it shall become effective immediately upon its approval.

ADOPTED AND APPROVED this 28th day of June, 2016.

______________________________  ______________________________
David W. Armenta, Mayor  Arnold M. Alvarez-Glasman, City Attorney

ATTEST:  APPROVED AS TO FORM:

______________________________  ______________________________
Anna M. Jerome, City Clerk  Arnold M. Alvarez-Glasman, City Attorney

AYES:  NOES:  ABSENT:  ABSTAIN:
To: Mayor and City Council
From: City Manager
Meeting Date: June 28, 2016
Subject: PUBLIC HEARING – PARAMOUNT/MINES LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT

Recommendations:

1) Adopt Resolution approving the Engineer’s Annual Levy Report for the Paramount/Mines Landscape Maintenance Assessment District for Fiscal Year 2016-17.

2) Adopt Resolution confirming the Diagram and Assessment, and ordering the Levy of the Fiscal Year 2016-17 Assessment for the Paramount/Mines Landscape Maintenance Assessment District pursuant to the Landscaping and Lighting Act of 1972.

Fiscal Impact:

This assessment will generate approximately $9,100 in property tax revenue that will be utilized to provide landscape maintenance and provide utilities (i.e., lighting) in the assessment district. As allowed by the State Streets and Highways Code, the assessment amounts are being adjusted upward by an inflation factor of 1.696%. The General Fund will contribute an additional $12,000 towards the maintenance and operations expenses for this assessment district.

Discussion:

At its meeting of June 14, 2016 the City Council approved Resolution No. 6854 initiating proceedings for the annual levy of assessments; Resolution No. 6855 approving the Engineer’s Report; and Resolution No. 6856 declaring the City Council’s intention to make such levy and collection, and setting June 28, 2016 as the date for the public hearing on objections thereto.

The Paramount/Mines Landscape Maintenance Assessment District was formed on August 5, 2002 pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15, of the California Streets and Highways Code. Under the 1972 Act, the Assessment District is authorized to fund, service, and/or maintain the following improvements:
• Installation of planting of landscaping.

• Installation of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.

• Installation of park or recreational improvements, including land preparation, sod, landscaping, irrigation systems, sidewalks and drainage.

The holding of a duly-noticed public hearing is required to levy the proposed assessment during Fiscal Year 2016-17 and to fund public improvements, maintenance and servicing described in the Engineer’s Report. At the hearing, all interested persons are afforded the opportunity to submit written protests and objections to the levy and collection of the proposed assessment. If, upon close of the hearing, written protests filed and not withdrawn do not represent property owners owning more than fifty percent of the area of the assessable lands within the District, the Council may proceed with the levying of the assessment.

Following the action, the City Council is asked to confirm the diagram and assessment; and order the maintenance, servicing and construction of public improvements set forth in the Report. Adoption of this resolution constitutes the levy of the assessments set forth in the Engineer’s Report for FY 2016-17. In previous years, the rate was $528.27 per parcel. The Engineer’s Reports proposes to increase the assessment to $537.23, per parcel, a 1.696% increase to reflect the annual increase in Consumer Price Index (from March 2015 to March 2016) and will cover increased utility costs. Assessments will be levied by Los Angeles County and funds so collected, after deduction of any compensation due the County for collection, will be paid to the District Treasurer.

René Bobadilla

RB:MS:gm

Enclosure: 1 – Resolution approving the Engineer’s Report
2 – Resolution ordering the Collection of Assessments
RESOLUTION NO. ______


WHEREAS, the City Council has, by previous Resolutions, formed the Pico Rivera Paramount/Mines Landscape Maintenance Assessment District (hereinafter referred to as the “District”), and initiated proceedings for Fiscal Year 2016-17, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500 (hereinafter referred to as the “Act”) that provides for the levy and collection of assessments by the County of Los Angeles for the City of Pico Rivera to pay the maintenance and services of all improvements and facilities related thereto;

WHEREAS, the City Engineer prepared the Engineer’s Annual Levy Report (hereafter referred to as the “Engineer’s Report”) that describes the assessments against parcels of land within the District for the Fiscal Year commencing July 1, 2016 ending June 30, 2017 pursuant to the provisions of the Act; and

WHEREAS, pursuant to the aforementioned City Council direction, the City Engineer did properly prepare and file said Engineer’s Report with the Pico Rivera City Clerk pursuant to the Act, and such report was presented to the City Council of the City of Pico Rivera for consideration.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and incorporated herein.

SECTION 2. The Fiscal Year 2016-17 Engineer’s Report for the Paramount/Mines Landscape Maintenance Assessment District is approved as filed with the City Clerk (Exhibit A).

SECTION 3. The City Clerk, shall attest and certify to the passage and adoption of this resolution, and it shall become effective immediately upon its approval.
ADOPTED AND APPROVED this 28th day of June, 2016.

David W. Armenta, Mayor

APPROVED AS TO FORM:

Anna M. Jerome, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

AYES:
NOES:
ABSENT:
ABSTAIN:
City of Pico Rivera

Paramount Mines Landscape Maintenance District

2016/2017 ENGINEER’S ANNUAL LEVY REPORT

Intent Meeting: June 14, 2016
Public Hearing: June 28, 2016
ENGINEER'S REPORT AFFIDAVIT

Establishment of Annual Assessments for the:

Paramount Mines Landscape Maintenance District

City of Pico Rivera
Los Angeles County, State of California

This Report describes the District including the improvements, budgets, parcels and assessments to be levied for Fiscal Year 2016/2017, as they existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the Los Angeles County Assessor's maps for a detailed description of the lines and dimensions of parcels within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this 14th day of June, 2016.

Willdan Financial Services
District Engineer
On Behalf of the City of Pico Rivera

By: [Signature]
Zaskia E. Jones
Project Manager, District Administration Services

By: [Signature]
Richard Kopecky
R. C. E. # 16742
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I. OVERVIEW

A. INTRODUCTION

The City of Pico Rivera ("City") annually levies and collects special assessments in order to continue the maintenance and operation of landscaping within the Assessment District designated and known as:

CITY OF PICO RIVERA
PARAMOUNT MINES LANDSCAPE MAINTENANCE DISTRICT

Pursuant to the order of the City Council of the City of Pico Rivera, this Report is prepared in compliance with the requirements of Article 4, Chapter 1, Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of the State of California ( "1972 Act").

This Engineer's Report ("Report") provides an annual update of the Paramount Mines Landscape Maintenance District ("District") including the proposed expenses and revenues, any substantial change in the improvements or the District, and the proposed assessments to be levied on the Los Angeles County ("County") tax roll for Fiscal Year 2016/2017. The annual assessments to be levied on parcels within the District are based on a calculation of the proportional special benefits parcels receive from the improvements and services provided, utilizing an established method of apportionment. The revenues generated by the annual assessments partially fund the costs associated with the installation and maintenance of landscaping systems constructed as part of the development of Tracts No. 52915 and 53042 in the City of Pico Rivera.

The word “parcel”, for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (“APN”) by the Los Angeles County Assessor’s Office. The Los Angeles County Auditor/Controller uses these APN’s and specific Fund Numbers, to identify on the tax roll, properties assessed for special district benefit assessments.
II. DESCRIPTION OF THE DISTRICT AND SERVICES

A. BOUNDARIES OF THE DISTRICT

The boundaries of the District are completely within the City limits of the City of Pico Rivera and encompass Tracts 52915 and 53042 located on the east side of Paramount Boulevard, north and south sides of Mines Avenue. An Assessment Diagram showing the exterior boundaries of the District has been previously prepared pursuant to the provisions of the 1972 Act. Said Assessment Diagram is on file in the office of the City Clerk at the City Hall, and is hereby made a part of this Report by reference. All lots or parcels of real property included within the District are described in detail on the county assessor's maps on file in the County Assessor's office. The assessor's maps govern details concerning the lines and dimensions of lots or parcels in the District.

B. IMPROVEMENTS - PLANS AND SPECIFICATIONS

The proposed works of improvement are generally described as follows:

The following landscape improvements were constructed and installed for the development of Tract Nos. 52915 and 53042, located on the east side of Paramount Boulevard, north and south of Mines Avenue:

- maintenance of lawn and other landscaping;
- landscape irrigation systems;
- street and park trees;
- concrete sidewalks;
- storm drain systems.

The maintenance or servicing, or both, of any of the foregoing.

As defined by Section 22525 of the 1972 Act, "improvement" means one or any combination of the following:

1. The installation or planting of public landscaping.

2. The installation or construction of statuary, fountains, and other ornamental structures and facilities.

3. The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
4. The maintenance or servicing, or both, of any of the foregoing. Sections 22531 and 22538 of the 1972 Act further state:

"Maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including: repair, removal, or replacement of all or any part of any improvement; providing, for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; removal of trimmings, rubbish, debris, and other solid waste; cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

"Servicing" means the furnishing of electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvement. Water for the irrigation of any landscaping, the operation of any foundations, or the maintenance of any other improvement.

Maps showing the location of the improvements within the District, are on file with the City Clerk of the City of Pico Rivera, and are made a part of this Report by reference.
III. **METHOD OF APPORTIONMENT**

A. **GENERAL**

The net amount to be assessed upon lands within the District in accordance with this Report is apportioned by a formula and method which fairly distributes the net amount to be assessed among all assessable lots or parcels in proportion to the benefits to be received by each lot or parcel from the improvements, namely the maintenance and servicing of landscaping improvements and facilities within the boundaries of the District. The maintenance and servicing of public landscaping provides a specific enhancement of the properties within the District which is received by each and every lot or parcel therein.

B. **BENEFIT ANALYSIS**

The District’s improvements, the associated costs and proposed assessments described in this Report, have been identified and allocated based on a benefit calculation that proportionally allocates the net cost to the benefiting properties pursuant to the provisions of Article XIIIID and the 1972 Act.

The improvements provided by the District have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with applicable portions of the City General Plan. The construction and installation of the improvements have been installed as a necessary part of property development within the District or would be required for the future development properties within the District if the improvements were not pre-existing. Therefore, any public access or use of these improvements by others is incidental and there is no measurable general benefit to properties outside the District or to the public at large.

**Special Benefits**

The improvements for which properties are assessed directly enhance the desirability, security, environment and surroundings of those properties and the ongoing operation, servicing and maintenance of the improvements are a distinct and special benefit to the properties within the District. The amount to be assessed against each parcel within the District represents only the parcel’s proportionate special benefit from the improvements.

**Special Benefits of Street and Park Landscaping**

The primary benefits of landscape improvements within street rights of way and parks are related to the improved quality of life these improvements provide to a community. The landscaping of street rights of way and park benefits parcels within the District by improving the physical and visual environment within the District and makes the properties therein more
desirable. Studies have continually shown that property values and the marketability of those properties in a community are increased when public infrastructures including landscaped improvements are in place and the improvements are clean and well-maintained. Facilities that are unsafe, in disrepair or destroyed by the elements or vandalism decrease the enhancement of surrounding properties.

Clearly well-maintained medians and parkways (street landscaping) and well-maintained parks provide a particular and distinct special benefit to parcels within the District. Having properly maintained landscaping within the District means that the owners and visitors of the assessed parcels may enjoy the benefits of such improvements while avoiding the expense of privately installing and maintaining similar improvements. The proper maintenance of street landscaping and parks improves the aesthetics appeal of surrounding properties by reducing pollution and noise and providing a visual enhancement of the area that may otherwise be barren or weed infested. These improvements directly reflect on properties within the District and enhance the environment enjoyed by owners, businesses, residents, tenants and their families. Each parcel within the District is located within reasonable proximity to the District’s landscape improvements, and therefore benefit from the on-going maintenance of those improvements that directly enhances the quality of life throughout the City.

The special benefits associated with street landscaping and park improvements are specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties providing a positive representation of the area.
- Enhanced adaptation of the urban environment within the natural environment from adequate green space, parks and landscaping.
- Environmental enhancement through improved erosion resistance, dust and debris control, and fire prevention.
- Increased sense of pride in ownership of property within the District resulting from well-maintained improvements associated with the properties.
- Enhanced quality of life and recreational opportunities through well maintained recreational facilities.
• Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings and amenities.

• Enhanced environmental quality of the parcels by moderating temperatures, providing oxygenation and attenuating noise.

C. ASSESSMENT METHODOLOGY

The net amount to be assessed upon specific parcels within the District in accordance with this report is apportioned by a formula and method which fairly distributes the amount among all assessable lots or parcels in proportion to the benefits to be received by each lot or parcel from the improvements, namely the maintenance and servicing of landscaping within such District. The maintenance and servicing of landscaping in the District provides a special benefit which is received by each and every lot or parcel (with the exception of Lot 11 of Tract 52915 which is a park) tending to provide specific enhancement of the properties within the District.

D. ASSESSMENT RANGE FORMULA

Limitation on Increase of Annual Assessments

The City Council intends to use as a guide, for the purpose of determining annual increases in assessments, the Consumer Price Index from March to March for all Urban Consumers for the Los Angeles-Orange-Riverside area (“CPI”), as published by the United States Department of Labor, Bureau of Labor Statistics; provided, however, that any such annual increase in assessments shall not exceed ten percent (10%).

For Fiscal Year 2016/2017, the proposed rates include a 1.696% CPI adjustment. The Fiscal Year 2016/2017 maximum rate has increased to $661.11 and the Fiscal Year 2016/17 applied rate has increased to $537.23. Fiscal Year 2014/15 was the first time the applied rate had increased since Fiscal Year 2003/2004.

E. ANNUAL ADMINISTRATIVE ASSESSMENT

A proposed maximum annual assessment shall be levied on each parcel of land and subdivision of land within the District to pay for the necessary costs and expenses incurred, and not otherwise reimbursed, resulting from the administration and collection of assessments and/or other related funds. This maximum assessment hereinafter set forth is authorized pursuant to the provisions of Section 10204, and said maximum annual assessment shall not exceed 5% per individual assessment, and said sum shall only be collected to the extent monies are not available for these services from any other source.
IV. FINANCIAL ANALYSIS

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<td>Projected Fund Balance as of June 30, 2016</td>
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<tr>
<td>Net Revenue/Expenditure</td>
</tr>
<tr>
<td>Projected Fund Balance as of June 30, 2017</td>
</tr>
</tbody>
</table>

Maximum Rate Applied Rate

| Assessments | $661.11 |
| No. of Parcels | 17 |

(1) The Net Assessments for Fiscal Year 2016/17 have been applied to District Administration Expenses and repayment of the original construction loan from the City.
V. ASSESSMENT ROLL

<table>
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<tr>
<td><strong>TOTAL</strong></td>
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Applied Rate $537.23
FY 16/17 Maximum Rate $661.11

The Fiscal Year 2015/16 applied rate has been inflated by 1.696% consumer price index to establish the Fiscal Year 2016/17 applied rate of $537.23. Fiscal Year 2014/15 was the first time the applied rate had increased since Fiscal Year 2003/2004.
RESOLUTION NO. _______


WHEREAS, the City Council has, by previous Resolutions, formed the Pico Rivera Paramount/Mines Landscape Maintenance Assessment District (hereinafter referred to as the “District”), and initiated proceedings for Fiscal Year 2016/2017, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500 (hereinafter referred to as the “Act”) that provides for the levy and collection of assessments by the County of Los Angeles for the City of Pico Rivera to pay the maintenance and services of all improvements and facilities related thereto;

WHEREAS, the Engineer selected by the Council has prepare and filed with the City Clerk, and the City Clerk has presented to the City Council, the Engineer’s Report in connection with the proposed levy and collection of assessments upon eligible parcels of land within the District for Fiscal Year 2016-17, and the City Council did by pervious Resolution approve such Engineer’s Report;

WHEREAS, said Engineer’s Report identifies needed District improvements, services, funding requirements and assessments for Fiscal Year 2016-17; and

WHEREAS, the City Council did by Resolution declare its intention to levy and collect the annual assessment within said District, and ordering proper notice of the public hearing to consider this matter.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and incorporated herein.

SECTION 2. Following notice duly given by publication, the City Council held a public hearing to levy the proposed assessment within the District for the Fiscal Year commencing July 1, 2016, and ending June 30, 2017, to fund public improvements, maintenance and servicing street landscaping and street lighting as set forth in the adopted Engineer’s Report for the District. All interested persons were afforded the opportunity to hear and to be heard and submit protests and objections to the levy and collection of the proposed assessment. Upon close of the public hearing, written protests that were filed and not withdrawn did not represent property owners owning more than fifty percent of the area of the assessable lands within the District and all protests are overruled and denied.
SECTION 3. The City Council hereby confirms the Diagram and Assessment set forth in the Engineer’s Report for Fiscal Year 2016-17 and orders the maintenance, servicing and construction of public improvements as set forth in said Engineer’s Report.

SECTION 4. The adoption of this Resolution constitutes the levy of the assessments set forth in the Engineer’s Report for the Fiscal Year commencing July 1, 2016, and ending June 30, 2017, attached hereto as Exhibit “A”. The County Auditor of Los Angeles County shall enter on the County Assessment Roll opposite each lot or parcel of land the amount of the assessment and such assessment shall then be collected at the same time and in the same manner as the county taxes are collected. After collection by the County, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to the District Treasurer.

SECTION 5. The District Treasurer shall deposit all monies representing assessments collected by the County to the credit of a special fund known as the “Pico Rivera Paramount/Mines Landscape Maintenance Assessment District Fund”.

SECTION 6. The City Clerk is hereby authorized and directed to file a certified copy of the Diagram and Assessment with the County Auditor, together with a certified copy of this Resolution upon its adoption.

SECTION 7. A certified copy of the assessment diagram shall be filed in the office of the City Clerk and open for public inspection.

SECTION 8. The City Clerk shall attest and certify to the passage and adoption of this resolution, and it shall become effective immediately upon its approval.

ADOPTED AND APPROVED this 28th day of June, 2016.

__________________________________
David W. Armenta, Mayor

ATTEST:  

APPROVED AS TO FORM:

__________________________________
Anna M. Jerome, City Clerk  Arnold M. Alvarez-Glasman, City Attorney

AYES:  NOES:  ABSENT:  ABSTAIN:
To: President and Commissioners

From: Executive Director

Meeting Date: June 28, 2016

Subject: PUBLIC HEARING - 2015 URBAN WATER MANAGEMENT PLAN

Recommendation:

1) Receive and file the 2015 Urban Water Management Plan;

2) Conduct a public hearing for the adoption of the 2015 Urban Water Management Plan in compliance with Senate Bill X7-7, the Water Conservation Act of 2009; and

3) Following the conclusion of the public hearing, approve a Resolution adopting the 2015 Urban Water Management Plan.

Fiscal Impact:

By adopting the 2015 Urban Water Management Plan, the Pico Rivera Water Authority will be eligible for water loans, grants, or drought assistance funds administered by the State Department of Water Resources (DWR). There is no immediate impact to the Water Authority budget by taking the recommended action.

Discussion:

In 1985, Assembly Bill 797 required all publicly and privately owned water suppliers that either have 3,000 or more customers or provide over 3,000 acre-feet of water to prepare an Urban Water Management Plan (UWMP), with subsequent updates in five-year cycles. The UWMP is a planning document that evaluates water demand and supply over a 25-year period within the service area of the water agency.

Previous UWMPs were adopted in 2005 and 2010. The 2015 update is now due. For the 2015 cycle, the completed plan was required to be adopted in 2016 instead of 2015 because of the State’s adoption of the Water Conservation Act of 2009 (Senate Bill X7-7). This bill introduced a statewide water initiative to reduce water consumption by 20 percent by the year 2020 (known as the 20x2020 Plan) and water retailers are now required to include this requirement in their UWMPs.

The UWMP needs to be adopted and submitted to the State Department of Water Resources by July 1, 2016. Urban Suppliers that do not meet the schedule do not qualify to receive DWR-administered state grants and loans until a plan is adopted. Additionally, and as required by the California Water Code, a copy of the adopted plan will be submitted to the California State Library and the Secretary’s Office of the Pico Rivera Water Authority.
Public Noticing

Prior to adopting the UWMP, the State requires notification to interested water retailers of the Public Hearing for consideration of adoption of the UWMP.

On April 25, 2016, the notices were sent to Central Basin Municipal Water District, Pico Water District, San Gabriel Valley Water Company, and the Los Angeles County Sanitation District. In addition, the Public Hearing was posted at City Hall. On June 6, 2016, the Public Hearing was advertised in the Whittier Daily News.

Urban Water Management Plan Findings

Water demand and water supply was evaluated up to the year 2035. Primary consideration was given to population growth, existing and future land uses, private development, low income development, historic conditions, supply reliability, and the PRWA’s annual adjudicated water rights of 5,579 acre-feet (this is the maximum amount of water that the PRWA can legally pump on an annual basis).

The UWMP projects that by 2035 the PRWA will be expected to provide a total of 5,412 acre-feet of water to 44,014 customers. The PRWA will be capable of servicing customers without issue until the year 2035 given its current annual pumping allocation of 5,579 acre-feet per year (AFY). In the event that the annual demand exceeds pumping rights, additional water supply can be obtained by purchasing or leasing water rights.

Water conservation in the PRWA is projected to meet the 20x2020 requirement without issue. Based on the individual 2015 Actual water use for each of the member agencies, the “Regional Alliance 2015 Actual water use” is 102 gallons per capita per day (GPCD). The 2015 Actual water use of 102 GPCD is less than the “Regional Alliance 2015 Interim Target” of 120 GPCD. Therefore, the Gateway Regional Alliance achieved its Targeted Reduction for 2015 and is in compliance with the 2015 Interim Target.

Water conservation measures were identified in the plan. The more significant measures include the Landscape Water Efficiency Ordinance which requires planting to be drought tolerant; utilization of recycled water whenever feasible; participating in water conservation programs offered by the Central Basins Municipal Water Districts, such as High Efficiency Washing Machine Rebate Programs, and public education and outreach.

PRWA Regional Water Alliance Membership

The PRWA has an alternative means to comply with the 20x2020 requirement. The Water Conservation Act of 2009 permits urban water retailers to comply with the 20x2020 requirement on a regional basis or on an individual basis. The PRWA is a member of the Regional Water Alliance that was formed in 2011 by member agencies of the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (Gateway Authority).
As such, the PRWA may comply with the 20x2020 requirement individually or through the Regional Water Alliance. Given that the City already complies with the PRWA’s UWMP targets, the water use targets set through the Regional Water Alliance will not play a significant role in compliance.

René Bobadilla

RB:JE:GG:lg

Enc. 1) Resolution and Exhibit “A” (2015 UWMP)
    2) Notices of Public Hearing
RESOLUTION NO. ________

A RESOLUTION OF THE PICO RIVERA WATER AUTHORITY OF THE CITY OF PICO RIVERA, CALIFORNIA, ADOPTING THE WATER AUTHORITY’S 2015 URBAN WATER MANAGEMENT PLAN TO COMPLY WITH SENATE BILL X7-7, THE WATER CONSERVATION ACT OF 2009

WHEREAS, the Urban Water Management Planning Act (California Water Code Division 6, Part 2.6, Sections 10610 through 10656) requires that all urban water suppliers providing water for municipal purposes, either directly or indirectly to more than 3,000 customers, or supplying more than 3,000 acre-feet of water annually, must prepare and submit an Urban Water Management Plan at least every five years; and

WHEREAS, Senate Bill X7-7, also known as the Water Conservation Act of 2009, extended the deadline for adoption of the 2015 Urban Water Management Plan from December 31, 2015 to July 1, 2016 to allow urban retail water suppliers additional time to comply with the requirements of Senate Bill X7-7 and incorporate the adopted per capita water use targets required by Senate Bill X7-7 into the 2015 Urban Water Management Plan; and

WHEREAS, the Pico Rivera Water Authority (“Water Authority”) has prepared its 2015 Urban Water Management Plan as a coordinated plan to ensure the availability and reliability of the Water Authority’s water supplies through the year 2035; and

WHEREAS, consistent with Section 6066 of the Government Code, said plan was made available for public review, and notice of the Public Hearing was posted on April 25, 2016 at the Pico Rivera City Hall and published on June 8, 2016 in The Whittier Daily News; and

WHEREAS, the Water Authority held a Public Hearing on the City’s 2015 Urban Water Management Plan on June 28, 2016; and

WHEREAS, no later than 30 days after submittal of the adopted plan to the State of California Department of Water Resources, a copy will be provided to the California State Library and the Secretary’s Office of the Pico Rivera Water Authority as required by the California Water Code;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are all true and correct.

SECTION 2. The Water Authority of the Pico Rivera Water Authority hereby adopts the Water Authority’s 2015 Urban Water Management Plan attached hereon as Exhibit A as promulgated by the State of California Department of Water Resources as the Urban Water Management Plan for the Pico Rivera Water Authority in accordance with Section 10642 of the California Water Code.
SECTION 3. The Director of Public Works/City Engineer is hereby directed to make a copy of the Water Authority’s adopted 2015 Urban Water Management Plan available for public review at the Authority Secretary’s office no later than 30 days after submittal to the California Department of Water Resources in accordance with Section 10645 of the California Water Code.

SECTION 4. The Director of Public Works/City Engineer is hereby directed to provide an adopted copy of the 2015 Urban Water Management Plan to other agencies as required by law.

SECTION 5. The Authority Secretary shall certify to the adoption of the Resolution which shall be effective upon its adoption.

APPROVED AND ADOPTED this _____ day of ________________, 2016.

______________________________
David W. Armenta, President

ATTEST:  APPROVED AS TO FORM:

________________________________  ______________________________
Anna M. Jerome          Arnold M. Alvarez-Glasman
Authority Secretary    Authority General Counsel

AYES:
NOES:
ABSENT:
ABSTAIN:
City of Pico Rivera
Pico Rivera Water Authority
2015 Urban Water Management Plan
June 2016

Prepared for:
City of Pico Rivera
6615 Passons Boulevard
Pico Rivera, California 90660

Prepared by:
ATKINS
1410 Rocky Ridge Drive, Suite 140
Roseville, California 95661
770 The City Drive South, Suite 5000
Orange, California 92868
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## Abbreviations

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<thead>
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<th>Description</th>
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<tbody>
<tr>
<td>Act</td>
<td>Urban Water Management Planning Act</td>
</tr>
<tr>
<td>AF</td>
<td>Acre-Feet</td>
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<tr>
<td>AFY</td>
<td>Acre-Feet per Year</td>
</tr>
<tr>
<td>APA</td>
<td>Allowed Pumping Allocation</td>
</tr>
<tr>
<td>BMP</td>
<td>Best Management Practice</td>
</tr>
<tr>
<td>CBMWD</td>
<td>Central Basin Municipal Water District</td>
</tr>
<tr>
<td>CDPH</td>
<td>California Department of Public Health</td>
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<tr>
<td>CII</td>
<td>Commercial/Industrial/Institutional</td>
</tr>
<tr>
<td>CIMIS</td>
<td>California Irrigation Management Information System</td>
</tr>
<tr>
<td>City</td>
<td>City of Pico Rivera</td>
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<td>CUWCC</td>
<td>California Urban Water Conservation Council</td>
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<td>District</td>
<td>Pico Water District</td>
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<td>DMM</td>
<td>Demand Management Measures</td>
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<td>DWP</td>
<td>Los Angeles Department of Water and Power</td>
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<tr>
<td>DWR</td>
<td>California Department of Water Resources</td>
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<tr>
<td>ETo</td>
<td>evapotranspiration</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>GIS</td>
<td>Geographical Information System</td>
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<tr>
<td>GPCD</td>
<td>gallons per capita per day</td>
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<tr>
<td>gpd</td>
<td>gallons per day</td>
</tr>
<tr>
<td>HCF</td>
<td>hundred cubic feet</td>
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<td>HEW</td>
<td>High-Efficiency Washer</td>
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<td>Los Angeles County Department of Public Works</td>
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<td>Los Angeles County Sanitation Districts</td>
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<tr>
<td>MCL</td>
<td>Maximum Contaminant Level</td>
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<td>Metropolitan or MWD</td>
<td>Metropolitan Water District of Southern California</td>
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<tr>
<td>mg/L</td>
<td>milligrams per liter</td>
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<td>Pomona Water Reclamation Plant</td>
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<td>SB</td>
<td>Senate Bill</td>
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<td>Sanitation Districts of Los Angeles County</td>
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<td>State Water Project</td>
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<td>ULFT</td>
<td>Ultra Low Flow Toilet</td>
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<td>UMWP</td>
<td>Urban Water Management Plan</td>
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<td>WNWRP</td>
<td>Whittier Narrows Water Reclamation Plant</td>
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<td>WRD</td>
<td>Los Angeles Gateway Regional Alliance, Water Replenishment District of Southern California</td>
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<td>WSCP</td>
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1.0 Introduction, Overview and Plan Preparation

Since 1984, California’s Urban Water Management Planning Act (Act) has required each urban water supplier in the state to prepare an urban water management plan (UWMP). The requirement applies to each urban water supplier that provides water for municipal purposes either directly or indirectly to more than 3,000 customers or supplies more than 3,000 acre-feet (AF) of water annually. These agencies must update their UWMP at least once every five years on or before December 31, in years ending in five and zero. The deadline for submittal of the 2015 UWMP for retail water purveyors is July 1, 2016. Section 10608 (Sustainable Water Use and Demand Reduction) in addition to sections 10610 through 10657 of the California Water Code detail the information that must be included in these plans. In accordance with the Act, the Pico Rivera Water Authority (PRWA) is required to update and adopt its plan for submittal to the California Department of Water Resources (DWR) by July 1, 2016. Appendix A contains the text of the Act.

The PRWA utilized DWR’s “2015 Urban Water Management Plans Guidebook for Urban Water Suppliers” and Sustainable Water Use and Demand Reduction (California Water Code 10608 et seq.) formerly known as Senate Bill 7-7 (SBX 7-7). California Water Code (CWC) 10608 was passed in November 2009 with the goal of reducing California’s urban per capita water use by 20 percent by December 31, 2020 with an incremental goal of reducing per capita water use by 10 percent by December 31, 2015. This UWMP includes projections of PRWA’s future demands and supplies, based on estimates of future growth in the PRWA service area. It also discusses the steps PRWA has taken to promote water conservation and ensure water is being used wisely. The strategies outlined in this report are intended to allow PRWA to continue to provide a safe and reliable water supply to its customers.

PRWA maintains its records of water use on a fiscal year (FY) that runs from July 1 through June 30. For example, FY 2015 runs from July 1, 2015 through June 30, 2016. In this document, projections of water demand over the course of a year are reported for fiscal years. For estimates that are based on an instantaneous value and not a year-long accumulation (for example, the service area population), values are assumed to be valid on January 1 of the corresponding year.

1.1 Changes to the California Urban Water Management Planning Act

Minor amendments were made to the Act since preparation of the PRWA’s 2010 UWMP, these changes include the following:

- **Demand Management – Measures Water Code Section 10631(f)(1)(2):** Requires water suppliers to provide narratives describing their water demand management measures, as provided. Requires retail water suppliers to address the nature and extent of each water demand management measure implemented over the past 5 years and describe the water demand management measures that the supplier plans to implement to achieve its water use targets.

- **Submittal Date – Water Code Section 10621(d):** Requires each urban water supplier to submit its 2015 plan to the Department of Water Resources by July 1, 2016.

- **Electronic Submittal – Water Code Section 10644(a)(2):** Requires the plan, or amendments to the plan, to be submitted electronically to the department.
1.0 INTRODUCTION, OVERVIEW AND PLAN PREPARATION

- **Standardized Forms – Water Code Section 10644 (a) (2):** Requires the plan, or amendments to the plan, to include any standardized forms, tables, or displays specified by the Department of Water Resources.

- **Water Loss – Water Code Section 10631(e)(1)(J) and (e)(3)(A)(B):** Requires a plan to quantify and report on distribution system water loss.

- **Estimate Future Water Savings – Water Code Section 10631 (e)(4):** Provides for water use projections to display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans, when that information is available and applicable to an urban water supplier.

- **Voluntary Reporting of Energy Intensity – Water Code Section 10631.2 (a)(b):** Provides for an urban water supplier to include certain energy related information, including, but not limited to, an estimate of the amount of energy used to extract or divert water supplies.

- **Defining Water Features – Water Code Section 10632:** Requires urban water suppliers to analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas.

According to Water Code Section 10610.2(2), “[t]he conservation and efficient use of urban water supplies are of statewide concern; however, the planning for that use and the implementation of those plans can best be accomplished at the local level.” **Appendix A contains the text of the Act.**

1.2 **Senate Bills 610 and 221: California Water Code Section 10910(g)(3) and Government Code Section 66473.7(b)(2))**

Water Code Sections 10910 through 10914 and Government Code Sections 65867.5, 66455.3, and 66473.7 are the commonly referred to as Senate Bills (SB) 610 and 221. These bills amended state law to improve the link between water supply planning and land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment (WSA) to be included in the environmental documentation of certain large proposed projects. SB 221 requires a written verification (Water Supply Verification) from the water purveyor that sufficient water supplies are available for certain large residential subdivisions prior to approval of a tentative map. PRWA’s UWMP provides information that will be used in future WSA’s and WSV’s prepared to meet the requirements of State law.

1.3 **Sustainable Water Use and Demand Reduction, Senate Bill 7 of the Seventh Extraordinary Session of 2009**

The State Legislature passed Senate Bill 7 as part of the Seventh Extraordinary Session on November 10, 2009, which became effective February 3, 2010. This law, known as the Sustainable Water Use and Demand Reduction was the water conservation component to the Delta legislation package, and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. Specifically, SBX 7-7 from this Extraordinary Session requires each urban retail water supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

The SBX 7-7 target setting process includes the following: (1) baseline daily per capita water use; (2) urban water use target; (3) interim water use target; (4) compliance daily per capita water use, including technical bases and supporting data for those determinations. In order for an agency to
meet its 2020 water use target, each agency can increase its use of recycled water to offset potable water use and also step up its water conservation measures. The required water use targets for 2020 and an interim target for 2015 are determined using one of four “Target” methods – each method has numerous methodologies. The 2020 urban water use target may be updated in a supplier’s 2015 UWMP. Appendix A also contains the text of Sustainable Water Use and Demand Reduction.

Four methods are stipulated for calculating the water use target. Three of the methods are listed in Water Code Section 10608.20(a)(1). The fourth method was developed by DWR. The four methods are:

- **Method 1** – Eighty percent of the water supplier’s baseline per capita potable water use.
- **Method 2** – Per capita daily water use estimated using the sum of performance standards applied to indoor residential use; landscape area water use, and commercial, industrial, and institutional uses.
- **Method 3** – Ninety-five percent of the applicable state hydrologic region target as stated in the state’s draft 20x2020 Water Conservation Plan.
- **Method 4** – Draft Provisional Target Method 4 (January 2011).

In 2015, urban retail water suppliers will be required to report interim compliance followed by actual compliance in 2020. Interim compliance is halfway between the baseline water use and 2020 target. Baseline, target, and compliance-year water use estimates are required to be reported in gallons per capita per day (GPCD). For consistent application of the Act, DWR produced Methodologies for Calculating Baseline and Compliance Urban Water Per Capita Use. PRWA’s baseline and target 2020 demands are presented in Section 4.0.

Failure to meet adopted targets will result in the ineligibility of a water supplier to receive grants or loans administered by the State unless one (1) of two (2) exceptions is met. Exception one (1) states a water supplier may be eligible if they have submitted a schedule, financing plan, and budget to DWR for approval to achieve the per capita water use reductions. Exception two (2) states a water supplier may be eligible if an entire water service area qualifies as a disadvantaged community.

### 1.4 Resource Maximization

Water management tools have been used by PRWA to maximize water resources. To help maximize water resources, PRWA has developed and implemented various policies and plans, which are referenced throughout this UWMP. The various components of the 2015 UWMP include evaluation and descriptions of the various sources of water supply, efficient water uses, water service efficiency, demand management measures, implementation strategy, and schedule. Information in this UWMP was developed from various sources, including the Los Angeles Gateway Regional Alliance, Water Replenishment District of Southern California (WRD) and the Central Basin Municipal Water District (CBMWD).
2.0 System Description

This section of the report provides an overview of PRWA’s service area, climate, and water supply facilities.

2.1 Appropriate Level of Planning

The results of the 2010 US Census reported Pico Rivera’s population at 62,942 persons. Current estimates show an expected increase of an additional 7,628 people by 2035. Current estimates from the US Census Bureau show the City's population is currently 64,218 persons, an increase of 1,276 persons or 2 percent since 2010. In 2010, the population within PRWA service area was reported to be 39,863. By using DWR’s population tool to estimate the population within its service area, PRWA’s current population is estimated to be 39,453, which is less than its 2010 population. For consistency purposes this 2015 UWMP assumes the same 2 percent increase has occurred within PRWA’s services area. Under this calculated growth scenario, PRWA’s service area population was calculated to be 40,667 persons in 2015. All of PRWA’s potable demands are currently met with local groundwater provided through CBMWD.

2.2 Service Area Description

The City of Pico Rivera (City) is located approximately eleven (11) miles southeast of downtown Los Angeles, on the eastern edge of the Los Angeles Basin, and on the southern edge of the San Gabriel Valley. The towns of Pico and Rivera, from which the City of Pico Rivera originated, were incorporated as one municipality and as a general law city on January 29, 1958. The City boundary is depicted on Figure 1.

The City is one of twenty-four (24) cities in southeast Los Angeles County and is included in CBMWD’s 227-mile service area. Historically, the City’s primary source of potable water supply has been groundwater extracted from the Central Basin groundwater aquifer. With naturally occurring recharge, enhanced by recharging efforts, groundwater supplies have generally been sufficient to meet water demands. Recycled water is used on the City’s golf course and at the Pico Rivera sports arena.

The Pico Rivera Water Authority (PRWA) is one of two (2) independent water purveyors that provide water service to the residents of the City. All of the PRWA’s customers live in the City of Pico Rivera. PRWA was formed as successor to the City’s former Water Department in May 1999 to finance water system improvements. PRWA currently provides drinking water to approximately 70 percent of the City’s incorporated area and includes roughly 9,400 water customers (municipal and industrial connections). Each purveyor maintains an independent water distribution system and operates several water supply wells used to extract the local groundwater from the Central Basin aquifer. Currently there are is one inter-connections between the two agencies. Figure 1 illustrates the service area for each water purveyor. The other supplier is the Pico Water District (PWD) - formed in 1926 as a County Water District under the State Water Act of 1913. PWD serves approximately 30 percent of the City’s incorporated area and has prepared its own draft UWMP. As such, this report addresses only the PRWA service area, demands, and supplies.
As the City does not have the ability to take imported water directly into its system, imported water is used for groundwater recharge through a replenishment assessment on each acre foot of groundwater extracted from the Central Basin. The City also purchases a small amount of recycled water from CBMWD and Upper San Gabriel Valley Water District for irrigation uses (Pico Rivera golf course and Sports Arena). CBMWD is a member agency of the Metropolitan Water District of Southern California (Metropolitan) and is responsible for providing imported and recycled water supply within its service area. CBMWD receives imported potable water from the aqueduct systems owned and operated by Metropolitan.

2.3 Climate Data

The source of PRWA's groundwater supply is influenced by climate. Climatic conditions within the service area are characteristically Mediterranean, with mild, dry summers and cool winters. Most of the region's rainfall occurs between December and March. Average annual rainfall for the period 1981 – 2011 is approximately 14.8 inches per year.

Historic climate data were obtained from the Western Regional Climate Center for Station 045790 (Montebello). This station was selected because its annual temperature variation is representative of most of PRWA's service area. Evapotranspiration data were obtained from the California Irrigation Management Information System (CIMIS) for Zone 6 (Upland Central Coast and Los Angeles Basin). Climate and evapotranspiration data are summarized in Table 1.

<table>
<thead>
<tr>
<th>Month</th>
<th>Monthly Average Evapotranspiration (inches)</th>
<th>Average Rainfall (inches)</th>
<th>Average Temperature (Fahrenheit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1.86</td>
<td>3.69</td>
<td>58.6</td>
</tr>
<tr>
<td>February</td>
<td>2.24</td>
<td>3.56</td>
<td>60.0</td>
</tr>
<tr>
<td>March</td>
<td>3.41</td>
<td>2.82</td>
<td>61.7</td>
</tr>
<tr>
<td>April</td>
<td>4.80</td>
<td>0.78</td>
<td>65.4</td>
</tr>
<tr>
<td>May</td>
<td>5.58</td>
<td>0.19</td>
<td>68.3</td>
</tr>
<tr>
<td>June</td>
<td>6.30</td>
<td>0.06</td>
<td>72.3</td>
</tr>
<tr>
<td>July</td>
<td>6.51</td>
<td>0.01</td>
<td>76.4</td>
</tr>
<tr>
<td>August</td>
<td>6.20</td>
<td>0.02</td>
<td>77.5</td>
</tr>
<tr>
<td>September</td>
<td>4.80</td>
<td>0.17</td>
<td>75.8</td>
</tr>
<tr>
<td>October</td>
<td>3.72</td>
<td>0.28</td>
<td>70.5</td>
</tr>
<tr>
<td>November</td>
<td>2.40</td>
<td>1.26</td>
<td>63.4</td>
</tr>
<tr>
<td>December</td>
<td>1.86</td>
<td>1.94</td>
<td>59.0</td>
</tr>
<tr>
<td>Annual</td>
<td>49.7</td>
<td>14.78</td>
<td>67.4</td>
</tr>
</tbody>
</table>

Source: CIMIS for Zone 6 (Upland Central Coast And Los Angeles Basin) and Western Regional Climate Center for Station 045790 (Montebello).

The typical annual distribution for temperature and precipitation are shown in Figure 2.
2.0 SYSTEM DESCRIPTION

2.4 PRWA Water System Overview

PRWA’s water service area encircles PWD’s service area and also overlies the Central Basin within the San Gabriel River watershed. As shown above on Figure 1, PRWA’s service area encompasses approximately 10 square-miles and includes approximately 9,400 customer connections, and 98 miles of water distribution system.

Since 2006, the PRWA has augmented its water supply with treated water originating from CBMWD’s Water Quality Protection Project (WQPP) wells. The WQPP is a federally-funded project developed to protect the Central Basin from the migration of a contaminant plume containing volatile organic compounds (VOCs) from the San Gabriel Valley into the Central Basin’s local ground water supply. The contaminated water is treated to meet drinking water standards at a treatment facility located on the City of Whittier’s treatment facility site. The treated water is sold and distributed via the potable water distribution systems to the cities of Pico Rivera, Santa Fe Springs, and Whittier for residential, commercial, and industrial uses. PRWA has an emergency interconnection with the City of Whittier and the San Gabriel Valley Water Company.

The Central Basin contains millions of acre feet of storage and is the principal source of water for the overlying cities and water districts, including the PRWA. The Central Basin groundwater comprises a number of sources: 1) natural recharge from precipitation and runoff from regional/local watersheds; 2) artificial recharge supplied through purchased imported water; and 3) treated effluent from regional wastewater treatment facilities. As stated above, the WRD manages the ongoing artificial recharge activities within the Central Basin groundwater area. Ongoing negotiations amongst the Central Basin groundwater users may eventually allow each Central Basin member agency to extract up to 20 percent over its APA, provided the over-extraction can made up the following year. Currently, if an agency exceeds its APA and does not possess carryover quantities from under pumping in previous years, it must lease unused APA from other overlying entities. It is generally understood that several thousand acre feet of APA are reportedly available for lease or purchases each year.
The PRWA’s water distribution system includes a total of twelve (12) wells, some of which are no longer active. In conjunction with the wells, the supply system includes three (3) booster pump stations and three (3) reservoirs with a combined storage of approximately one million gallons. In early 2009, Well Nos. 5, 7, 9, and 10 were all inactive and/or inoperable and not currently being used due to various forms of contamination including excessive bacteria, iron and sand detected in the water supply.

PRWA operates its water system under the authority of Water Supply Permit No. 04-070PA-000, issued by DPH on February 2, 2000, which was an amendment to Water Supply Permit No. 77-014. Permit-approved sources for domestic water supply of the system include groundwater from and treatment at Wells 1, 2, 3, 4, 11, and 12. Groundwater production averaged 4,857 AFY over the last five years and is expected to be approximately 4,400 AFY for water year 2016.

Currently, customers use potable water for landscape irrigation. CBMWD’s Rio Hondo water reclamations program supplies a local golf course with 60 AFY, which has a projected demand of up to 200 AFY.

### 2.5 Service Area Population

PRWA’s residents are employed in a variety of professions ranging from professional and administrative to laborer and warehouse positions. The median age of City residents is 30.6 years, and the median family income is estimated at about $45,422 per year. The average residence has 3.8 persons per-dwelling unit. PRWA’s service area is built-out, with land use being 41 percent facilities, 36 percent residential, 14 percent manufacturing, 4 percent commercial, and 3 percent public parks. The projected growth is based on anticipated densification within the existing residential areas. The City’s Population is served by PRWA and the District. The estimated service area population is shown in Table 2.

#### Table 2  Population – Current and Projected

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRWA Service Area</td>
<td>40,934</td>
<td>41,936</td>
<td>42,963</td>
<td>42,963</td>
<td>44,014</td>
</tr>
<tr>
<td>City of Pico Rivera</td>
<td>64,482</td>
<td>66,061</td>
<td>67,677</td>
<td>69,334</td>
<td>70,570</td>
</tr>
<tr>
<td>Compound Annual Growth Rate</td>
<td>0.40%</td>
<td>0.40%</td>
<td>0.40%</td>
<td>0.40%</td>
<td>0.40%</td>
</tr>
</tbody>
</table>

Notes: Derived by Atkins for 2015 UWMP Update based on 2010 US Census population counts within the City of Pico Rivera that reflects changes in population (a Citywide decline in between 2000 and 2010) due to a downturn in economic conditions.
3.0 System Water Use

Water use and production records, combined with projections of population, employment, and urban development, provide the basis for estimating future water demands. This section presents information regarding regional demographics, customer based unit water use, total historical water use, and projections of future PRWA water demands.

3.1 Water Use by Type for Past, Current and Future Deliveries

PRWA maintains records of its water consumption and its number of customers by customer type. PRWA distributes retail water supply directly to its customers, which include residential (single- and multi-family), commercial, and landscape irrigation users. FY 2015 data are summarized in Table 3. No water sales are made by PRWA to other water agencies, and additional water uses are identified and quantified in Table 3.

Table 3  Water Deliveries — Actual, 2015

<table>
<thead>
<tr>
<th>Water Use Sectors</th>
<th>2015 Metered</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of accounts</td>
<td>Volume (AF)</td>
<td></td>
</tr>
<tr>
<td>Single-family residential</td>
<td>8,959</td>
<td>3,611</td>
<td></td>
</tr>
<tr>
<td>Multi-family residential</td>
<td>432</td>
<td>945</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9,391</td>
<td>4,561</td>
<td></td>
</tr>
</tbody>
</table>

Source: DWR Water Report for PRWA

For historical context, commencing in 2009, a 3-year water supply shortage coinciding with the great economic recession of the late 2000’s; as required PRWA to impose mandatory conservation. In 2010 mandatory conservation continued and the economic recession became more severe. This resulted in FY 2010 water use decreasing by 16 percent from FY 2005 levels. Some relief came in 2011-2012 when water supplies in Northern California improved; however, statewide drought conditions prevailed during 2013 and 2014 with the severe drought conditions through most of 2015. Governor Brown issued Executive Order B-29-15 to initiate further water conservation measures, as a result City and agencies through the State responded with increased reductions and water savings. PRWA distributed 4,561 AFY in FY 2015, a reduction 500 AFY since 2014 and anticipates total deliveries of 4,300 AFY by the end of FY16 (June 30, 2016) PRWA’s projected water consumption is shown in Table 4.

Table 4  Water Deliveries — Projected 2020, 2025, 2030, and 2035 (AF)

<table>
<thead>
<tr>
<th>Water Use Sectors</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family residential</td>
<td>3,463</td>
<td>3,461</td>
<td>3,545</td>
<td>3,632</td>
</tr>
<tr>
<td>Multi-family residential</td>
<td>269</td>
<td>269</td>
<td>275</td>
<td>282</td>
</tr>
<tr>
<td>Commercial / Institutional/Governmental</td>
<td>974</td>
<td>973</td>
<td>997</td>
<td>1,021</td>
</tr>
<tr>
<td>Landscape (Recycled Water)</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>4,912</td>
<td>4,909</td>
<td>5,023</td>
<td>5,141</td>
</tr>
</tbody>
</table>

Note: A one-percent increase per five years was applied to both the number of accounts and the total deliveries.
Over 90 percent of PRWA’s customers are residential (single-family and multiple-family). The City is built-out and as projected in the approved General Plan, the relative composition of PRWA’s customers is expected to remain consistent. Customer sectors, such as commercial, governmental, and institutional, are expected to grow at the same rate to support the residential development.

The City completed a comprehensive update of its General Plan in fall 2014 with implementation of the land use policies and proposed changes in the General Plan; the City of Pico Rivera anticipates some land use changes due to infill development projects within the city limits. Future growth within PRWA’s service area is likely to be impacted by these infill projects, as such the estimated growth in number of customers is shown in Table 5 and projected over the twenty-five (25) year planning horizon.

### Table 5  Customer Growth — Projected 2020, 2025, 2030, and 2035

<table>
<thead>
<tr>
<th>Water Use Sectors</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family residential</td>
<td>8,987</td>
<td>9,077</td>
<td>9,168</td>
<td>9,259</td>
</tr>
<tr>
<td>Multi-family residential</td>
<td>41</td>
<td>41</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Commercial / Institutional/Governmental</td>
<td>410</td>
<td>414</td>
<td>418</td>
<td>423</td>
</tr>
<tr>
<td>Landscape</td>
<td>39</td>
<td>39</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Other</td>
<td>113</td>
<td>114</td>
<td>116</td>
<td>117</td>
</tr>
<tr>
<td>Total</td>
<td>9,590</td>
<td>9,686</td>
<td>9,783</td>
<td>9,881</td>
</tr>
</tbody>
</table>

Note: A one-percent increase per five years was applied to both the number of accounts and the total deliveries

### 3.2  Low-Income Water Demand Projections

The requirements of an UWMP call for projections of water demands for low-income customers. PRWA reviewed the Housing Element from the City Pico Rivera General Plan, which forecasts projections out to 2035. It is estimated that up to 808 low income units remain to be constructed within the City limits; of this a percentage could be built within the PRWA’s service area. This 2015 UWMP assumed up to 500 units (62 percent of 808 units) would be constructed over the next 20 to 25-years – for planning purposes, it is assumed that construction of these dwelling units would be spread equally over the 25-year planning horizon. With these assumptions, this UWMP estimated approximately 12 units per year would be built or 61 units every five years.\(^1\)

Demands for the projected low-income housing projects were estimated using the PRWA’s planning demand criteria in their 2009 WSMP at 3.5 persons per dwelling unit and approximately 530 gallons per day per residential dwelling unit (or 265,000 gpd). Projected water demands were then distributed equally throughout 2015 and 2030. These demands as shown in Table 6 have been assumed as part of the general growth within PRWA and have been included in the PRWA’s residential potable water demand projections.

---

\(^1\) Consistent with Housing Element - 47 new units were constructed between 2006 and 2010.
3.0 SYSTEM WATER USE

Table 6 Low-income Projected Water Demands (AF)

<table>
<thead>
<tr>
<th>Low Income Water Demands</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential(1)</td>
<td>59</td>
<td>59</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>59</td>
<td>59</td>
<td>59</td>
<td>59</td>
</tr>
</tbody>
</table>

(1) Assumes multiple family units would be constructed as redevelopment occurs over 20 years. Source: Estimated as percentage of City of Pico Rivera Population – information taken from Pico Rivera 2010 General Plan Update, SCAG or RHNA numbers

3.3 Service Area Sales and System Losses

As shown in Table 7, PRWA does not sell any water to other agencies.

Table 7 Sales to Other Water Agencies (AF)

<table>
<thead>
<tr>
<th>Water Distributed</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

System losses are the total difference between the total PRWA delivered water and the total amount pumped from groundwater wells. Generally, system losses are associated with leaks, pipeline breaks, illegal connections, and unmetered fires. Average unmetered (non-revenue) water since 2011 has ranged from about 4 to 10 percent, which is consistent with industry standards of approximately 10 percent. System losses were included in Table 8 so they have been included as a line item in Table 9. Based on historic data for PRWA, system losses for future years were estimated to be 5 percent of total water use. However, PRWA is currently considering implementing a water loss, leak detection and water audit program to assess its distribution. Upon completion of the comprehensive investigation, PRWA will have more accurate understanding of its distribution metering system and potential losses within its system. By 2020, PRWA should be able to report accurate water system losses.

Table 8 Additional Water Uses and Estimated Losses (AF)

<table>
<thead>
<tr>
<th>Water Use</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled water</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>System losses</td>
<td>246</td>
<td>245</td>
<td>251</td>
<td>257</td>
</tr>
<tr>
<td>Total</td>
<td>446</td>
<td>445</td>
<td>451</td>
<td>457</td>
</tr>
</tbody>
</table>

Table 9 Total Water Use (AF)

<table>
<thead>
<tr>
<th>Water Use</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water deliveries</td>
<td>4,912</td>
<td>4,909</td>
<td>5,023</td>
<td>5,141</td>
</tr>
<tr>
<td>Sales to other water agencies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Additional water uses and losses</td>
<td>246</td>
<td>245</td>
<td>251</td>
<td>257</td>
</tr>
<tr>
<td>Total</td>
<td>5,158</td>
<td>5,154</td>
<td>5,274</td>
<td>5,398</td>
</tr>
</tbody>
</table>
3.4 Wholesale Water

PRWA does not receive water from a wholesale supplier, so no projections were provided to a wholesale agency and this is reflected in Table 10.

Table 10 PRWA Demand Projections Provided To Wholesale Supplier (AF)

<table>
<thead>
<tr>
<th>Wholesale Sources</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

PRWA does not plan to participate or receive water from any planned wholesale agency water supply projects.

Table 11 Wholesale Supplies — Existing and Planned Sources of Water (AF)

<table>
<thead>
<tr>
<th>Wholesale Sources</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
4.0 Baselines and Targets

This 2015 UWMP includes the detailed description of how an urban water supplier calculates its baseline and targets, following the technical methods and methodologies described in DWR’s Methodologies for Calculating Baseline and Compliance Urban Per Capita Water Use For the Consistent Implementation of the Water Conservation Bill of 2009. Background information and the approach used to develop baselines and targets are also to be included. A description of each of these elements follows:

- **Baseline daily per capita water use** — how much water is used within an urban water supplier’s distribution system area on a per capita basis. It is determined using water use and population estimates from a defined range of years.

- **Urban water use target** — how much water is planned to be delivered in 2020 to each resident within an urban water supplier’s distribution system area, taking into account water conservation practices that currently are and plan to be implemented.

- **Interim urban water use target** — the planned daily per capita water use in 2015, a value halfway between the baseline daily per capita water use and the urban water use target.

Following requirements provided in the DWR Methodologies for Calculating Baseline and Compliance Urban Water Per Capita Use document, the PRWA has calculated baseline per capita water use, an urban use target for 2020, and an interim water use target for 2015. Reporting compliance daily per capita water use in this 2015 UWMP cycle compares the interim target to actual water use in 2015.

Two baseline periods are to be determined during the calculation of the base daily per capita water use. The legislation provides some flexibility in what actual periods of time are used to establish these baselines. This accounts for short-term water demand variations resulting from weather influences, as well as acknowledging the advances of water suppliers that have already begun using recycled water to reduce potable demands. The two baseline periods are:

- **10 to 15-year base period** — This is a 10-year or 15-year continuous period used to calculate baseline per capita water use;

- **5-year base period** — This is a continuous 5-year period used to determine whether the 2020 per capita water use target meets the legislation’s minimum water use reduction requirements of at least a 5 percent reduction per capita water use.

A 10-year period from 2003 to 2012 provides a baseline of 117 GPCD, and a 5-year average of 116 GPCD as shown in Tables 12 and 13. As instructed in the Guidebook to confirm the 2020 daily water use target meets the minimum threshold, 95 percent of the 5-year average is 110 GPCD.

**Table 12  Results 20x2020 Baseline Calculations**

<table>
<thead>
<tr>
<th>20x2020 Requirement</th>
<th>GPCD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baseline GPCD water use</strong></td>
<td></td>
</tr>
<tr>
<td>10-year average (baseline period 2003 - 2012)</td>
<td>117</td>
</tr>
<tr>
<td>5-year average (period 2006 - 2010)</td>
<td>116</td>
</tr>
<tr>
<td>95 percent of 5-year average</td>
<td>110</td>
</tr>
</tbody>
</table>

Source: Derived by Atkins with PRWA Water Use and estimated population data
Methods 1 and 3 have been evaluated for PRWA. The analysis of the four methods is described below:

- Method 1 requires setting the 2020 water use target to 80 percent of baseline per capita water use target as provided in the State’s Draft 20x2020 Water Conservation Plan. Using the methodology in the Guidebook, Table 15 shows the interim 2015 GPCD target and the 2020 GPCD target. The PRWA’s 2015 target was 113 GPCD and the 2020 GPCD target at 80 percent of baseline is 101 GPCD.

- Using the Method 1 found in DWR’s Guidebook (2015) and SB X7-7 tables provided by DWR, PRWA’s 10 year baseline is 117 GPCD with target at 80 percent of baseline is 94 GPCD as shown in Table 16 below.

- Method 3 sets its target as 95 percent of the state hydrologic region target. The PRWA is within the South Coast Hydrologic Unit, whose 2020 target is 149 GPCD. Ninety-five percent of the region’s 2020 target is 142 GPCD. As such, Method 3 sets a 2020 water use target of 142 GPCD. Based on Method 3 PRWA’s confirmed 2020 target is 111 GPCD.

Table 15 20x2020 Water Conservation Target Method 1

<table>
<thead>
<tr>
<th>2020 Daily Water Use Target (Method 1)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 Interim Daily Water Use Target</td>
<td>113</td>
</tr>
<tr>
<td>2020 Daily Water Use Target (80% of baseline)</td>
<td>101</td>
</tr>
</tbody>
</table>

Source: Derived by Atkins with PRWA, Water Historical Water Use Data adapted by Atkins, May 2011.

Table 16 Target Method 1 20% Reduction of GPCD (SB X7-7 Table 7-A)

<table>
<thead>
<tr>
<th>SB X7-7 Table 7-A: Target Method 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-15 Year Baseline GPCD</td>
</tr>
<tr>
<td>2020 Target GPCD</td>
</tr>
</tbody>
</table>

Source: DWR SB X7-7 Table 7-A: Target Method 1 (March 2016)
In order to confirm that PRWA’s 20x2020 urban water use target meets the minimum water savings, it compares the 5-year baseline daily per capita water use value to the 20x2020 daily per capita urban water use target. If necessary, adjustments are made to ensure conformance. To accomplish this comparison, the Guidebook uses the following steps, first, determine if the 5-year base daily per capita water use value is less than or equal to 100 GPCD. If not, a second step is necessary. This step requires, calculating 95 percent of the 5-year average base daily per capita water use and then comparing the results to the 2020 daily per capita target. No adjustment is required since the 10-year baseline target is less than 95 percent of the 5-year baseline.

The PRWA’s recent per capita water use has been declining to the point where current water use is slightly above the 2015 target for Method 1. In 2010, water use within the PRWA service area was 107 GPCD; due to severe drought and local water use restrictions within PRWA’s service area, PRWA observed an average 100 GPCD. This recent decline in per capita water use is largely due to Californians positively responding to Executive Order B-29-15 during California’s severe drought in 2015 and water use restrictions. Table 17, Table 18, and Table 19 present the results of the baseline and target methodology calculations, in accordance with the Act.

Pursuant to SBx7-7, baseline per capita water use is 117 GPCD using a 10-year average beginning in Fiscal Year 2003 and ending on December 31, 2012 and 116 GPCD using a 5-year average beginning in Fiscal Year 2006 and ending on December 31, 2010.

### Table 17  Base Period Ranges

<table>
<thead>
<tr>
<th>Base</th>
<th>Parameter</th>
<th>Value</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>10- to 15-year base period</td>
<td>2008 total water deliveries</td>
<td>5,094</td>
<td>AFY</td>
</tr>
<tr>
<td></td>
<td>2008 total volume of delivered recycled water</td>
<td>60</td>
<td>AFY</td>
</tr>
<tr>
<td></td>
<td>2008 recycled water as a percent of total deliveries</td>
<td>1.18%</td>
<td>percent</td>
</tr>
<tr>
<td></td>
<td>Number of years in base period1</td>
<td>10</td>
<td>years</td>
</tr>
<tr>
<td></td>
<td>Year beginning base period range</td>
<td>2003</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Year ending base period range2</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>5-year base period</td>
<td>Number of years in base period</td>
<td>5</td>
<td>years</td>
</tr>
<tr>
<td></td>
<td>Year beginning base period range</td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Year ending base period range3</td>
<td>2010</td>
<td></td>
</tr>
</tbody>
</table>

Source: PRWA Water Use and DWR SB X7-7 tables (March 2016)

1 If the 2008 recycled water percent is less than 10 percent, then the first base period is a continuous 10-year period.

2 The ending year must be between December 31, 2004 and December 31, 2010.

3 The ending year must be between December 31, 2007 and December 31, 2010.
### Table 18  Base Daily per Capita Water Use — 10-year Range

<table>
<thead>
<tr>
<th>Base period year</th>
<th>Sequence Year</th>
<th>Calendar Year</th>
<th>Distribution System Population</th>
<th>Daily system gross water use (AFY)</th>
<th>Annual daily per capita water use (GPCD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>2003</td>
<td></td>
<td>40,742</td>
<td>5,381</td>
<td>118</td>
</tr>
<tr>
<td>Year 2</td>
<td>2004</td>
<td></td>
<td>40,629</td>
<td>5,603</td>
<td>123</td>
</tr>
<tr>
<td>Year 3</td>
<td>2005</td>
<td></td>
<td>40,531</td>
<td>5,729</td>
<td>126</td>
</tr>
<tr>
<td>Year 4</td>
<td>2006</td>
<td></td>
<td>40,437</td>
<td>5,465</td>
<td>121</td>
</tr>
<tr>
<td>Year 5</td>
<td>2007</td>
<td></td>
<td>40,311</td>
<td>5,699</td>
<td>126</td>
</tr>
<tr>
<td>Year 6</td>
<td>2008</td>
<td></td>
<td>40,221</td>
<td>5,094</td>
<td>113</td>
</tr>
<tr>
<td>Year 7</td>
<td>2009</td>
<td></td>
<td>40,118</td>
<td>5,191</td>
<td>116</td>
</tr>
<tr>
<td>Year 8</td>
<td>2010</td>
<td></td>
<td>40,206</td>
<td>4,805</td>
<td>107</td>
</tr>
<tr>
<td>Year 9</td>
<td>2011</td>
<td></td>
<td>40,210</td>
<td>5,054</td>
<td>112</td>
</tr>
<tr>
<td>Year 10</td>
<td>2012</td>
<td></td>
<td>41,216</td>
<td>4,961</td>
<td>107</td>
</tr>
</tbody>
</table>

Base Daily Per Capita Water Use

Source: PRWA Water Use and DWR Population Tool data (March 2016)

Note 1: If the 2008 recycled water percent is less than 10 percent, then the first base period is a continuous 10-year period.

Note 2: The ending year must be between December 31, 2004 and December 31, 2010.

Note 3: The ending year must be between December 31, 2007 and December 31, 2010.

### Table 19  Base Daily per Capita Water Use — 5-year Range

<table>
<thead>
<tr>
<th>Base period year</th>
<th>Sequence Year</th>
<th>Calendar Year</th>
<th>Distribution System Population</th>
<th>Daily system gross water use (AFY)</th>
<th>Annual daily per capita water use (GPCD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>2006</td>
<td></td>
<td>40,437</td>
<td>5,465</td>
<td>121</td>
</tr>
<tr>
<td>Year 2</td>
<td>2007</td>
<td></td>
<td>40,311</td>
<td>5,699</td>
<td>126</td>
</tr>
<tr>
<td>Year 3</td>
<td>2008</td>
<td></td>
<td>40,221</td>
<td>5,094</td>
<td>113</td>
</tr>
<tr>
<td>Year 4</td>
<td>2009</td>
<td></td>
<td>40,118</td>
<td>5,191</td>
<td>116</td>
</tr>
<tr>
<td>Year 5</td>
<td>2010</td>
<td></td>
<td>40,206</td>
<td>4,805</td>
<td>107</td>
</tr>
</tbody>
</table>

Base Daily Per Capita Water Use

Source: PRWA Water Use and DWR Population Tool data (March 2016)

### 4.1 Water Use Reduction (compliance with Water Conservation Bill of 2009)

Pursuant to Water Code Section 10608.26 retail water suppliers are to develop an implementation plan for compliance with the Water Conservation Bill of 2009. The plan should provide a general description of how the supplier intends to reduce per capita water use to meet its urban water use target. In developing the implementation plan, suppliers should avoid placing a disproportionate burden on any customer sector. The plan should also discuss any potential economic impacts that may result from the water use reduction program.

Water conservation programs have been developed and conducted on the premise that water conservation increases the water supply by reducing the demand on available supply, which is vital to the optimal operation of the PRWA’s water system. As a member agency of the CBMWD, the PRWA also participates in many water conservation programs designed and conducted as a shared-cost participation program among the member agencies.
Pursuant to Water Code Section 10608.26, PRWA will continue to implement its current programs to reduce water demand throughout its service area and ultimately meet or surpass its GPCD targets in 2020. Section 9.0 lists a number of the PRWA’s on-going water conservation programs – these programs in combination with the initiatives and future programs described herein will provide means for the PRWA to comply with the Water Conservation Bill of 2009 and reach its GPCD targets.

4.2 Water Use Reduction – the approach to achieving 20x2020

The PRWA fully expects to meet its GPCD targets in 2015 and 2020 primarily because of its efforts to reduce unaccounted-for water losses to approximately 5 percent, promote maintain efficient water use and conservation savings at residences, and if feasible, increasing use of recycled water to offset existing irrigation demands. Furthermore, the PRWA is currently exploring development of a formal water conservation plan that would formalize the PRWA’s water use reduction plan.

In addition, the PRWA customers are responding to the increasing cost of water by reducing their demand. Since 2008 its customers have continued to lower their demand, mainly, in response to rate increases that were required to cover the increased cost to obtain, convey, distribute potable water and then also pay replenishment costs within the Central Basin.

The PRWA anticipates that new development projects would incorporate green building performance standards or would seek Leadership in Energy and Environmental Design (LEED) certifications to lower water consumption. Incorporation of CALGREEN² (Title 24, Part 11, Division 4.3 – Water Efficiency and Conservation) standards in residential homes would reduce indoor per capita consumption within the PRWA service area and further contribute to a lower PRWA-wide GPCD. The City of Pico Rivera’s landscape water conservation Ordinance 1061 will result in more efficiently designed and irrigated landscapes (See Appendix F). City of Pico Rivera Ordinance No. 1061 is briefly described below:

The purpose of this Water Efficient Landscape Ordinance is:

a) That this Ordinance be at least as effective in conserving water as the model ordinance adopted pursuant to Government Code § 65595;

b) To assure beneficial, efficient, and responsible use of water resources for all users within the City of Pico Rivera;

c) To retain the land’s natural hydrological role and promote the infiltration of surface water into the groundwater;

d) To acknowledge that landscape water use accounts for more than 60% of all domestic water use in the City;

e) To recognize that landscapes enhance the aesthetic appearance of developments and communities;

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2 2010 California Building Standards Code – Title 24 Part 11; (Effective January 2011); Section 4.303.1 20% Water savings. Requires a 20% reduction of indoor water use. Provides a prescriptive and performance method. Statewide mandatory construction code; statutorily enforced by local enforcing agencies; does not require outside inspection, review or certification by any entity other than the enforcing agencies.
4.0 BASELINES AND TARGETS

f) To encourage the appropriate design, installation, maintenance, and management of landscapes so that water demand can be decreased, runoff can be retained, and flooding can be reduced without a decline in the quality or quantity of landscapes;

g) To preserve existing natural vegetation and the incorporation of native plants, plant communities, and ecosystems into landscape design, where possible;

h) To promote and encourage the use of low water use plants;

i) To minimize the use of cool season turf;

j) To promote the conservation of potable water by maximizing the use of recycled water and other water conserving technology for appropriate applications;

k) To promote public education about water conservation and efficient water management;

l) To reduce or eliminate water waste.

The PRWA may also offer incentives when feasible. This may include the following: a rebate toward the replacement of existing turfgrass with waterwise landscape materials.

4.2.1 Ongoing Water Conservation Programs and Communication Efforts:

As presented in Section 8.0, the PRWA will continue its outreach efforts to educate its customers regarding water smart landscapes through its website, articles within its quarterly newsletter, regular bill inserts, and its presence at outreach events throughout the community.
5.0 System Supplies

PRWA distributes water to its end users. Water from PRWA is distributed via pipelines and pump stations, and is used by PRWA customers to meet their water demands. This section describes the groundwater sources, quantities, supply constraints, and the water quality of the water supply sources. In addition, this section discusses desalination and water supply reliability.

5.1 Surface Water

PRWA relies entirely on groundwater, and therefore does not currently utilize surface water. PRWA is a member agency of CBMWD and a member is entitled to purchase imported water from Metropolitan through CBMWD. However, PRWA remains without any direct connection CBMWD, as the nearest feeder is about two miles west of PRWA, and there are no current plans to construct a connection to the Metropolitan/CBMWD system. If this is reconsidered in the future, the PRWA may assess feasibility of this surface water connection and other options that would make this connection viable.

5.2 Groundwater

Within the region, there are two primary groundwater basins: the Central Basin and the West Coast Basin. The PRWA receives all its groundwater from the Central Basin. Twenty-nine (29) public and private water agencies are supplied by the Central Basin, for which DWR is the Watermaster. The Central Basin is a large alluvial groundwater basin which lies beneath the southeastern portion of the Los Angeles Coastal Plain. The Central Basin is enclosed on the north by Merced Hills, Whittier Narrows, and Puente Hills, on the east by Orange County, and on the southwest by the Newport Inglewood Uplift. A more detailed description of the Basin is included in Appendix C.

As stated previously, the PRWA obtains its potable water supply from the underlying Central Basin groundwater basin that is recharged by local streamflow, imported water, and recycled water. A summary of the water supply sources provided and managed by varying agencies and available to the PRWA are summarized below.

5.2.1 Central Basin Groundwater Basin

The Central Basin contains millions of acre feet of storage and is the principal source of water for the overlying cities and water districts, including the PRWA. The Central Basin groundwater comprises a number of sources: 1) natural recharge from precipitation and runoff from regional/local watersheds; 2) artificial recharge supplied through purchased imported water; and 3) treated effluent from regional wastewater treatment facilities. As stated above, the WRD manages the ongoing artificial recharge activities within the Central Basin groundwater area. Central Basin groundwater users have the ability to extract up to 20 percent above their APA, provided the over-extraction can made up the following year. In addition, WRD allows Central Basin users to carryover up to 20 percent of their APA into the next year. In other words, the carryover supply is only available in the following year and cannot be added to previous carryover supplies. Currently, if an agency exceeds its APA and does not possess carryover quantities from under pumping in previous years, it must lease unused APA from other overlying entities. It is generally understood that several thousand acre feet of APA are reportedly available for lease purchases each year.
5.2.1.1 Description

Groundwater has for many years been the primary supply of water within Central Basin's service area. In fact, it was the sole source of water supply until the Central Groundwater Basin was overdrafted beginning in the late 1940s and throughout the 1950s. Today, the average retail customer agency in Central Basin relies on groundwater production for about 61 percent of its water supply. Although, there still remain many agencies in Central Basin’s service area that rely exclusively on groundwater to meet all current water needs.

Ultimately, the continuous and extensive overpumping of the Basin caused critically low groundwater levels. This overpumping of the Basin resulted in a legal judgment, or adjudication, that limited the allowable extraction that could occur in any given year and assigned water rights to basin pumpers. The adjudicated water rights were greater than the Basin's yield. In essence, the Basin was operating with an annual overdraft. In order to address the overdraft, a strategy was required to purchase imported and recycled water sources. The Central Groundwater Basin Judgment is included as Appendix D of the Central Basin 2015 UWMP.

5.2.1.2 Water Replenishment District of Southern California

The groundwater producers (pumpers) in the area, which are members of the Central Basin Water Association, facilitated the creation of the WRD. The purpose of the WRD is to act as a financial mechanism that purchases imported and recycled water to replenish the Central Groundwater Basin. In 1959, the State Legislature enacted the Water Replenishment Act, enabling the water associations to secure voter approval for the formation of the “Central and West Basin Water Replenishment District.” The WRD has the statutory responsibility to acquire sufficient revenues through an assessment on each acre-foot of water pumped from the groundwater basin to purchase water from other sources to replenish the groundwater supplies within its boundaries for the beneficial use of the approximately 3.5 million residents and water users who rely upon those groundwater resources to satisfy all or a portion of their water needs.

5.2.1.3 Groundwater Rights

Although the water rights have been bought, sold, exchanged or transferred through the years, the total amount of allowable extraction rights within the entire groundwater basin has remained virtually the same. The adjudicated pumping rights from the Central Groundwater Basin are 217,367 AFY. However, not all holders of these rights are within the Central Basin service area. Those rights holders within Central Basin's service area total 161,836 AF. Some of the groundwater rights holders are nurseries, businesses, schools, cemeteries and private entities that make up about 7 percent (16,679 AF) of the total water rights. Of the remainder, 127,237 AF is the water pumped by Central Basins service area cities and water agencies and 55,531 AF is pumped by cities and agencies not affiliated with Central Basin Municipal Water District. The adjudicated pumping rights in the Central Groundwater Basin are presented in the CBMWD 2015 UWMP.

5.2.1.4 Main Basin

Although most of the groundwater supply is extracted from the Central Basin, there are a number of water retailers that retain groundwater rights within the Main San Gabriel Basin (Main Basin) that are extracted and utilized within their Central Basin service area. Main Basin underlies most of the San Gabriel Valley, north of the Central Groundwater Basin. It is bounded by the San Gabriel Mountains to the north, the San Jose Hills to the east, the Puente Hills to the south and by the Raymond Fault and a series of other hills to the west. The total amount of water extracted
from the Main Basin and sold within the Central Basin service area to all retailers was 30,344 AFY. Table 2-4 of the CBMWD 2015 UWMP displays the water 2015 years.

The total amount of groundwater produced in the Central Basin and the Main Basin has remained fairly consistent over the last five years. This is due mainly to the fact that both basins are adjudicated, so groundwater extractions in any given year are limited. The total amount of groundwater projected to be extracted during the next 25 years will also be fairly consistent as shown in the CBMWD’s UWMP (Table 3-2). The economic costs to pump groundwater versus the purchases of imported water will continue to pressure water retailers to maximize their groundwater rights.

5.2.1.5 Groundwater Recharge

The WRD reports annually on its replenishment operations and groundwater management activities. The following information was excerpted from WRD’s March 2015 (Update May 2015) Engineering Survey and Report (ESR).

The Central and West Coast Basins have an annual overdraft because more groundwater is pumped out than is replaced naturally. The CBMWD purchases supplemental water (artificial replenishment water) each year to help offset this overdraft through managed aquifer recharge. The purchased water enters the groundwater basins at the Montebello Forebay spreading grounds, at the seawater barrier injection wells, and through WRD’s In-Lieu Program. The purpose of this Chapter is to determine the quantities of water needed for purchase in the ensuing year and to determine the availability and cost of that water. The WRD currently has available to it recycled and imported water sources for use as artificial replenishment water. These two sources are described below:

Recycled Water: Recycled water is wastewater from the sewer systems that is reclaimed through extensive treatment at water reclamation plants (“WRP”s). The water is treated to high quality standards so that it can be reused safely, and offsets the need to use more expensive and sometimes less available imported water. Some agencies and businesses use recycled water for non-potable purposes, such as for irrigation of parks, golf courses, and street medians, or for industrial purposes (known as “purple-pipe projects”). WRD has successfully used recycled water for groundwater recharge since 1962. In semi-arid areas such as Southern California where groundwater and imported water are in short supply, recycled water has proven to be a safe and reliable additional resource to supplement the water supply. Recycled water is used at the spreading grounds and the seawater barrier wells. Although recycled water is high quality, relatively low cost, and a reliable supply all year long, the District is limited by regulatory agencies in the amount it can use for replenishment. Therefore, imported water is also used for recharge.

Imported Water: Raw river water from northern California (State Water Project) and the Colorado River is imported into Southern California by the Metropolitan Water District of Southern California (“MWD”) and the City of Los Angeles Department of Water and Power (DWP). MWD sells this water as raw or treated to their member agencies for multiple uses, including potable water and groundwater recharge. WRD uses raw (untreated) imported water at the spreading grounds and uses treated potable water for injection at the seawater barrier wells and the In-Lieu program. Because of treatment and transportation costs, imported
water is the most expensive type for groundwater replenishment. Prior to October 2011, MWD offered seasonally available discounted water that could be purchased for replenishment. In turn for the discount, it was considered by MWD to be interruptible and they could stop deliveries at any time. But due to a lack of surplus supplies caused by drought and other factors, MWD has eliminated offering this type of discounted interruptible water. Instead, replenishment agencies such as WRD must now purchase what is known as “Tier 1” or “Tier 2” water from MWD member agencies for spreading and In-Lieu. This water is at a higher price and relies on available allocation from the member agency, but supposed to be firm delivery water (not interruptible); although during extreme droughts MWD can reduce or halt sales to replenishment agencies, as it did in 2014/2015. The seawater barrier injection water has been Tier 1 treated water for decades and has to date not been interrupted by MWD.

**Recommended Quantities of Replenishment Water.** With information presented in the preceding chapters regarding the basins’ pumping demands and the overall condition of the groundwater basins, WRD can estimate its projected need for replenishment water in the ensuing year.

**Spreading**

Groundwater recharge through surface spreading occurs in the Montebello Forebay Spreading Grounds adjacent to the Rio Hondo and the San Gabriel River, within the unlined portion of the San Gabriel River, and behind the Whittier Narrows Dam in the Whittier Narrows Reservoir. Owned and operated by the Los Angeles County Department of Public Works (“LACDPW”), they were originally constructed in 1938 for flood control and conservation of local storm water, but have been used since the 1950s to replenish the basins with imported water and since 1962 with recycled water.

Since recycled water is a high quality, less expensive, and available year-round source of replenishment water, the District maximizes its use within established regulatory limits. These limits are discussed below under “Expected Availability of Replenishment Water.” The District has historically targeted 50,000 AFY of recycled water for spreading to meet regulatory limits. However, with the recent modifications to the District’s permit to allow 45% recycled water over a running 10-year average (see below under Expected Availability of Replenishment Water), the District can now target 55,000 AFY of recycled water as long as sufficient dilution water is available from stormwater and imported water.

Additional replenishment water is needed beyond the 55,000 AFY of recycled water and will have to come from imported water. In 2003, the WRD Board adopted the long term average of 27,600 AFY of imported water to purchase for spreading. This value was based on long-term (30 year) averages of the overall water budget of the basins using the USGS computer model. The 2003 ESR discusses the derivation of this value in more detail.

Since that time, the District has invested in cooperative projects with the LACDPW to capture more storm water and to lessen the need for imported water as part of WRD’s Water Independence Now program, or WIN. Improvements to the Whittier Narrows Conservation Pool are expected to conserve an additional 3,000 AFY of storm water on average. Two new rubber dams were built in the San Gabriel River near Valley Boulevard and are expected to conserve an additional 3,600 AFY on average. And with the revisions to the recycled water permit discussed in the
In the previous paragraph, 5,000 additional AF of recycled water can be planned thus lowering imported water by 5,000 AFY.

Therefore, the new Long Term Average for imported spreading demands is 16,000 AFY, which is the targeted amount for the ensuing year.

**Injection**

To determine the amount of barrier water estimated for the ensuing year, WRD under an Agreement with LACDPW gets annual estimates from the expected demand at the barriers. WRD reviews these estimates; reviews recent 5-year averages of actual injection amounts, and makes adjustments as necessary. For the ensuing year, WRD estimates the West Coast Basin Barrier Project will require 19,000 AF, of which the majority (14,300 AF) will be recycled water from WBMWD’s Edward C. Little Water Recycling Facility and the remaining 14,300 AF will be imported water. For the Dominguez Gap Barrier Project, a total of 8,000 AF is expected to be needed, of which 5,600 AF will be recycled water from the City of Los Angeles’ Terminal Island Treatment Plant (maximum amount currently allowed by permit) and 2,400 of imported water. For the Alamitos Barrier Project, a total of 5,300 AF will be required by WRD (does not include barrier water purchased by Orange County Water District for their side of the barrier), which includes 4,800 AF of recycled water from the expanded Leo J. Vander Lans Water Treatment Facility plant and 500 AF of imported water. The total barrier demand for WRD in the ensuing year is estimated at 32,300 AF, including 7,600 AF imported water (24%) and 24,700 AF of recycled water (76%)

**In-Lieu Replenishment Water**

The basic premise of WRD’s In-Lieu Program is to offset the pumping in the basin to lower the annual overdraft and reduce the artificial replenishment needs. It helps provide an alternate means of replenishing the groundwater supply by encouraging basin pumpers to purchase imported water when available instead of pumping groundwater. This can help raise water levels in areas that are otherwise more difficult to address. MWD has ceased providing seasonally discounted water for the In-Lieu program since 2011, so WRD’s program has been put on hold with the exception of a few localized projects with the City of Long Beach. For the previous year, WRD had an In-Lieu Program with Long Beach for 4,371 AF, which helped keep groundwater in the CBWCB. For the ensuing year, WRD is not budgeting for the In-Lieu program, although may consider new programs if opportunities arise.

**Expected Availability of Replenishment Water.** The availability of water supplies for the ensuing water year has been taken into account when determining how funds should be raised. If a particular resource is expected to be unavailable during a given year, money can still be raised to fund the purchase of that quantity of water in a succeeding year.

**Recycled Water**

Recycled water is reliable all year round but its use for recharge is capped by regulatory limits. The current limits for recycled water spreading in the Montebello Forebay are established by the Los Angeles Regional Water Quality Control Board (“RWQCB”) and are detailed in Order No. 91-100 adopted on September 9, 1991 with amendments on April 2, 2009 under Order No. R4-2009-0048 and June 4,
2013 (letter approval from RWQCB Executive Officer). On April 10, 2014, under Order No. R4-2009-0048-A-01, the RWQCB approved a request by WRD to increase the allowable percentage of recycled water to be recharged at the Montebello Forebay spreading grounds from 35% to 45% over a 10-year running average as a drought relief measure. This major action will allow continued use of historic amounts of recycled water for longer periods of time should the dry conditions continue, and might allow for additional recycled water for recharge should normal to wet hydrologic conditions return. This will allow WRD to continue to maximize use of recycled water for groundwater recharge as part of its Water Independence Now, or WIN, initiative.

The Sanitation Districts of Los Angeles County ("SDLAC") provides the recycled water to WRD for spreading by LACDPW. This water comes from the Whittier Narrows Water Reclamation Plant ("WNWRP"), San Jose Creek Water Reclamation Plant ("SJCWRP"), and Pomona Water Reclamation Plant ("PWRP"). For planning purposes, the District assumes purchasing 55,000 AFY of recycled water in the ensuing year, although this amount can vary based on percentage limits and availability of the recycled water and the spreading grounds.

Recycled water for injection into the seawater barrier wells comes from different agencies depending on the specific barrier. At the WCBBP, the water is provided by WBMWD's Edward C. Little Water Recycling Facility. Per regulatory limits, this resource can provide up to 100% recycled water to the Barrier under their Phase V construction activities, although the volumes produced from the plant have not reached 100%, partially due to the barrier requiring more water than the plant can produce and partially due to the continued ramping up of deliveries from the Phase V plant and conditions imposed by the barrier’s owner/operator, the LACDPW.

Recycled water for the DGBP is typically available from the City of Los Angeles’ Terminal Island Treatment Plant (Harbor Recycled Water Project). The plant is permitted to provide the barrier with a maximum of 5 million gallons per day (mgd), averaged daily (equivalent to 5,600 AFY if running at 5 mgd for the full year), or 50% of the total barrier supply over a 5-year averaging period, calculated by a running monthly average over the preceding 60 months, whichever is less. For the ensuing year, it is estimated that of the 8,000 AF demand next year, 5,600 AF will be recycled water and 2,400 AF will be imported water. Efforts are underway to expand the plant’s treatment capabilities and increase the recycled percentage amount to 100% to eliminate the need for imported water.

Recycled water for the ABP is available from WRD's Leo J. Vander Lans Water Treatment Facility. This treatment plant was permitted to provide up to 100% of the barrier with recycled water in 2014 and is expected to run at this rate starting in early 2015. For the ensuing year, of the 5,300 AF estimated to be injected at the barrier on the WRD-side of the barrier (not including the Orange County side), an estimate of 4,800 AF will be recycled water and 500 AF will be imported water to make up any plant shut downs for maintenance or other issues.

Imported Water

Since October 2011, MWD terminated its discounted replenishment water program which the District utilized since 1959, and has not yet offered a new replenishment program. Replenishment agencies must rely on the more expensive Tier 1 water if it is available from MWD-member agencies, or pay the even higher priced Tier 2
water if Tier 1 water is unavailable. Over the past few years, WRD has budgeted for Tier 1 water for the spreading grounds and the In-Lieu program.

For the imported water used for injection at the seawater barrier wells, the District had paid the treated Tier 1 rate for decades to ensure availability. Because of the increasing price of Tier 1 water, the District is looking at ways to reduce costs. Methods such as reduction of pumping near the barriers, increased recycled water to offset imported water, or banking water at lower seasonal rates are being explored or implemented. At the ABP, the City of Long Beach and WRD have entered into an agreement to bank seasonal treated water and Tier 1 water through inland injection wells and then extract the water for injection at the barriers when needed, thus saving considerable costs on barrier water. In 2009/2010, the 2,000 AF of Tier 1 water banked in 2008/2009 was utilized. The seasonal water banked in 2004/2005 through 2006/2007 has 2,160 AF remaining and can be called at any time that serves the District most effectively.

**Projected Cost of Replenishment Water**

WRD has estimated it will need 103,300 AF of replenishment water in the ensuing year. Using currently available information and estimates for the cost of replenishment water to WRD from the various water suppliers, this water will cost WRD approximately $42,125,595. Costs may change over the next few months as the other agencies adopt their budgets, and any changes will be incorporated into an updated ESR.

### 5.2.2 Central Basin Municipal Water District

Table 3-1 of CBMWD’s 2015 UWMP presents its total wholesale supplies that CBWMD distributes 30,344 AF to retail agencies [including PRWA]; 18,500 AF to WRD for groundwater recharge; 165,509 in wholesale production; and the balance approximately 54,600 AF for municipal, industrial, agricultural and groundwater recharge at Montebello Forebay. Table 3-2 of CBMWD 2015 shows the actual sources and volume of water and projected sources and volume of water that Central Basin provides to its retail agencies. CBMWD’s project supply from all sources is projected to be approximately 308,000 in 2020. Of this quantity 71,770 AF is received from MWD, 182,300 AF is pumped from groundwater sources, recycled water and Montebello Forebay recharge water makes up approximately 54,000AF.

### 5.2.3 PRWA Well Supply System

PRWA’s water distribution system includes a total of twelve (12) wells, some of which are no longer active, which draw potable water directly from the Central Basin. In conjunction with the wells, the supply system includes three (3) booster pump stations and three (3) reservoirs with a combined storage of approximately 1 million gallons. PRWA’s wells are generally located along the outer City boundary. The well pumps are operated to maintain a constant system pressure of 62 to 65 psi.

In early 2009, Well Nos. 5 and 7 were inactive and/or inoperable and not currently being used to supply the water to the distribution system due to various forms of contamination including excessive bacteria, iron and sand detected in the in the water supply. Specifically, Well Nos. 5 and 7 were inactive due to various forms of contamination including excessive quantities of bacteria and iron respectively. Table 20 provides a summary of PRWA’s wells, including location, date drilled, well depth, production of each well and whether the well is currently operational.
Table 20  PRWA Well Summary

<table>
<thead>
<tr>
<th>Well #</th>
<th>Address</th>
<th>Date Drilled</th>
<th>Depth (Ft)</th>
<th>Production AFY</th>
<th>gpm</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8739 Gallatin Road</td>
<td>1950</td>
<td>304</td>
<td>2,495</td>
<td>1,547</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>1956</td>
<td>400</td>
<td>2,900</td>
<td>1,798</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>8316 Washington Blvd.</td>
<td>1955</td>
<td>586</td>
<td>3,100</td>
<td>1,922</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>1960</td>
<td>600</td>
<td>2,600</td>
<td>1,612</td>
<td>Yes</td>
</tr>
<tr>
<td>5</td>
<td>8305 Slauson Avenue</td>
<td>1970</td>
<td>630</td>
<td>1,800</td>
<td>1,116</td>
<td>Inactive from 2008-April 2009 due to Excessive Bacteria</td>
</tr>
<tr>
<td>6</td>
<td>8231 Elmont Avenue</td>
<td>1950</td>
<td>492</td>
<td>718</td>
<td>445</td>
<td>Yes, standby</td>
</tr>
<tr>
<td>7</td>
<td>8523 Ceylon Avenue</td>
<td>1948</td>
<td>302</td>
<td>1,000</td>
<td>620</td>
<td>Inactive due to Excessive Iron</td>
</tr>
<tr>
<td>8</td>
<td>9623 Telegraph Road</td>
<td>1968</td>
<td>627</td>
<td>600</td>
<td>372</td>
<td>Yes, standby</td>
</tr>
<tr>
<td>9</td>
<td>9403 Myron Road</td>
<td>1954</td>
<td>514</td>
<td>900</td>
<td>558</td>
<td>Inactive due to Excessive Sand</td>
</tr>
<tr>
<td>10</td>
<td>9249 Bermudez</td>
<td>1934</td>
<td>464</td>
<td>1,500</td>
<td>930</td>
<td>Inactive since 1980</td>
</tr>
<tr>
<td>11</td>
<td>9732 Lundahl Drive</td>
<td>1952</td>
<td>520</td>
<td>2,800</td>
<td>1,736</td>
<td>Yes</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>1948</td>
<td>468</td>
<td>2,400</td>
<td>1,488</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: PRWA 2009 Water System Master Plan

Well No. 5 is located along Rio Hondo Spreading Grounds. In the last several years, the spreading bed has been deepened by excavation with the base lowered by approximately ten (10) feet in elevation. This has reduced the thickness of the soil between the spreading bed and the aquifer which serves to filter the surface water as it penetrates the soil to replenish the aquifer. In April 2009, Well No. 5 passed its bacteria tests and was placed back in to service after being out of service for over one year.

Historically, groundwater supplies have been sufficient to meet the PRWA’s water demands. In the last several years, PRWA has supplemented its groundwater production with WQPP water purchased from CBMWD.

Table 21 summarizes the PRWA’s groundwater pumping from the Central Basin over the last five (5) years. As shown in the table, production has decreased to about 5,000 AFY. Demand in PRWA’s service area has not increased in over five years, in fact as shown in the table below, annual demand decreased dramatically between 2014 and 2015. Annual demand for FY 2016 (ending June 30, 2016) is projected to be approximately 4,400 AF.

Table 21  Groundwater — Volume Pumped (AF)

<table>
<thead>
<tr>
<th>Basin Name(s)</th>
<th>Metered or Unmetered</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Water Basin</td>
<td>Metered</td>
<td>4,806</td>
<td>5,054</td>
<td>4,893</td>
<td>5,031</td>
<td>4,561</td>
</tr>
<tr>
<td>Groundwater as a percent of total water supply</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: City of Pico Rivera 10-Year Total Water Use data
Table 22 shows the projected supplies within PRWA’s service area. The Central Basin is expected to be reliable in all years and over the 25 year planning horizon. Groundwater supplies are expected to remain constant and stable due to the adjudication of the Central Basin – if the PRWA can continue to access recycled water from CBMWD, then in most years, use of additional recycled water would reduce the groundwater pumping pressure within the basin.

### Table 22  Groundwater — Volume Projected to be Pumped (AF)

<table>
<thead>
<tr>
<th>Basin Name(s)</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Water Basin (facilities and consumptive only)</td>
<td>4,561</td>
<td>5,457</td>
<td>5,590</td>
<td>5,727</td>
<td>5,867</td>
</tr>
<tr>
<td>Percent of total water supply</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Since PRWA’s annual pumping allocation from CBMWD is limited to 5,579 AFY, PRWA is projected to require a modest quantity of water from other supply sources to meet future demands. The only legal constraints to groundwater supply are the APA, as provided under the adjudication of the Central Basin. As stated above, the WRD manages the ongoing artificial recharge activities within the Central Basin groundwater area. Central Basin groundwater users have the ability to extract up to 20 percent above their APA provided the over-extraction can make up the following year. In addition, WRD allows Central Basin users to carryover up to 20 percent of their APA into the next year. In other words, the carryover supply is only available in the following year and cannot be added to previous carryover supplies. Currently, if an agency exceeds its APA and does not possess carryover quantities from under pumping in previous years, it must lease unused APA from other overlying entities. It is generally understood that several thousand acre feet of APA are reportedly available for lease purchases each year. The WRD also allows for increased pumping under specific (dry year) conditions as discussed in its ESR. Historically when additional supplies beyond the base allotment of 5,579 AFY are required to meet demand, the PRWA has been able to lease groundwater water rights from other Central Basin groundwater users that have surplus supplies available.

### 5.3 Transfer or Exchange Opportunities

Currently, the PRWA does not transfer and/or exchange any water supply to or from other entities and this report does not anticipate that transfers or exchanges will occur in the future. In the future, within the Gateway Authority IRWMP there could be opportunities created that would allow transfer or exchanges within interested parties. The PRWA will need to monitor the progress on these opportunities in the coming years.

### Table 23  Transfer and Exchange Opportunities (AF)

<table>
<thead>
<tr>
<th>Transfer Agency</th>
<th>Transfer or exchange</th>
<th>Short term or long term</th>
<th>Proposed Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### 5.4 Desalination

Desalinated water is not currently perceived to be a viable option for PRWA, and neither brackish nor impaired groundwater is pumped.
5.5 Recycled Supply

CBMWD operates a large regional recycled water system. PRWA currently received recycled water from CBMWD. In order to continually optimize the use of recycled water to offset demands on the potable water system, PRWA coordinated as needed with local agencies responsible for water supply and wastewater collection and distribution. Table 24 lists these agencies and their responsibilities.

<table>
<thead>
<tr>
<th>Agency Type</th>
<th>Agency Name</th>
<th>Plan Development Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local water wholesaler</td>
<td>Central Basin Municipal Water District</td>
<td>Provided recycled water supply and demand information</td>
</tr>
<tr>
<td>Wastewater agency</td>
<td>Los Angeles County Sanitation Districts (2,18)</td>
<td>Provided recycled water supply and demand information</td>
</tr>
<tr>
<td>Other</td>
<td>Public Constituencies</td>
<td>Provided recycled water supply and demand information</td>
</tr>
</tbody>
</table>

5.5.1 Wastewater Collection & Treatment

The estimated sewer service population is approximately the same as the number of water customers. Within PRWA’s service area, the City is responsible for wastewater collection and conveyance to the Los Angeles County Sanitation District (LACSD) San Jose Creek Water Reclamation Plant (WRP), located in unincorporated Los Angeles County, next to the City of Whittier. LACSD also treats wastewater from several other municipalities. LACSD discharges treated effluent into the ocean, and provides recycled water for use in groundwater recharge and irrigation of parks, schools, and greenbelts.

PRWA does not maintain any records of sewage, so the volumes in Table 25 are calculated assuming 55 percent of residential water and 80 percent of commercial water used is returned to the sewer system.

<table>
<thead>
<tr>
<th>Type of Wastewater</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater collected &amp; treated in service area</td>
<td>3,460</td>
<td>2,813</td>
<td>2,841</td>
<td>2,870</td>
<td>2,899</td>
<td>2,928</td>
<td>2,957</td>
</tr>
<tr>
<td>Volume that meets recycled water standard</td>
<td>3,460</td>
<td>2,813</td>
<td>2,841</td>
<td>2,870</td>
<td>2,899</td>
<td>2,928</td>
<td>2,957</td>
</tr>
</tbody>
</table>

Note: Estimated wastewater flow based on 55 percent of residential and 80 percent of commercial potable water demands.

Within PRWA’s service area, discharge of treated wastewater is regulated by the Regional Water Quality Control Board (RWQCB). In general, the majority of the wastewater generated and treated during the summer months is used for alternative beneficial uses such as wetland habitat and restoration and irrigation for golf courses. The use of the recycled water helps supply part of the water demand of other agencies during the peak summer months.

Wastewater collected by LACSD and sent to the San Jose Creek WRP as shown in Table 26, including discharges of PRWA wastewater, is treated to a blend of advanced primary, secondary levels, and tertiary treatment. Of the 82,600 AFY of wastewater the plant processes,
approximately 34,800 are reused at 17 different sites, one of which is the Pico Rivera Municipal Golf Course.

Table 26  Recycled Water — Non-recycled Wastewater Disposal (AF)

<table>
<thead>
<tr>
<th>Method of Disposal</th>
<th>Treatment Level</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles County Sanitation District</td>
<td>Secondary/advanced primary/tertiary</td>
<td>47,800</td>
<td>47,800</td>
<td>47,800</td>
<td>47,800</td>
<td>47,800</td>
</tr>
</tbody>
</table>

Source: http://www.lacsd.org/info/water_reuse/refy0405/default.asp

5.5.2 Recycled Water Uses

In an effort to conserve potable water the Rio Hondo water reclamation program is being completed. Currently, only one PRWA customer, the Pico Rivera Municipal Golf Course, is using recycled water for landscape irrigation. The golf course recycled water use is expected to increase to 100 AFY in 2015 and then to 200 AFY in 2020. PRWA’s 2015 recycled water use compared to the 2010 UWMP projection is summarized in Table 27.

Table 27  Recycled Water — 2010 UWMP Use Projection Compared to 2015 Actual (AF)

<table>
<thead>
<tr>
<th>Use type</th>
<th>2010 actual use</th>
<th>2015 actual use</th>
<th>2015 Projection for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landscape irrigation</td>
<td>78</td>
<td>100</td>
<td>200</td>
</tr>
</tbody>
</table>

5.5.3 Potential Uses of Recycled Water

Potential recycled water users are locations where recycled water could replace potable water use. These potential users are typically landscape irrigation systems, or possibly some types of industrial or commercial water users.

CBMWD currently provides recycled water to the Pico Rivera Golf Course which is located within the PRWA service area. It is recommended that PRWA continue discussions with CBMWD regarding future opportunities, as CBMWD plans to expand recycled water across the north end of the City to complete a recycled water loop through the City of Commerce. Potential recycled water customers within the northern portion of PWRA would include Streamland Park and Rio Hondo Park. In addition, Pico Park could be served recycled water through an extension into the PWD service area along Beverly Boulevard.

The identified potential uses for recycled water are shown in Table 28. Future customers, such as Streamland Park or Rio Hondo Park have not been included as a feasible potential customer at this time.

Table 28  Recycled Water — Potential Future Use (AF)

<table>
<thead>
<tr>
<th>User Type</th>
<th>Description</th>
<th>Feasibility</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landscape irrigation</td>
<td>Pico Rivera Municipal Golf Course</td>
<td>Current customer</td>
<td>100</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>
5.5.4 Proposed Actions to Encourage Use of Recycled Water

One of the primary means of promoting recycled water is the fact that it is mandated by law when available at a reasonable price and is of acceptable quality. There is the potential for additional incentives such as pricing discounts, financing of retrofitting costs, and assistance with any technical, regulatory, or institutional issues that might arise.

Table 29 Recycled Water — Methods to Encourage Recycled Water Use (AF)

<table>
<thead>
<tr>
<th>Actions</th>
<th>Projected Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Financial incentives</td>
<td>NA</td>
</tr>
</tbody>
</table>

Note: TBD = updated in future updates of the PRWA’s UWMPs.

5.6 Planned Water Supply Projects and Programs

PRWA has not identified any future water supply projects that are considered viable at this point. However, CBWMD as the local wholesaler is considering a number of recycled water projects to deliver additional recycled water supplies to disadvantaged communities like the City of Pico Rivera. These projects include:

- Pico Rivera Mines Avenue Recycled Water Expansion Project - This project will connect the identified sites including City of Pico Rivera with a portion of an estimate 275 AFY of recycled water.
- Pico Rivera North Recycled Water Expansion Project - This project will meet approximately 150 AFY of recycled water demands
- Pico Rivera South Recycled Water Expansion Project - This project will meet approximately 200 AFY of recycled water demands.

As mentioned above, one possible option for the PRWA to consider is connecting to surface water supplies from Metropolitan via CBMWD if use of surface water is advantageous in under certain hydrologic conditions.

Table 30 Future Water Supply Projects (AF)

<table>
<thead>
<tr>
<th>Project name</th>
<th>Projected start date</th>
<th>Projected completion date</th>
<th>Potential project constraints</th>
<th>Normal-year supply</th>
<th>Single-dry year supply</th>
<th>Multiple-dry year first year supply</th>
<th>Multiple-dry year second year supply</th>
<th>Multiple-dry year third year supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Planned</td>
<td>Not necessary</td>
<td>~</td>
<td>~</td>
<td>~</td>
<td>~</td>
<td>~</td>
<td>~</td>
<td>~</td>
</tr>
</tbody>
</table>

PRWA’s total current and planned supplies are shown in Table 31. The purchased water will meet PRWA’s current and planned future water demands.
### Table 31  Water Supplies — Current and Projected (AF)

<table>
<thead>
<tr>
<th>Water purchased from:</th>
<th>Wholesaler supplied volume (yes/no)</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Basin Municipal Water District</td>
<td>Yes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Supplier-produced groundwater</td>
<td>No</td>
<td>5,579</td>
<td>5,579</td>
<td>5,579</td>
<td>5,579</td>
<td>5,579</td>
</tr>
<tr>
<td>Transfers</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Recycled Water (some potential)</td>
<td></td>
<td>100</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Other (additional groundwater through one-time lease)</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5,679</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
</tr>
</tbody>
</table>
6.0 Water Supply Reliability

6.1 Reliability of Supply

The Act states that every urban water supplier shall include, as part of its plan, an assessment of the reliability of its water supplies. The water supply and demand assessment must compare the total projected water use with the expected water supply over the next 25 years in 5-year increments. This reliability assessment is required for normal, single dry-year and multiple dry water years.

PRWA uses deep groundwater exclusively, and has 100 percent reliability regardless of droughts. During short-term periods of water supply reductions, PRWA would implement its water shortage contingency plan, which is presented in Appendix D.

The tables presented in this Section show projected demand and supply during normal years, dry years, and multiple dry years. The projected supply in these tables is equal to the projected demand. If PRWA’s future demands are slightly more or less than currently projected, it is anticipated that the supply portfolio maintained by PRWA will be flexible enough to continue to meet the demands.

For the purposes of estimating demands, base water years are defined in Table 32. The "Normal Water Year" used in this plan is based on the average rainfall year FY 2009 - 2010. According to the National Weather Service, the recorded rainfall in FY 2009 - 2010 was 16.36 inches at the Los Angeles Civic Center. One of the closest years to the historical average of 15.38 inches. The "Single Dry Year" is based on the lowest rainfall year FY 2006 - 2007. The recorded rainfall in FY 2006 - 2007 was only 3.21 inches, the lowest recorded year in Los Angeles history. The three "Multiple Dry Water Years" used below were based upon the multiple dry-year period FY 1990 – 1992.

Table 32 Basis of Water Year Data

<table>
<thead>
<tr>
<th>Water Year Type</th>
<th>Base Year(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Water Year</td>
<td>2009-2010</td>
</tr>
<tr>
<td>Single-Dry Year</td>
<td>2006-2007</td>
</tr>
<tr>
<td>Multiple-Dry Years</td>
<td>1990-1992</td>
</tr>
</tbody>
</table>

Note: Consistent with Central Basin MWD, 2015 UWMP Table 3-3.

Recycled water demands are to be met with recycled water from CBMWD. During dry periods, many conservation measures are focused on reducing outdoor water use, which does not contribute to wastewater flow. In addition, because both of these plants are scalping plants, the recycled water output is limited by the treatment capacity and not by the supply of raw wastewater. Therefore, PRWA's recycled supply is not expected to be subject to reduction during dry periods.

---

3 Central Basin MWD, Draft 2015 UWMP, page 3-22.
Water supply reliability based on an average water year is summarized in Table 33.

Table 33  Supply Reliability — Historic Conditions (AF)

<table>
<thead>
<tr>
<th>Average / Normal Water Year</th>
<th>Single Dry Water Year</th>
<th>Multiple Dry Water Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td>Groundwater</td>
<td>5,579</td>
<td>5,579</td>
</tr>
<tr>
<td>Percent of Average/Normal Year:</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 34  Factors Resulting in Inconsistency of Supply

<table>
<thead>
<tr>
<th>Water supply sources</th>
<th>Specific source name, if any</th>
<th>Limitation quantification</th>
<th>Legal &amp; Environmental</th>
<th>Water quality</th>
<th>Climatic</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Basin (groundwater)</td>
<td>Central Basin</td>
<td>APA</td>
<td>APA</td>
<td>See Section 4</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Leased water rights (groundwater)</td>
<td>Central Basin</td>
<td>Lease Agreements</td>
<td>Lease Agreements with Other Central Basin water suppliers</td>
<td>See Section 4</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>0</td>
<td>0</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Table 35  Supply Reliability — Current Water Sources (AF)

<table>
<thead>
<tr>
<th>Water supply sources</th>
<th>Average / Normal Water Year Supply</th>
<th>Multiple Dry Water Year Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 2016</td>
<td>Year 2017</td>
</tr>
<tr>
<td>Central Basin (groundwater)</td>
<td>5,579</td>
<td>5,579</td>
</tr>
<tr>
<td>Leased water rights (groundwater)</td>
<td>Up to 200</td>
<td>Up to 200</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Supply totals</td>
<td>5,779</td>
<td>5,779</td>
</tr>
<tr>
<td>Percent of normal year:</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

6.2  Projected Normal Water Year Supply and Demand

PRWA’s potable water supply is expected to continue to be supplied by groundwater from the Central Basin. Recycled water will provide additional supply.

In 2010, PRWA’s demand was 5,191 acre-feet. Over the last five years demand has decreased by approximately 500 AFY in 2015. The water supply and demand assessment must compares the total projected water use with the expected water supply over the next 20 years in 5-year increments. This reliability assessment is required for normal, single dry-year and multiple dry water years. The Central Basin groundwater is expected to be reliable in all years and over the 25 year planning horizon. Groundwater supplies are expected to remain constant and stable due to the adjudication of the Central Basin. Furthermore, groundwater is assumed to be drought-resistant and can be relied on under all hydrologic conditions.
The projected supply and demand under normal, single and multiple dry years conditions are shown in tables 26, 37 and 38. As shown in Table 36 the results of the comparison show a projected surplus in all years beginning in 2020 and extending to 2035. It’s important to note that this long-term projection may not hold true if increasing densification within PRWA’s service area increases demand above 5,779 AFY. However, this does not account for water use efficiencies through active and passive conservation measures that could reduce annual demand below the demand projections shown in Table 36.

<table>
<thead>
<tr>
<th>Water supply sources</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groundwater</td>
<td>5,579</td>
<td>5,579</td>
<td>5,579</td>
<td>5,579</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Supply totals</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
</tr>
<tr>
<td>Demand totals</td>
<td>5,365</td>
<td>5,364</td>
<td>5,388</td>
<td>5,412</td>
</tr>
<tr>
<td>Difference</td>
<td>414</td>
<td>415</td>
<td>391</td>
<td>367</td>
</tr>
</tbody>
</table>

Note: Application of GPCD used to determine projected demand over 25-year planning horizon.

6.3 Projected Single-Dry-Year Supply and Demand Comparison

Changes in weather can lead to changes in water use. During dry years, water demands can be expected to increase. PRWA has elected to use normal year demands to estimate its dry-year demands. PRWA’s recycled water supply was assumed to be “drought-proof” and not subject to reduction during dry periods. As shown in Table 37 the results of the comparison show a projected surplus in each single dry year beginning in 2020 and extending to 2035. It’s important to note that this long-term projection may not hold true if increasing densification within PRWA’s service area increases demand above 5,779 AFY. However, these projections do not account for water use efficiencies through active and passive conservation measures that could reduce annual demand below the demand projections shown in Table 37.

<table>
<thead>
<tr>
<th>groundwater</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groundwater</td>
<td>5,579</td>
<td>5,579</td>
<td>5,579</td>
<td>5,579</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Supply totals</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
</tr>
<tr>
<td>Demand totals</td>
<td>4,591</td>
<td>4,703</td>
<td>4,818</td>
<td>4,936</td>
</tr>
<tr>
<td>Difference</td>
<td>1,188</td>
<td>1,076</td>
<td>961</td>
<td>843</td>
</tr>
</tbody>
</table>

Note: Application of GPCD used to determine projected demand over 25-year planning horizon.

6.4 Projected Multiple-Dry-Year Supply and Demand Comparison

The Act requires water agencies to project demands and supplies during multiple dry years. Projections were prepared for five time frames: five-year periods ending in 2020, 2025, and 2035. Normal-year demands for intermediate years were interpolated between the demand values in Table 36. Dry-year demands were assumed to be the same as normal demands. PRWA’s recycled water supply was assumed to be “drought-proof” and not subject to reduction during dry periods.
As shown in Table 38, the results of the comparison show a projected surplus in all multiple dry years beginning in 2020 and extending to 2035. It’s important to note that this long-term projection may not hold true if increasing densification within PRWA’s service area increases demand above 5,779 AFY. However, these projections do not account for water use efficiencies through active and passive conservation measures that could reduce annual demand below the demand projections shown in Table 38.

The estimated supply and demand for five dry years ending in 2035 are summarized in Table 38.

Table 38  Supply and Demand Comparison — Multiple Dry Year Events (AF)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Multiple-dry year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>first year supply</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply totals</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
</tr>
<tr>
<td>Demand totals</td>
<td>4,591</td>
<td>4,703</td>
<td>4,818</td>
<td>4,936</td>
</tr>
<tr>
<td>Difference</td>
<td>1,188</td>
<td>1,076</td>
<td>961</td>
<td>843</td>
</tr>
<tr>
<td><strong>Multiple-dry year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>second year supply</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply totals</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
</tr>
<tr>
<td>Demand totals</td>
<td>4,591</td>
<td>4,703</td>
<td>4,818</td>
<td>4,936</td>
</tr>
<tr>
<td>Difference</td>
<td>1,188</td>
<td>1,076</td>
<td>961</td>
<td>843</td>
</tr>
<tr>
<td><strong>Multiple-dry year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>third year supply</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply totals</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
<td>5,779</td>
</tr>
<tr>
<td>Demand totals</td>
<td>4,591</td>
<td>4,703</td>
<td>4,818</td>
<td>4,936</td>
</tr>
<tr>
<td>Difference</td>
<td>1,188</td>
<td>1,076</td>
<td>961</td>
<td>843</td>
</tr>
</tbody>
</table>

Note: Application of GPCD used to determine projected demand over 25-year planning horizon.
7.0 Water Shortage Contingency Plan and Drought Management

This section describes PRWA's water shortage planning efforts. Water shortages may result from weather variations and catastrophes such as pipeline failures, supply contamination, and earthquakes. During periods of drought, PRWA will utilize its Water Shortage Contingency Plan (WSCP), as adopted in 1992.

City Ordinance No. 826 stipulates the use of a four-stage rationing plan to be used in case of water shortage. The rationing plan utilizes both voluntary and mandatory water rationing depending on the severity of the water shortage.

It is highly unlikely that PRWA's ability to pump groundwater would be impeded by natural disasters for more than several days as studies indicate that groundwater wells would probably be back in operation within five days of a severe earthquake.

PRWA storage reservoirs hold treated potable water capable of providing all PRWA customers with 45 GPCD for 12 hours, in case of emergency. Therefore, if well site production was stopped due to electrical failure or transmission line malfunctions, these reservoirs would be the key water supply sources to the PRWA service area.

7.1 Stages of Action

The Act requires that urban water agencies conduct a water shortage contingency analysis as part of their 2010 UWMP. In 1992, PRWA adopted its WSCP in response to California Assembly Bill Number 11. The WSCP is intended to conservatively manage PRWA water resources to provide water to its customers on an equitable and business-sound basis, in the event of a curtailment of deliveries of up to 50 percent. Table 39 shows the water supply stages and conditions for PRWA.

<table>
<thead>
<tr>
<th>Stage No.</th>
<th>Water Use Restrictions</th>
<th>Water Supply Reduction Goal</th>
<th>Percent of Supply Shortage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Water Supply Warning</td>
<td>Voluntary</td>
<td>15% reduction</td>
<td>Up to 15%</td>
</tr>
<tr>
<td>2 - Water Shortage Alert</td>
<td>Voluntary and/or Mandatory</td>
<td>25% reduction</td>
<td>15-25%</td>
</tr>
<tr>
<td>3 - Water Shortage Crisis</td>
<td>Mandatory</td>
<td>35% reduction</td>
<td>25-35%</td>
</tr>
<tr>
<td>4 - Water Shortage Emergency</td>
<td>Mandatory</td>
<td>Up to 50% reduction</td>
<td>35-50%</td>
</tr>
</tbody>
</table>

7.2 Estimate of Minimum Supply for Next Three Years

The Act requires an estimate of the minimum supply available during the next three years (2011 – 2014). It is suggested that the estimate be based on the driest three-year historic sequence for the water supply (as shown in Table 39 and consistent with CBMWD's multiple dry year scenario FY 2006-2009). PRWA’s supply of potable water comes from their groundwater wells. Central Basin is expected to provide sufficient water to its member agencies even during dry years. Table
40 shows the estimated minimum supply the PRWA could expect to have in the event of a supply reduction in the Central Basin.

PRWA’s recycled supply is currently provided by CBMWD. During a drought event, reduced water consumption could lead to reduced raw wastewater flows. However, much of the reduction in water use is expected to come through a reduction in outdoor use, which should not impact wastewater flows. The supply of recycled water is considered to remain constant during multiple dry years.

### Table 40 Water Shortage Contingency

<table>
<thead>
<tr>
<th>Water supply sources</th>
<th>Normal Water Year Supply 2016</th>
<th>Minimum Supply for Next Three Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 2016</td>
<td>Year 2017</td>
</tr>
<tr>
<td>Central Basin (groundwater)</td>
<td>5,579</td>
<td>5,579</td>
</tr>
<tr>
<td>Recycled Water (via CBWMD)</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Percent of normal year</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Contract agreements determine quantities of leased extractions.

### 7.3 Catastrophic Supply Interruption Plan

Catastrophic events such as earthquakes or regional power outages can impact water supply. PRWA developed its Emergency Response Plan (ERP) (included in Appendix E) to meet emergencies within its service area and has updated the plan as necessary. The ERP provides information on PRWA operations, assigns responsibilities, and establishes general policies and procedures associated with operations during natural disasters, technological incidents, and nuclear defense emergencies.

PRWA has storage reservoirs to provide water during an interruption to supply. These reservoirs hold treated potable water capable of providing all PRWA customers with 45 GPCD for 12 hours. PRWA has also established minor emergency interconnections with the City of Whittier and the San Gabriel Valley Water Company for use during short-term outages. These minor interconnections are intended for emergencies. During an extended outage or drought, these neighboring agencies may not have sufficient supply at these minor interconnections to share significant amounts with PRWA.

Table 41 summarizes various possible catastrophes and a summary of the actions that would be taken in response.

### Table 41 Preparation Actions for a Catastrophe

<table>
<thead>
<tr>
<th>Possible Catastrophe</th>
<th>Summary of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire</td>
<td>For motors and switchgear (including well facilities, pumps, or control centers), staff are not allowed to enter the site. Staff will notify the fire authority and be available to assist as necessary. For fires in the motor or switchgear, where possible, the main electrical breaker should be turned off.</td>
</tr>
<tr>
<td>Earthquake</td>
<td>Staff will take appropriate defensive measures until the earthquake has passed. After an earthquake, pumps, wells, control cabinets, reservoirs, and pipelines will be inspected for damage. Preparation will be initialized for the isolation of the reservoir water supply and prepared for emergency distribution.</td>
</tr>
</tbody>
</table>
**Table 41 Preparation Actions for a Catastrophe**

<table>
<thead>
<tr>
<th>Possible Catastrophe</th>
<th>Summary of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flooding</td>
<td>Sandbagging will be used, where feasible, to protect PRWA facilities. Motors or electrical switchgears that could come in contact with floodwaters will be turned off, and the main breakers will be deactivated. After a flood, well and distribution system samples will be taken to ensure water quality has not been compromised. If contamination is present, immediate action will be taken, including additional chlorination, flushing, activation of interconnections, public notification, and/or boil water orders.</td>
</tr>
<tr>
<td>Sabotage of Water Supplies</td>
<td>If there is evidence of tampering, such as an open or damaged reservoir hatch, apparent tampering with wells or pumps, suspicious containers left on site, or water having a strange odor or color, the following steps must be taken:&lt;br&gt;  - Isolate the affected system&lt;br&gt;  - Immediately notify your supervisor and management&lt;br&gt;  - Isolate the area and notify local law enforcement officials&lt;br&gt;  - Collect water samples for analysis.&lt;br&gt;  - Notify the Health Department.&lt;br&gt;  - Notify the public, as appropriate&lt;br&gt;  - Flush and chlorinate, as appropriate&lt;br&gt;  The system will be returned to service only after testing has deemed it safe.</td>
</tr>
<tr>
<td>System Contamination</td>
<td>For contamination within the distribution system, reservoir, or wells, the procedures in the Emergency Chlorination Plan will be followed.</td>
</tr>
<tr>
<td>Disruption of Supply</td>
<td>In the event of supply due to issues such as well failure, commercial power failure, and pipeline failure, emergency generators will be activated. If the problem involves the operation of a well, a well/pump repair company will be contacted for assistance.</td>
</tr>
<tr>
<td>Civil Disorder</td>
<td>In the event of civil disorder, PRWA facilities will remain locked and, as practical, staffed by PRWA staff. Additional private security guards will be hired as required.</td>
</tr>
<tr>
<td>Disruption of Distribution Pumping</td>
<td>For disruptions in distribution pumping, such as a fire at a well site, staff will first contact his or her superintendent to inform the superintendent of the situation. After calling for assistance, the site will be shut down, and an alternate well will be activated, after which the chlorine residual will be checked.</td>
</tr>
<tr>
<td>Main Breaks</td>
<td>Repairs of main breaks will be immediately initiated and repaired by PRWA staff, unless the General Manager or the field superintendent deems that assistance is necessary. A PRWA representative will monitor the repair activity to insure that all repair work is in accordance with AWWA and PRWA standards.</td>
</tr>
<tr>
<td>Damaged or Sheered Fire Hydrant</td>
<td>Damaged/sheered hydrants shall be isolated by closing the hydrant lateral valve, and repairs will be made thereafter. If repairs cannot be made, the area will be delineated and secured, and a bag will be placed over the hydrant to prevent usage. Staff will immediately notify the local fire authority of the hydrant’s location, and that it is out of service.</td>
</tr>
<tr>
<td>Commercial Power Outages</td>
<td>Staff will contact the Southern California Edison (SCE) to determine the anticipated outage duration. Two diesel-powered generators are permanently installed at two well sites to provide power for distribution pumping, and two other well sites are equipped with a natural gas engines that are designed to run in the case of a power outage. Currently, the City is in the design phase to add backup generators for use at other City well sites. Once power has been restored, time will be allowed to let the SCE system stabilize, and then the generator and natural gas engine will be stopped.</td>
</tr>
<tr>
<td>Building Evacuation</td>
<td>For a building evacuation, staff shall follow the posted evacuation route to the assigned staging area. The evacuation commander will sound the evacuation alarm and oversee the evacuation. If it is safe to do so, gas and electrical service to the building will be shut off.</td>
</tr>
<tr>
<td>Bomb Threats</td>
<td>All bomb threats are taken seriously. For an occupied building, the building must be evacuated until the threat is alleviated. PRWA management, local police, and local fire authorities must be immediately notified of the threat. PRWA employees are not allowed to try to disable a suspected bomb or suspicious device, and the area will be secured, allowing access only to authorized personnel.</td>
</tr>
</tbody>
</table>
Table 41 Preparation Actions for a Catastrophe

<table>
<thead>
<tr>
<th>Possible Catastrophe</th>
<th>Summary of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Water Disbursement</td>
<td>If it is impossible to distribute water through the normal distribution system, emergency water distribution is possible from the reservoir. PRWA staff will create a distribution center to supply water requests from reservoir taps.</td>
</tr>
<tr>
<td>Emergency Notification</td>
<td>For emergency events requiring public notification, PRWA will follow the directions ascribed by the state health department. As necessary, electronic media, radio and television, and print media (in both English and Spanish) will be utilized. Two vehicles with loudspeakers will also be available to notify residents of the emergency and any special circumstances such as water conservation requests. This should be accomplished within 2.5 hours.</td>
</tr>
</tbody>
</table>

### 7.4 Prohibitions, Penalties and Consumption Reduction Methods

PRWA has established a water shortage management plan that becomes effective during different stages of water shortage. Mandatory prohibitions on water usage during water shortages apply to all PRWA customers. The mandatory prohibitions are shown in Table 42.

Table 42 Water Shortage Contingency — Mandatory Prohibitions

<table>
<thead>
<tr>
<th>Prohibitions</th>
<th>Stage When Prohibition Becomes Mandatory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed landscape must be native to Pico Rivera climate.</td>
<td>I</td>
</tr>
<tr>
<td>No loss of water from user's property when irrigating landscape.</td>
<td>I</td>
</tr>
<tr>
<td>Irrigation during morning and evening hours to avoid evaporation loss.</td>
<td>I</td>
</tr>
<tr>
<td>All leaks must be repaired.</td>
<td>I</td>
</tr>
<tr>
<td>Use of a broom or other non-water means to clean hardscape.</td>
<td>I</td>
</tr>
<tr>
<td>Use of reclaimed water where and when available.</td>
<td>I</td>
</tr>
<tr>
<td>Potable water used to irrigate grass, lawns, ground cover, shrubbery, vegetation, and trees shall not result in runoff of more than five minutes.</td>
<td>II</td>
</tr>
<tr>
<td>Potable water shall not be used to wash sidewalks, walkways, driveways, parking lots, open ground, or other hard-surfaced areas, except where necessary for public health or safety.</td>
<td>II</td>
</tr>
<tr>
<td>Potable water shall not be allowed to escape from breaks within the customer's plumbing system for more than twenty-four hours after the customer is notified or discovers the break.</td>
<td>II</td>
</tr>
<tr>
<td>Washing cars, boats, trailers, aircraft, or other vehicles by hose shall not be done without a shutoff nozzle and bucket, except to wash such vehicles at commercial or fleet vehicle washing facilities using water recycling equipment.</td>
<td>II</td>
</tr>
<tr>
<td>No restaurant, hotel, café, cafeteria, or other public place where food is sold, served, or offered for sale, shall serve drinking water to any customer unless expressly requested.</td>
<td>III</td>
</tr>
<tr>
<td>Cleaning, filling, or maintaining decorative fountains, lakes, or ponds with potable water is prohibited.</td>
<td>III</td>
</tr>
<tr>
<td>Where non-potable or recycled water is sufficient, potable water may not be used for construction, compaction, dust control, street or parking lot sweeping, or building washdown.</td>
<td>III</td>
</tr>
<tr>
<td>City Manager must issue prior approval for the use of potable water for sewer system maintenance or fire protection training.</td>
<td>III</td>
</tr>
</tbody>
</table>
In addition to the prohibitions above, PRWA has identified a number of methods to reduce water consumption during a drought. Public information notices will be used to inform and persuade customers to reduce water demand levels. These methods are summarized in Table 43.

Table 43 Water Shortage Contingency — Consumption Reduction Methods

<table>
<thead>
<tr>
<th>Consumption Reduction Method</th>
<th>Stage When Method Takes Effect</th>
<th>Projected Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary best efforts in general water use</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>- Reduce general use by 10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Water-efficient landscaping is encouraged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- No runoff from irrigation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cease irrigation between 11 a.m. and 4 p.m.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary and mandatory restriction in general water use (same as Stage I restrictions plus):</td>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>- Reduce general use by 20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cease irrigation between 6 a.m. and 6 p.m., except with hand-held hose or using reclaimed water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Irrigation only 3 times per week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mandatory restrictions (same as Stage II restrictions plus):</td>
<td>3</td>
<td>35%</td>
</tr>
<tr>
<td>- Reduce general use by 35%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Commercial car washing using recycled water only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- No golf course water unless reclaimed water is used</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Irrigation only 2 times per week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mandatory restrictions (same as Stage III restrictions plus):</td>
<td>4</td>
<td>50%</td>
</tr>
<tr>
<td>- Reduce general use by 50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Water rationing by customer class</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Irrigation only 1 time per week</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The PRWA may impose surcharges or other penalties for noncompliance with the requirements or prohibitions in accordance with Section 39 of its Code of Ordinance. PRWA’s current rate structure consists of a fixed monthly rate (based on meter size) plus a consumption charge based on actual water delivered. Each PRWA customer has an allotment based on seasonal patterns and each customer shall be notified of their classification and allotment by mail before the water shortage emergency takes effect. New customers and connections will be notified at the commencement of service. For all PRWA customers, an excess use penalty per HCF of water will be applied for water used beyond the applicable allocation. After one written warning, PRWA may install a flow-restricting device on the service line of any customer observed by PRWA staff to be using water for any non-essential or unauthorized use.

These penalties are summarized in Table 44.

Table 44 Water Shortage Contingency — Penalties and Charges

<table>
<thead>
<tr>
<th>Penalty</th>
<th>Situation when Penalty May Take Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess use charge assessed</td>
<td>3</td>
</tr>
<tr>
<td>Installation of flow restrictor</td>
<td>4</td>
</tr>
</tbody>
</table>
7.5 Revenue Impacts of Reduced Sales During Shortages

Anticipated shortfalls in projected revenue due to water supply shortages would need to be covered through increased water rates and/or an advance from funds set aside by PRWA. PRWA receives 93 percent of its normal annual revenues from monthly charges. Surplus revenues are used to fund the water system capital improvements. Anticipated shortfalls in projected revenue due to water supply shortages are covered through an emergency fund, which is maintained at 75 percent of normal PRWA annual revenue. However, a rate increase could still be needed during a prolonged water shortage. Recommended percent increases during Stages 1 through 4 are 15, 25, 50, and 100 percent, with the maintenance of a fifteen (15) percent increase over pre-shortage rates to recover lost revenues. The impacts of such a reduction on the PRWA’s revenue are shown in Table 45.

Measures to overcome expenditure impacts and estimated dollar savings are provided in Table 46.

Table 45 Actions and Conditions that Impact Revenues

<table>
<thead>
<tr>
<th>Measure</th>
<th>Summary of Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Fund</td>
<td>PRWA has an emergency fund to be used in times of drought and emergencies to offset the loss of revenue. PRWA could also advance funds from its General Fund for the loss of essential revenue.</td>
</tr>
<tr>
<td>Rate adjustment</td>
<td>In 2013 and again in 2014, PWRA adopted a new water rate case to increase operating revenues to fund continuing escalating operational and water costs and to fund capital improvement projects. In periods of a prolonged water shortage a short-term rate increase could still be needed to recover lost revenues. Recommended percent increases during Stages 1 through 4 are 15, 25, 50, and 100 percent, with the maintenance of a fifteen (15) percent increase over pre-shortage rates.</td>
</tr>
</tbody>
</table>

Table 46 Actions and Conditions that Impact Expenditures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Summary of Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curb all discretionary spending</td>
<td>Discretionary spending is not considered to be a significant budget item.</td>
</tr>
<tr>
<td>Defer Capital Improvement Program</td>
<td>Certain non-essential projects (including scheduled facility replacement and refurbishments) could be delayed without having an adverse effect.</td>
</tr>
</tbody>
</table>

7.6 Mechanism to Determine Reductions in Water Use

Mechanisms to determine reductions in water use include daily production and distribution record reviews and water meter auditing. PRWA’s mechanisms for monitoring water use are summarized in Table 47.
<table>
<thead>
<tr>
<th>Mechanisms for determining actual reductions</th>
<th>Type and quality of data expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily production and distribution records</td>
<td>Daily production and distribution records would be monitored, enabling PRWA staff to determine if reduction goals are being met. Customers would be alerted to actual water use (increase/decrease).</td>
</tr>
<tr>
<td>Water meter auditing</td>
<td>Monitoring of excessive water use with frequent meter readings of high-volume users.</td>
</tr>
</tbody>
</table>
8.0 Water Quality Impacts on Reliability

PRWA is committed to providing high-quality water to its customers. PRWA’s supply is not considered subject to reduction due to poor water quality.

The quality of PRWA’s water deliveries is regulated by the California Department of Health Services (DHS), which requires regular collection and testing of water samples and tests to ensure that the quality meets state and national regulatory standards and does not exceed MCLs. Through its approved laboratory contracts, PRWA performs water quality testing, which has consistently yielded results within the acceptable regulatory limits. Overall, PRWA’s water is of high quality.

The quality of PRWA’s groundwater supply over the next 25 years is expected to continue to exceed DHS standards. Groundwater will continue to be treated to meet drinking water standards, and no impacts to groundwater supplies due to water quality deficiencies are foreseen to occur in the next 25 years. Table 48 summarizes the current and project water supply changes due to water quality.

<table>
<thead>
<tr>
<th>Water source</th>
<th>Description of condition</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groundwater</td>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Groundwater in the Central Basin is continually monitored because of its susceptibility to seawater intrusion, potential contamination from adjacent basins and migration of shallow contamination into deeper aquifers. The Alamitos Barrier, located in the southwest portion of Central Basin’s service area, provides a buffer between the groundwater basin and seawater intrusion. The available supply of replenishment water to physically recharge the Basin includes local and imported water. The local water that recharges the groundwater basin comes from storm flows from the San Gabriel Valley and flow obligations under the San Gabriel River Judgment with the Upper Area of the Central Basin. This water is defined as “Make-Up Water.” Imported Water is purchased from Metropolitan to be used for surface spreading at the Montebello Forebay and for seawater barrier injection at the Alamitos Barrier. Recycled water is purchased from the County Sanitation Districts of Los Angeles County (CSDIAC) for spreading and injection. As mentioned in the overview, the Central Groundwater Basin has very good water quality overall. However, there are several contaminants (Perchlorate, Manganese, and the Volatile Organic Compounds [PCE and TCE]) in isolated areas that are still a concern.

As the groundwater replenishment agency for the Central Groundwater Basin, the WRD has programs to monitor groundwater levels and quality. WRD’s Regional Groundwater Monitoring Program consists of a network of about 200 WRD and USGS installed monitoring wells at 45 locations throughout the Central Basin region. Monitoring well data is supplemented with information from production wells to capture the most accurate information available. WRD staff provides the in-house capability to collect, analyze and report groundwater data. This information is stored in a GIS database and provides the basis to better understand the characteristics of the Central Groundwater Basin. WRD makes this information available through an annual Regional Groundwater Monitoring Report which documents groundwater production, groundwater levels, and groundwater quality conditions throughout the Central Basin.

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9.0 Demand Management Measures

Water conservation is a critical part of the PRWA’s 2015 UWMP and its long-term strategy for meeting the water needs of its customers. The PRWA implements some water conservation demand management measures (DMMs).

The unpredictable water supply and ever-increasing demand on California’s complex water resource system resulted in a coordinated effort by the DWR, water utilities, environmental organizations, and other interested groups to develop a list of urban DMMs for conserving water. The California Urban Water Conservation Council (CUWCC) was created to assist in increasing water conservation through partnerships among urban water agencies, public interest organizations, and private entities. This consensus-building effort resulted in a Memorandum of Understanding, as amended September 16, 1999, which formalizes an agreement to implement DMMs and provide a cooperative effort to reduce the consumption of California’s water resources.

The goals of the PRWA’s water conservation program are to:

- demonstrate continued commitment to the DMMs or if applicable, Best Management Practices (BMPs)\(^5\)
- ensure a reliable water supply

The PRWA is not a signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the CUWCC in 1991. While PRWA is not a signatory to the MOU, PRWA has voluntarily implemented (to the best of its ability due to limited staff and resources) the fourteen water conservation DMMs.

The CUWCC grouped the previous BMPs into five categories:

- Two categories are Foundational BMPs: 1) Operations and 2) Education because they are considered to be essential water conservation activities by any utility and are ongoing practices with no time limits.
- Three categories of Programmatic BMPs are organized into 1) Residential: 2) Commercial, Industrial, and Institutional (CII), and 3) Landscape categories.

Agencies can comply with the Programmatic BMPs through one of three compliance options: 1) traditional approach to BMP compliance; 2) the Flex Track Compliance Option; or, 3) the gallons per capita per day (GPCD) Compliance approach (this approach provides a reporting mechanism).

Water utilities throughout California are implementing water conservation programs and providing services to their customers to promote water use efficiencies and water savings.

9.1 Foundational BMPs

- Utility Operations Programs - According to the CUWCC, this practice consists of several key actions that utilities shall take to better enable conservation program implementation, to supplement conservation incentives with regulations where appropriate, and to assist one another through the wholesaler-retailer relationship.

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\(^5\) MOU Signatories only.
Education Programs - California water agencies have played a major role in stressing the need for their customers to conserve water through both public information and school education programs. The specifics of how these programs are to be implemented are detailed below.

- Public Information Programs present opportunities to use public information programs as an effective tool to inform customers about the need for water conservation and ways they can conserve, and to influence customer behavior to conserve.
- School Education Programs have been implemented to reach the youngest water users at an early age and enforce the need to engage in water conservation as a life-long behavior.

### 9.2 Programmatic BMPs

According to the CUWCC, as stated above each signatory has the option of implementing and complying with each of the Programmatic BMPs through one of three (3) approaches: 1) the traditional approach to BMP Compliance; 2) the Flex Track alternative included in each Programmatic BMP or the GPCD Compliance Option. Table 49 presents the CUWCC’s Foundational and Programmatic BMPs and DMMs.

- **Residential** – Residential water users throughout California depend on a reliable and safe supply of water for their homes. This BMP defines the best and most proven water conservation methods and measures those residents, working in conjunction with water agencies, can implement. By implementing these methods and measures homeowners, multi-family property owners, and tenants will increase water use efficiency and improve regional or local reliability.

- **Commercial, Industrial, and Institutional (CII)** – CII water demands make up a large percentage of total demand for California. CII water use varies dramatically between business sectors as well as within a given water agency’s territory as is the case with the PRWA. The goal of this BMP is to implement comprehensive yet flexible BMPs, allowing the PRWA to tailor the implementation of each practice to fit local needs, opportunities and businesses in its service area. The end result is a practice that is successful and will produce the greatest amount of cost-effective water savings.

- **Landscape** – Outdoor irrigation accounts for a large portion of urban water use. Irrigation water use varies dramatically depending on water pricing and availability, plant choice, geographic locations, seasonal conditions, and the level of commitment to sound water efficiency practices. The goal of this BMP is that irrigators, with assistance from MOU signatories, will achieve a higher level of water use efficiency consistent with the actual irrigation needs of the plant materials. Achieving this goal would ultimately reduce overall demands for water, especially during the peak summer months when temperatures are high and irrigation is essential for plant life.

The PRWA has limited resources including staffing and currently lacks the necessary funding to completely support each of the DMMs completely. However, similar to many water utilities throughout California, the PRWA, to the best of its abilities is committed to implementing water conservation programs and providing services to its customers to promote water use efficiencies and water savings. The results of local water use efficiencies have been demonstrated in compliance year 2015 when PRWA’s annual demand was recorded as 4,561 AF.
### Table 49  Demand Management Measures

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>BMP</th>
<th>Description</th>
<th>DMM</th>
<th>Compliance Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation</td>
<td>Operations Practices</td>
<td>1.1.1</td>
<td>Conservation Coordinator</td>
<td>L Water Conservation Coordinator</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.2</td>
<td>Water Waste Prevention</td>
<td>M Water Waste Prevention</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.3</td>
<td>Wholesale Agency Assistance Programs</td>
<td>J Wholesale Agency Programs</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2</td>
<td>Water Loss Control (System Water Audits, Leak Detection and Repair)</td>
<td>C System Water Audits, Leak Detection and Repair</td>
<td>Within 18 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3</td>
<td>Metering with Commodity rates for all New Connections and Retrofit of Existing Connections</td>
<td>D Metering with Commodity rates for all New Connections and Retrofit of Existing Connections</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.4</td>
<td>Retail Conservation Pricing</td>
<td>K Conservation Pricing</td>
<td>Within 36 months</td>
</tr>
<tr>
<td>Education Programs</td>
<td></td>
<td>2.1</td>
<td>Public Information Programs</td>
<td>G Public Information Programs</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2</td>
<td>School Education Programs</td>
<td>H School Education Programs</td>
<td>Within 36 months</td>
</tr>
<tr>
<td>Programmatic</td>
<td>Residential</td>
<td>3.1</td>
<td>Residential Assistance Program</td>
<td>A Water Survey Programs for Single-Family and Multi-Family Residential Customers¹</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Plumbing Retrofit)</td>
<td>B Residential Plumbing Retrofit</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td>Residential</td>
<td>3.2</td>
<td>Landscape Water Survey</td>
<td>A Water Survey Programs for Single-Family and Multi-Family Residential Customers¹</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.3</td>
<td>High-Efficiency Washing Machine Rebate - Financial Assistance Programs</td>
<td>F High-Efficiency Washing Machine Rebate Programs</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.4</td>
<td>WaterSense Specification (WSS) Toilets</td>
<td>N Residential ultra-low flush toilet replacement programs</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td>Commercial, Industrial, Institutional (CII)</td>
<td>4</td>
<td>Conservation Programs for Commercial, Industrial, Institutional (CII)</td>
<td>I Conservation Programs for Commercial, Industrial, Institutional (CII)</td>
<td>Within 36 months</td>
</tr>
<tr>
<td></td>
<td>Landscape</td>
<td>5</td>
<td>Landscape</td>
<td>E Large Landscape conservation programs and incentives</td>
<td>Within 36 months</td>
</tr>
</tbody>
</table>

(¹) Components of DMM A (Water survey programs for single-family residential and multifamily residential customers) applies to both BMP 3.1 (Residential assistance program) and BMP 3.2 (Landscape water survey).  
Source: Adapted from Department of Water Resources Guidebook to Assist Urban Water Suppliers to Prepare a 2010 UWMP, February 2011.
9.3 Demand Management Measures

9.3.1 DMM A – Water Survey Programs for Single-Family Residential and Multi-Family Residential Customers

PRWA encourages the use of residential water use surveys, which look at all the water-using devices inside the home, such as toilets, faucets, and showerheads. Upon request, a PRWA employee checks for leaks and tests the flow indoors and outdoors. Once the survey is completed, recommendations are provided for retrofitting certain water use devices, and educational materials are supplied to the resident. Support for this is provided by CBMWD, with funding for residential survey devices from Metropolitan.

9.3.2 DMM B – Residential Plumbing Retrofit

PRWA encourages its customers to use ultra-low flush (ULF) toilets, and PRWA coordinates its efforts with the CBMWD to distribute waterless urinals to various schools within the El Rancho Unified School. PRWA also participated in CBMWD’s program to distribute low-flow showerheads and aerators. This program is administered by the CBMWD and the West Basin Municipal Water District with financial assistance from Metropolitan. Low-flow showerhead programs have been and will continue to be promoted.

9.3.3 DMM C – System Water Audits, Leak Detection, and Repair

PRWA is considering implementing a true water audit and leak detection and repair program. This program has the potential identify and reduce unaccounted water losses of approximately 5 - 10 percent per year. Due to PRWA being located in an active earthquake zone, the system water audit and leak detection and meter calibration programs have been permanently integrated into the utility operations, which enable continuous monitoring of all mains, laterals, and meters. Additionally, in order to ensure that all valves and meters are working properly, PRWA services both its largest and most compound customer meters annually. PRWA also replaces its meters as needed, exercises the valves throughout the year, and flushes the water mains throughout the year.

9.3.4 DMM D – Metering with Commodity Rates for all New Connections and Retrofit of Existing Connections

PRWA’s service area is fully metered, and meters are required for all new connections. All of PRWA’s water connections are billed a fixed service charge plus commodity usage.

9.3.5 DMM E – Large Landscape Conservation Programs and Incentives

The City of Pico Rivera has adopted a Water Efficient Landscape Ordinance, which requires water-efficient landscaping and is applied to City-wide industrial, commercial, and residential projects. In addition, with the completion of CBMWD’s Rio Hondo water reclamation program, recycled water is used by the Pico Rivera Municipal Golf Course.

9.3.6 DMM F – High-Efficiency Washing Machine Rebate Programs

PRWA incorporates information about high-efficiency appliances, including washing machines, into its public information programs. At present there are several residential and commercial toilet
and washer rebates offered by CBMWD, and PRWA will continue to monitor and promote the availability of these and other rebate programs to its customers.

9.3.7 DMM G – Public Information Program

PRWA coordinates its efforts with CBMWD and energy utilities to educate the public on water conservation. Council members regularly promote water conservation at public functions, community groups, and schools, and PRWA is expanding its public information program to include bill inserts and brochures.

9.3.8 DMM H – School Education Programs

PRWA and its Board members work in coordination with the El Rancho School District to educate students about the importance of water conservation, and grade-appropriate materials are distributed. See Appendix G for a list of CBMWD school education programs.

9.3.9 DMM I – Conservation Programs for Commercial, Industrial, and Institutional (CII) Accounts

PRWA does not currently have any conservation programs for commercial, industrial, and institutional accounts. However, PRWA can take advantage of programs offered by CBMWD and Metropolitan that offer rebates to business, schools, and other facilities for items such as commercial clothes washers, waterbrooms, cooling tower conductivity controllers, pre-rinse spray nozzles, x-ray machine recirculating devices, and commercial toilets and urinals. In addition, PRWA is considering passing a resolution to require the future construction projects to use water conservation methods for plumbing fixtures, including ULFTs, low-flow showerheads, and waterless urinals.

9.3.10 DMM J – Wholesale Agency Assistance Program

Coordination with CBMWD for regional water conservation programs. Most recently, CBMWD As a part of Central Basin's "Shut Your Tap!" Conservation Campaign. CBMWD hosts a bimonthly event called the "Shut Your Tap! Roundtable". The Roundtable provides a forum for cities, water agencies, and interested parties to share ideas and information on conservation trends and issues. The setting provides a great forum for interaction and networking among water stakeholders. In an effort to provide Central Basin cities with support for their marketing, outreach, and enforcement of local mandatory water conservation ordinances, a "Water Use Efficiency Ordinance Tool Kit" was developed and provided to each city. The Tool Kit included a cover letter, sample ordinances, a sample staff report template, sample violation notices, and ordinance enforcement collateral. To add to the advertising opportunities of our campaign partners, a Conservation Messaging Tool Kit was also provided to cities and water retail agencies. Each kit includes water conservation tip sheets, door hangers, bill inserts, local cable TV announcements, countertop tent cards, and sample newsletter articles.

CBMWD has a host of grant programs that are specifically established to promote water conservation. See Appendix G for list of this programs that could provide the funding and the materials needed to improve the PRWA's water conservation programs.

Furthermore, the CBMWD has five-year Conservation Master Plan to expand long-term water saving efforts and introduce new regionally tailored programs. The PRWA will track its involvement with these future programs and can engage on a case-by-case basis according to the PRWA's current operations, funding and staff resources.
9.3.11 DMM K – Conservation Pricing
PRWA has implemented a tiered water rate structure which was designed to discourage excessive water use. All users pay a minimum monthly service charge plus a three-tiered commodity rate that increases with increased water consumption.

9.3.12 DMM L – Water Conservation Coordinator [Water Use Efficiency Practitioner]
Currently, the PRWA does not have a designated conservation coordinator; however, over the next two years the PRWA expects to develop a comprehensive water conservation program to address this issue. Because staff resources have been reduced, the PRWA has one City staff member to advocate for its conservation programs.

9.3.13 DMM M – Water Waste Prohibitions
Prohibitions against wasteful use of water are followed, as set forth in the California Constitution. PRWA has also adopted Resolution 3945 and codified in Title 13.70.040 (included in Appendix F), which establishes prohibitions regarding the wasteful use of water. Some of these include:

1) Limits on Water Hours and Duration.
2) No Excessive Water Flow or Runoff.
3) No Washing Down Hard or Paved Surfaces.
4) Obligation to Fix Leaks, Breaks or Malfunctions.
5) Limits on Washing Vehicles.
6) Drinking Water Served Upon Request Only.
7) Commercial Lodging Establishments Must Provide Option to Not Launder Linen Daily.
8) No Installation of Nonrecirculating Commercial Car Wash and Laundry Systems.
9) Restaurants Required to Use Water Conserving Dish Wash Spray Valves.

9.3.14 DMM N – Residential ULFT Replacement Program
PRWA has previously participated with CBMWD in its ULFT replacement program, which supplied ULFTs free of charge to PRWA customers. CBMWD continues to partner with local water purveyors like PRWA, offering both a $50 rebate for the purchase and installation of ULFTs and a $70 rebate for the purchase and installation of dual-flush toilets, and PRWA is committed to participating again in this program.

9.4 Determination of Implementation
Currently, the PRWA has not completely implemented all of the necessary DMMs. During development of this 2010 UWMP the PRWA has specifically identified the DMMs that are lacking complete implementation and has initiated a process to develop a comprehensive water conservation program over the next 18 months. The following DMMs that are lacking 100 percent compliance; however, all DMMs including those listed below will be encapsulated in the PRWA’s in a comprehensive water conservation program.

DMM E – Large Landscape Conservation Programs and Incentives
DMM G – Public Information Program

DMM H – School Education Programs

DMM I – Conservation Programs for Commercial, Industrial, and Institutional (CII) Accounts

DMM L – Conservation Coordinator [Water Use Efficiency Practitioner]

DMM N – Residential ULFT Replacement Program
10.0 Agency Coordination and Public Participation

PRWA coordinated the preparation of this UWMP with the appropriate agencies. PRWA is a member of the CBMWD, a water wholesaler. In accordance with the Act, PRWA provided a 60-day notice to CBMWD, San Gabriel Valley Water Company, County Sanitation Districts of Los Angeles and PWD that it is updating and amending its UWMP.

Also, in accordance with the Act, PRWA notified the land use jurisdictions (City of Pico Rivera) within its service area that it was preparing the 2015 UWMP. Copies of the draft UWMP were made available for public inspection at the PRWA office, located at 6615 Passons Boulevard, Pico Rivera, California. The 2015 UWMP will be circulated for public review for 30-days following adoption of the Draft 2015 UWMP. Public review will include circulation notices to the above listed agencies. As required, the adopted 2015 UWMP will also be sent to the State Library for filing.

PRWA encouraged community and public interest involvement in the UWMP update through public hearings and inspection of the draft document. A Public Hearing regarding the 2015 UWMP was held on June 28, 2016. A copy of the published Notice of Public Hearing is included in Appendix B. The hearing provided an opportunity for all residents and employees in PRWA’s service area to learn and ask questions about their water supply in addition to PRWA’s plans for providing a reliable, safe, high-quality water supply. These coordination efforts are summarized in Table 50.

<table>
<thead>
<tr>
<th>Coordinating Agencies</th>
<th>Participated in developing the plan</th>
<th>Commented on the draft</th>
<th>Attended public meetings</th>
<th>Was contacted for assistance</th>
<th>Was sent a copy of the draft plan</th>
<th>Was noticed of intention to adopt</th>
<th>Not involved / No information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Basin Municipal Water District (CBMWD)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pico Water District (PWD)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizens of Pico Rivera</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Gabriel Valley Water Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Sanitation Districts of Los Angeles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

10.1 Adoption of the UWMP

This Urban Water Management Plan will be considered for adoption by the City of Pico Rivera (City) Council on June 28, 2016. If adopted, a copy of the formal resolution will be attached to the Final PRWA UWMP. Upon adoption the PRWA/City will implement its adopted UWMP pursuant to Water Code Section 10643 in accordance with the information set forth in this UWMP.
CITY OF PICO RIVERA
PICO RIVERA WATER AUTHORITY
NOTICE OF PUBLIC HEARING FOR
URBAN WATER MANAGEMENT PLAN 2015

NOTICE IS HEREBY GIVEN that a public hearing will be held before the City of Pico Rivera Water Authority to consider the adoption of and accept public comments on its draft 2015 Urban Water Management Plan, which was prepared by Atkins Consultants for the City of Pico Rivera Water Authority describing and specifying the proposed urban water use target. This Urban Water Management Plan was developed in compliance with the State of California’s Urban Water Management Planning Act, which is codified under the California Water Code Section 10610 et seq.

The information for the public hearing is as follows:

WHEN: June 28, 2016 - 6:00 p.m.
WHERE: City Hall Council Chambers
6615 Passons Boulevard
Pico Rivera, CA 90660

MAIL: PO Box 1016 TELEPHONE: (562) 801-4389

PERSONS INTERESTED IN THIS MATTER are invited to attend this hearing to express their opinion on the above matter. Written comments may also be submitted to the City of Pico Rivera City Clerks’ Office from the date of this notice until June 28, 2016 at 5:00 p.m. Copies of all relevant material are available for inspection upon request in the Office of the City Clerk in the City of Pico Rivera at 6615 Passons Boulevard, Pico Rivera, California.

If a challenge is made by any party in court from actions arising out of the public meeting and the public hearing, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Pico Rivera City Clerk at, or prior to, the public hearing.

Anna Jerome
City Clerk
Hrg date: Tuesday, June 28, 2016 at 6:00 p.m.

In compliance with the Americans with Disabilities Act of 1990, the City of Pico Rivera is committed to providing reasonable accommodations for a person with a disability. Please contact Anna Jerome at (562) 801-4389 if special program accommodations are necessary and/or if program information is needed in an alternative format. Special requests must be made in a reasonable amount of time in order that accommodations can be arranged.

Pub: June 7, 14, 21, 2016 Whittier Daily News
Ad#B10475
Tuesday, June 14, 2016

A Regular Meeting of the City Council, Special Meeting of the Water Authority and Special Meeting of the Public Financing Authority was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Mayor/President/Chairman Armenta called the meeting to order at 6:00 p.m. on behalf of the City Council.

PRESENT: Archuleta, Camacho, Salcido, Tercero, Armenta
ABSENT: None

Councilmember/Commissioner Salcido was absent at the time of roll call and arrived at 6:32 p.m.

COMMISSIONERS PRESENT:
Esther Celiz, Planning Commission
Anthony Corona, Parks & Recreation Commission

INVOCATION: Delivered by Vincent Duran, Wolverines Flag Football Team Player

PLEDGE OF ALLEGIANCE: Led by Ray Madrid, Wolverines Flag Football Team Player

SPECIAL PRESENTATIONS:
- Wolverines Flag Yellow Division Champions – Pop Warner
- Recycled Water Program Presentation by Central Basin Municipal Water District
- Special Presentation

Mayor Armenta stated that he would be changing the order of the meeting from how it is listed on the agenda.

PUBLIC COMMENTS:

Lauren Talbott, Pico Rivera Librarian Manager:
  o Addressed the City Council to speak of upcoming library programs and events for children, teens and adults.

CONSENT CALENDAR:

City Council:
2. Minutes:
   - Approved City Council meetings of May 10, 2016, May 17, 2016 and May 19, 2016

3. Approved 18th Warrant Register of the 2015-2016 Fiscal Year. (700)
   Check Numbers: 271590-272048
   Special Check Numbers: None

4. Landscaping and Lighting Assessment District No. 1 – Annual Renewal Consideration. (700)

   1. Adopted Resolution No. 6851 initiating the Fiscal Year 2016-17 Levy of Annual Assessment and ordering the preparation of the Engineer’s Report for the Landscaping and Lighting Assessment District No. 1;
   2. Adopted Resolution No. 6852 preliminarily approving the Engineer’s Report for the Fiscal Year 2016-17 levy and collection of assessments within the Landscaping and Lighting Assessment District No. 1 pursuant to the Landscaping and Lighting Act of 1972; and
   3. Adopted Resolution No. 6853 declaring the City Council’s intention to levy and collect the annual assessment within the Landscaping and Lighting Assessment District No. 1 for Fiscal Year 2016-17 pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15, of the California Streets and Highways Code, and setting June 28, 2016 as the date of for the public hearing of objections thereto.

Resolution No. 6851  A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, INITIATING PROCEEDINGS FOR ANNUAL LEVY OF ASSESSMENTS FOR PICO RIVERA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1 FOR FISCAL YEAR 2016-17 AND ORDERING THE PREPARATION OF AN ENGINEERS REPORT PURSUANT TO PROVISIONS OF CALIFORNIA STREETS AND HIGHWAYS CODE DIVISION 15, PART 2

Resolution No. 6852  A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, FOR PRELIMINARY APPROVAL OF THE ENGINEER’S ANNUAL LEVY REPORT REGARDING PICO RIVERA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1; AND THE LEVY AND COLLECTION OF ANNUAL ASSESSMENTS RELATED THERETO FOR FISCAL YEAR 2016-17
5. **Paramount Mines Landscape Maintenance Assessment District – Annual Renewal Consideration.**

1. Adopted Resolution No. 6854 initiating the Fiscal Year 2016-17, Levy of Annual Assessment and ordering the preparation of the Engineer's Report for the Paramount Mines Landscape Maintenance Assessment District;

2. Adopted Resolution No. 6855 preliminarily approving the Engineer's Report for the Fiscal Year 2016/2017, levy and collection of assessments within the Paramount Mines Landscape Maintenance Assessment District pursuant to the Landscaping and Lighting Act of 1972; and

3. Adopted Resolution No. 6856 declaring the City Council’s intention to levy and collect the annual assessment within the Paramount Mines Landscape Maintenance Assessment District for the Fiscal Year 2016/2017, pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15, of the California Streets and Highways Code, and setting June 28, 2016 as the date of the public hearing of objections thereto.
6. **Whittier Boulevard Street Rehabilitation Project, Van Norman Road to Paramount Boulevard (CIP No. 21246) – Notice of Completion.** (500)

1. Accepted the work as completed for the Whittier Boulevard Street Rehabilitation Project (CIP No. 21246); Federal Project No. STPL-5351(029) constructed by Sequel Contractors, Inc., and authorized the City Clerk to file the Notice of Completion with the Los Angeles County Registrar-Recorder;

2. Find that the requested “Changes in Work” for Whittier Boulevard Street Rehabilitation Project have no significant effect on the environment and approved the changes in the amount of $109,792. The final contract amount with Sequel Contractors, Inc. is $1,496,497; and

3. Approved the Final Total Project Budget and authorized the City Manager to release the retention payment and all other monies due to Sequel Contractors, Inc. following the mandatory waiting period from the date the Notice of Completion is recorded.

7. **Smith Park Pool Renovation Project (CIP No. 21307) – Notice of Completion.** (500)

1. Accepted the work as completed for the Smith Park Pool Renovation Project (CIP No. 21307) constructed by Commercial Aquatic Services, Inc. and authorized the City Clerk to file the Notice of Completion with the Los Angeles County Registrar-Recorder;

2. Approved the changes and increased construction contract amount of $6,220. The final contract amount with Commercial Aquatic Services, Inc. increases from $94,248 to $100,468; and

3. Approved the Final Total Project Budget and authorized the City Manager to release the retention payment and all other monies due to Commercial Aquatic Services, Inc. following the mandatory waiting period from the date the Notice of Completion is recorded.

8. **Rosemead Boulevard Pedestrian Bridge Rehabilitation and Beautification Project (CIP No. 21240) – Notice of Completion.** (500)

1. Accepted the work as completed for the Rosemead Boulevard Pedestrian Bridge Rehabilitation and Beautification Project (CIP No. 21240) constructed by Green Giant Landscape Inc., and authorized the City Clerk to file the Notice of Completion with the Los Angeles County Registrar-Recorder;

2. Find that the requested “Changes in Work” for the Rosemead Boulevard Pedestrian Bridge Rehabilitation and Beautification Project have no significant effect on the environment and approved the changes and increased construction contract amount of $36,641. The final contract amount with Green Giant Landscape Inc. increases from $342,326 to $378,967; and
3. Approved the Final Total Project Budget and authorized the City Manager to release the retention payment and all other monies due to Green Giant Landscape, Inc. following the mandatory waiting period from the date the Notice of Completion is recorded.

9. **City Hall Parking Lot Expansion and Security Improvements (CIP No. 21304) – Authorization to Advertise for Construction.** (500)

   This item was pulled from the Consent Calendar for further discussion and clarification.

10. **On-Call List of Qualified Engineering Consultants – Pico Rivera Sports Arena Renovation Project.** (500)

   This item was pulled from the Consent Calendar for further discussion and clarification.

11. **Independent Cities Association Membership.** (100)

   1. Approved the City of Pico Rivera’s membership with the Independent Cities Association and, if approved, Mayor Armenta’s appointed delegates to the Independent Cities Association.

**Water Authority Special Meeting:**

12. **Minutes:**
   - Approved Water Authority meeting of March 8, 2016

13. **Water Rights Sublease Fiscal Year 2015-16.** (500)

   1. Authorized the Executive Director to execute a Water Rights License Agreement, in a form approved by the City Attorney, with Golden State Water Company for the lease of 1,000 acre-ft. of water rights with flex during the 2015-16 fiscal year at a rate of $160 per acre-foot.

   Agreement No. 16-30

14. **Electrical Panel Replacement at Plant No. 2 (CIP No. 21297) – Authorization to Bid.** (500)

   1. Approved Plans and Specifications for the Pico Rivera Water Authority (PRWA) Electrical Panel Replacement at Plant No. 2 Project (CIP No. 21297) and authorized the City Clerk to publish the Notice Inviting Bids for construction; and
   2. Approved the Total Project Budget.
15. Notification to the Pico Rivera Water Authority (PRWA) Concerning Detection of 1,4-Dioxane in Well No. 8 Pursuant to California Health and Safety Code Section 116455. (1700)

1. Received and filed the report regarding the detection of the chemical 1,4-Dioxane at Well No. 8; and
2. Authorized staff to notify customers of the detection of 1,4-Dioxane in the annual 2016 Confidence Report for Water Quality.

Public Financing Authority Special Meeting:

16. Minutes:
   • Approved Public Financing Authority meeting dated September 22, 2009

Motion by Mayor Pro Tem/Vice President/Vice Chairman Archuleta, seconded by Councilmember/Commissioner Camacho to approve Consent Calendar Items No. 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15 and 16. Motion carries by the following roll call vote:

AYES: Archuleta, Camacho, Salcido, Tercero, Armenta
NOES: Salcido (Item No. 11)

CONSENT CALENDAR ITEMS PULLED FOR FURTHER DISCUSSION:

City Council:

9. City Hall Parking Lot Expansion and Security Improvements (CIP No. 21304) – Authorization to Advertise for Construction. (500)

City Manager Bobadilla provided a brief update on the proposed plans for the parking lot expansion and security improvements for both the Sheriff’s Department and City personnel and stated that the improvements would include separating the Sheriff’s parking from civilian parking.

Motion by Councilmember Salcido, seconded by Mayor Armenta to: 1) Approve Plans, Specifications and Estimate (PS&E) for the City Hall Parking Lot Expansion and Security Improvements Project (CIP No. 21304) and authorize the City Clerk to publish the Notice Inviting Bids; 2) Approve the Total Project Budget; and 3) Approve the Notice of Exemption for the subject project and authorize the City Clerk to file with the County Recorder. Motion carries by the following roll call vote:

AYES: Archuleta, Camacho, Salcido, Tercero, Armenta
NOES: None

In regard to Councilmember Tercero’s question pertaining to splitting the funds between the EDA funds and Sports Arena funds, City Manager Bobadilla stated that the City auditors recommend against using Sports Arena Funds since this fund has an outstanding loan balance of $704,000 between the General fund and Sports Arena fund and the recommendation is to forgive the loan and utilize EDA funds.

Council members Tercero and Salcido discussed concerns with forgiving loans and being good stewards of the EDA funds. Preference would be to continue to utilize the Sports Arena fund since the loan would be forgiven and brought back to zero, and suggested using both the Sports Arena and EDA funds as currently approved.

Finance Director Solorza added that the Sports Arena fund is a restricted fund and that the EDA funds have more sustainability. He stated that the Sports Arena fund currently does not have the cash flow to pay back the loan but still remains an option.

Motion by Councilmember Salcido, seconded by Councilmember Tercero to use $250,000 from the Economic Development Sustainability funds and $250,000 from the Sports Arena fund. Motion failed on a 3-2 vote.

AYES: Salcido, Tercero
NOES: Archuleta, Camacho, Armenta

Motion by Councilmember Salcido, seconded by Mayor Armenta to: 1) Appropriate $500,000 in Fiscal Year 2015-16 from the Economic Development Sustainability fund (Account Number 634-0550-44400) for this project to cover the aggregate not-to-exceed fee for the Master Retainer Agreement awarded to Geosyntec Consultants ($300,000) and Cordoba Corporation ($200,000) on April 26, 2016; and 2) Direct the City Manager to prepare the necessary documents and resolutions for City Council approval forgiving the outstanding loan balances totaling $704,496 owed by the Sports Arena fund (Fund 590) to the General Fund. Motion carries by the following roll call vote:

AYES: Archuleta, Camacho, Salcido, Armenta
NOES: Tercero

Water Authority Special Meeting: None.

Public Financing Authority Special Meeting: None.

PUBLIC HEARING:

City Council:

Mayor Armenta opened the public hearing and noted that there was no written communications to provide public testimony, and added that he had received over 150 signatures opposing the project. Director Martinez provided a brief PowerPoint presentation describing the history of the project, environmental review, Planning Commissions approval of the project, community meetings held, staff's presentation to City Council, summary of concerns of the residents and City staff's response to those concerns.

Mr. Joe Oftelie, representing City Venture’s gave an overall report on the design and changes of the 35 condominium unit development and changes incorporated in the design of the plan based on the communities concerns.

Oral Communications:

Zita Rodriguez:
 o Addressed the City Council stating her opposition to the project.

Mayor Armenta closed the public hearing.

Motion by Mayor Pro Tem Archuleta, seconded by Councilmember Camacho to: 1) Approve Planning Commission recommendation to adopt Resolution No. 6851 approving Conditional Use Permit No. 727 (CUP No. 727); and 2) Approve Planning Commission recommendation to adopt Resolution No. 6852 approving Vesting Tentative Tract Map No. 74006 (VTTM No. 74006). Motion failed on a 5-0 vote.


Resolution No. _____ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, APPROVING VESTING TENTATIVE TRACT MAP NO. 74006 TO CREATE A SUBDIVISION FOR 35 RESIDENTIAL CONDOMINIUM UNITS IN
THE COMMERCIAL PLANNED DEVELOPMENT (CPD) ZONED DISTRICT AND MIXED USE OVERLAY (M-U OVERLAY) ZONE ON A 1.62 ACRE SITE LOCATED AT 9036 BEVERLY BOULEVARD (ASSESSOR PARCEL NO. 8121-025-023) MORE SPECIFICALLY DESCRIBED IN EXHIBIT “A” ATTACHED HERETO AND FURTHER DESIGNATED HEREIN AS VESTING TENTATIVE TRACT MAP NO. 74006

AYES:    None
NOES: Archuleta, Camacho, Salcido, Tercero, Armenta

Motion by Councilmember Tercero, seconded by Mayor Pro Tem Archuleta to direct staff to prepare a resolution making findings denying CUP No. 727 and VTTM No. 74006 and bring the resolution back to the City Council at the next regularly scheduled City Council meeting. Motion carries by the following roll call vote:

AYES:    Archuleta, Camacho, Salcido, Tercero, Armenta
NOES:    None

REGULAR AGENDA:

City Council:

17. Fiscal Year 2016-17 Operating Budget and Capital Improvement Program Adoption. (700)

Councilmember Salcido expressed his concerns with the creating of new positions and promotions which does not include lower rank employees. He stated that he has expressed this sentiment with each fiscal year budget and is being consistent with expressing that concern. Mayor Pro Tem Archuleta added that he would like to see employees being offered more training and recognized for their accomplishments in achieving their goals.

City Manager Bobadilla stated that eight (8) part-time maintenance employees were promoted to full time positions. He further stated that management has made an outreach to employees and is providing training to help the employees achieve their goals.

City Council Members and City Manager Bobadilla commended staff on the preparation and final product of the proposed budget.

Motion by Councilmember Mayor Pro Tem Archuleta, seconded by Councilmember Salcido to 1) Approve Resolution No. 6857 adopting the Fiscal Year 2016-17 operating budget and five-year Capital Improvement Program; 2) Approve Resolution No. 6858 adopting the Fiscal Year 2016-17 GANN appropriations limit; and 3) Approve Resolution No. 6859 adopting comprehensive General Fund reserve policies in compliance with
Government Accounting Standards board (GASB) statement No. 54. Motion carries by the following roll call vote:

Resolution No. 6857  A RESOLUTION OF THE CITY OF COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, ADOPTING AN OPERATING AND CAPITAL BUDGET FOR THE CITY FOR FISCAL YEAR 2016-17

Resolution No. 6858  A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, APPROVING AND ADOPTING THE ANNUAL APPROPRIATION LIMIT FOR FISCAL YEAR 2016-2017

Resolution No. 6859  A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, APPROVING GENERAL FUND RESERVE POLICIES IN COMPLIANCE WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 54

AYES:  Archuleta, Camacho, Salcido, Armenta
NOES:  Tercero

18.  Issuance of Pico Rivera Public Financing Authority Lease Revenue Bonds, Series 2016.  (700)

Motion by Councilmember Salcido, seconded by Councilmember Tercero to adopt Resolution No. 6860 and accompanying lease agreements and related documents approving the issuance of Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016, in an amount not to exceed $30,500,000. Motion carries by the following roll call vote:

Resolution No. 6860  A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, APPROVING THE ISSUANCE OF PICO RIVERA PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2016 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,500,000, AND APPROVING A SITE AND FACILITY LEASE, A LEASE AGREEMENT, A BOND PURCHASE CONTRACT, A CONTINUING DISCLOSURE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

Agreement No. 16-1677  Agreement No. 16-1678

AYES:  Archuleta, Camacho, Salcido, Tercero, Armenta
NOES:  None

Public Works Director Enriquez provided a PowerPoint presentation highlighting the Graffiti Abatement Program which included the background, four different options for increased services, a summary and City Council’s direction for program changes.

City Council members discussed the different options provided by City staff.

Motion by Councilmember Salcido, seconded by Councilmember Tercero to receive and file the presentation and approve Option No. 4 City Public Works Staff (weekday), Nationwide Environmental Services (Weekend) Annual Cost $407,631, coverage every day with two crews on Monday, Wednesday, Thursday and open Fridays. Motion failed on a 3-2 vote.

**AYES:** Salcido, Tercero  
**NOES:** Archuleta, Camacho, Armenta

Motion by Mayor Pro Tem Archuleta, seconded by Councilmember Camacho to receive and file the presentation and approve Option No. 2 Nationwide Environmental Services, 1 Crew: 2 Workers, Wednesday through Monday, 48 hours/week, Annual Cost $242,600, no coverage on Tuesdays. Motion carries by the following roll call vote:

**AYES:** Archuleta, Camacho, Armenta  
**NOES:** Salcido, Tercero

Public Financing Authority Special Meeting:


Motion by Director Tercero, seconded by Director Salcido to adopt Resolution No. 16-9 approving the issuance of Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 in an amount not to exceed $30,500,000. Motion carries by the following roll call vote:

Resolution No. 16-9 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PICO RIVERA FINANCING AUTHORITY APPROVING THE ISSUANCE OF PICO RIVERA PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2016 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,500,000, AND APPROVING AN INDENTURE, A SITE AND FACILITY LEASE, A LEASE AGREEMENT, AN ASSIGNMENT AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH
AYES: Archuleta, Camacho, Salcido, Tercero, Armenta
NOES: None

OLD BUSINESS:

Councilmember Tercero asked for an update on the plastic bag ordinance. City Manager Bobadilla stated that the City’s Plastic Bag Ordinance will become effective July 1, 2016.

Mayor Pro Tem Archuleta complimented the Parks & Recreation Media staff for putting together an excellent brochure on the Metro Washington Boulevard light rail route and asked City Manager to provide an update on the Metro project. City Manager Bobadilla provided an update on the Metro light rail program and spoke about Measure R2 half cent sales tax that will be placed on the upcoming ballot in November.

Mayor Pro Tem Archuleta commented on the upcoming Relay for Life event and the 4th of July show highlighted in the City’s Profile. He thanked Parks & Recreation staff for putting on an excellent Memorial Day event.

Mayor Armenta stated that the 4th of July event was moved to Saturday, July 2 because of higher attendance, the cost is less and it allows city employees and others to enjoy the 4th of July with their families.

Councilmember Salcido asked staff to remove a sticker off the “O” on the Pico Rivera monument sign at the pedestrian bridge. Councilmember Camacho also requested lighting on the pedestrian bridge and asked staff to check on City monument signs located on the medians throughout the City as some lights are out.

Recessed to Closed Session at 8:15 p.m.

ALL MEMBERS WERE PRESENT

Reconvened from Closed Session at 9:04 p.m.

ALL MEMBERS WERE PRESENT

CLOSED SESSION:
City Council:

a. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
   Pursuant to Government Code Section 54957

City Attorney Alvarez-Glasman stated that direction was provided, no final action was taken, and that there was nothing further to report.

b. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
   Pursuant to Government Code Section 54957

City Attorney Alvarez-Glasman stated that direction was provided, no final action was taken, and that there was nothing further to report.

c. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
   Pursuant to Government Code Section 54957

City Attorney Alvarez-Glasman stated that direction was provided, no final action was taken, and that there was nothing further to report.

d. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
   Pursuant to Government Code Section 54956.9 subdivision (d) paragraph (4)
   Consideration of Initiation of Litigation – Two Matters

City Attorney Alvarez-Glasman stated that direction was provided, no final action was taken, and that there was nothing further to report.

ADJOURNMENT:

Mayor Armenta adjourned the City Council meeting at 9:06 p.m. There being no objection it was so ordered.

AYES: Archuleta, Camacho, Salcido, Tercero, Armenta
NOES: None

_______________________________________________
David W. Armenta, Mayor

ATTEST:

_______________________________________________
Anna M. Jerome, City Clerk
I hereby certify that the foregoing is a true and correct report of the proceedings of the City Council regular meeting dated June 14, 2016 and approved by the City Council on June 28, 2016.

Anna M. Jerome, City Clerk
19th WARRANT REGISTER OF THE 2015-2016 FISCAL YEAR

MEETING DATE: 06/28/16

TOTAL REGISTER AMOUNT: $604,778.40

CHECK NUMBERS: 272048-272238

SPECIAL CHECK NUMBERS:

REGULAR CHECK TOTAL: $604,778.40

SPECIAL CHECK TOTAL:

TOTAL REGISTER AMOUNT: $604,778.40
**PAYROLL REGISTER P/P 05/27/16 - 06/10/16**

Pay Date: 06/16/16

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Claim# General Description
354508 PLUMBING SUPPLIES FOR CITY HALL BREAK ROOM

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Claim# General Description
354509 PLUMBING SUPPLIES FOR CITY HALL BREAK ROOM

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Claim# General Description
354510 MAINTENANCE SUPPLIES FOR ALL PARKS

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Claim# General Description
354511 MIRRORS FOR OUTSIDE RESTROOMS AT RIVERA PARK
### Payment History

**Vendor Name:** 4888 AAA ELECTRICAL SUPPLY, INC

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**Claim# General Description**

**354503 LIGHTS FOR PARKS & RECREATION BUILDING**

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**Claim# General Description**

**354504 LIGHTS FOR CITY HALL & CITY HALL WEST**

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**Claim# General Description**

**354505 LIGHTS FOR CITY HALL AND CITY HALL WEST**

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**Claim# General Description**

**354506 LIGHTS FOR CITY HALL**

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**Vendor Name:** 17668 ADVANCED OFFICE SERVICES & IMAGING

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**Claim# General Description**

**354619 PLOTTER MAINTENANCE FROM 05/25/16-06/24/16**

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
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<th>Check Amount Sep</th>
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**Claim# General Description**

**354514 SUPPLIES FOR WATER DEPARTMENT**

- **PO# Stat Contract# Invoice#**
  - 9051114048
- **Invc Dt**
  - 05/05/16
- **Gross Amount**
  - 100.47
- **Discount Amt**
  - 0.00
- **Net Amount**
  - 100.47

**Claim# General Description**

**354615 SHIRTS FOR SISTER CITY DELEGATION VISIT**

- **PO# Stat Contract# Invoice#**
  - 8544-16
- **Invc Dt**
  - 06/06/16
- **Gross Amount**
  - 426.80
- **Discount Amt**
  - 0.00
- **Net Amount**
  - 426.80

**Claim# General Description**

**354620 CONTRACT INSTRUCTOR FOR COURSE #10673**

- **PO# Stat Contract# Invoice#**
  - 10673
- **Invc Dt**
  - 05/31/16
- **Gross Amount**
  - 64.80
- **Discount Amt**
  - 0.00
- **Net Amount**
  - 64.80
### Payment History

**City of Pico Rivera**  
**Jun 15, 2016 03:25pm Page 5**

Payment History. Bank CBC1  
Payment Dates 06/09/2016 to 99/99/9999  
Check/ACH#'s 0 to 999999  
Payment Type ALL

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#### Claim# General Description

**354515 UNIFORM RENTALS**

- PO# Stat Contract# Invoice# 531570715  
- Invc Dt: 05/26/16  
- Gross Amount: 330.71
- GL Distribution:  
  - 010-4200-44500-00000000: 264.57
  - 550-4920-44500-00000000: 66.14

#### Claim# General Description

**354516 MILEAGE REIMBURSEMENT FOR CCCA ANNUAL CONFERENCE FROM 05/11-05/15/16**

- PO# Stat Contract# Invoice# 053116  
- Invc Dt: 05/31/16  
- Gross Amount: 125.92
- GL Distribution:  
  - 010-0200-44800-00000000: 125.92

#### Claim# General Description

**354517 MILEAGE REIMBURSEMENT FOR CCCA ANNUAL CONFERENCE FROM 05/11-05/15/16**

- PO# Stat Contract# Invoice# 053116  
- Invc Dt: 05/31/16  
- Gross Amount: 125.92
- GL Distribution:  
  - 010-0200-44800-00000000: 125.92

#### Claim# General Description

**354518 INFIELD CONDITIONER FOR BALL FIELDS**

- PO# Stat Contract# Invoice# 1911  
- Invc Dt: 05/24/16  
- Gross Amount: 839.00
- GL Distribution:  
  - 010-4360-44100-00000000: 839.00

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CCS.AP Accounts Payable Release 8.2.1 N*APR700  
By Gloria Candelaria (gcandelaria)
<table>
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**Claim# General Description**

354519 FINANCE OFFICE CHAIRS

- **Claim# General Description**
  - 354520 PREPARATION OF INTERIM ARBITRAGE REBATE REPORT FOR PR WATER AUTHORITY REVENUE BONDS, 2001 SERIES A

- **Claim# General Description**
  - 354521 CONTRACT INSTRUCTOR FOR COURSE #10805

- **Claim# General Description**
  - 354614 CONTRACT INSTRUCTOR FOR COURSES #10741 AND #10747

**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
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**Claim# General Description**

**354616 PUBLIC WORKS AFTER HOURS ANSWERING SERVICE FOR MAY 2016**

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GL Distribution
010-4200-44500-00000000

**Claim# General Description**

**354617 WATER DIVISION AFTER HOURS ANSWERING SERVICE FOR MAY 2016**

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GL Distribution
550-4920-44100-00000000

**Claim# General Description**

**354612 PROFESSIONAL SERVICES RENDERED FOR CIP #21317**

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GL Distribution
210-7300-44500-00021317

**PO Liquidation**
210-7300-44500-00021317

**Claim# General Description**

**354613 RETENTION INVOICE FOR CIP #21317**

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GL Distribution
210-7300-44500-00021317

**PO Liquidation**
210-7300-44500-00021317

**Claim# General Description**

**354522 CITY YARD FIRST AID KIT REFILLS**

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GL Distribution
010-4200-44930-00000000

**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
## Payment History

**Bank CBC1**  
**Payment Dates 06/09/2016 to 99/99/9999**  
**Check/ACH#'s 0 to 999999**  
**Payment Type ALL**

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### Claim 1: City of Downey

**Claim General Description:**

50% SCE BILL FOR TELEGRAPH MEDIANS FROM 01/15/16-02/16/16

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### Claim 2: Clinical Laboratory of San Bernard

**Claim General Description:**

WATER SAMPLE TESTING FOR APRIL 2016

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### Claim 3: Comlock Security Group

**Claim General Description:**

CITY HALL BUILDING KEYS

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### Claim 4: Complete Printing Solutions, Inc.

**Claim General Description:**

3 CANON IPF 700 INK

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
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<th>Vend# Vendor Name</th>
<th>Remit# Payee</th>
<th>Bank Check#</th>
<th>Chk Date</th>
<th>Check Amount Sep</th>
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<tbody>
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<td>CBC1 272075</td>
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<td>Claim# General Description</td>
<td>354623 1-YEAR WARRANTY</td>
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<td>Discount Used</td>
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<tr>
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<td>010-0820-42200-00000000</td>
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<th>Bank Check#</th>
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<td>499 CROCKER SIGNS &amp; SCREEN PRINTING</td>
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<td>1246 CULLIGAN WATER OF BELLFLOWER</td>
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</table>

CCS.AP Accounts Payable Release 8.2.1 N*APR700  
By Gloria Candelaria (gcandelaria)
### Payment History

**Bank:** CBC1  
**Payment Dates:** 06/09/2016 to 99/99/9999  
**Check/ACH #'s:** 0 to 999999  
**Payment Type:** ALL

---

**Vendor Name:** DANIELS TIRE SERVICE  
**Remit #:** CBC1  
**Payee:**  
**Check #:** 272079  
**Check Date:** 06/09/16  
**Check Amount:** 532.59

**Claim #** 354527  
**Description:** TIRES FOR UNIT #271

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**GL Distribution:**  
010-4370-43100-0000000  
**Gross Amount Description:** 532.59

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**Vendor Name:** DATA TICKET INC  
**Remit #:** CBC1  
**Payee:**  
**Check #:** 272080  
**Check Date:** 06/09/16  
**Check Amount:** 200.00

**Claim #** 354528  
**Description:** TICKET PROCESSING FOR APRIL 2016

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**GL Distribution:**  
010-3200-44500-0000000  
**Gross Amount Description:** 200.00

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**Vendor Name:** DERIAN/PARTY WAREHOUSE  
**Remit #:** CBC1  
**Payee:**  
**Check #:** 272081  
**Check Date:** 06/09/16  
**Check Amount:** 662.70

**Claim #** 354532  
**Description:** BALLOONS FOR SENIOR CENTER

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**GL Distribution:**  
010-8220-44100-0000000  
**Gross Amount Description:** 145.78

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**Claim #** 354533  
**Description:** TINY TOT PROMOTION PICNIC SUPPLIES

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**GL Distribution:**  
010-8101-44100-0000000  
**Gross Amount Description:** 392.55

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**Claim #** 354626  
**Description:** EVENT SUPPLIES FOR SENIOR CENTER

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**GL Distribution:**  
010-8220-44100-0000000  
**Gross Amount Description:** 124.37

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**  
**By:** Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
<th>Vend#</th>
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<td>DIEGOS AUTO REPAIR</td>
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### Claim# General Description

**Claim 354529 REPAIRS FOR UNIT #200**

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**Claim 354530 CLEAN UP OF UNIT #292**

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<tr>
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**Claim 354531 SMOG TEST FOR UNIT #259**

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**Claim 354534 SERVICE FOR UNIT #887**

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**Claim 354535 SERVICE FOR KUBOTA TRACTOR UNIT #150**

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**Claim 354536 SERVICE FOR KUBOTA TRACTOR UNIT #180**

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**Claim 354537 SERVICE FOR KUBOTA TRACTOR UNIT #180**

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</table>

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
## Payment History

City of Pico Rivera

Payment Dates: 06/09/2016 to 99/99/9999

Check/ACH#'s: 0 to 999999

Payment Type: ALL

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### 354536 SERVICE FOR KUBOTA MOWER UNIT #142

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GL Distribution: 010-4350-44100-00000000

Gross Amount Description: 526.99

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### Payment History

#### Vend# Vendor Name

**17635 ENVIRO COMMUNICATION, INC.**

- **Claim# General Description**: MONTHLY RETAINER FOR JULY 2016

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GL Distribution: 590-7320-11800-00021303

Gross Amount Description: GL Distribution

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#### Vend# Vendor Name

**15578 EWING IRRIGATION PRODUCTS**

- **Claim# General Description**: BACKFLOW REPAIRS AT OBREGON PARK

<table>
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GL Distribution: 010-4350-43400-00000000

Gross Amount Description: GL Distribution

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#### Vend# Vendor Name

**1407388 IRRIGATION SUPPLIES FOR RIO HONDO PARK**

- **Claim# General Description**: IRRIGATION SUPPLIES FOR RIO HONDO PARK

<table>
<thead>
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<th>PO# Stat Contract#</th>
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GL Distribution: 010-4350-43400-00000000

Gross Amount Description: GL Distribution

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#### Vend# Vendor Name

**1415964 IRRIGATION REPAIRS AT RIVERA PARK**

- **Claim# General Description**: IRRIGATION REPAIRS AT RIVERA PARK

<table>
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<th>Discount Amt</th>
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GL Distribution: 010-4350-43400-00000000

Gross Amount Description: GL Distribution

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#### Vend# Vendor Name

**1424377 IRRIGATION SUPPLIES FOR RIVERA PARK**

- **Claim# General Description**: IRRIGATION SUPPLIES FOR RIVERA PARK

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<th>Gross Amount</th>
<th>Discount Amt</th>
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GL Distribution: 010-4350-43400-00000000

Gross Amount Description: GL Distribution
### Payment History

**Bank CBC1**

**Payment Dates 06/09/2016 to 99/99/9999**

**Check/ACH#'s 0 to 999999**

**Payment Type ALL**

#### Vend# Vendor Name | Remit# Payee | Bank Check# | Chk Date | Check Amount Sep |
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<td>CBC1 272088</td>
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<td>38.49</td>
</tr>
<tr>
<td>15549 GLENN'S REFRIGERATION</td>
<td></td>
<td>CBC1 272089</td>
<td>06/09/16</td>
<td>980.00</td>
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</table>

#### Claim# General Description

**354543 MONTHLY RECURRING ACA PAYMENT FOR MAY 2016**

**Claim#** 354543

**General Description**

**Claim#** 354543 MONTHLY RECURRING ACA PAYMENT FOR MAY 2016

<table>
<thead>
<tr>
<th>PO# Stat Contract# Invoice#</th>
<th>Invc Dt</th>
<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>33412 O 5758</td>
<td>06/01/16</td>
<td>1,516.50</td>
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**GL Distribution**

<table>
<thead>
<tr>
<th>Gross Amount Description</th>
<th>1,516.50</th>
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</table>

#### Claim# General Description

**354627 REFUND FOR COURSE #10895**

**Claim#** 354627

**General Description**

**Claim#** 354627 REFUND FOR COURSE #10895

<table>
<thead>
<tr>
<th>PO# Stat Contract# Invoice#</th>
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<th>Net Amount</th>
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<tbody>
<tr>
<td>1081269.002</td>
<td>05/06/16</td>
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**GL Distribution**

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<tr>
<th>Gross Amount Description</th>
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#### Claim# General Description

**354628 SUPPLIES FOR TEEN CENTER EVENT ON 06/03/16**

**Claim#** 354628

**General Description**

**Claim#** 354628 SUPPLIES FOR TEEN CENTER EVENT ON 06/03/16

<table>
<thead>
<tr>
<th>PO# Stat Contract# Invoice#</th>
<th>Invc Dt</th>
<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
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<tbody>
<tr>
<td>107880</td>
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#### Claim# General Description

**354649 ICE MACHINE REPAIR AT SPORTS ARENA**

**Claim#** 354649

**General Description**

**Claim#** 354649 ICE MACHINE REPAIR AT SPORTS ARENA

<table>
<thead>
<tr>
<th>PO# Stat Contract# Invoice#</th>
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<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>17051</td>
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**GL Distribution**

<table>
<thead>
<tr>
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<th>980.00</th>
</tr>
</thead>
</table>

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
### Payment History
**Bank:** CBC1  
**Payment Dates:** 06/09/2016 to 99/99/9999  
**Check/ACH#s:** 0 to 999999  
**Payment Type:** ALL

#### Claim# 354546 FRONT LOADING DEPOSITORY SAFE FOR FINANCE

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<tr>
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<th>Vendor Name</th>
<th>Remit# Payee</th>
<th>Bank Check#</th>
<th>Chk Date</th>
<th>Check Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>13362</td>
<td>GLOBAL EQUIPMENT CO</td>
<td>2 GLOBAL EQUIPMENT CO., INC.</td>
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<td>06/09/16</td>
<td>1,104.44</td>
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#### Claim# 354544 BALANCE FOR SKYDIVING DEMONSTRATION DURING FIREWORKS SPECTACULAR EVENT ON 07/02/16

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<thead>
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<th>Vendor Name</th>
<th>Remit# Payee</th>
<th>Bank Check#</th>
<th>Chk Date</th>
<th>Check Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>18530</td>
<td>GOLDEN STARS SKYDIVING TEAM</td>
<td></td>
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#### Claim# 354547 OVERNIGHT DELIVERY SERVICE

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<th>Check Amount</th>
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<tbody>
<tr>
<td>8354</td>
<td>GOLDEN STATE OVERNIGHT</td>
<td>1 GOLDEN STATE OVERNIGHT</td>
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<td>06/09/16</td>
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CCS.AP Accounts Payable Release 8.2.1 N*APR700  
By Gloria Candelaria (gcandelaria)
<table>
<thead>
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<th>Vend#</th>
<th>Vendor Name</th>
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<th>Payee</th>
<th>Bank Check#</th>
<th>Chk Date</th>
<th>Check Amount Sep</th>
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</thead>
<tbody>
<tr>
<td>14667</td>
<td>GREEN GIANT LANDSCAPE, INC.</td>
<td></td>
<td></td>
<td>CBC1</td>
<td>06/09/16</td>
<td>13,573.10</td>
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<tr>
<td>18527</td>
<td>ROSA GUTIERREZ</td>
<td></td>
<td></td>
<td>CBC1</td>
<td>06/09/16</td>
<td>43.00</td>
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<tr>
<td>18258</td>
<td>HARRELL'S LLC</td>
<td></td>
<td></td>
<td>CBC1</td>
<td>06/09/16</td>
<td>785.67</td>
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<tr>
<td>18512</td>
<td>HOSE-MAN, INC.</td>
<td></td>
<td></td>
<td>CBC1</td>
<td>06/09/16</td>
<td>107.83</td>
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</table>

**Claim# General Description**

**354549 PROFESSIONAL SERVICES RENDERED FROM 04/30/16-05/15/16 CIP #21240**

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<thead>
<tr>
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<th>Invoice#</th>
<th>Inv# Dt</th>
<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
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<tr>
<td>33285 O CHOR1 &amp; 2</td>
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<td>13,573.10</td>
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<td>0.00</td>
<td></td>
<td>13,573.10</td>
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**Claim# General Description**

**354629 REFUND FOR TEMPORARY POWER POLE AT 7631 KELTONVIEW DR**

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<th>Invoice#</th>
<th>Inv# Dt</th>
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</thead>
<tbody>
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**Claim# General Description**

**354550 WEED ABATEMENT SUPPLIES**

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<th>Inv# Dt</th>
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<tbody>
<tr>
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**Claim# General Description**

**354630 SUPPLIES FOR MAIN AND SERVICE REPAIRS**

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<th>Discount Amt</th>
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<th>Net Amount</th>
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</thead>
<tbody>
<tr>
<td>4137782-0001-04</td>
<td>04/25/16</td>
<td>107.83</td>
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<td>0.00</td>
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</table>

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
<th>Vend#</th>
<th>Vendor Name</th>
<th>Remit#</th>
<th>Payee</th>
<th>Bank Check#</th>
<th>Chk Date</th>
<th>Check Amount Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>18131</td>
<td>I COPY, INC. DBA IBE DIGITAL</td>
<td>CBC1</td>
<td>272097</td>
<td>06/09/16</td>
<td></td>
<td>1,575.89</td>
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<td></td>
<td></td>
<td></td>
<td>06/09/16 to 99/99/9999</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Check/ACH#'s 0 to 999999</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Payment Type ALL</td>
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**Claim# General Description**

354552 MONTHLY MAINTENANCE FOR CITYWIDE COPIERS FOR MAY 2016

<table>
<thead>
<tr>
<th>PO# Stat Contract# Invoice#</th>
<th>Invc Dt</th>
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<th>Discount Used</th>
<th>Net Amount</th>
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</thead>
<tbody>
<tr>
<td>33510 0</td>
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**Claim# General Description**

354553 TONER

<table>
<thead>
<tr>
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<th>Discount Used</th>
<th>Net Amount</th>
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<tbody>
<tr>
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**Claim# General Description**

354554 TRANSPORTATION FOR EXCURSION ON 05/21/16

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<tr>
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<th>Discount Used</th>
<th>Net Amount</th>
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</thead>
<tbody>
<tr>
<td>48308 0</td>
<td>05/18/16</td>
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**Claim# General Description**

354555 STREET SWEEPER SIGNS

<table>
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<th>Invc Dt</th>
<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>010-0900-42400-00000000</td>
<td>06/09/16</td>
<td>1,203.00</td>
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**Claim# General Description**

354618 STREET SWEEPER SIGNS

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<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/19/16</td>
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</tbody>
</table>
### Vendor Name: YOLANDA KARRAA

**Claim General Description:**
PROFESSIONAL SERVICES RENDERED FOR MAY 2016

<table>
<thead>
<tr>
<th>PO#</th>
<th>Stat</th>
<th>Contract#</th>
<th>Invoice#</th>
<th>Invc Dt</th>
<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3305</td>
<td>O</td>
<td>53116</td>
<td>05/31/16</td>
<td>7,420.00</td>
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<td>7,420.00</td>
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**GL Distribution:**
- 010-0800-44500-00000000: 4,620.00
- 010-0800-44500-00000000: 1,600.00
- 090-0800-44500-00000000: 600.00
- 095-0800-44500-00000000: 600.00

**PO Liquidation:**
- Amount: 6,220.00

### Vendor Name: KNORR SYSTEMS, INC

**Claim General Description:**
CHEMICAL PICK UP FEE FOR EMPTY ACID DRUMS FROM SMITH PARK POOL

<table>
<thead>
<tr>
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<th>Contract#</th>
<th>Invoice#</th>
<th>Invc Dt</th>
<th>Gross Amount</th>
<th>Discount Amt</th>
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<tbody>
<tr>
<td>SI179424</td>
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<td>04/30/16</td>
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**GL Distribution:**
- 010-8104-42210-00000000: 100.00

### Vendor Name: KOA CORP./ CBM CONSULTING INC.

**Claim General Description:**
PROFESSIONAL SERVICES RENDERED FROM 04/04/16-05/01/16 CIP #21305

<table>
<thead>
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<th>Invoice#</th>
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<th>Gross Amount</th>
<th>Discount Amt</th>
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<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>33491</td>
<td>O</td>
<td>JB51237X3</td>
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**GL Distribution:**
- 210-7300-44500-00021305: 17,858.40

### Vendor Name: L A COUNTY SHERIFFS DEPARTMENT

**Claim General Description:**
PRISONER MAINTENANCE FOR MARCH 2016

<table>
<thead>
<tr>
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<th>Stat</th>
<th>Contract#</th>
<th>Invoice#</th>
<th>Invc Dt</th>
<th>Gross Amount</th>
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<th>Net Amount</th>
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</thead>
<tbody>
<tr>
<td>33376</td>
<td>O</td>
<td>163950KW</td>
<td>04/28/16</td>
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</table>

**GL Distribution:**
- 010-3400-44500-00000000: 362.04

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
<th>Vend#</th>
<th>Vendor Name</th>
<th>Remit#</th>
<th>Payee</th>
<th>Bank Check#</th>
<th>Chk Date</th>
<th>Check Amount Sep</th>
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</thead>
<tbody>
<tr>
<td>15066</td>
<td>CHARISSA MANOR</td>
<td>CBC1</td>
<td>272104</td>
<td>06/09/16</td>
<td>1,490.91</td>
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</table>

**Claim# General Description**

**354563** REIMBURSEMENT FOR CHAIR COVERS FOR MEMORIAL DAY EVENT

<table>
<thead>
<tr>
<th>PO# Stat Contract#</th>
<th>Invoice#</th>
<th>Invc Dt</th>
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<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
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<tbody>
<tr>
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**Claim# General Description**

**354564** REIMBURSEMENT FOR CHAIRS FOR TINY TOT SITES AND SUPPLIES FOR GRAND OPENING CEREMONIES

<table>
<thead>
<tr>
<th>PO# Stat Contract#</th>
<th>Invoice#</th>
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<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
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</thead>
<tbody>
<tr>
<td>GL Distribution</td>
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<td>1,040.91</td>
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<table>
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<th>Payee</th>
<th>Bank Check#</th>
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</tr>
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<tbody>
<tr>
<td>16632</td>
<td>MATRIX AUDIO VISUALS DESIGNS, INC.</td>
<td>CBC1</td>
<td>272105</td>
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**Claim# General Description**

**354565** EXECUTIVE CONFERENCE ROOM VOIP SYSTEM REPAIR

<table>
<thead>
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<th>Invoice#</th>
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<td>PO Liquidation</td>
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**Claim# General Description**

**354566** LIVE STREAMING SERVICE AND INTERNET

<table>
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<th>Invoice#</th>
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<th>Discount Amt</th>
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<tbody>
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**Claim# General Description**

**354632** SMITH PARK CAT6 CABLING

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
### Claim# General Description

**354560** SMALL HAND TOOLS FOR WATER DIVISION

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**Claim# General Description**

**354561** SECURITY SERVICE FOR VARIOUS PARK SITES FOR JUNE 2016

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**Claim# General Description**

**354562** SECURITY SERVICE AT AL NATIVIDAD CENTER FOR JUNE 2016

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**Claim# General Description**

**354633** SEWER LIFT PUMP AND CUTTER ASSEMBLY

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**Claim# General Description**

**354567** HOLD MUSIC FOR JUNE 2016

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<tr>
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By Gloria Candelaria (gcandelaria)
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**Claim# General Description**

354634 CATCH BASIN CLEANING SERVICES FOR MAY 2016

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**Claim# General Description**

354635 QUARTERLY SUBSCRIPTION FEE FOR GOLDEN AGE ENTERTAINMENT FOR JUNE, JULY AND AUGUST 2016

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**Claim# General Description**

354568 EMERGENCY IT SUPPORT & PLANNING SERVICE

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**Claim# General Description**

354569 TABLES FOR CHP RENTAL

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
# Payment History

City of Pico Rivera

Payment History. Bank CBC1  Payment Dates 06/09/2016 to 99/99/9999  Check/ACH#'s 0 to 999999  Payment Type ALL

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**Claim# General Description**

354570  ALL-PURPOSE CLEANER AND KEYBOARD DUSTER

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**Claim# General Description**

354571  WHITE POLIWOOD CHAIR RENTAL FOR MEMORIAL DAY CEREMONY

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**Claim# General Description**

354636  REFUND FOR COURSE #9866

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**Claim# General Description**

354637  SUPPLIES FOR SEWER REPAIRS

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CCS.AP Accounts Payable Release 8.2.1 N*APR700 By Gloria Candelaria (gcandelaria)
<table>
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Claim# General Description
354572 QUESTYS ANNUAL MAINTENANCE AND UPGRADES FOR FISCAL YR 2016-17

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GL Distribution Gross Amount Description
010-0300-11800-00000000 3,674.47

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
Payment History. Bank CBC1  Payment Dates 06/09/2016 to 99/99/9999  Check/ACH#'s 0 to 999999  Payment Type ALL

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Claim# General Description

**354573 FIRE DOORS**

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Claim# General Description

**354574 FIRE DOORS**

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Claim# General Description

**354575 KITCHEN DOOR REPAIR AT PICO PARK**

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Claim# General Description

**354576 BASEMENT DOOR REPAIRS AT CITY HALL**

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Claim# General Description

**354577 SMITH PARK MAIN BUILDING DOOR REPAIR**

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Claim# General Description

**354578 DOOR FOR CITY HALL**

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Claim# General Description

**354579 DOOR FOR CITY HALL BASEMENT**

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
<th>PO# Stat Contract#</th>
<th>Invoice#</th>
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**GL Distribution**
010-4340-43400-00000000
989.50

**Claim# General Description**
354580 DOOR FOR CITY HALL BASEMENT

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<th>Discount Amt</th>
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<th>Net Amount</th>
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<tbody>
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**GL Distribution**
010-4340-43400-00000000
989.50

**Claim# General Description**
354581 PICO PARK KITCHEN DOOR LAMINATION

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**GL Distribution**
010-4340-43400-00000000
995.25

**Claim# General Description**
354582 KITCHEN DOOR FOR PICO PARK

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**GL Distribution**
010-4340-43400-00000000
995.25

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<td>CBC1 272120</td>
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**Claim# General Description**
354638 SAFETY SHOES FOR J.LOERA

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**GL Distribution**
010-4010-44100-00000000
100.00

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**Claim# General Description**
354639 DRIVER RECORD MONITORING FOR MAY 2016

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**PO Liquidation**
010-0350-44400-00000000
250.00

**PO Liquidation**
010-0350-44400-00000000
250.00

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
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Claim General Description

354583 SAFETY SHOES FOR H.J.SIERRA

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Claim General Description

354584 SAFETY SHOES FOR S.SANCHEZ

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Claim General Description

354640 SAFETY SHOES FOR D.RODRIGUEZ

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Claim General Description

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<td>357 SMART &amp; FINAL IRIS COMPANY</td>
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### Claim# General Description

**354585** REACH END OF THE YEAR SUPPLIES

- **PO# Stat Contract# Invoice#**
  - 189798
  - **Invc Dt** 05/23/16
  - **Gross Amount** 245.21
  - **Discount Amt** 0.00
  - **Discount Used** 0.00
  - **Net Amount** 245.21

- **GL Distribution**
  - 690-8105-44100-00000000
  - **Gross Amount Description**
  - 245.21

- **Claim# General Description**

**354586** REACH END OF THE YEAR SUPPLIES

- **PO# Stat Contract# Invoice#**
  - 190730
  - **Invc Dt** 05/24/16
  - **Gross Amount** 133.09
  - **Discount Amt** 0.00
  - **Discount Used** 0.00
  - **Net Amount** 133.09

- **GL Distribution**
  - 690-8105-44100-00000000
  - **Gross Amount Description**
  - 133.09

### Claim# General Description

**354587** MEMORIAL DAY SUPPLIES

- **PO# Stat Contract# Invoice#**
  - 193563
  - **Invc Dt** 05/27/16
  - **Gross Amount** 50.49
  - **Discount Amt** 0.00
  - **Discount Used** 0.00
  - **Net Amount** 50.49

- **GL Distribution**
  - 010-8111-44100-00000000
  - **Gross Amount Description**
  - 50.49

### Claim# General Description

**354588** MEMORIAL DAY SUPPLIES

- **PO# Stat Contract# Invoice#**
  - 193550
  - **Invc Dt** 05/27/16
  - **Gross Amount** 101.72
  - **Discount Amt** 0.00
  - **Discount Used** 0.00
  - **Net Amount** 101.72

- **GL Distribution**
  - 010-8111-44100-00000000
  - **Gross Amount Description**
  - 101.72

### Claim# General Description

**354589** 5 YR SOFTWARE RENEWAL

- **PO# Stat Contract# Invoice#**
  - 3532 C
  - **Invc Dt** 04/06/16
  - **Gross Amount** 4,145.85
  - **Discount Amt** 0.00
  - **Discount Used** 0.00
  - **Net Amount** 4,145.85

- **GL Distribution**
  - 010-0820-42600-00000000
  - **Gross Amount Description**
  - 4,145.85

- **PO Liquidation**
  - 010-0820-42600-00000000
  - **Amount**
  - 4,145.82

### Claim# General Description

**354591** CREDIT FOR RETURNED MERCHANDISE

- **PO# Stat Contract# Invoice#**
  - 3868752
  - **Invc Dt** 12/15/14
  - **Gross Amount** -1,264.95
  - **Discount Amt** 0.00
  - **Discount Used** 0.00
  - **Net Amount** -1,264.95

- **CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
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<td>15810 THE SAUCE CREATIVE SERVICES SERGIO</td>
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## Payment History

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**Dates:** 06/09/2016 to 99/99/9999  
**Check/ACH #'s:** 0 to 999999  
**Payment Type:** ALL  

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City of Pico Rivera  
Jun 15, 2016 03:25pm  Page 28  
Payment History. Bank CBC1  
Payment Dates 06/09/2016 to 99/99/9999  
Check/ACH #'s 0 to 999999  
Payment Type ALL  

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CCS.AP Accounts Payable Release 8.2.1 N*APR700  
By Gloria Candelaria (gcandelaria)
<table>
<thead>
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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
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Bank: CBC1
Payment Dates: 06/09/2016 to 99/99/9999
Check/ACH#: 0 to 999999
Payment Type: ALL

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
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**Claim# General Description**

**354610 BACKFLOW PREVENTION ASSEMBLY TEST KIT**

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**Claim# General Description**

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**Claim# General Description**

**354621 SMITH PARK POOL RENOVATIONS CIP #21307**

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**Claim# General Description**

**354596 MONTHLY CREDIT CARD STATEMENT FOR BILLING ENDING 05/26/16**

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
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**Check/ACH#'s:** 0 to 999999  
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#### Claim General Description

**354650 BACK-UP BATTERY/SURGE PROTECTOR**

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#### Claim General Description

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#### Claim General Description

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CCS.AP Accounts Payable Release 8.2.1 N*APR700  
By Gloria Candelaria (gcandelaria)
City of Pico Rivera

Payment History. Bank CBC1  Payment Dates 06/16/2016 to 99/99/9999  Check/ACH#'s 0 to 999999  Payment Type ALL

-------------------------------------------------
Vendor Name: AMERICAN SECURITY FORCE INC
Remit# Payee: CBC1 272143
Bank Check# Chk Date Check Amount Sep
15981 06/16/16  152.00

Claim General Description
354653 FINGERPRINTING SERVICE FOR MAY 2016

PO# Stat Contract# Invoice# Invc Dt Gross Amount Discount Amt Discount Used Net Amount
33296 O 7504 06/01/16 152.00 0.00 152.00

GL Distribution
010-0350-44500-00000000 Gross Amount Description
010-0350-44500-00000000 Amount

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Vendor Name: ATKINS NORTH AMERICA, INC. FORMERLY ATKINS NORTH AMERICA, INC.
Remit# Payee: CBC1 272144
Bank Check# Chk Date Check Amount Sep
12407 06/16/16  10,775.11

Claim General Description
354654 PROFESSIONAL SERVICES RENDERED FROM 04/04/16-05/01/16 CIP #21313

PO# Stat Contract# Invoice# Invc Dt Gross Amount Discount Amt Discount Used Net Amount
33387 O 1838145 05/19/16 960.00 0.00 960.00

GL Distribution
210-7300-44500-00021313 Gross Amount Description
210-7300-44500-00021313 Amount

Claim General Description
354814 PROFESSIONAL SERVICES RENDERED FROM 04/04/16-05/01/16 CIP #21275 & #21297

PO# Stat Contract# Invoice# Invc Dt Gross Amount Discount Amt Discount Used Net Amount
33411 O 1838143A 05/19/16 9,815.11 0.00 9,815.11

GL Distribution
210-7300-44500-00021275 Gross Amount Description
210-7300-44500-00021275 Amount

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Vendor Name: BROADWAY LOCK AND KEY
Remit# Payee: CBC1 272145
Bank Check# Chk Date Check Amount Sep
1878 06/16/16  657.82

Claim General Description
354657 LOCKS AND KEYS FOR ALL BUILDINGS

PO# Stat Contract# Invoice# Invc Dt Gross Amount Discount Amt Discount Used Net Amount
54875 O 04/29/16  657.82 0.00 657.82

GL Distribution
010-4340-43400-00000000 Gross Amount Description
010-4340-43400-00000000 Amount

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
Payment History: Bank CBC1  Payment Dates 06/16/2016 to 99/99/9999  Check/ACH#'s 0 to 999999  Payment Type ALL

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354772 REGISTRATION FOR YOUTH COURT LEADERSHIP SUMMIT ON JUNE 23-25,2016

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GL Distribution
699-0200-44500-00000000

Claim# General Description
354788 PERS LONG TERM CARE P/E 06/10/16

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Claim# General Description
354816 DJ SERVICES FOR SENIOR CENTER EVENT ON 05/26/16

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Claim# General Description
354658 PROFESSIONAL SERVICES RENDERED FOR MARCH 2016

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By Gloria Candelaria (gcandelaria)
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<td>By Gloria Candelaria (gcandelaria)</td>
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### Payment History

**City of Pico Rivera**  
**Jun 16, 2016  02:58pm**  
**Page 5**

**Payment History. Bank CBC1 Payment Dates 06/16/2016 to 99/99/9999 Check/ACH#'s 0 to 999999 Payment Type ALL**

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**Claim# General Description**

**PROFESSIONAL SERVICES RENDERED FOR MAY 2016**

- **PO # Stat Contract# Invoice#**
  - 33088 O 31076
  - GL Distribution: Gross Amount Description
  - PO Liquidation: Amount

- **Amount:** 352.50

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**Claim# General Description**

**KEYS FOR DOWNSTAIRS CITY HALL**

- **PO # Stat Contract# Invoice#**
  - 684970
  - GL Distribution: Gross Amount Description

- **Amount:** 284.20

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**Claim# General Description**

**COPE CONTRIBUTION P/E 06/10/16**

- **PO # Stat Contract# Invoice#**
  - 061016
  - GL Distribution: Gross Amount Description

- **Amount:** 83.00

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**Claim# General Description**

** ASPHALT**

- **PO # Stat Contract# Invoice#**
  - 00429389
  - GL Distribution: Gross Amount Description

- **Amount:** 806.20

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
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<th>Vend#</th>
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### Payments

**Vend# Vendor Name**
- 16476 DANCE IMAGE
- 8972 CYPRESS LOCK & KEY

**Claim# General Description**
- 354728 REPAIR DOORS AT RIVERA AND SMITH PARKS
- 354729 FILE CABINET KEYS FOR CITY HALL WEST
- 354730 FINANCE DEPARTMENT KEYS
- 354731 CITY HALL H.R. KEYS
- 354732 CITY YARD KEYS
- 354664 CONTRACT INSTRUCTOR FOR COURSES IN MAY 2016

**PO# Stat Contract# Invoice#**
- 19098
- 19236
- 19296
- 19295
- 19298
- 33301 O

**Invc Dt**
- 04/05/16
- 04/07/16
- 05/10/16
- 05/10/16
- 05/15/16
- 05/17/16

**Gross Amount**
- 474.36
- 165.00
- 113.08
- 267.44
- 724.46
- 336.60

**Gross Amount Description**
- GL Distribution

**Discount Used**
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- 0.00
- 0.00
- 0.00
- 0.00

**Net Amount**
- 474.36
- 165.00
- 113.08
- 267.44
- 724.46
- 336.60

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**CS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
City of Pico Rivera Payment History. Bank CBC1 Payment Dates 06/16/2016 to 99/99/9999 Check/ACH#'s 0 to 999999 Payment Type ALL

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Claim# General Description

354665 SMOG TEST FOR UNIT #121

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GL Distribution | Gross Amount Description | GL Distribution | Amount |
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Claim# General Description

354733 CONTRACT INSTRUCTOR FOR COURSE #10818

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GL Distribution | Gross Amount Description | GL Distribution | Amount |
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Claim# General Description

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GL Distribution | Gross Amount Description | GL Distribution | Amount |
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Claim# General Description

354762 REACH PROGRAM ERUSD FOOD SERVICES FOR APRIL 2016

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GL Distribution | Gross Amount Description | GL Distribution | Amount |
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CCS.AP Accounts Payable Release 8.2.1 N*APR700 By Gloria Candelaria (gcandelaria)
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**Claim# General Description**

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
### Payment History

**City of Pico Rivera**

**Payment Dates:** 06/16/2016 to 09/99/9999

**Bank:** CBC1

**Check/ACH#s:** 0 to 999999

**Payment Type:** ALL

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**CS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
## Payment History

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**Check/ACH#s**: 0 to 999999  
**Payment Type**: ALL

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**  
By Gloria Candelaria (gcandelaria)
<table>
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**Claim# General Description**

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354735 WATER SAMPLING EQUIPMENT

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354749 WEED ABATEMENT SUPPLIES

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
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**Claim# General Description**

**Drug Testing/Physicals for City Personnel**

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**Claim# General Description**

**Modified Duty for City Personnel**

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**Claim# General Description**

**Refund for Permit #2680**

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**Claim# General Description**

**Contract Instructor for Course #10809**

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
<th>Vend#</th>
<th>Vendor Name</th>
<th>Remit# Payee</th>
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<td>14453</td>
<td>HOSEPOWER USA</td>
<td>4 BRIDGESTONE HOSEPOWER LLC</td>
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<td>17727</td>
<td>GLORIA SYLVIA HURTADO</td>
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<td>18131</td>
<td>I COPY, INC. DBA IBE DIGITAL</td>
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**Claim# General Description**

- **354672 TREES FOR VARIOUS LOCATIONS**
  - PO: Stat Contract# Invoice#: 2431
    - Invc Dt: 05/19/16
    - Gross Amount: 162.41
    - Net Amount: 162.41
  - GL Distribution: 010-4200-44670-00000000

- **354673 SHOP STOCK SUPPLIES**
  - PO: Stat Contract# Invoice#: 69039425-00
    - Invc Dt: 05/24/16
    - Gross Amount: 71.33
    - Net Amount: 71.33
  - GL Distribution: 010-4370-43100-00000000

- **354674 CONTRACT INSTRUCTOR FOR COURSE #10816**
  - PO: Stat Contract# Invoice#: 10816
    - Invc Dt: 06/01/16
    - Gross Amount: 150.00
    - Net Amount: 150.00
  - GL Distribution: 010-8107-44510-00000000

- **354751 TOWER**
  - PO: Stat Contract# Invoice#: 33510 O 38224A
    - Invc Dt: 06/10/16
    - Gross Amount: 16.35
    - Net Amount: 16.35
  - GL Distribution: 010-0900-42400-00000000
  - PO Liquidation: 010-0900-42400-00000000

- **Claim# General Description**
  - **354571 TOWER**
    - PO: Stat Contract# Invoice#: 33510 O 38224A
      - Invc Dt: 06/10/16
      - Gross Amount: 16.35
      - Net Amount: 16.35
    - GL Distribution: 010-0900-42400-00000000
    - PO Liquidation: 010-0900-42400-00000000

**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
### Payment History

**City of Pico Rivera**

**Payment Dates** 06/16/2016 to 99/99/9999  
**Check/ACH#’s** 0 to 999999  
**Payment Type** ALL

---

**Vendor Information**

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**Claim# General Description**

#### 354675

**PROFESSIONAL SERVICES RENDERED FOR APRIL 2016**

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**GL Distribution**

- Gross Amount Description: 8,400.00
- PO Liquidation: Amount 8,400.00

#### 354779

**PATCH CABLES**

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**GL Distribution**

- Gross Amount Description: 284.33
- PO Liquidation: Amount 284.33

#### 354780

**INSTALLATION, LABOR AND MATERIALS FOR TWO CABLES AT THE CITY YARD**

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**GL Distribution**

- Gross Amount Description: 652.45

#### 354781

**TESTED VOIP LINE AT RIVERA PARK**

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**GL Distribution**

- Gross Amount Description: 170.00

#### 354750

**ASSESSOR MAPS**

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**GL Distribution**

- Gross Amount Description: 4.00
- PO Liquidation: Amount 4.00

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
### Payment History

<table>
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<tr>
<th>Vend#</th>
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<td>15543</td>
<td>LEAGUE OF CALIFORNIA CITIES LOS AN</td>
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### Claim# General Description

- **Payment Dates**: 06/16/2016 to 99/99/9999
- **Check/ACH#**: 0 to 999999
- **Payment Type**: ALL

### Claim 354764

**Student Bus Passes for May 2016**

- **PO#**: 6002246
- **Invc Dt**: 05/31/16
- **Gross Amount**: 150.00
- **Discount Amt**: 0.00
- **Net Amount**: 150.00

### Claim 354676

**Annual Membership Dues for FY 2016-17**

- **PO#**: 3301
- **Invc Dt**: 06/01/16
- **Gross Amount**: 1,249.50
- **Discount Amt**: 0.00
- **Net Amount**: 1,249.50

### Claim 354677

**Reimbursement for Supplies for Memorial Day Ceremony**

- **PO#**: 060416
- **Invc Dt**: 06/04/16
- **Gross Amount**: 279.04
- **Discount Amt**: 0.00
- **Net Amount**: 279.04

### Claim 354678

**Cash Advance to Purchase Game Booth Prizes for Fireworks Spectacular Event on 07/02/16**

- **PO#**: 060616
- **Invc Dt**: 06/06/16
- **Gross Amount**: 600.00
- **Discount Amt**: 0.00
- **Net Amount**: 600.00

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
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<th>Vend#</th>
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**Claim# General Description**

354815 STARTING CHANGE/CASH FOR AMUSEMENT JUMPER TICKET SALES FOR FIREWORKS SPECTACULAR EVENT ON 07/02/16

354679 DEPOSIT REFUND FOR TUP #16-019 9002 SLAUSON

354783 EMPLOYEE DEDUCTION F/E 06/10/16

354812 CITY VEHICLE LEASE PAYMENTS FOR JUNE 2016

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
## Claim# General Description

### 354726
**EVENT ORGANIZER HEALTH PERMIT FOR FIREWORKS SPECTACULAR EVENT ON 07/02/16**

<table>
<thead>
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### GL Distribution

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### Claim# General Description

### 354765
**REIMBURSEMENT FOR MICROSOFT EXCEL WORKSHOP, MILEAGE, LUNCH AND PARKING ON 06/09/16 & 06/10/16**

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### GL Distribution

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### Claim# General Description

### 354680
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### GL Distribution

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### PO Liquidation

| Amount                           | 8,081.38 |

### Claim# General Description

### 354723
**6 GAME ROOM WALNUT CHAIR REPAIRS AT SENIOR CENTER**

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### CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
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<th>Vend#</th>
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<th>Check#</th>
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<td>9376</td>
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Claim# General Description

354681 REGISTRATION FOR J.GUERRA TO ATTEND SEMINAR ON 05/09/16

PO# Stat Contract# Invoice# | Invc Dt | Gross Amount | Discount Amt | Discount Used | Net Amount
INV211797 04/28/16 | 657.50 0.00 | 657.50

Claim# General Description

354682 SOLAR LED ROAD MARKER FOR ROSEMEAD BLVD

PO# Stat Contract# Invoice# | Invc Dt | Gross Amount | Discount Amt | Discount Used | Net Amount
NEX16-54 05/12/16 | 830.00 0.00 | 830.00

Claim# General Description

354777 SYNOLOGY DISK STATION AND INTERNAL HARD DRIVE

PO# Stat Contract# Invoice# | Invc Dt | Gross Amount | Discount Amt | Discount Used | Net Amount
35932 O 05/31/16 | 4,201.28 0.00 | 4,201.28

Claim# General Description

354683 REIMBURSEMENT FOR SHADE SAILS FOR USE AT SENIOR CENTER PATIO AREA

PO# Stat Contract# Invoice# | Invc Dt | Gross Amount | Discount Amt | Discount Used | Net Amount
060616 06/06/16 | 64.74 0.00 | 64.74

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
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<th>Remit#</th>
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<td>6102</td>
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**Claim# General Description**

354778 PARS TRUST ADMINISTRATION FEES FOR APRIL 2016

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**Claim# General Description**

354684 GENERATOR FOR PICNIC JUMPERS AT TINY TOT PROMOTION

<table>
<thead>
<tr>
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<th>Invc Dt</th>
<th>Gross Amount</th>
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<td>506370</td>
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**Claim# General Description**

354685 REIMBURSEMENT FOR CERTIFICATE FRAMING FOR G.CAMACHO

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<th>Invc Dt</th>
<th>Gross Amount</th>
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**Claim# General Description**

354737 MONTHLY PROFILE FOR JUNE 2016

<table>
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<tr>
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<th>Invc Dt</th>
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</table>

CCS.AP Accounts Payable Release 8.2.1 N*APR700 

By Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
<th>Vend#</th>
<th>Vendor Name</th>
<th>Remit#</th>
<th>Payee</th>
<th>Bank Check#</th>
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<th>Check Amount</th>
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<tr>
<td>12228</td>
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Claim# General Description
354809 MID-MGMT, PROFNLE CONFIDL EMPL ASSOC DUES, AND SERV FEE-PAYER P/E 06/10/16

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<th>Gross Amount</th>
<th>Discount Amt</th>
<th>Discount Used</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
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<td>33609 C</td>
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<td>0.00</td>
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GL Distribution
Gross Amount Description
010-0300-44400-00000000       1,465.70
010-0300-44400-00000000       1,465.07

CCS.AP Accounts Payable Release 8.2.1 N*APR700
By Gloria Candelaria (gcandelaria)
Vend# Vendor Name                      Remit# Payee                                       Bank Check#  Chk Date  Check Amount Sep
14171 R-DOORS, INC.                                                                       CBC1 272210  06/16/16      5,225.70

Claim# General Description
354686 SMITH PARK POOL FRONT GATE REPAIR
   PO# Stat Contract# Invoice#             Invc Dt    Gross Amount   Discount Amt  Discount Used     Net Amount
   52616                  05/17/16         966.00                          0.00         966.00
   GL Distribution 010-4340-43400-00000000                     966.00

Claim# General Description
354687 SMITH PARK POOL FRONT GATE REPAIR
   PO# Stat Contract# Invoice#             Invc Dt    Gross Amount   Discount Amt  Discount Used     Net Amount
   52716                  05/17/16         863.52                          0.00         863.52
   GL Distribution 010-4340-43400-00000000                     863.52

Claim# General Description
354688 SMITH PARK POOL FRONT GATE REPAIR
   PO# Stat Contract# Invoice#             Invc Dt    Gross Amount   Discount Amt  Discount Used     Net Amount
   51516                  05/17/16         470.48                          0.00         470.48
   GL Distribution 010-4340-43400-00000000                     470.48

Claim# General Description
354689 LOCKSET FOR PARKS AND RECREATION DIRECTOR'S DOOR
   PO# Stat Contract# Invoice#             Invc Dt    Gross Amount   Discount Amt  Discount Used     Net Amount
   52016                  05/17/16         985.50                          0.00         985.50
   GL Distribution 010-4340-43400-00000000                     985.50

Claim# General Description
354690 LOCKSET AND LAMINATED DOOR SHEET FOR PARKS AND RECREATION DIRECTOR'S DOOR
   PO# Stat Contract# Invoice#             Invc Dt    Gross Amount   Discount Amt  Discount Used     Net Amount
   52116                  05/17/16         970.10                          0.00         970.10
   GL Distribution 010-4340-43400-00000000                     970.10

Claim# General Description
354691 PARKS AND RECREATION DOOR REPAIR
   PO# Stat Contract# Invoice#             Invc Dt    Gross Amount   Discount Amt  Discount Used     Net Amount
   5616                  05/17/16         970.10                          0.00         970.10
   GL Distribution 010-4340-43400-00000000                     970.10

-----------------------------------------------------------------------------------------------------------------------------------
CCS.AP Accounts Payable Release 8.2.1 N*APR700                                                                                   By Gloria Candelaria (gcandelaria)
## Payment History

### Vendor Information

- **Vendor Name:** ROUSSELLE COMPANY, INC
- **Bank:** CBC1
- **Payment Dates:** 06/16/2016 to 99/99/9999
- **Check/ACH #'s:** 0 to 999999
- **Payment Type:** ALL

### Claim Details

**Claim # 354692**

**General Description:** EXTERMINATION SERVICE AT RIVERA PARK FOR MAY 2016

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<tbody>
<tr>
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</table>

**PO Liquidation:** Amount

- 010-4340-44500-00000000: 115.00

### Claim Details

**Claim # 354693**

**General Description:** EXTERMINATION SERVICE FOR HISTORY MUSEUM FOR MAY 2016

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<tbody>
<tr>
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**PO Liquidation:** Amount

- 010-4340-44500-00000000: 55.00

### Claim Details

**Claim # 354694**

**General Description:** EXTERMINATION SERVICE FOR SENIOR CENTER FOR MAY 2016

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<tbody>
<tr>
<td>010-4340-44500-00000000</td>
<td>65.00</td>
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</table>

**PO Liquidation:** Amount

- 010-4340-44500-00000000: 65.00

### Claim Details

**Claim # 354695**

**General Description:** EXTERMINATION SERVICE FOR SMITH PARK FOR MAY 2016

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<tbody>
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**PO Liquidation:** Amount

- 010-4340-44500-00000000: 85.00

### Claim Details

**Claim # 354696**

**General Description:** EXTERMINATION SERVICE FOR PARKS & RECREATION BUILDING FOR MAY 2016

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<tr>
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</tbody>
</table>

**PO Liquidation:** Amount

- 010-4340-44500-00000000: 65.00

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_CCS.AP Accounts Payable Release 8.2.1 N*APR700_

By Gloria Candelaria (gcandelaria)
<table>
<thead>
<tr>
<th>PO# Stat Contract# Invoice#</th>
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Claim# General Description
354697 EXTERMINATION SERVICE FOR CITY HALL FOR MAY 2016

Claim# General Description
354698 EXTERMINATION SERVICE FOR AL NATIVIDAD CENTER FOR MAY 2016

Claim# General Description
354699 EXTERMINATION SERVICE FOR RIO HONDO PARK FOR MAY 2016

Claim# General Description
354700 EXTERMINATION SERVICE FOR YOUTH CENTER FOR MAY 2016

Claim# General Description
354701 EXTERMINATION SERVICE FOR STREAMLAND PARK FOR MAY 2016

Claim# General Description
354702 EXTERMINATION SERVICE FOR PICO PARK FOR MAY 2016

CCS.AP Accounts Payable Release 8.2.1 N*APR700
By Gloria Candelaria (gcandelaria)
<table>
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<tr>
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<th>Check Amount Sep</th>
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<tbody>
<tr>
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<td>1 SEIU LOCAL 721 CTW, CLC ATTN: ACC</td>
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</tr>
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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
City of Pico Rivera

Payment History. Bank CBC1 Payment Dates 06/16/2016 to 99/99/9999 Check/ACH#'s 0 to 999999 Payment Type ALL

<table>
<thead>
<tr>
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<tbody>
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Claim# General Description
354738 SUPPLIES FOR SENIOR CENTER

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GL Distribution
010-8220-44100-00000000
010-8220-44100-00000000

Claim# General Description
354753 MEMORIAL DAY SUPPLIES

<table>
<thead>
<tr>
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<th>Gross Amount</th>
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GL Distribution
010-8102-44100-00000000

Claim# General Description
354754 MEMORIAL DAY SUPPLIES

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GL Distribution
010-8102-44100-00000000

Claim# General Description
354809 LIFE, SHORT-TERM & LONG-TERM DISABILITY PREMIUM FOR JUNE 2016

<table>
<thead>
<tr>
<th>PO# Stat Contract# Invoice#</th>
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GL Distribution
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CCS.AP Accounts Payable Release 8.2.1 N*APR700
By Gloria Candelaria (gcandelaria)
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Claim# General Description
354705 STRIP AND WAX KITCHEN FLOOR AT TEEN CENTER

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Claim# General Description
354706 TIE & GROUT CLEANING MEN'S AND WOMEN'S RESTROOMS AT TEEN CENTER

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Claim# General Description
354785 EMPLOYEE DEDUCTION P/E 06/10/16

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Claim# General Description
354707 FINGERPRINTING SERVICE FOR MAY 2016

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CCS.AP Accounts Payable Release 8.2.1 N*APR700
By Gloria Candelaria (gcandelaria)
Payment History. Bank CBC1  Payment Dates 06/16/2016 to 99/99/9999  Check/ACH#'s 0 to 999999  Payment Type ALL

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<th>Payee</th>
<th>Bank Check#</th>
<th>Chk Date</th>
<th>Check Amount Sep</th>
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Claim General Description

354708 CONTRACT INSTRUCTOR FOR COURSE #10690

PO# Stat Contract# Invoice# 05/02/16 456.00
GL Distribution

354767 SURCHARGE FOR PARKING VIOLATIONS FOR MAY 2016

PO# Stat Contract# Invoice# 05/03/16 14,293.00
GL Distribution

354768 REFUND FOR ZONING & PLANNING FEES 7630 SERAPIS AVE

PO# Stat Contract# Invoice# 03/18/16 1,215.00
GL Distribution

354755 SOCIAL SERVICES FOR MAY 2016

PO# Stat Contract# Invoice# 06/08/16 113.89
GL Distribution

By Gloria Candelaria (gcandelaria)
### Payment History

**City of Pico Rivera**  
Jun 16, 2016 02:58pm  Page 28

Payment Dates 06/16/2016 to 09/99/9999  
Check/ACH#'s 0 to 999999  
Payment Type ALL

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354752 RENT DETERMINATION SYSTEM ACCESS FILE

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**GL Distribution**  
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**Claim# General Description**  
354740 PROFESSIONAL SERVICES RENDERED FROM 04/03/16-04/30/16

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**GL Distribution**  
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354798 EMPLOYEE DEDUCTION P/E 06/10/16

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**GL Distribution**  
010-0000-20816-00000000 Gross Amount Description

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CCS.AP Accounts Payable Release 8.2.1 N*APR700  
By Gloria Candelaria (gcandelaria)
### Payment History

**Bank:** CBC1  
**Payment Dates:** 06/16/2016 to 99/99/9999  
**Check/ACH#'s:** 0 to 999999  
**Payment Type:** ALL

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**Claim# General Description**

354810 EMPLOYEE DEDUCTION F/E 06/10/16

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**GL Distribution**

| Gross Amount Description | 500.00 |

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**Claim# General Description**

354659 SAFETY NETTING FOR BATTING CAGES AT RIVERA PARK CIP #21328

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**GL Distribution**

| Gross Amount Description | 8,292.00 |

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**Claim# General Description**

354710 MAINTENANCE SUPPLIES FOR SMITH PARK POOL

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**GL Distribution**

| Gross Amount Description | 949.42 |

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**Claim# General Description**

354711 BEE REMOVAL SERVICE

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**GL Distribution**

| Gross Amount Description | 125.00 |

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CCS.AP Accounts Payable Release 8.2.1 N*APR700  
By Gloria Candelaria (gcandelaria)
## City of Pico Rivera

Payment History. Bank CBC1 Payment Dates 06/16/2016 to 09/99/9999 Check/ACH#'s 0 to 999999 Payment Type ALL

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CSC.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
<table>
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**GL Distribution**

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
## Payment History

**Bank CBC1**
Payment Dates 06/16/2016 to 09/09/9999
Check/ACH#'s 0 to 999999
Payment Type ALL

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**354718** GROUND MAINTENANCE SUPPLIES

**Gross Amount Description**

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### Claim# General Description

**354719** GROUND MAINTENANCE SUPPLIES

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**Net Amount**

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### Claim# General Description

**354720** GROUND MAINTENANCE SUPPLIES

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**Net Amount**

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### Claim# General Description

**354721** GROUND MAINTENANCE SUPPLIES

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**Net Amount**

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### Claim# General Description

**354722** GROUND MAINTENANCE SUPPLIES

**Gross Amount Description**

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CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
# Payment History

**City of Pico Rivera**

**Payment Dates 06/16/2016 to 09/99/9999**

**Check/ACH#'s 0 to 999999**

**Payment Type ALL**

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<th>Payee</th>
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<td>GROUNDWATER PRODUCTION AND ASSESSMENT FOR APRIL 2016</td>
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**Claim# General Description**

**354770 REPAIR TO HANDICAP RAMP**

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**Claim# General Description**

**354771 SIDEWALK REPAIR**

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**Claim# General Description**

**354743 DIAL-A-RIDE SERVICE FOR MAY 2016**

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**Claim# General Description**

**354709 GROUNDWATER PRODUCTION AND ASSESSMENT FOR APRIL 2016**

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**CCS.AP Accounts Payable Release 8.2.1 N*APR700**

By Gloria Candelaria (gcandelaria)
### Payment History

#### Check Count
- **Check Count**: 99
- **Check Total**: $334,168.43
- **PO Liquidation Total**: $285,141.98
- **Backup Withholding Total**: $0.00

#### ACH Count
- **ACH Count**: 0
- **ACH Total**: $0.00
- **PO Liquidation Total**: $0.00
- **Backup Withholding Total**: $0.00

#### Total Payments
- **Payment Count**: 99
- **Payment Total**: $334,168.43
- **PO Liquidation Total**: $285,141.98
- **Backup Withholding Total**: $0.00

#### Void Checks
- **Check Count**: 0
- **Check Total**: $0.00
- **PO Liquidation Total**: $0.00
- **Backup Withholding Total**: $0.00

---

CCS.AP Accounts Payable Release 8.2.1 N*APR700

By Gloria Candelaria (gcandelaria)
To: Mayor and City Council
From: City Manager
Meeting Date: June 28, 2016
Subject: INTER-FUND LOAN FORGIVENESS FOR SPORTS ARENA ENTERPRISE FUND (FUND NO. 590)

Recommendation:

Staff recommends that the City Council approve the resolution forgiving the inter-fund loans made from the General Fund to the Sports Arena and Campground Funds.

Fiscal Impact:

In 1984 and 1986, the City Council approved loans from the General Fund to the Campground Fund and the Sports Arena Fund for various capital improvement projects. These loans were to be paid back as funds were available, and accrued interest at 12% annually. The current outstanding loan balance in the Sports Arena Fund (Fund No. 590) is $704,496. This amount is comprised of outstanding loans from both the Sports Arena and the closed Campground Fund. Given the age of these loans – over thirty years – and the fact that the initial amounts have ballooned due to the accrual of 12% annual interest, it makes good fiscal sense to forgive the loans and relieve the fund of this long-term debt.

Forgiving these loans will result in a $704,496 reduction in the non-cash assets of the General Fund. Fortunately, General Fund reserves are healthy enough that the impact of forgiving these loans will not be noticed. In addition, since this amount is recorded as a liability, only the General Funds non-cash assets will be impacted.

Background

This agenda report had its genesis from the City Council agenda item presented on April 26, 2016 approving certain on-call engineering services contracts and appropriating funds to pay for this work. At the April 26, 2016 meeting, the City Council approved an amended action to require the Sports Arena Fund to enter into a loan agreement with the Economic Development Sustainability Fund (Fund No. 634) to repay expenses related to the on-call engineering services charged to Fund No. 634, if possible and feasible. Subsequently, Staff reached out to the City’s auditors and asked them provide an accounting perspective on the efficacy of this proposed loan arrangement.
The ensuing auditor’s opinion brought to light the fact that there are existing outstanding loans the General Fund made to the Sports Arena Fund and the (now closed) Campground Fund. The outstanding loan balance owed to the General Fund that is recorded in the Sports Arena Fund (fund number 590) as of June 30, 2015 – including unpaid interest accruing at 12% per year – is $704,496. Further discussions with the City’s auditor, coupled with research by Staff, revealed that only a portion of this amount is actually related to the Sports Arena.

In 1984 and again in 1986, the General Fund loaned the Sports Arena amounts of $108,133 and $8,000, respectively (City Council Resolutions No. 2964 and No. 3175). The outstanding principal amounts have been accruing interest at 12% per year, leaving an unpaid amount of $296,016. The other $408,480 (of the $704,496 amount) is related to a 1984 loan from the General Fund to the (now closed) Campground Fund (Resolution No. 3173). The original loan amount to the Campground Fund of $90,000 has been accruing interest at 12% per year. It appears that, after the Campground ceased operations, this liability was placed in the Sports Arena Fund for accounting and record-keeping purposes.

Staff presented an agenda report at the June 14, 2016 City Council meeting regarding the use of Economic Development Sustainability funds to pay for on-call engineering services. This report also recommended providing direction to the City Manager to bring back an item forgiving the outstanding loan amount in the Sports Arena Fund. The City Council approved the recommended action at the June 14, 2016 meeting. Therefore, forgiveness of the loan amounts is being presented for City Council review.

The majority of the outstanding amounts represent accrued interest on what were – at the time, over thirty years ago – relatively small principal amounts. However, interest has been accruing at 12% per year and no payments have been made in recent years. Any forgiveness of these outstanding loan amounts requires formal City Council action.

While in principal the General Fund should be made whole, the City is in a fortunate enough position that our reserves are such that repayment of these amounts is not necessary to maintain City’s overall fiscal health. Forgiving these loan amounts would place the Sports Arena Fund on better financial footing, erasing decades old debt with very little likelihood of repayment.

René Bobadilla

RB:MS:gm

Enclosure:  1- Resolution Forgiving Inter-Fund Loans from the General Fund to the Campground Fund and Sports Arena Fund
RESOLUTION NO. ______

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PICO RIVERA, CALIFORNIA FORGIVING INTERFUND
LOANS MADE FROM THE GENERAL FUND TO THE
CAMPGROUND FUND AND SPORTS ARENA FUND

WHEREAS, the City Council approved Resolution No. 2964 on June 18, 1984 and Resolution No. 3175 on January 6, 1986 making inter-fund loans from the General Fund to the Sports Arena Fund and Resolution No. 3173 was approved on January 6, 1986 making an inter-fund loan from the General Fund to the Campground Fund, and such loans would accrue interest at a rate of twelve percent (12%) annually;

WHEREAS, a portion of these loans was paid back at various points in the past thirty years;

WHEREAS, the remaining unpaid principal continues to accrue interest at the approved rate of twelve percent (12%) annually;

WHEREAS, the Sports Arena Fund (fund No. 590) records as a liability the unpaid balances of the inter-fund loans from the General Fund to the Sports Arena Fund and the inter-fund loan from the General Fund to the Campground Fund, which totals $704,496 as of June 30, 2015; and

WHEREAS, it is fiscally prudent to forgive these loans given the cash flow status of the Sports Arena Fund and the fact that the original principal amounts have grown beyond the capability of the Sports Arena Fund to repay them in a timely manner.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and incorporated herein.

SECTION 2. That the General Fund shall forgive the inter-fund loan made from the General Fund to the Sports Arena Fund by Resolutions Nos. 2964 and 3175 and the inter-fund loan made from the General Fund to the Campground Fund by Resolution No. 3173 recorded in the Sports Arena Fund.

SECTION 3. That General Fund assets will be adjusted accordingly to reflect the forgiveness of these outstanding loan amounts.

SECTION 4. The City Clerk shall attest and certify to the passage and adoption of this resolution, and it shall become effective immediately upon its approval.
ADOPTED AND APPROVED this _____ day of ______________, 2016.

___________________________________
David W. Armenta, Mayor

ATTEST: 

APPROVED AS TO FORM:

______________________________ ___________________________________
Anna M. Jerome, City Clerk  Arnold M. Alvarez-Glasman, City Attorney

AYES:
NOES:
ABSENT:
ABSTAIN:
To: Mayor and City Council
From: City Manager
Meeting Date: June 28, 2016
Subject: REVIEW AND APPROVAL OF INVESTMENT POLICY FOR FISCAL YEAR 2016-17

Recommendation:
Adopt the resolution approving the Investment Policy for Fiscal Year 2016-17 that governs investments for the City and the Successor Agency.

Fiscal Impact:
There is no cost associated with the adoption of this policy.

Discussion:
The investment policy for the City and Successor Agency states that it will be reviewed at least annually, and presented to the City Council for review and approval. The investment policy for Fiscal Year 2016-17 is being presented for review and approval (Exhibit A). There have been no changes to the investment policy since it was last adopted by the City Council on June 23, 2015.

Currently, the City uses the Local Agency Investment Fund (LAIF) operated by the State Treasurer as the primary investment vehicle for its idle cash. The funds are available within one day, and the yields are comparable to two year treasury securities. Finance Department staff are currently reviewing the City’s investments, looking at means by which our portfolio’s diversity can be increased while realizing additional yield and maintaining the security of the City’s capital.

René Bobadilla
RB:MS
Enclosure 1 – Investment Policy FY 2016-17 Adoption Resolution
RESOLUTION NO. ______

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA AND THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF PICO RIVERA, CALIFORNIA APPROVING THE “INVESTMENT POLICY” FOR FISCAL YEAR 2016-17

WHEREAS, the City of Pico Rivera and the Successor Agency to the Dissolved Redevelopment Agency of the City of Pico Rivera (Successor Agency) have funds not required to satisfy immediate financial obligations;

WHEREAS, the subject funds should be wisely and prudently invested in approved investment instruments;

WHEREAS, California Government Code Section 53646 states that the treasurer or chief fiscal officer of a local agency may annually render an investment policy to the City Council, which the City Council shall consider at a public meeting;

WHEREAS, California Government Code Section 53646 further states that any change in the investment policy shall also be considered by the City Council at a public meeting;

WHEREAS, the City and Successor Agency’s “Investment Policy” (the Policy, Attachment 1) states it should be reviewed and approved by the City Council at least annually; and

WHEREAS, the City and Successor Agency’s legal counsel has determined that the existing and amended Policy adequately complies with California Government Code Section 53600, et seq., government investment requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA AND THE SUCCESSOR AGENCY DO HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and incorporated heren.

SECTION 2. The City Council of the City of Pico Rivera and the Successor Agency do hereby adopt the “Investment Policy” as required.

SECTION 3. The City Clerk shall attest and certify to the passage and adoption of this resolution, and it shall become effective immediately upon its approval.
ADOPTED AND APPROVED this 28th day of June, 2016.

________________________________
David W. Armenta, Mayor

ATTEST:

APPROVED AS TO FORM:

_____________________________
Anna M. Jerome, City Clerk

_____________________________
Arnold M. Alvarez-Glasman, City Attorney

AYES:
NOES:
ABSENT:
ABSTAIN:
Investment Policy
for the
City and Successor Agency
of Pico Rivera

Fiscal Year 2016-17
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<td>III. ELIGIBLE FINANCIAL INSTITUTIONS</td>
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I. OVERVIEW

INTRODUCTION
The purpose of this document is to provide guidelines for the prudent investment of the City and Successor Agency’s idle cash and outline policies for maximizing the efficiency of the City/Successor Agency’s cash management system. The ultimate goal is to ensure security, maintain liquidity and seek yield where appropriate. This investment policy is in accordance with the provisions in Sections 16429.1 and 53600 through 53684 of the California Government Code. (For the purposes of the remainder of this policy, any reference to “City” is inclusive of the Successor Agency.)

SCOPE
Included in the scope of the City’s investment policy are the following major guidelines and practices which are to be used in achieving the City’s primary investment objectives:

- Investment Authority and Responsibilities
- Eligible Financial Institutions
- Authorized Investments
- Investment Parameters
- Cash Management
- Evaluation of Investment Performance
- Investment Reporting
- Investment Policy Review and Adoption

It is intended that this policy cover all funds and investment activities under the direct authority of the City of Pico Rivera, Pico Rivera Successor Agency (formerly known as the Redevelopment Agency), Pico Rivera Housing Assistance Agency, the Pico Rivera Water Authority, and all other funds and investment activities under the direct authority of the Pico Rivera City Treasurer, except for bond proceeds which are governed by their respective indenture agreements.

Subject to the prior written consent and approval of the City Treasurer and City Manager, financial assets held and invested by trustees or fiscal agents are excluded from this policy. However, such assets are nevertheless subject to the regulations established by the State of California pertaining to investments by local agencies as well as the related bond indentures.

GENERAL OBJECTIVES
In accordance with Government Code Section 53600.5, the primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

- **Safety** - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
  
  o **Credit Risk** – is the risk of loss due to the failure of an issuer of a security. The City will minimize credit risk by:
    - Limiting investments to the safest types of securities
    - Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

  o **Market Rate Risk** – is the risk of market fluctuations due to overall changes in the general level of interest rates. The City will minimize the market rate risk by:
    - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
    - Investing operating funds primarily in shorter-term securities, money market mutual
funds, or similar investment pools

- **Liquidity**
  - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also will be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short term funds.

- **Yield**
  - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The City will invest in relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not normally be sold prior to maturity with the following exceptions:
    - A security with declining credit may be sold early to minimize loss of principal.
    - A security swap would improve the quality, yield, or target duration in the portfolio.
    - Liquidity needs of the portfolio require that the security be sold.

**STANDARDS OF CARE**

The City operates its pooled idle cash investments under the “Prudent Person Rule” which obligates a fiduciary to ensure that:

“...investment shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment considering the probable safety of their capital as well as the probable income to be derived.”

Investment officers acting in accordance with written procedures and this investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit or market rate risks, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

**II. INVESTMENT AUTHORITY AND RESPONSIBILITIES**

**AUTHORIZED INVESTMENT OFFICERS**

The City Council designates the Director of Finance to perform the duties of the City Treasurer.

Operation of the investment program is the responsibility of the City Treasurer or designee, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

**INVESTMENT PROCEDURES**

The authorized investment officers as stated above, in accordance with the City of Pico Rivera Investment Policy, are responsible for administering an investment program which:

- Adheres to the Statement of Investment Policy
- Prioritizes safety and liquidity
- Determines risk and optimizes return
- Provides for a system of due diligence in making investment decisions.
Delivery vs. Payment – all trades of marketable securities will be executed by delivery vs. payment to ensure that securities are deposited in an eligible financial institution prior to the release of City funds.

Safekeeping – securities will be held by an independent third-party custodian selected by the City as evidenced by safekeeping receipts in the City’s name and monthly reports from the custodian.

INTERNAL CONTROL

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third party custodian

ETHICS AND CONFLICTS OF INTEREST

The City adopts the following policy concerning conflicts of interest:

1. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

2. Officers and employees involved in the investment process shall disclose to the City Clerk any material interest in financial institutions that conduct business with the City of Pico Rivera and they shall further disclose any personal financial/investment positions that could be related to the performance of the City’s investment portfolio.

3. Officers and employees shall not undertake personal investment transactions with the same individual with whom business is conducted on behalf of the City.

If there is an event subject to disclosure that could impair the ability of an officer or employee to make impartial decisions, the officer or employee must notify the City Manager in writing within ten (10) days.

III. ELIGIBLE FINANCIAL INSTITUTIONS

Pursuant to the State Code, Section 53601.5, the City shall transact business only with issuers, banks, savings and loans and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State of California as a broker/dealer, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers or a member of a Federally regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.
The Director of Finance will maintain a list of financial institutions authorized to provide investment services to the City, will not give full discretionary authority to external investment managers and will not use external investment managers to purchase or sell securities or manage the City’s portfolio unless specifically approved by the City Council with a contract signed by the Mayor and City Attorney.

IV. AUTHORIZED INVESTMENTS

INVESTMENT TYPES

Investment of City funds is governed by the California Government Code Sections 16429.1 and 53601. Investments may not have a term or maturity at the time of investment of longer than that authorized by Section 53601 or five (5) years unless the City Council has granted prior express authority. The percentage limitations shall apply to investments at the time of purchase. This investment policy further restricts the permitted investments to those below:

1. State Treasurer’s Local Agency Investment Fund (LAIF)
   Government Code Section 16429.1: The City may invest a maximum of $50 million pursuant to LAIF policy. LAIF is a diversified investment pool administered by the California State Treasurer. Monies invested with LAIF are pooled with State monies in order to earn the maximum rate of return consistent with safe and prudent treasury management. The City, Housing Authority and Successor Agency have separate accounts, so the combined limit is $150 million.

2. Cal Trust’s investment Pool
   Government Code Section 53601(p): The City may invest in a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in 53601 (a) to (o), inclusive.

   Government Code Sections 53601 (b) and (e): There is no limitation on the maximum of the City’s portfolio that may be invested in U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.

4. Bankers Acceptances
   Government Code Section 53601 (f): Up to twenty percent (20%) of the City’s portfolio may be invested in Bankers Acceptances which are defined as bills of exchange or time drafts, drawn on and accepted by a commercial bank, which are eligible for purchase by the Federal Reserve System, although no more than 10% of the portfolio may be invested in Bankers Acceptances with any one commercial bank. Additionally, the maturity periods cannot exceed 180 days. Bankers Acceptances are seldom marketed with maturities in excess of 180 days. Government Code Section 53601(f) allows 40% (30% with one bank).

5. Commercial Paper
   Government Code Section 53601 (g): A maximum of twenty-five percent (25%) of the City’s portfolio may be invested in highest tier (e.g. A-1, P-1, F-1 or D-1 or higher) commercial paper as rated by Moody’s or Standard and Poor’s rating service. Issuing corporations must be organized and operating in the United States, have $500 million total assets, and have at least an “A” rating (by Moody’s or Standard and Poor’s) on debt other than commercial paper. The maturity period cannot exceed 270 days.

6. Repurchase Agreements
   Government Code Section 53601 (i): Although permitted by State Statute, repurchase agreements and reverse repurchase agreements will not be used without prior City Council approval.

7. Certificates of Deposit and Passbook Savings Accounts
   Government Code Section 53601 (h): There is no limit as to the amount of the investment portfolio that
may be deposited in passbook savings accounts. Negotiable certificates of deposit are limited to thirty percent (30%) of the City’s monies which may be invested.

California law requires that public funds be collateralized. The depository must secure its public fund accounts by maintaining with the agent of the depository government securities having a market value of at least one hundred ten percent (110%) of the value of the public fund accounts. If a depository uses mortgage-backed securities (i.e., promissory notes secured by first mortgages or first deeds of trust) as collateral for public deposits, the market value of the mortgage-backed securities must be at least one hundred fifty percent (150%) of the value of the public fund accounts.

The collateralization requirement may be waived to the extent that funds are federally insured (currently up to $250,000 per institution). For deposits equivalent to the maximum insured amount, security may also be waived for interest accrued on the deposit provided the interest is computed by the depository on the average daily balance of the deposits, paid monthly and computed on a 360-day basis.

8. Money Market Mutual Funds

Government Code Section 53601 (k): Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec 80a-1 et seq.) may be purchased if they meet the requirements of Government Code Section 53601 (k). No more than 20 percent of the total assets of the investments held by a local agency may be invested in mutual funds, and no more than 10 percent in any one mutual fund.

9. Additional Conditions on Investments

Government Code Sections 53601.7 (c) and (f): Up to 25 percent of the total assets of the investments held by a local agency may be invested in the first tier securities (securities that have received short-term debt ratings in the highest category from the requisite nationally recognized statistical-rating organizations (NRSROs), or are comparable unrated securities, or are issued by money market funds, or government securities) of a single issuer for a period of up to three business days after acquisition. The securities of no more than one issuer may be invested pursuant to this paragraph at a time.

10. Other Investments

Other investments that are or become legal investments pursuant to State of California Government Code may be purchased only after the specific approval by the City Council.

PROHIBITED INVESTMENTS

The City of Pico Rivera shall not invest in any investment instrument/pool/fund unless specifically allowed under the “Investment Types” section of this policy.

The City of Pico Rivera shall comply with Government Code Section 53631.5 which states, “[a] local agency shall not invest any funds pursuant to this article in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages” and that “[a] local agency shall not invest any funds pursuant to this article in any security that could result in zero interest accrual if held to maturity.”

LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be incorporated into the City of Pico Rivera Investment Policy and supersede any and all previous applicable language. If the City is holding an investment that is subsequently prohibited by a legislative change, the City may hold that investment, if it is deemed prudent by the Investment Officer, until the maturity date to avoid an unnecessary loss.

V. INVESTMENT PARAMETERS

DIVERSIFICATION
The investments shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding Local Agency Investment Fund and U.S. Treasury securities)
- Avoiding investment in securities that have low ratings
- Investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LAIF), or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

**MAXIMUM MATURITIES**

In order to minimize the impact of market risk, it is intended that all investments will be held to maturity.

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances.

Investments may be sold prior to maturity for cash flow, appreciation purposes or in order to limit losses; however, no investment shall be made based solely on earnings anticipated from capital gains.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds.

**VI. CASH MANAGEMENT**

To obtain a reasonable return on public funds, the following cash management practices will be followed:

1. Maintain maximum investment of all City funds not required to meet immediate cash flow needs.

2. Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

3. Maximize the City’s cash flow through immediate deposit of all receipts, use of direct deposit when available, and appropriate timing of payment to vendors.

4. Maximize cash flow information available through the use of only one operating bank account.

**VII. EVALUATION OF INVESTMENT PERFORMANCE**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City’s investment risk constraints and cash flow needs.

**BENCHMARK COMPARISON**

The investment portfolio shall be structured to optimize the return given the risk constraints and cash flow needs.

Investment performance shall be continually monitored and evaluated by the Investment Officer. Investment performance statistics and activity reports shall be generated on a quarterly basis for presentation to the City Council.
In evaluating the performance of the City’s portfolio in complying with this policy, it is expected that yields on City investments will regularly meet or exceed the average return on a one-year U.S. Treasury Note.

**DUE DILIGENCE REQUIREMENT**

As stated, a thorough investigation of an investment pool or mutual fund is required prior to investing and on a continual basis. At a minimum, the following information shall be on file for each pool and/or mutual fund:

- A description of eligible investment securities, and a written statement of investment policy and objectives
- A description of interest calculations, how interest is distributed, and how gains and losses are treated
- A description of how these securities are safeguarded (including the settlement process), and how often these securities are priced and the program audited
- A description of who may invest in the program, how often, and the size of deposits and withdrawals.
- A schedule for receiving statements and portfolio listings
- Whether reserves, retained earnings, etc. are utilized by the pool/fund
- A fee schedule and when and how fees are assessed
- Whether the pool/fund is eligible for bond proceeds and/or will it accept such proceeds

**VIII. INVESTMENT REPORTING**

The City Treasurer shall prepare and submit a quarterly investment report to the City Council. This report will include the following elements relative to the investments held at quarter-end.

- Face value
- Security description
- Coupon rate
- Maturity date
- Investment rating
- Investment type
- Purchase date
- Cost of security
- Purchase yield
- Estimated market value
- Amortized premium/discount
- Statement relating the report to the Statement of Investment Policy
- Statement of sufficiency of funds to meet the next six months’ obligations

**IX. INVESTMENT POLICY REVIEW AND ADOPTION**
The Statement of Investment Policy shall be submitted annually to the City Council for adoption. The policy shall be reviewed at least annually to ensure its consistency with the overall objectives of the City and its relevance to current law and financial and economic trends. Any modifications made thereto must be approved by the City Council.
Appendix A: Glossary

The following is a glossary of key investing terms, many of which appear in GFOA'S Sample Investment Policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., “1/4” of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security’s current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond’s original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

*This glossary has been adapted from an article, entitled “Investment terms for everyday use,” that appeared in the April 5, 1996, issue of Public Investor, GFOA’s subscription investment newsletter.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper - An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 365 days.

Convexity - A measure of a bond’s price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond’s price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the “interest rate”.

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer.
because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

**Credit Risk** - The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**Current Yield (Current Return)** - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

**Delivery Versus Payment (DVP)** - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

**Derivative Security** - Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

**Discount** - The amount by which the par value of a security exceeds the price paid for the security.

**Diversification** - A process of investing assets among a range of security types by sector, maturity, and quality rating.

**Duration** - A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**Fair Value** - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Federal Funds (Fed Funds)** - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

**Federal Funds Rate** - Interest rate charged by one institution lending federal funds to the other.

**Government Securities** - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See “Treasury Bills, Notes, and Bonds.”

**Interest Rate** - See “Coupon Rate”.

**Interest Rate Risk** - The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

**Internal Controls** - An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employers.
2. Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. Written confirmation of transactions for investments and wire transfers - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.

7. Development of a wire transfer agreement with the lead bank and third-party custodian - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940 - Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers’ acceptances, repos and federal funds).

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:
2. Disseminate timely and accurate information regarding the fund’s holdings, performance, management and general investment policy.
3. Have the fund’s investment policies and activities supervised by a board of trustees, which are independent of
the adviser, administrator or other vendor of the fund.

4. Maintain the daily liquidity of the fund’s shares.

5. Value their portfolios on a daily basis.

6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as National Association of Securities Dealers (NASD).

7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

**Mutual Fund Statistical Services** - Companies that track and rate mutual funds, e.g., iMoneyNet, Lipper, Inc. of Thomson Reuters, and Morningstar, Inc.

**National Association of Securities Dealers (NASD)** - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund’s assets which includes securities, cash, and any accrued earnings, subtracting this from the fund’s liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund’s portfolio. (See below.)

\[
\frac{\text{Total assets} - \text{Liabilities}}{\text{Number of shares outstanding}}
\]

**No Load Fund** - A mutual fund which does not levy a sales charge on the purchase of its shares.

**Nominal Yield** - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," “coupon rate,” or "interest rate."

**Offer** - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

**Par** - Face value or principal value of a bond, typically $1,000 per bond.

**Positive Yield Curve** - A chart formation that illustrates short-term securities having lower yields than long-term securities.

**Premium** - The amount by which the price paid for a security exceeds the security’s par value.

**Prime Rate** - A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

**Principal** - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

**Prospectus** - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements.

**Prudent Person Rule** - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

**Regular Way Delivery** - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

**Reinvestment Risk** - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

**Repurchase Agreement (Repo or RP)** - An agreement of one party to sell securities at a specified price to a
second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

**Reverse Repurchase Agreement (Reverse Repo)** - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**Rule 2a-7 of the Investment Company Act** - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

**Safekeeping** - Holding of assets (e.g., securities) by a financial institution.

**Serial Bond** - A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Sinking Fund** - Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**Swap** - Trading one asset for another.

**Term Bond** - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

**Total Return** - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain period.

\[
\text{(Price appreciation)} + \text{(Dividends paid)} + \text{(Capital gains)} = \text{Total Return}
\]

**Treasury Bills** - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

**Treasury Notes** - Intermediate U.S. government debt securities with maturities of one to ten years and issued in denominations ranging from $1,000 to $1,000,000 or more.

**Treasury Bonds** - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

**Uniform Net Capital Rule** - SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**Volatility** - A degree of fluctuation in the price and valuation of securities.

**“Volatility Risk” Rating** - A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The rating for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns (“aaa” by S&P, “V-1” by Fitch) to those that are highly sensitive with currently identifiable market volatility risk (“ccc-” by S&P, “V-10” by Fitch).

**Weighted Average Maturity (WAM)** - The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

**When Issued (WI)** - A conditional transaction in which an authorized new security has not been issued. All “when
*issued* transactions are settled when the actual security is issued.

**Yield** - The current rate of return on an investment security generally expressed as a percentage of the security’s current price.

**Yield-to-call (YTC)** - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

**Yield-to-maturity** - The rate of return yielded by a debt security held to maturity when both interest payments and the investor’s potential capital gain or loss are included in the calculation of return.

**Zero-coupon Securities** - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.
To: Mayor and City Council
From: City Manager
Meeting Date: June 28, 2016
Subject: 2016-2020 LOS ANGELES COUNTY STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT

Recommendation:

1. Adopt the resolution in support of the 2016-2020 Los Angeles County Strategic Plan for Economic Development.

2. Forward copy of the resolution to the Los Angeles County Economic Development Corporation (LAEDC).

Fiscal Impact:

The recommended City Council action does not have a fiscal impact.

Discussion:

The City of Pico Rivera (“City”), due to its efforts, has been selected as a finalist for the Most Business Friendly City Award for the last four (4) years by the Los Angeles County Economic Development Corporation (“LAEDC”). The LAEDC adopted the 2016-2020 Los Angeles County Strategic Plan for Economic Development. The City is supportive of the County’s economic development goals, which are as follows:

- Invest in our people to provide greater opportunity.
- Strengthen our leading export-oriented industry clusters.
- Accelerate innovation and entrepreneurship.
- Be more business-friendly.
- Remove barriers to critical infrastructure development, financing, and delivery.
- Increase global connectedness.
- Build more livable communities.

These goals are consistent with the City’s commitment to promote the following activities in our local community: job growth; business creation and expansion; educational and training resources for the workforce; parks and infrastructure improvements; and General Plan and Zoning Code Amendments.
The City will continue to take a business-friendly approach that provides services in an efficient and effective manner. Supporting the County’s economic development efforts will help with smart regional growth and create a strong business environment.

René Bobadilla

RB:BM:MG:em

Enclosure: 1) City Council Resolution
RESOLUTION NO. ______

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, IN SUPPORT OF THE 2016-2020 LOS ANGELES COUNTY STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT (STRATEGIC PLAN)

WHEREAS, the City of Pico Rivera is a member of the Los Angeles County Economic Development Corporation (“LAEDC”) which provides economic development services throughout Los Angeles County; and

WHEREAS, the City Council of the City of Pico Rivera supports working with LAEDC and other key economic stakeholders to improve the local economy in Pico Rivera, Los Angeles County, and the State of California; and

WHEREAS, the City of Pico Rivera will work to address local economic development goals within the City while adhering to the goals identified in the 2016-2020 Strategic Plan for Economic Development; and

WHEREAS, the City Council of the City of Pico Rivera promotes local economic development growth through job creation, business creation and expansion, workforce development, capital improvements, and good planning.

NOW, THEREFORE, the City Council of the City of Pico Rivera does hereby resolve as follows:

SECTION 1. The City Council of the City of Pico Rivera hereby supports the 2016-2020 Los Angeles County Strategic Plan for Economic Development (“Strategic Plan”).

SECTION 2. The City of Pico Rivera will work to address local economic development goals within the City while adhering to the goals identified in the Strategic Plan as follows:

• Invest in our people to provide greater opportunity
• Strengthen our leading export-oriented industry clusters
• Accelerate innovation and entrepreneurship
• Be more business-friendly
• Remove barriers to critical infrastructure development, financing and delivery
• Increase global connectedness
• Build more livable communities

SECTION 3. The City Council of the City of Pico Rivera hereby directs the City Clerk to send a copy of this resolution to the LAEDC.

SECTION 4. The City Clerk shall certify to the adoption of this resolution and hereafter the same shall be in full force and effect.

[SIGNATURES ON THE NEXT PAGE]
RESOLUTION NO. _____

Page 2 of 2

**APPROVED AND ADOPTED** this 28th day of June, 2016 by members of the City Council of the City of Pico Rivera, voting as follows:

______________________________  ________________________________  ________________________________
David W. Armenta, Mayor       Anna M. Jerome, City Clerk          Arnold M. Alvarez-Glasman, City Attorney

**ATTEST:**

______________________________  
Anna M. Jerome, City Clerk

**APPROVED AS TO FORM:**

______________________________
Arnold M. Alvarez-Glasman, City Attorney

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**
To: Mayor and City Council

From: City Manager

Meeting Date: June 28, 2016

Subject: CONFLICT OF INTEREST CODE BIENNIAL REVIEW

Recommendation:

Direct the City Clerk’s Office to notify City Departments and applicable Agencies to review their Conflict-of-Interest Code pertaining to designated employees to determine if any changes or amendments are necessary.

Fiscal Impact: There is no fiscal impact to this action.

Discussion:

The City Council must notify City departments and agencies not covered under the City’s Conflict-of-Interest Code (Code) to review its Code no later than July 1 of each even numbered year and submit a biennial notice to the City Council by October 1, 2016.

The Political Reform Act requires a biennial review of the City’s Code in even-numbered years (Government Code Section 87306.5). The City’s Code requires designated officials and employees to disclose sources of income, interests in real property, investments and business positions if such interests are located within the jurisdictional boundaries of the City of Pico Rivera.

Tonight’s Council action presents the first step in the Code review process. As directed by City Council, the Code will be reviewed to determine whether the position classifications and/or disclosure categories are accurate. Staff will then notify the City Council of any required amendments and present the City Council with an updated Conflict-of-Interest Code for Council review and approval. A proposed amended Code is not effective until approved by the City Council.

René Bobadilla

RB:AMJ
To: Mayor and City Council

From: City Manager

Meeting Date: July 28, 2016

Subject: APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH NTIVA SOLUTIONS FOR INFORMATION TECHNOLOGY SUPPORT SERVICES

Recommendation:

1. Award a Professional Services Agreement to NTIVA Solutions to provide Information Technology (“IT”) support services not to exceed $140,000.

2. Authorize the Mayor to execute the Professional Services Agreement with NTIVA Solutions, in a form approved by the City Attorney.

Fiscal Impact:

There is sufficient funding available as part of the recently adopted Fiscal Year 2016-17 budget. Appropriations are available in the Information Technology Budget, Account Number 010-0820-44400, Professional Services.

Discussion:

The City of Pico Rivera is currently experiencing a staffing shortage in the Information Technology Division of Human Resources. As a result of this shortage, the City reached out to NTIVA Solutions in May 2016 to provide citywide information technology support services that include: general IT Support, engineering support, specialized services, system infrastructure services, supplemental daily support to existing IT staff, such as Help Desk and On-Site System Administration, conversion of acquired New World Systems software, and the implementation of other ongoing IT projects.

NTIVA will provide day-to-day support to continue with these efforts of technology assessment, review of core infrastructure (servers, networking gear, applications, and backups), assessment of infrastructure and applications, review of end user devices, maintenance and security vulnerabilities, and review of connectivity of voice and data.

Over the past month, NTIVA Solutions has provided critical network maintenance, hardware maintenance, debugging, launched new features for backing up the City’s
information systems, and launched new features required to enhance the security of the Citywide IT Systems. There are a number of IS Systems that require maintenance and system upgrades to meet City-specific needs. In order to prevent service interruptions to the City’s Citywide IT Systems, City staff is recommending the selection of NTIVA Solutions to provide these essential citywide services. The need to continue this service will be re-evaluated at the end of the 90-day period and depending on the staffing situation at that time.

The recommended services are of a special technical nature and professional services of this type are excluded from the bidding requirements of the City’s Purchasing Policy pursuant to PRMC Section 3.20.105.

NTIVA Solutions exceeds City staff’s expectations in terms of experience and professional services provided. NTIVA is a Washington D.C. based consulting firm with over 100 employees, office locations in Washington D.C., California, and Colorado, and more than 12 years of experience specializing in information services.

Inclusive, the proposal provided by NTIVA ensures that the City’s information systems will be attended to daily by employing best practices and IT industry standards. NTIVA will be responsible for ongoing general maintenance, support of all critical IT infrastructure, and other changes that are required. NTIVA will provide supplemental support to existing IT staff such as Help Desk and On-Site System Administration, and will be the top-level escalation point for network or system issues. NTIVA will also provide IT management resources to ensure the continued success of the ongoing implementation of various City IT projects, including the New World financial software.

René Bobadilla

JE: MS:

Attachments:

1. Professional Services Agreement
Project Agreement Proposal For Temporary IT Staffing

June 20, 2016
Prepared for: City of Pico Rivera

About Ntiva

Ntiva is a full-service managed services and cloud services provider focused on delivering flexible and affordable technology solutions. We can provide a complete IT service solution, work to augment an organization’s in house IT staff or provide services around a specific technology related project. Ntiva aims to be a growth catalyst for our clients by architecting the right technology solutions that support their unique business requirements and long-term goals. Our team of world-class talent genuinely cares about the relationships we build and understands that response and precision are fundamental keys to a successful partnership.

Project Background

The City of Pico Rivera is seeking Ntiva’s professional IT services to cover IT support until staffing coverage is put back in place.

General Scope of Work

Supplemental Onsite IT Support Staff

The support tires below will provide coverage. Ntiva will provide a dedicated onsite resources during normal city business hours. The onsite resources will be responsible for maintaining and supporting all critical IT infrastructure and or changes that are required. The onsite resources will provide supplemental support to existing IT staff to provide daily support, such as Help Desk, On-Site System Administration and be the top level escalation point for network or system issues as required.

IT Management and Oversight

Ntiva will provide IT management resources and supervise the staff responsible for operating and supporting the city’s IT systems. Ntiva will collaborate with the city’s business departments to ensure their IT requirements are being met and to oversee management of the IT systems to ensure maximum system uptime for city staff. Ntiva will monitor the implementation of various ongoing city IT projects and hold vendors and IT staff accountable to meet project expectations.

Above services to be billed at the following rates: Network Engineer $960 a day, Help Desk Technician $650 per day, Virtual CIO $2,750 monthly rate.
This NTIVA PROJECT AGREEMENT (this “Agreement”) by and between NTIVA, INC., a Virginia corporation (“Company”) and the City of Pico Rivera, a municipal Corporation (“Client”) (each of Company and Client, a “Party”) is made as of the Effective Date. The Parties agree as set forth herein:

### Client Name and Address

<table>
<thead>
<tr>
<th>City of Pico Rivera</th>
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</thead>
<tbody>
<tr>
<td>6615 Passons Blvd</td>
</tr>
<tr>
<td>Pico Rivera, CA 90660</td>
</tr>
</tbody>
</table>

The Project Agreement Proposal for Temporary IT Staff (“Proposal”) dated 6/20/16 is incorporated, by reference, as if fully set forth herein.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth below.

<table>
<thead>
<tr>
<th>NTIVA, INC.</th>
<th>City of Pico Rivera</th>
</tr>
</thead>
<tbody>
<tr>
<td>By:</td>
<td>By:</td>
</tr>
<tr>
<td>STEVEN FREIDKIN</td>
<td>(SEAL)</td>
</tr>
<tr>
<td>Title:</td>
<td>Title:</td>
</tr>
<tr>
<td>PRESIDENT</td>
<td></td>
</tr>
<tr>
<td>Date: 6/20/16</td>
<td>Date:</td>
</tr>
</tbody>
</table>
1. **DEFINITIONS.**

1.1. “General Terms” means such terms as set forth in Exhibit A, Ntiva General Terms and Conditions, attached hereto and incorporated herein by this reference.

1.2. “Procurement Deposit” has the meaning attributed to it in Section 3.4.

1.3. “Proposal” has the meaning attributed to it in the first unnumbered paragraph of this Agreement and found on page one (1) of this Agreement.

1.4. “Terminating Party” has the meaning attributed to it in Section 6.1.

1.5. “Terminated Party” has the meaning attributed to it in Section 6.1.

1.6. Any capitalized term not otherwise defined herein has the meaning attributed to it in the General Terms.

2. **RELATIONSHIP WITH OTHER DOCUMENTS.**

2.1. The most recent version of the General Terms is incorporated, by reference, as if fully set forth herein.

2.2. If there is a conflict between any provision of this Agreement and any provision of the General Terms, the provision of this Agreement will apply.

2.3. If there is a conflict between any provision of the Proposal and any provision of the General Terms or this Agreement, the provision of the Proposal will apply.

2.4. Unless otherwise stated, all section references are to this Agreement.

3. **SERVICES; COMPENSATION; EXPENSES.**

3.1. Company shall provide to Client the products, and perform the services, set forth in Proposal.

3.2. Client shall pay to Company the compensation set forth in the Proposal, as and when set forth in the Proposal.

3.3. Client shall pay to Company all monthly service fees, daily rates, hourly rates and other costs and expenses referenced in this Agreement as well as any other costs and expenses incurred by Company on behalf of Client.

3.4. Client shall pay to Company all costs and fees associated with any third-party software or hardware product obtained by Company on Client’s behalf including, without limitation, the hardware and software set forth in the chart entitled “Hardware and Software to be procured.” All Hardware and Software to be procured shall be approved in advance, in writing, by Client. Before ordering any such third-party software or hardware product, Company may require Client to pay an amount equal to the cost of the product plus all applicable license and other fees (such amount, a “Procurement Deposit”). Upon Client’s payment to Company of all fees and costs associated with obtaining the third-party software or hardware product, Company shall use Reasonable Efforts to transfer to Client all applicable licenses to the product.
3.5. Client shall pay all taxes arising from the license, use, or installation of any third-party software, hardware, or other product.

3.6. Client shall reimburse Company for all non-local (outside of 50 miles from Company's office) travel and lodging expenses actually incurred by Company. Travel and lodging expenses shall be approved in advance, in writing, by Client, before being incurred by Company.

3.7. Client, at its sole expense, shall obtain all approvals, authorities, licenses, and permit necessary or appropriate to the provision of the Services.

3.8. Company shall provide the Services at Company's offices, Client's offices, or such other locations as determined by Company, in its sole discretion. For Services provided at Client's offices, Client shall provide a suitable workspace and access to Client's computer, network, servers, and such other hardware and software as requested by Company.

3.9. If Company procures for Client any software, hardware, or data product from a third-party, Company shall use Reasonable Efforts to secure for Client the all necessary licenses and permissions for the installation and use of such third-party product. Client shall use any such product only in strict accordance with any applicable license or permission.

4. **Warranties.**

4.1. Each Party warrants that it has the power and authority to enter into and perform this Agreement.

4.2. Client warrants that:

(a) It has the power and authority to enter into and perform this Agreement;

(b) No action, claim, or charge has been filed against Client, and no person has threatened to file any such action, claim, or charge, which may have any material adverse effect on the subject matter of this Agreement or on Client's ability to perform its obligations under this Agreement;

(c) Client is not Insolvent and will not be rendered Insolvent by any of the transactions contemplated by this Agreement; and

(d) Immediately after giving effect to the consummation of the transactions contemplated by this Agreement, (1) Client will be able to pay its Liabilities as they become due in the usual course of its business, (2) Client will not have unreasonably small capital with which to conduct its business, (3) Client will have assets (calculated at fair market value) that exceed its liabilities, and (4) taking into account all pending litigation and all threatened litigation known to Client, final judgments against Client in actions for money damages are not reasonably anticipated to be rendered at a time when, or in amounts such that, Client will be unable to satisfy any such judgments promptly in accordance with their terms (taking into account the maximum probable amount of such judgments in any such actions and the earliest reasonable time at which such
judgments might be rendered) as well as all other obligations of Client. The cash available to Client, after taking into account all other anticipated uses of the cash, will be sufficient to pay all such debts and judgments promptly in accordance with their terms.

4.3. For a period of 120 days after the date that any deliverable is delivered to Client, Company warrants that such deliverable will materially conform to its functional specifications if used in a manner consistent with the conditions for which it was designed.

4.4. Company warrants that all Services will be performed in a workmanlike manner in accordance with generally-accepted industry standards and practices.

4.5. If Company procures for Client any product from a third-party, Company shall use Reasonable Efforts to secure for Client the full benefits of any warranties provided by the third-party provider of the product. Company will not be liable to Client with respect to any such product.

5. **INDEMNIFICATION.**

5.1. Client shall defend, indemnify, and hold harmless Company, its officers, directors, members, employees, and agents, from and against any claims, actions or demands, including, without limitation, all reasonable attorney’s fees and costs, made by any third party due to or resulting from:

(a) Client’s use of any third-party software, hardware, or data product;

(b) Client’s breach of this Agreement;

(c) any representation made by Client in this Agreement or the General Terms;

(d) any breach of warranty by Client in this Agreement or the General Terms;

(e) Client’s negligence or gross negligence; or

(f) Any federal, national, state, province, local and other tax or duty arising from the performance of either party’s obligations under this Agreement.

5.2. The Parties agree that Client, its officers, agents, elected and appointed officials, employees, affiliated public agencies and volunteers should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys’ fees, litigation costs, or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the Parties to be interpreted and construed to provide the fullest protection possible under the law to Client. Company acknowledges that Client would not enter into this Agreement in the absence of Company’s commitment to indemnify and protect Client as set forth herein.

5.3. To the full extent permitted by law, Company shall indemnify, hold harmless and defend Client, its officers, agents, elected and appointed
officials, employees, affiliated public agencies and volunteers from and against any and all claims, demands, lawsuits, causes of action, losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from or arising out of any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Company or any of its officers, employees, servants, agents, or subcontractors in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of Client’s choice.

5.4. Client shall have the right to offset against the amount of any compensation due Company under this Agreement any amount due Client from Company as a result of Company’s failure to pay Client promptly any indemnification arising under this Section 5 and related to Company’s failure to either (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers’ compensation laws.

5.5. The obligations of Company under this Section 5 will not be limited by the provisions of any workers’ compensation act or similar act. Company expressly waives its statutory immunity under such statutes or laws as to Client, its officers, agents, employees and volunteers.

5.6. Company agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 5 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Company in the performance of this Agreement. In the event Company fails to obtain such indemnity obligations from others as required herein, Company agrees to be fully responsible and indemnify, hold harmless and defend Client, its officers, agents, employees, affiliated public agencies and volunteers from and against any and all claims, demands, lawsuits, causes of action, losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from or arising out of any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Company’s subcontractors or any other person or entity involved by, for, with or on behalf of Company in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of Client’s choice.

5.7. Client does not, and shall not, waive any rights that it may possess against Company because of the acceptance by Client, or the deposit with Client, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

5.8. PERS ELIGIBILITY INDEMNITY. Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Company and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become
entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by Client, including but not limited to eligibility to enroll in PERS as an employee of Client and entitlement to any contribution to be paid by Client for employer contribution and/or employee contributions for PERS benefits.

In the event that Contractor or any employee, agent, or subcontractor of Company providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the Client, Company shall indemnify, defend, and hold harmless Client for the payment of any employee and/or employer contributions for PERS benefits on behalf of Company or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Client.

6. **Termination.**

6.1. The Parties may terminate this Agreement as follows:

(a) By the Parties’ mutual written consent;

(b) By Company, immediately upon Notice to Client, if Client fails to pay any amount when due pursuant to this Agreement;

(c) By either Party (such Party, the “**Terminating Party**”), immediately upon Notice to the other Party (such Party, the “**Terminated Party**”), if:

   (1) The Terminated Party commits a material breach of this Agreement (other than Client’s failure to pay any amount when due pursuant to this Agreement) which is not cured within 21 Business Days after Notice from the Terminating Party to the Terminated Party of the breach;

   (2) Any receiver, trustee, custodian, or similar official is appointed with respect to the Terminated Party or any of the Terminated Party’s property or assets;

   (3) The Terminated Party conveys any of its assets to a trustee, mortgagee, or liquidating agent;

   (4) The Terminated Party assigns any of its assets for the benefit of creditors;

   (5) Any proceeding is commenced by or against the Terminated Party which arises under any law of any jurisdiction relating to bankruptcy, insolvency, arrangement, or the adjustment of indebtedness.

(d) By Client, without cause, upon thirty (30) days written notice to Company

6.2. Immediately upon either Party’s Notice of termination, Client shall return to Company all equipment provided by, and property of, Company.
Within ten Business Days after all such equipment and property is received by Company, Company shall return to Client any Equipment Deposit paid by Client with respect to such equipment and property less the cost of replacing or repairing any such equipment or property, as determined by Company in its sole discretion, that is destroyed or damaged prior to its return to Company.

6.3. The provisions of this Agreement which require or contemplate performance after the expiration or termination of this Agreement are enforceable notwithstanding the termination or expiration of this Agreement. Without limitation, the rights, obligations, representations, and warranties contained in Sections 3.3, 3.5, 3.6, 3.7, 4, 5, 6.2, 7 and 8 of this Agreement and Sections 2, 3.2, 3.3, and 4 through 24 of the General Terms will survive any termination or expiration of this Agreement.

6.4. Upon termination, Client shall pay to Company compensation for services satisfactorily rendered up to the effective date of determination, on a prorated basis and based on a thirty (30) day calendar month.

7. **Execution in Counterparts; Electronic, Facsimile or Email Signature.** This Agreement may be executed in counterparts, all of which taken together constitute one and the same Agreement. This Agreement may be executed by electronic, facsimile, or email signature and any such signature will be deemed an original.

8. **Opportunity to Consider and Confer.** The Parties acknowledge that each Party has had the opportunity to read, study, consider and deliberate upon this Agreement, and has had the opportunity to consult with counsel, and that all Parties fully understand and are in complete agreement with all of the terms of this Agreement. Each Party shall bear its own costs with respect to the preparation, revision, and execution of this Agreement.

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

10. **Independent Contractor.** Company is, and shall at all times remain as to Client, a wholly independent contractor. Company shall have no power to incur any debt, obligation, or liability on behalf of Client or otherwise to act on behalf of Client as an agent. Neither Client nor any of its officers, employees or agents shall have control over the conduct of Company or any of Company's employees, except as set forth in this Agreement. To perform the scope of work defined under this agreement, Company and its employees may need to represent themselves as Client's IT support including but not limited to, internal staff and vendors. Outside of the defined scope of work, Company shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of Client.
11. **Insurance.**

11.1 During the term of this Agreement, Company shall carry, maintain, and keep in full force and effect insurance against claims for death or injuries to persons or damages to property that may arise from or in connection with Company’s performance of this Agreement. Such insurance shall be of the types and in the amounts set forth below:

11.1.1 **Comprehensive General Liability Insurance** with coverage limits of not less than One Million Dollars ($1,000,000) per occurrence / Two Million Dollars ($2,000,000) in the annual aggregate, including products and Completed operations hazard, contractual insurance, broad form property damage, independent contractors, personal injury.

11.1.2 **Automobile Liability Insurance** for vehicles used in connection with the performance of this Agreement with minimum limits of One Million Dollars ($1,000,000) per claimant and One Million dollars ($1,000,000) per incident.

11.1.3 **Worker’s Compensation insurance** as required by the laws of the State of California.

11.1.4 **Professional Liability insurance** against errors and omissions in the performance of the work under this Agreement with coverage limits of not less than One Million Dollars ($1,000,000).

11.6 Company shall require each of its subcontractors, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

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

11.8 Company agrees that if it does not keep the aforesaid insurance in full force and effect Client may either (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Company’s expense, the premium thereon.

11.9 At all times during the term of this Agreement, Company shall maintain on file with Client’s Risk Manager a certificate or certificates of insurance showing that the aforesaid policies are in effect in the required amounts and, for the general liability and automobile liability policies, naming the Client as an additional insured. Company shall, prior to commencement of work under this Agreement, file with Client’s Risk Manager such certificate(s).
11.10 Company shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Company shall provide such proof to Client at least two weeks prior to the expiration of the coverages.

11.11 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming Client, its officers, employees, agents and volunteers as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to Client. Company agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

11.12 The general liability and automobile policies of insurance provided by Company shall be primary to any coverage available to Client. Any insurance or self-insurance maintained by Client, its officers, employees, agents or volunteers, shall be in excess of Company’s insurance and shall not contribute with it.

11.13 All insurance coverage provided pursuant to this Agreement shall not prohibit Company, and Company’s employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Company hereby waives all rights of subrogation against the Client.

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

11.15 Procurement of insurance by Company shall not be construed as a limitation of Company’s liability or as full performance of Company’s duties to indemnify, hold harmless and defend under Section 14 of this Agreement.
To: Mayor and City Council
From: City Manager
Meeting Date: June 28, 2016
Subject: EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT AWARD – FISCAL YEAR 2016-2017

Recommendation:
Receive and File the Edward Byrne Memorial Justice Assistance Grant Application.

Fiscal Impact:
If awarded, the City will receive $19,822 from the Edward Byrne Memorial Justice Assistance Grant Program.

Discussion:
The City of Pico Rivera has received notification from the U.S. Department of Justice that $19,822 in grant funds has been allocated to Pico Rivera from the 2016 Edward Byrne Memorial Justice Assistance Grant Program. These funds may be used to support law enforcement programs, enhance security in and around schools, and promote crime prevention and control.

During the past 9 years, the grant was used to contract with the Los Angeles County Sheriff's Department to partially fund one specially trained deputy of the Safety Through Our Perseverance (S.T.O.P.) Program and staff recommends continuing the program. The cost of the S.T.O.P. Deputy is $194,742 and $19,822 will be offset by the grant. The City is responsible for the balance of $174,920 which is budgeted in the Sheriffs budget.

Staff has submitted an application. The U.S. Department of Justice requires applications be available to the local governing body for their review. A copy of the application is currently on file with the City Clerk to provide an opportunity for citizens and community or neighborhood groups to review and comment.

It is staff’s recommendation to continue the S.T.O.P. Program. This program provides immediate family crisis intervention, resource referral services, victim assistance, threat assessment, and safety planning for families in crisis.
As an example of the benefits, in 2014, the S.T.O.P. deputy assisted in 323 domestic cases involving spousal assault, spousal battery, violation of court order, vandalism, etc.; 185 arrests were made. In addition, threat assessments were made to measure the potential for future violence.

Rene Bobadilla

RB:SG:em

Enclosures: 1) Application for Federal Assistance  
2) Abstract  
3) Program Narrative  
4) Review Narrative  
5) Budget Narrative  
6) Statement of Non-Pending Application  
7) JAG 2016 Budget Detail
## APPLICATION FOR FEDERAL ASSISTANCE

<table>
<thead>
<tr>
<th>2. DATE SUBMITTED</th>
<th>Applicant Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 09, 2016</td>
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</tr>
</tbody>
</table>

### 1. TYPE OF SUBMISSION
Application Non-Construction

### 3. DATE RECEIVED BY STATE
State Application Identifier

### 4. DATE RECEIVED BY FEDERAL AGENCY
Federal Identifier

### 5. APPLICANT INFORMATION

<table>
<thead>
<tr>
<th>Legal Name</th>
<th>Organizational Unit</th>
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<tbody>
<tr>
<td>City of Pico Rivera</td>
<td>Administration Department</td>
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<table>
<thead>
<tr>
<th>Address</th>
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<tbody>
<tr>
<td>P.O. Box 1016</td>
<td>Administration Department</td>
</tr>
<tr>
<td>6615 Passons Boulevard</td>
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</tr>
<tr>
<td>Pico Rivera, California</td>
<td>Administration Department</td>
</tr>
<tr>
<td>90660-1016</td>
<td>Administration Department</td>
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</table>

<table>
<thead>
<tr>
<th>Name and telephone number of the person to be contacted on matters involving this application</th>
<th></th>
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<tbody>
<tr>
<td>Gutierrez, Steve</td>
<td>(562) 801-4413</td>
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</table>

### 6. EMPLOYER IDENTIFICATION NUMBER (EIN)

95-6006039

### 7. TYPE OF APPLICANT
Municipal

### 8. TYPE OF APPLICATION
New

### 9. NAME OF FEDERAL AGENCY
Bureau of Justice Assistance

### 10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 16.738
CFDA: 20.738  
TITLE: Edward Byrne Memorial Justice Assistance Grant Program

### 11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT
Safety Through Our Perseverance (S.T.O.P.)

### 12. AREAS AFFECTED BY PROJECT
City of Pico Rivera

### 13. PROPOSED PROJECT
Start Date: July 01, 2016  
End Date: June 30, 2017

### 14. CONGRESSIONAL DISTRICTS OF

<table>
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<tr>
<th>a. Applicant</th>
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### 15. ESTIMATED FUNDING

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<td>TOTAL</td>
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### 16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
Program is not covered by E.O. 12372

### 17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
N

### 18. TO THE BEST OF MY KNOWLEDGE AND BELIEF. ALL DATA IN THIS APPLICATION
PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED
BY GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE
ATTACHED ASSURANCES IF THE ASSISTANCE IS REQUIRED.
ABSTRACT

Name: City of Pico Rivera

Title of Project: Safety Through Our Perseverance (S.T.O.P.)

Problem Description: Domestic violence continues to greatly afflict members the local community. Breaking the cycle of violence is essential if we are to reduce its affects.

Goals/Outcomes: 1) Reduce the amount of domestic violence in the City; 2) Provide family crisis intervention; 3) Provide resource referral services, victim assistance, and safety planning for families in crisis; 4) Create a threat assessment for potential future violence.

Project Identifiers: 1-Conflict Resolution, 2-Counseling, 3-Screening and Assessment, 4-Violence-Against Women, 5-Violence-Domestic Violence.
Program Narrative

Program Name: Safety Through Our Perseverance (S.T.O.P.)

OVERVIEW

The City of Pico Rivera will use funds awarded from the 2016 Edward Byrne Memorial Justice Assistance Grant Award to continue its contract with the Los Angeles County Sheriff's Department to fund one specially-trained deputy of the Safety Through Our Perseverance (S.T.O.P.) Program. The funds will assist in off-setting the cost of the S.T.O.P. deputy. The balance of the cost for this deputy is scheduled to be absorbed by the City’s General Fund.

The S.T.O.P. Program was developed to provide immediate family crisis intervention, resource referral services, victim assistance, threat assessment, and safety planning for families in crisis.

The program is comprised of a specially-trained Sheriff's Deputy who has received extensive training in family crisis intervention. This deputy operates as a second responder to family violence calls. The S.T.O.P. deputy is able to: interview the victims and all parities involved including the children, videotape and photograph victims, document injuries and crime scenes, collect evidence, issue Emergency Protective Orders, assess the victim’s risk of future domestic violence incidents, and provide shelter service assistance, intervention strategies, and training for law enforcement personnel and the community in domestic violence prevention.

The S.T.O.P. deputy works closely with family service providers and family violence shelters to ensure that victims and their families receive counseling, support services, financial aid, shelter, and court accompaniment. The deputy also provides information and assistance concerning temporary restraining orders.

When incidents of domestic violence occur, the S.T.O.P. deputy will usually conduct an in-depth investigation of the incident and provide counseling, assistance in obtaining medical treatment, emergency shelter, temporary restraining orders, and other referral services needed.

The S.T.O.P. Program has been very successful. Since its inception, the number of shelter referrals has tripled; 50 percent more emergency protective orders have been issued; domestic violence recidivism involving the same families has been measurably reduced, and; domestic violence convictions/felony filings have increased by 60 percent.
GOALS AND OBJECTIVES

The primary goal of the S.T.O.P. Program is to reduce the amount of domestic violence in the City. It seeks to do this through family crisis intervention, resource referral services, victim assistance, threat assessment, and safety planning for families in crisis.

MEASURABLE RESULTS

- Number of domestic violence cases handled by S.T.O.P. Deputy.
- Number of arrests involving domestic violence.
- Number of threat assessments made.
- Number of emergency protective orders issued.
- Number of referrals made to shelters/social services, etc..

ORGANIZATION CAPABILITIES

The City of Pico Rivera currently administers numerous grants it has been awarded. As with other grants, the City’s Finance Department will establish and maintain separate revenue and expenditure accounts for funds obtained under the Edward Byrne Memorial Justice Assistance Grant Program 2015.

The Los Angeles Sheriff’s Department is the contracted law enforcement agency for the City of Pico Rivera. They provide law enforcement services to the City as well as 50 other local jurisdictions. The City has contracted out for a S.T.O.P. Deputy for the last several years.

TIMELINE

The S.T.O.P. Program is ongoing and continuous throughout the year.
Edward Byrne Memorial
Justice Assistance Grant Award – FY 2016

Review Narrative

The City of Pico Rivera’s FY 2016 JAG application will be made available to the City Council for its review and comment at the regularly scheduled City Council meeting of June 28, 2016. The City of Pico Rivera made its Fiscal 2016 JAG application available to citizens on June 10, 2016 by placing a copy with the City Clerk. Notification to the public will be made by publicly posting the June 28, 2016 Agenda on June 24, 2016.
Edward Byrne Memorial
Justice Assistance Grant Award – FY 2016

Budget Narrative

Overview

The City of Pico Rivera will contract out with the Los Angeles County Sheriffs Department for the services of a specially trained Safety Through Our Perseverance (STOP) Deputy to investigate domestic violence crimes within the jurisdiction. This Deputy is the most cost effective way to assist victims of domestic violence because of the special training they have received on the issue. With this training the STOP Deputy is more familiar with all aspects of domestic violence and better able to provide more comprehensive services than a regular patrol deputy responding to a call. Without a STOP Deputy investigations would be seriously affected. STOP Deputies give priority to domestic violence cases and insure that all issues surrounding the case are addressed. The services a STOP Deputy are instrumental if we are to have a special program designed to reduce the amount of domestic violence in the city.

The total grant amount of $19,822 will be utilized to offset the total cost of the Deputy. The remaining $174,920 of the contract is not a match and is covered by the City of Pico Rivera’s General Fund.
Edward Byrne Memorial
Justice Assistance Grant Award – FY 2016

STATEMENT OF NON-PENDING APPLICATION

The City of Pico Rivera does not have pending applications submitted within the last 12 months for federally funded assistance that include requests for funding to support the same project being proposed under this solicitation and will cover the identical cost items outlined in the budget narrative and worksheet in the application under this solicitation.
JAG 2016 Budget Detail

A. Personnel Services
None

B. Fringe Benefits –
None

C. Travel –
None

D. Equipment –
None

E. Supplies –
None

F. Consultants/Contracts:

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Budget</th>
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</thead>
<tbody>
<tr>
<td>S.T.O.P. Deputy</td>
<td>2016 JAG Funds partially fund one STOP Deputy for one year</td>
<td>$19,822</td>
</tr>
<tr>
<td></td>
<td>Includes 4% Liability Insurance Cost</td>
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</tbody>
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The City of Pico Rivera will be providing $174,920 for the remaining portion of the Deputy’s salary and is not intended to be a match.

G. Construction Costs
None

H. Other Costs:
None

I. Indirect Costs:
None
Tuesday, June 14, 2016

A Special Meeting of the Water Authority was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Meeting was jointly held with the City Council, Pico Rivera Successor Agency to the Pico Rivera Redevelopment Agency, Pico Rivera Housing Assistance Agency, and Pico Rivera Water Authority. Items appear as listed on the combined agenda for the meeting of June 14, 2016.

Authority President Armenta called the meeting to order at 6:00 p.m.

PRESENT: Commissioners Archuleta, Camacho, Tercero, Salcido, Armenta
ABSENT: None

1st PERIOD OF PUBLIC COMMENTS – AGENDA ITEMS ONLY: None.

CONSENT CALENDAR:

12. Minutes:
   • Approved Water Authority meeting of March 8, 2016


   1. Authorized the Executive Director to execute a Water Rights License Agreement, in a form approved by the City Attorney, with Golden State Water Company for the lease of 1,000 acre-ft. of water rights with flex during the 2015-16 fiscal year at a rate of $160 per acre-foot.

      Agreement No. 16-30

14. Electrical Panel Replacement at Plant No. 2 (CIP No. 21297) – Authorization to Bid. (500)

   1. Approved Plans and Specifications for the Pico Rivera Water Authority (PRWA) Electrical Panel Replacement at Plant No. 2 Project (CIP No. 21297) and authorize the City Clerk to publish the Notice of Inviting Bids for construction; and
   2. Approved the Total Project Budget.

15. Notification to the Pico Rivera Water Authority (PRWA) Concerning Detection of 1,4-Dioxane in Well No. 8 Pursuant to California Health and Safety Code Section 116455. (1700)
1. Received and filed the report regarding the detection of the chemical 1,4-Dioxane at Well No. 8; and
2. Authorized staff to notify customers of the detection of 1,4-Dioxane in the annual 2016 Confidence Report for Water Quality.

Motion by Vice President Archuleta, seconded by Commissioner Camacho to approve Consent Calendar Items No. 12 through 15. Motion carries by the following roll call vote:

**AYES:** Archuleta, Camacho, Tercero, Salcido, Armenta

**NOES:** None

**CONSENT CALENDAR ITEMS PULLED FOR FURTHER DISCUSSION:** None.

**LEGISLATION:** None.

**ADJOURNMENT:**

Authority President Armenta adjourned the meeting at 9:06 p.m. There being no objection it was so ordered.

**AYES:** Archuleta, Camacho, Tercero, Salcido, Armenta

**NOES:** None

________________________________________
David W. Armenta, President

**ATTEST:**

Anna M. Jerome, Authority Secretary

I hereby certify that the foregoing is a true and correct report of the proceedings of the Water Authority special meeting dated March 8, 2016 and approved by the Water Authority on June 28, 2016.

________________________________________
Anna M. Jerome, Authority Secretary
To: President and Commissioners
From: Executive Director
Meeting Date: June 28, 2016
Subject: Consideration of Resolution Establishing Regular Meetings of the Pico Rivera Water Authority

Recommendation:

Staff recommends that the Board of Directors of the Pico Rivera Water Authority adopt a Resolution establishing the regular meeting schedule of the Authority.

Discussion:

The Water Authority by-laws state that the regular meetings of the Authority will be set by resolution. The current resolution in force sets the regular meeting of the Water Authority to coincide with the second monthly meeting of the City Council (i.e., fourth Tuesday of the month).

The attached resolution will update the meeting schedule so that regular meetings of the Water Authority will coincide with regular meetings of the City Council (second and fourth Tuesdays of each month). This update to the meeting schedule allows for more flexibility when bringing items in front of the Water Authority.

René Bobadilla
RB:MS:gm

Enclosure: 1- Resolution Updating Regular Meeting Schedule of the Water Authority
RESOLUTION NO. ______

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PICO RIVERA WATER AUTHORITY ESTABLISHING A REGULAR MEETING SCHEDULE AND PROVIDING FOR MATTERS RELATED THERETO

WHEREAS, the Pico Rivera Water Authority (the “Authority”) is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise Powers Agreement by and between the City of Pico Rivera (the “City”) and the Pico Rivera Redevelopment Agency (the “Agency”), under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority; and

WHEREAS, in light of changes in State law applicable to the conduct of business by the Authority, it is necessary and advisable for the Authority to establish a more frequent regular meeting schedule.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE PICO RIVERA WATER AUTHORITY DOES RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The above recitals are true and correct and incorporated herein.

SECTION 2. Regular Meeting Schedule. The Board hereby establishes a regular meeting schedule of the Authority consisting of the second (2nd) and fourth (4th) Tuesday of every month, for which an agenda is posted at least 72 hours in advance of such meeting (each, a “Regular Meeting”), beginning on July 12, 2016. Each such regular meeting shall be held at 6:00 p.m. at Pico Rivera City Council Chambers, 6615 Passons Blvd., Pico Rivera, California 90660.

SECTION 3. Cancellations without Convening. If there is no scheduled business to conduct, no agenda for the Authority shall be posted and such Regular Meeting shall be automatically canceled thereby.

SECTION 4. Amendment of Meeting Schedule. The Regular Meeting schedule established herein may be amended by the adoption of a supplemental resolution by the Board.

SECTION 5. Delegation of Authority. The Chairman, the Executive Director and any one of their respective designees, are, and each of them is, hereby authorized and directed to do any and all things, and to execute and deliver any and all documents which said officers may deem necessary or advisable to carry out, give effect to and comply with the terms and intent of this Resolution.
SECTION 6. Effective Date. This Resolution shall take effect immediately upon its adoption.

SECTION 7. Certification. The Secretary shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this Resolution may be performed by an Assistant Secretary with the same force and effect as if performed by the Secretary hereunder.

ADOPTED AND APPROVED this _____ day of ______________, 2016.

___________________________________
David W. Armenta, Mayor

ATTEST:          APPROVED AS TO FORM:

______________________________  ___________________________________
Anna M. Jerome, City Clerk      Arnold M. Alvarez-Glasman, City Attorney

AYES:
NOES:
ABSENT:
ABSTAIN:
A Special Meeting of the Public Financing Authority was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Meeting was jointly held with the City Council, Pico Rivera Successor Agency to the Pico Rivera Redevelopment Agency, Pico Rivera Housing Assistance Agency, and Pico Rivera Water Authority. Items appear as listed on the combined agenda for the meeting of June 14, 2016.

Chairman Armenta called the meeting to order at 6:00 p.m. on behalf of the City Council.

PRESENT: Archuleta, Camacho, Salcido, Tercero, Armenta
ABSENT: None

PUBLIC COMMENTS: None.

CONSENT CALENDAR:

16. Minutes:
   • Approved Public Financing Authority meeting dated September 22, 2009

Motion by Mayor Pro Tem/Vice President/Vice Chairman Archuleta, seconded by Councilmember/Commissioner Camacho to approve Consent Calendar Item No. 16. Motion carries by the following roll call vote:

AYES: Archuleta, Camacho, Salcido, Tercero, Armenta
NOES: None

REGULAR AGENDA:

(700)

Motion by Director Tercero, seconded by Director Salcido to adopt Resolution No. 16-9 approving the issuance of Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 in an amount not to exceed $30,500,000. Motion carries by the following roll call vote:

Resolution No. 16-9 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PICO RIVERA FINANCING AUTHORITY APPROVING THE ISSUANCE OF PICO RIVERA PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2016 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,500,000, AND APPROVING AN INDENTURE, A SITE AND FACILITY LEASE, A LEASE AGREEMENT,
AN ASSIGNMENT AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

Agreement No. PFA 16-01
Agreement No. PFA 16-02
Agreement No. PFA 16-03

AYES: Archuleta, Camacho, Salcido, Tercero, Armenta
NOES: None

ADJOURNMENT:

Chairman Armenta adjourned the City Council meeting at 9:06 p.m. There being no objection it was so ordered.

AYES: Archuleta, Camacho, Salcido, Tercero, Armenta
NOES: None
ABSENT: None

________________________________
David W. Armenta, Chairman

ATTEST:

Anna M. Jerome, Authority Secretary

I hereby certify that the foregoing is a true and correct report of the proceedings of the Public Financing Authority special meeting dated June 14, 2016 and approved by the Public Financing Authority on June 28, 2016.

________________________________
Anna M. Jerome, Authority
A Special Meeting of the Public Financing Authority was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Chairman Armenta called the meeting to order at 1:55 p.m. on behalf of the City Council.

PRESENT: Archuleta, Camacho, Salcido, Armenta
ABSENT: Tercero

PUBLIC COMMENTS: None.

PUBLIC FINANCING AUTHORITY

1. Consideration of Resolution Establishing Regular Meetings of the Pico Rivera Public Financing Authority.

Motion by Commissioner Camacho, seconded by Commissioner Salcido to adopt Resolution No. PFA 16-10 establishing the regular meeting schedule of the Public Financing Authority.

Resolution No. PFA 16-10 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PUBLIC FINANCING AUTHORITY ESTABLISHING A REGULAR MEETING SCHEDULE AND PROVIDING FOR MATTERS RELATED THERETO

AYES: Archuleta, Camacho, Salcido, Armenta
NOES: None
ABSENT: Tercero

ADJOURNMENT:

Chairman Armenta adjourned the City Council meeting at 1:56 p.m. There being no objection it was so ordered.

AYES: Archuleta, Camacho, Salcido, Armenta
NOES: None
ABSENT: Tercero

__________________________
David W. Armenta, Chairman
ATTEST:

Anna M. Jerome, Authority Secretary

I hereby certify that the foregoing is a true and correct report of the proceedings of the Public Financing Authority special meeting dated June 20, 2016 and approved by the Public Financing Authority on June 28, 2016.

Anna M. Jerome, Authority
To: Chairman and Commissioners  
From: Executive Director  
Meeting Date: June 28, 2016  
Subject: ISSUANCE OF PICO RIVERA PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2016  

Recommendation:

Staff recommends that the Board of Directors of the Pico Rivera Public Financing Authority adopt Resolution PFA 16-9, approving the issuance of Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 in an amount not to exceed $30,500,000. This item is being brought back to the Public Financing Authority because this action must be approved at a regular meeting of the Authority. There are no changes to the resolution or recommendation first brought forth to the Authority at the June 14, 2016 meeting.

Fiscal Impact:

The proposed refunding of the 2009 Lease Revenue Bonds (Measure P) will result in a total debt service savings of approximately $4.7 million (net present value savings of $2.9 million) over the remaining life of the bond issuance (through September, 2039). The refunding will generate approximately $335,000 in annual, ongoing savings to the General Fund with the reduced annual debt service payment. All costs associated with refunding of these bonds are part of the Costs of Issuance (COI). These costs are paid from proceeds of the refunding bonds, and will be approximately $433,550. These expenses will not impact the General Fund, hence no additional appropriations or budget adjustments are needed.

Background:

In September 2009, the Pico Rivera Public Financing Authority issued $32,860,000 in 2009 Lease Revenue Bonds. The 2009 Bonds mature on September 1, 2039, and the outstanding principal as of May 1, 2016 is approximately $30,470,000. The 2009 Bonds bear interest rates varying from 4.00% to 5.75%.

The proceeds of the 2009 Bonds were used to provide funds to finance certain public improvements which included library construction and rehabilitation, citywide park renovations and other public improvements. The bonds also funded a reserve account for the 2009 Bonds and provided some capitalized interest through September 1, 2010.

Staff has determined that a refunding of the 2009 Bonds based on current market conditions generates an estimated total debt service savings of $4.7 million (net present value savings of approximately $2.9 million) over the remaining life of the bond issuance.
through September, 2039). These total debt service savings equate to approximately $335,000 in annual, ongoing savings to the General Fund.

The term of the 2009 Bonds is not being extended and retains a final maturity of September 1, 2039. The refunding bonds principal amount shall not exceed $30.5 million. The refunding bonds have received an “AA-” rating from Standard and Poor’s Global, an improvement over the “A+” rating they previously held. This credit upgrade signifies the many positive improvements made to the City’s fiscal health and organizational ability since the bonds were first issued in 2009. The S&P credit review required City Staff to make a presentation to the rating team that highlighted the City’s reserves, fiscal controls, reserve policies and organizational and management depth. All of the information was reviewed and the City realized an upgrade to its credit rating. The “AA-” rating will help the City find better rates on the issuance of the refunding bonds.

The City Council, at its meeting of April 26, 2016, directed Staff to move forward with the refunding of the 2009 Lease Revenue Bonds and approved the refinancing team. The City will incur various costs associated with the proposed refunding. These costs are estimated to be $433,550 and cover services provided by the underwriter, trustee, bond and disclosure counsel, financial advisor, underwriter’s counsel, verification agent and rating agency. All costs are paid from proceeds of the refunding bonds and are not paid with General Fund monies — therefore, there is no impact on the current fiscal year budget related to these costs.

The refunding will provide immediate savings to the General Fund that will be realized in FY 2016-17. In addition, as part of the refunding process, the City was able to present its improved fiscal and organizational status to S&P Global and have its credit rating upgraded. The next steps, should City Council adopt the attached resolution, include pricing the bonds on the open market and closing the bond purchase by June 30, 2016. Staff will provide updates to the City Council throughout the next stage of pricing and closing.

René Bobadilla

RB:MS:gm

Enclosures:  1 - Resolution Approving Issuance of Lease Revenue Refunding Bonds
            2 - Indenture
            3 - Site Facility Lease
            4 - Lease Agreement
            5 - Assignment Agreement
            6 - Bond Purchase Contract
            7 - Escrow Agreement
            8 - Preliminary Official Statement
RESOLUTION NO. PFA 16-9

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PICO RIVERA PUBLIC FINANCING AUTHORITY APPROVING THE ISSUANCE OF PICO RIVERA PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2016 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,500,000, AND APPROVING AN INDENTURE, A SITE AND FACILITY LEASE, A LEASE AGREEMENT, AN ASSIGNMENT AGREEMENT, A BOND PURCHASE CONTRACT, AN ESCROW AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Pico Rivera Public Financing Authority (the “Authority”) is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise Powers Agreement by and between the City of Pico Rivera (the “City”) and the Pico Rivera Redevelopment Agency (the “Agency”), under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority;

WHEREAS, the Authority has previously issued its 2009 Lease Revenue Bonds (the “Prior Bonds”);

WHEREAS, the Authority desires to refund the Prior Bonds and has determined to issue its Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”) for such purpose;

WHEREAS, the City will lease to the Authority certain properties of the City comprising the City Hall, the Senior-Arts Center Building, the City Yard, the Parks and Recreation Department Headquarter, the Speedway Parking Lots and various parks within the City limits (the “Leased Property”) pursuant to a Site and Facility Lease (the “Site Lease”);

WHEREAS, the Authority, concurrently with the execution of the Site Lease, will lease the Leased Property back to the City pursuant to a Lease Agreement (the “Lease”), in consideration for Base Rental payments equal to the principal and interest coming due on the Bonds; and

NOW, THEREFORE, the Board of Directors of the Pico River Public Financing Authority does hereby resolve as follows.

SECTION 1. The foregoing recitals are true and correct and the Authority hereby so finds and determines.
SECTION 2. The Authority hereby approves the issuance of the Bonds in the aggregate principal amount not to exceed $30,500,000 pursuant to the Indenture (the “Indenture”), in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any one of the Chairman, the Executive Director and the Secretary of the Authority, and each of them, and any designee of any of them (collectively, the “Authorized Officers”), is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery.

SECTION 3. The Authority hereby approves the Site Lease, in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Site Lease, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery.

SECTION 4. The Authority hereby approves the Lease, in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Lease, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery.

SECTION 5. The Authority hereby approves the Assignment Agreement, in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Assignment Agreement, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery.

SECTION 6. The Authority hereby authorizes the sale of the Bonds to the Underwriter pursuant to and in accordance with the Bond Purchase Contract, in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Contract, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery. The underwriter’s discount for the Bonds specified in the Bond Purchase Contract shall not exceed 0.75% of the aggregate principal amount thereof, exclusive of original issue discount. The true interest cost on the Bonds shall not exceed 4.25%. The maturity date of the Bonds shall not extend beyond the final maturity date of the Prior Bonds.
SECTION 7. The Authority hereby approves the Escrow Agreement, in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery.

SECTION 8. The Authority hereby approves the form of the Preliminary Official Statement (the "Preliminary Official Statement"), in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting, with such changes and modifications as shall be necessary or appropriate for completion to the satisfaction of any Authorized Officer. Any one of the Authorized Officers is authorized and directed, on behalf of the Authority to deem the Preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities and Exchange Act of 1934. The Authority further approves distribution of the Preliminary Official Statement by the Underwriter to persons who may be interested in purchasing the Bonds. Any one of the Authorized Officers is authorized and directed to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement hereby approved, with such additions thereto and changes therein as are consistent with this Resolution and recommended or approved by disclosure counsel to the Authority and approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 9. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to evaluate and select one or more municipal bond insurers for all or any portion of the Bonds and to execute and deliver such contracts and agreements with such bond insurers as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery.

SECTION 10. The Authorized Officers, the other officers and employees of the Authority, the members of the Authority’s Board of Directors, Bond Counsel, Disclosure Counsel and the other consultants to and agents of the Authority, are each hereby authorized and directed to do all things and take all actions necessary or desirable to effectuate the transactions contemplated by this Resolution, and to execute such other assignments, agreements, certificates, receipts, endorsements, orders, opinions and other documents in connection with such transactions, including, without limitation, closing documents in connection with the issuance of the Bonds, and all actions heretofore taken by the officers, employees and agents of the Authority in connection with the issuance of the Bonds are hereby ratified, approved and confirmed in every respect.

SECTION 11. This Resolution shall become effective immediately upon adoption.

SECTION 12. The City Clerk shall certify to the adoption of this resolution and hereafter the same shall be in full force and effect.
APPROVED AND ADOPTED this _____ day of ________________, 2016.

___________________________________
David W. Armenta, Mayor

ATTEST:                      APPROVED AS TO FORM:

___________________________________
Anna M. Jerome, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

AYES:
NOES:
ABSENT:
ABSTAIN:
INDENTURE

by and between the

PICO RIVERA PUBLIC FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of June 1, 2016

Relating to

$_________
Pico Rivera public Financing Authority
Lease Revenue Refunding Bonds, Series 2016
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EXHIBIT A – FORM OF BOND
EXHIBIT B – FORM OF COSTS OF ISSUANCE REQUISITION
EXHIBIT C – FORM OF NET PROCEEDS REQUISITION
This INDENTURE is dated as of June 1, 2016, by and between the PICO RIVERA PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States with a corporate trust office in Los Angeles, California and qualified to accept and administer the trusts hereby created, as trustee (the “Trustee”).

RECITALS:

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of August 14, 1989, by and between the City of Pico Rivera (the “City”) and the Pico Rivera Redevelopment Agency, and under the provisions of Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing public capital improvements; and

WHEREAS, to assist the City in the financing of certain public capital improvements within the City, the Authority has heretofore issued its $32,860,000 2009 Lease Revenue Bonds (the “2009 Bonds”); and

WHEREAS, to refund and defease the 2009 Bonds, the Authority has determined to issue its Lease Revenue Refunding Bonds, Series 2016, in the aggregate principal amount of $___________ (the “Bonds”), pursuant to this Indenture; and

WHEREAS, in connection with such refinancing, the City and the Authority have entered into a Site and Facility Lease, dated as of June 1, 2016 (the “Site and Facility Lease”), whereby the Authority has agreed to lease certain land and improvements thereon (the “Leased Property”) from the City; and

WHEREAS, the Authority and the City have entered into a Lease Agreement, dated as of June 1, 2016 (the “Lease”), whereby the Authority has agreed to sublease the Leased Property to the City; and

WHEREAS, under and pursuant to the Lease, the City is obligated to make base rental payments (the “Base Rental Payments”) to the Authority for the sublease of the Leased Property; and

WHEREAS, as security for its obligations hereunder, the Authority has assigned without recourse all its rights to receive the Base Rental Payments scheduled to be paid by the City under and pursuant to the Lease and certain other rights to the Trustee pursuant to this Indenture; and

WHEREAS, the City has determined that the issuance of the Bonds will result in significant public benefits including demonstrable financing cost savings and more efficient delivery of services to the community; and
WHEREAS, to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

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

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

ARTICLE I
DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS;
EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other document herein mentioned have the meanings herein specified.

“Act” means Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Additional Bonds” mean the Bonds of an additional Series authorized by a Supplemental Indenture that are issued pursuant to this Indenture.

“Additional Rental Payments” means the additional rental payable by the City under and pursuant to Section 3(b) of the Lease.

“Assignment Agreement” means that certain Assignment Agreement, dated as of June 1, 2016, by and between the Authority and the Trustee.

“Authority” means the Pico River Public Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement and the laws of the State.
“Authority Board” means the governing body of the Authority.

“Authorized Denominations” means $5,000 or any integral multiple thereof.

“Base Rental Payments” means the Base Rental Payments under the Lease.

“Bond Counsel” means (a) Fulbright & Jaworski L.L.P., or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act, as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2016.

“Bonds” means the Authority’s Lease Revenue Refunding Bonds, Series 2016, and, where the context requires, the Additional Bonds.

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Certificate of the Authority” means a certificate in writing signed by the Chairperson of the Authority or by any other officer of the Authority duly authorized by the Chairperson or any other officer of the Authority duly authorized for that purpose, as evidenced in writing to the Trustee.

“Certificate of the City” means a certificate in writing signed by the City Manager of the City or by any other officer of the City duly authorized for that purpose, as evidenced in writing to the Trustee.

“City” means the City of Pico Rivera, California.

“Closing Date” means June ____, 2016, being the date of delivery of the Bonds to the Original Purchaser thereof.


“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority and the Trustee, compensation to any financial consultants or underwriters, legal fees and expenses
(including fees and expenses of Bond Counsel and Disclosure Counsel), filing and recording costs, rating agency fees, costs of preparation and reproduction of documents, costs of printing and fees and costs for any guaranty, surety bond, letter of credit or other credit facility.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Defeasance Securities” means:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series — “SLGS”)

2. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.

3. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

4. Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

5. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

   a. U.S. Export-Import Bank (Eximbank)
      (i) Direct obligations or fully guaranteed certificates of beneficial ownership
   b. Farmers Home Administration (FmHA)
      (i) Certificates of beneficial ownership
   c. Federal Financing Bank
   d. General Services Administration
      (i) Participation certificates
   e. U.S. Maritime Administration
      (i) Guaranteed Title XI financing
   f. U.S. Department of Housing and Urban Development (HUD)
(i) Project Notes

(ii) Local Authority Bonds

(iii) New Communities Debentures – U.S. government guaranteed debentures

(iv) U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

“Depository” means DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the Authority discontinues use of the Depository pursuant to Section 2.13 hereof, any other securities depository which agrees to follow the procedures requested to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

“Depository Participant” means a member of, or participant in, the Depository.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.


“Escrow Agreement” means the Escrow Agreement, dated as of June 1, 2016, by and between the Authority and the Escrow Agent.

“Escrow Fund” means the fund by that name established under the Escrow Agreement.

“Event of Default” means any of the events described in Section 8.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit the value of which is determined in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) the value of which is determined in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.
“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Indenture” means this Indenture, dated as of June 1, 2016, as originally executed or as it may from time to time be amended or supplemented in accordance herewith.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom:

(a) is in fact independent and not under domination of the Authority or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City; and

(c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

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

“Insurance and Condemnation Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.04.

“Insured Obligations” shall mean the Bonds supported by the Policy.

“Insurer” means ________________

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(a).

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2016.

“Joint Exercise of Powers Agreement” means that certain Joint Exercise of Powers Agreement, dated as of August 14, 1989, entered into under the Act by the City of Pico Rivera and the Pico Rivera Redevelopment Agency, together with any amendments thereof and supplements thereto.

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any
change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as the Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to the Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Lease” means that certain Lease Agreement, dated as of June 1, 2016, by and between the Authority as lessor and the City as lessee, as it may be further amended or modified.

“Lease Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02.

“Leased Property” means, collectively, those certain parcels of real property, together with the improvements thereon, leased by the Authority to the City pursuant to the Lease, as more fully described in Exhibit A to the Lease, as such Exhibit A may be revised and amended from time to time pursuant to the terms hereof and of the Lease.

“Maximum Annual Debt Service” in respect of any Bond Year means the largest of the sums obtained for that or any succeeding Bond Year after totaling the following for each such Bond Year:

(a) The principal amount of all Outstanding Bonds maturing or required to be redeemed by mandatory sinking account redemption in such Bond Year; and

(b) The interest that would be due during such Bond Year on the aggregate principal amount of Bonds which would be Outstanding in such Bond Year if the Bonds Outstanding on the date of such computation were to mature or be redeemed in accordance with the applicable maturity or mandatory sinking account redemption schedule. At the time and for the purpose of making such computation, the amount of Bonds already retired in advance of the above mentioned schedule or schedules shall be deducted pro rata from the remaining amounts thereon.

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

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant hereto.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, or its successor in interest.

“Outstanding,” when used as of any particular time with reference to Bonds and Additional Bonds, means (subject to the provisions of Section 9.07) all Bonds and Additional Bonds theretofore executed, issued and delivered by the Authority under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of which or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

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

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

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

(c) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; provided that with respect to the funds and accounts established under this Indenture, such obligations shall at no time exceed an amount equal to ten percent (10%) of the aggregate principal amount of the Bonds Outstanding.

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

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

(f) Repurchase obligations with a term not exceeding 30 days pursuant to a written agreement between the Trustee and either a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the SIPC or a federally chartered commercial
bank whose long-term debt obligations are rated A or better by S&P and Moody’s, with respect to any security described in clause (1); provided that the securities which are the subject of such repurchase obligation (i) must be free and clear of all liens, (ii) in the case of a SIPC dealer, were not acquired pursuant to a repurchase or reverse repurchase agreement, (iii) must be deposited with the Trustee and maintained through weekly market valuations in an amount equal to 104% of the invested funds plus accrued interest; and further provided that the Trustee must have a valid first perfected security interest in such securities.

(g) Taxable government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody’s, subject to a maximum permissible limit equal to six months of principal and interest on the Bonds, including such funds for which the Trustee, its affiliates or subsidiaries receive and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(h) Tax-exempt government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody’s consisting of securities which are rated in the highest Rating Categories of S&P and Moody’s subject to a maximum permissible limit equal to six months of principal and interest on the Bonds, including such funds for which the Trustee, its affiliates or subsidiaries receive and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(i) Money market funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of AAAm-G or AAAm and rated in one of the two highest Rating Categories of Moody’s, including such funds for which the Trustee, its affiliates or subsidiaries receive and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

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

(k) Investment agreements, including guaranteed investment contracts (“GICs”) forward purchase agreements and reserve fund put agreements with banks or other financial institutions rated, or guaranteed by institutions rated, or with senior unsecured debt rated, by S&P or Moody’s, in one of the three highest rating categories assigned by such agencies.

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

“Policy” means the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

“Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b).
“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.02(c)(2), provided that all of the following requirements are met: (i) at the time of issuance of such letter of credit or surety bond, the long-term credit rating of such commercial bank or insurance company is “AA” or “Aa2” by S&P and Moody’s, respectively, or higher, and, if rated by A.M. Best & Company, a minimum rating of “A;” (ii) such letter of credit or surety bond has a term which ends no earlier than the last Interest Payment Date of the series of Bonds to which the Reserve Requirement applies; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.02(c)(2); and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 4.02(c)(1), including the replenishment of the Interest Account or the Principal Account.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.08(l).

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.09 for the registration and transfer of ownership of the Bonds.

“Rental Payments” means collectively the Base Rental Payments and the Additional Rental Payments.

“Request of the Authority” means a request in writing signed by the Chairperson of the Authority or by any other officer of the Authority duly authorized by the Chairperson or by the Authority for that purpose, as evidenced in writing to the Trustee.

“Request of the City” means a request in writing signed by the City Manager or by any other officer of the City duly authorized for that purpose.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c).

“Reserve Requirement” means, as of any calculation date in a Bond Year, an amount equal to the least of (i) ten percent (10%) of the sale proceeds (within the meaning of section 148 of the Code) of the Bonds, (ii) 125% of average annual debt service on the Bonds for that and every succeeding Bond Year, or (iii) Maximum Annual Debt Service; unless, with respect to the issuance of Additional Bonds, it is determined to maintain a pooled Reserve Fund, then it shall mean, as of as of any calculation date in a Bond Year, an amount equal to the least of (i) ten percent (10%) of the sale proceeds (within the meaning of section 148 of the Code) of the Bonds and Additional Bonds, (ii) 125% of average annual debt service on the Bonds and Additional Bonds for that and every succeeding Bond Year, or (iii) Maximum Annual Debt Service. Provided, however, the Reserve Requirement on any calculation date shall not be greater than the
Reserve Requirement amount on the Closing Date or on the date of delivery of the Additional Bonds, as applicable.

“Responsible Officer” means any member of the Board of Directors of the Authority or any other person authorized by resolution of the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Lease or this Indenture.

“Revenues” means (i) all Base Rental Payments payable by the City pursuant to the Lease (including prepayments), (ii) any proceeds of Bonds originally deposited with the Trustee and all moneys on deposit in the funds and accounts (other than the Rebate Fund) established hereunder, (iii) investment income with respect to such moneys held by the Trustee and (iv) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments.

“S&P” means Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns.

“Security Documents” means the Indenture, the Lease, the Bonds and/or any additional or supplemental document executed in connection with the Insured Obligations.

“Securities Depositories” means The Depository Trust Company, New York, New York and its successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Bonds or (ii) the Authority discontinues use of the then Securities Depository pursuant to Section 2.13, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

“Series” whenever used in this Indenture with respect to the Bonds or Additional Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided herein.

“Site and Facility Lease” means that certain Site and Facility Lease, dated as of June 1, 2016, by and between the City and the Authority, pursuant to which the Authority leases the Leased Property from the City.

“State” means the State of California.

“Supplemental Indenture” means any agreement supplemental to or amendatory of this Indenture entered into in accordance with the provisions of Article VII.

“Tax Certificate” means the Tax Certificate dated the date of the original delivery of the Bonds relating to the requirements of certain provisions of the Code, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

“Term Bonds” means the Bonds maturing on September 1, _______ and September 1, _______.

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“Trust Office” means the corporate trust office of the Trustee in Los Angeles, California or such other offices as may be specified to the Authority by the Trustee in writing.

“Trustee” means The Bank of New York Mellon Trust Company, N.A. and its successors and assigns, and any other corporation or association that may at any time be substituted in its place as provided in Article VI hereof.

“Written Request of the Authority” means a request in writing signed by a Responsible Officer.

SECTION 1.02. Rules of Construction. All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 1.03. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Joint Exercise of Powers Agreement and the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose described in the recitals hereof.

SECTION 1.04. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II
ISSUANCE OF BONDS

SECTION 2.01. Designation. The Bonds are authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture and shall be designated, respectively, as the “Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016.” The Bonds shall be issued in the original aggregate principal amount of $_________.


SECTION 2.02. Terms of Bonds. The Bonds shall be dated the Closing Date, shall mature on the dates and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(September 1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order (with such alphabetical prefix as the Trustee shall determine). Each Series of Bonds shall be executed and delivered in their respective Authorized Denominations.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is executed during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond interest with respect to such Bond is in default, such Bond shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond.

Interest with respect to any Bond shall be payable in lawful money of the United States of America on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed by first class mail no later than the Interest Payment Date to the Owner at his address as it appears, on such Record Date, on the Registration Books maintained by the Trustee; provided, however, that at the written request of the Owner of at least $1,000,000 in aggregate principal amount of Outstanding Bonds filed
with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by wire transfer of immediately available funds to an account in the United States designated in such written request. Payments of defaulted interest with respect to the Bonds shall be paid by check or draft to the registered Owners of the Bonds as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the registered Owners of the Bonds not less than ten days prior thereto. The principal of and premium, if any, on the Bonds are payable by check when due upon surrender thereof at the Trust Office in lawful money of the United States of America.

SECTION 2.03. Redemptions of Bonds.

(a) Bonds Extraordinary Redemption. The Bonds are subject to redemption prior to their respective maturity dates, upon notice as hereinafter provided, as a whole or in part on any date, from prepayments of Base Rental Payments made by the City pursuant to Section 11(a) of the Lease from funds received by the City due to a taking of the Leased Property or any portion thereof under the power of eminent domain or from insurance proceeds received by the City due to damage to or destruction of the Leased Property or any portion thereof, under the circumstances and upon the conditions and terms prescribed herein and in the Lease.

Redemption of Bonds pursuant to this subparagraph (a) shall be made at a redemption price equal to the sum of the principal of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

(b) Bonds Optional Redemption from Prepayments of Base Rental Payments. The Bonds maturing on or after September 1, 20___ shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after _____________, in any order deemed reasonable by the Authority, and by lot within a maturity, from prepayments of Base Rental Payments made at the option of the City pursuant to Section 11(b) of the Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

(c) Mandatory Sinking Account Redemption. The Term Bonds maturing September 1, 20___ are subject to mandatory redemption, in part by lot, on September 1 in each year shown below until maturity, from sinking account payments made by the Authority, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that in lieu of redemption thereof, such Term Bonds may be purchased by the Authority and tendered to the Trustee.

<table>
<thead>
<tr>
<th>Redemption Date (September 1)</th>
<th>Principal Amount To be Redeemed</th>
</tr>
</thead>
</table>

*Maturity.
If some but not all of the Term Bonds have been redeemed pursuant to extraordinary or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice which shall include a revised sinking fund schedule filed by Authority with the Trustee.

(d) **Notice of Redemption.** The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 30 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

(e) **Selection of Bonds for Redemption.** Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption, in such maturities as the Authority shall designate (and by lot within any maturity). For purposes of such selection, all Bonds shall be deemed to be comprised of separate $5,000 portions and such portions shall be treated as separate Bonds, which may be separately redeemed.

(f) **Partial Redemption of Bonds.** In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series, interest rate and maturity date, in aggregate principal amount equal to the unredeemed portion of the Bond being redeemed.

(g) **Effect of Redemption.** From and after the date fixed for redemption, if funds available for the payment of the principal of, premium, if any, and interest on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date. All Bonds redeemed pursuant to this Section 2.03 shall be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the
Trustee shall not be required to pay Owners any interest on, or be liable to Owners for any interest earned on moneys so held.

SECTION 2.04. Form of Bonds. The Bonds, the form of Trustee’s certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

SECTION 2.05. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of its Chairperson, and attested with the manual or facsimile signature of its Secretary or any Assistant Secretary duly appointed by the Authority Board, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

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

SECTION 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon presentation and surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, interest rate, maturity and aggregate principal amount in Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Authority, except that the Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer, pursuant to this Section, (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bond selected for redemption pursuant to Section 2.03(e).

SECTION 2.07. Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee for the same aggregate principal amount of Bonds of the same tenor, interest rate and maturity and of other Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the Authority, except that the Trustee shall require the payment by the Owner
requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange, pursuant to this Section, (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bond selected for redemption pursuant to Section 2.03(e).

SECTION 2.08. Temporary Bonds. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds definitive Bonds of like tenor, maturity and aggregate principal amount in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 2.09. Registration Books. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on said records, Bonds as herein provided.

SECTION 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, maturity and aggregate principal amount in an Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses that may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.
SECTION 2.11. Book-Entry System; Limited Obligation. The Bonds shall be initially executed, authenticated and delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial execution, authentication and delivery, the ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.13 hereof, all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond shall bear a legend substantially to the following effect: “UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Authority and the Trustee shall have no responsibility or obligation to any Depository Participant or to any person on behalf of which such a Depository Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Depository Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Depository Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any Redemption Notice, (c) the selection by the Depository and the Depository Participants of the beneficial interests in the Bonds to be redeemed in part, or (d) the payment to any Depository Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to principal of, interest on, or premium, if any, of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of giving Redemption Notices with respect to the Bonds and other notices with respect to the Bonds, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on, the Bonds only to or upon the order of the respective Bond Owners, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on, such Bond pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the Authority of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to
the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

SECTION 2.12. Representation Letter. To qualify the Bonds for the Depository’s book-entry system, the Authority is authorized to execute, countersign and deliver to such Depository a letter from the Authority representing such matters as shall be necessary to so qualify the Bonds (the “Representation Letter”). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.11 hereof or in any other way impose upon the Authority or the City any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Trustee in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the Authority Representative and all other officers of the Authority, and their respective deputies and designees, each is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository’s book-entry program.

SECTION 2.13. Transfers Outside Book-Entry System. If at any time the Depository notifies the Authority that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, Section 2.11 hereof shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver Bonds as provided below. In addition, the Authority may determine at any time that the Bonds shall no longer be represented by global bonds and that the provisions of Section 2.11 hereof shall no longer apply to the Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver Bonds as provided below. Bonds executed, authenticated and delivered in exchange for global bonds pursuant to this Section 2.13 shall be registered in such names and delivered in such Authorized Denominations as the Depository, pursuant to instructions from the Depository Participants or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such Bonds to the persons in whose names such Bonds are so registered.

If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or cause to be prepared a new fully-registered global bond for each of the maturities of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Authority, the Trustee and any such securities depository and not inconsistent with the terms of this Indenture.

SECTION 2.14. Payments and Notices to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.
SECTION 2.15. Initial Depository and Nominee. The initial Depository under this Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

ARTICLE III
DEPOSIT AND APPLICATION OF PROCEEDS

SECTION 3.01. Issuance of Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the Bonds to the Trustee for authentication and delivery to the original purchaser thereof upon the Request of the Authority.

SECTION 3.02. Application of Proceeds of Sale of Bonds. Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply $__________ of the proceeds of the sale of the Bonds (representing the principal amount of the Bonds of $__________, plus/less original issue premium/discount of $__________, less $__________ for the premium for the Policy, which shall be wired directly to the Insurer by the Original Purchaser on the Closing Date and less an underwriter’s discount of $__________ as follows:

(1) The Trustee shall deposit in the Costs of Issuance Fund the amount of $__________.

(2) The Trustee shall deposit in the Reserve Account the amount of $__________ representing the Reserve Requirement as of the Closing Date. [MAY FUND RESERVE WITH A SURETY]

(3) The Trustee shall transfer the amount of $__________ to the Escrow Agent for deposit in the Escrow Fund.

The Trustee may establish such temporary funds, accounts and subaccounts as may be necessary or desirable to accomplish such deposits.

SECTION 3.03. Costs of Issuance Fund. There is hereby established a fund to be held by the Trustee known as the “Costs of Issuance Fund,” into which shall be deposited a portion of the proceeds of the sale of the Bonds pursuant to Section 3.02. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance related to the Bonds from time to time and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Exhibit B, executed by an officer of the Authority. Each requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date that is 180 days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority certifying that all Costs of Issuance related to the Bonds have been paid or provided for, the Trustee shall transfer any remaining amounts in the Costs of Issuance Fund to the Lease Revenue Fund and the Trustee shall then close the Costs of Issuance Fund.

SECTION 3.04. Insurance and Condemnation Fund. The Trustee shall establish and maintain a separate fund to be known as the “Insurance and Condemnation Fund,” into which shall be deposited Net Proceeds required to be deposited therein pursuant to Section 9 of the Lease. The Trustee shall disburse or transfer all amounts in the Insurance and Condemnation Fund, as stated in a Request of the City (as described below) for the payment of the cost of the
reconstruction of the Leased Property (including reimbursement to the City for any such costs paid by it). Each Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Before any payment of money is made from the Insurance and Condemnation Fund, the Authority shall file or shall cause the City to file with the Trustee a requisition in substantially the form set forth as Exhibit C hereto.

SECTION 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

SECTION 3.06. Additional Bonds. In addition to the Bonds, the Authority and the Trustee may by execution of a Supplemental Indenture (except for refundings which result in debt service savings) but without the consent of the Owners, provide for the issuance and delivery of Additional Bonds in one or more series. The Trustee may authenticate and deliver to or upon the Request of the Authority, such Additional Bonds, in an aggregate principal amount authorized by such Supplemental Indenture. The proceeds of such Additional Bonds may be used for any purpose, including for the purpose of refunding Outstanding Bonds. Such Additional Bonds may only be issued upon compliance by the Authority with the provisions of the Indenture, and subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall not be in default under the Indenture or any Supplemental Indenture, as evidenced by a Certificate of the Authority, and the City shall not be in default under the Lease, as evidenced by a Certificate of the City;

(b) Said Supplemental Indenture shall provide that from such proceeds or other sources an amount shall be deposited in the Reserve Account (if it has been determined to maintain a pooled Reserve Account) so that there shall be on deposit in the Reserve Account(s) a cumulative amount at least equal to the Reserve Requirement;

(c) The Additional Bonds shall be payable as to principal on September 1 of each year in which principal is due and shall be payable as to interest on each Interest Payment Date;

(d) The aggregate principal amount of Bonds issued and at any time Outstanding under the Indenture or under any Supplemental Indenture shall not exceed any limit imposed by law, by the Indenture or by any Supplemental Indenture, as evidenced by a Certificate of the Authority and the City;

(e) The Lease shall have been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal and interest due and payable on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the payment of the principal and interest on such Additional Bonds; and
(f) Said Supplemental Indenture shall provide redemption dates and/or mandatory redemption of Additional Bonds in amounts sufficient to provide for payment of the Additional Bonds when Base Rental Payments are due.

Any Additional Bonds shall be on a parity with, and each Owner thereof shall have the same rights upon an Event of Default as the Owner of, any other Bonds issued and delivered under the Indenture, except as otherwise provided in the Supplemental Indenture under which Additional Bonds are issued.

Such Supplemental Indenture shall prescribe the form or forms of such Additional Bonds, and subject to the provisions hereof, shall provide for the distinctive designation, denominations, dates, principal payment dates, interest payment dates, interest rates, provisions for redemption, and places of payment for principal and interest.

ARTICLE IV
REVENUES; FLOW OF FUNDS

SECTION 4.01. Pledge of Revenues; Assignment of Rights. Subject to the provisions of Section 6.03, the Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues, including all of the moneys in the Interest Account, the Principal Account and the Reserve Account, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues and such moneys without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and such moneys shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Lease with respect to the Revenues, including its rights to receive the Base Rental Payments scheduled to be paid by the City under and pursuant to the Lease and any and all of the other rights of the Authority under the Lease as may be necessary to enforce payment of such Base Rental Payments when due or otherwise to protect the interest of the Owners of the Bonds, including its leasehold title to the Leased Property leased to the City pursuant to the Lease with respect to the Base Rental Payments. The Trustee accepts such assignments. The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

SECTION 4.02. Lease Revenue Fund; Receipt, Deposit and Application of Revenues. All Revenues shall be deposited by the Trustee in a special fund designated as the “Lease Revenue Fund,” which the Trustee shall establish, maintain and hold in trust hereunder. In the event the City pays more than 100% of the Base Rental Payments coming due 15 days
prior to any Interest Payment Date, the Trustee shall deposit into the Lease Revenue Fund only
that portion of the Base Rental Payments which the City is required to make under Section 3(a)
of the Lease, and shall remit any excess to the City.

On or before each Interest Payment Date, the Trustee shall transfer from the Lease
Revenue Fund and deposit into the following respective accounts (each of which the Trustee
shall establish and maintain within the Lease Revenue Fund), the following amounts in the
following order of priority, the requirements of each such account (including the making up of
any deficiencies in any such account resulting from lack of Revenues sufficient to make any
earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any
account subsequent in priority:

(a) **Interest Account.** The Trustee shall establish and maintain a separate account to
be known as the “Interest Account.” On or before each Interest Payment Date, the Trustee shall
deposit in the Interest Account an amount required to cause the aggregate amount on deposit in
the Interest Account to equal the amount of interest becoming due and payable on such Interest
Payment Date on all respective Outstanding Bonds. No deposit shall be made into the Interest
Account if the amount contained therein is at least equal to the interest becoming due and
payable upon all respective Outstanding Bonds on each succeeding Interest Payment Date within
the then current Bond Year. All moneys in the Interest Account shall be used and withdrawn
by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and
payable (including accrued interest on any Bonds redeemed prior to maturity).

(b) **Principal Account.** The Trustee shall establish and maintain a separate account
to be known as the “Principal Account.” On or before each Interest Payment Date, the Trustee
shall deposit in the Principal Account an amount required to cause the aggregate amount on
deposit in the Principal Account to equal the principal amount of the Bonds maturing on such
Interest Payment Date pursuant to Section 2.02 or Section 2.03 or pursuant to a Supplemental
Indenture, as the case may be. All moneys in the Principal Account shall be used and withdrawn
by the Trustee solely for the purpose of paying the principal of the Bonds.

(c) **Reserve Account.**

(1) The Trustee shall establish and maintain a separate account to be known
as the “Reserve Account.” On or before each Interest Payment Date, the Trustee shall
deposit in the Reserve Account such amount as may be necessary to maintain a balance
therein equal to the Reserve Requirement. No deposit shall be made in the Reserve
Account so long as there shall be on deposit an amount equal to the Reserve
Requirement. All money in the Reserve Account (or available to be drawn from a
Qualified Reserve Account Credit Instrument) shall be used and withdrawn by the
Trustee solely for the purpose of replenishing the Interest Account or the Principal
Account in such order, in the event of any deficiency at any time in either of such
accounts, or for the purpose of paying the interest on or principal of or redemption
premiums, if any, on the Bonds in the event that no other money of the Authority is
lawfully available therefor. All moneys in the Reserve Account (or available to be
drawn from a Qualified Reserve Account Credit Instrument held in the Reserve
Account) in excess of the Reserve Requirement may be applied to the retirement of all
Bonds then Outstanding or as a credit against the next following Base Rental Payment as directed in a Request by the City.

(2) The Reserve Requirement may be satisfied by crediting to the Reserve Account moneys or a Qualified Reserve Account Credit Instrument or any combination thereof, which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument to satisfy the Reserve Requirement, the Trustee shall transfer any excess amounts then on deposit in the Reserve Account into a segregated account of the Lease Revenue Fund to be established by the Trustee, which monies shall be applied at the written direction of the Authority either (i) to the payment within one year of the date of transfer of capital expenditures of the Authority permitted by law, or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted hereby, and pending such application shall in accordance with written direction of the Authority be held either not invested in investment property (as defined in section 148(b) of the Code), or invested in such property to produce a yield that is not in excess of the yield on the Bonds; provided, however, that the Authority may by written direction to the Trustee cause an alternative use of such amounts if the Authority shall first have obtained a written opinion of nationally recognized bond counsel substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103 of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

(3) In any case where a Reserve Account is funded with a combination of cash and a Qualified Reserve Account Credit Instrument, the Trustee shall deplete all cash balances before drawing on the Qualified Reserve Account Credit Instrument. With regard to replenishment, any available moneys provided by the Authority or the City shall be used first to reinstate the Qualified Reserve Account Credit Instrument and second, to replenish the cash in the Reserve Account. In the event the Qualified Reserve Account Credit Instrument is drawn upon, the Authority shall make payment of interest on amounts advanced under the Qualified Reserve Account Credit Instrument after making any payments pursuant to this subsection.

(d) **Surplus.** On or before March 1 and September 1 of each year the Trustee shall determine the amount, if any, remaining in the Lease Revenue Fund after making the deposits required by paragraphs (a) through (c) above and the transfers of investment earnings pursuant to Section 4.03, and shall apply such amount as a credit against the next following Base Rental Payment. Notwithstanding the foregoing, if directed in a Request of the City, the Trustee shall, with respect to all or any portion of such amount, pay, or set aside an amount for the payment of, any Rebate Requirement (as defined in the Tax Certificate) in accordance with a computation made by the City.

**SECTION 4.03. Investments.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the written direction of the Authority given to the Trustee two Business Days in advance of the making of such investments and payments of principal of such investments and interest thereon shall be scheduled to be paid or are otherwise payable not later
than the date on which such moneys will be required by the Trustee. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in money market funds described in subsection (i) of the definition of Permitted Investments, provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have been directed in writing specifying a specific money market fund and, if no such request in writing by the Authority is so received, the Trustee shall hold such moneys uninvested. Moneys in the Reserve Account shall not be invested in investments having maturities extending beyond 5 years; provided, however, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Account may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final scheduled payment date of the Bonds. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

The Trustee shall transfer all investment earnings on amounts in the Principal Account, the Interest Account and the Reserve Account (to the extent not necessary to replenish the Reserve Account to the Reserve Requirement), to the Lease Revenue Fund. All investment earnings on amounts in the Insurance and Condemnation Fund shall be retained therein. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee may act as principal or agent in the acquisition of any investment and may impose its customary charges therefor. The Trustee may act as manager, sponsor, advisor or depository with respect to any Permitted Investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section. The Trustee shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority’s election, such statements will be delivered via the Trustee’s online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 4.04. Valuation and Disposition of Investments. Except with respect to the Reserve Account, for the purpose of determining the amount in any fund or account, Permitted Investments credited to such fund or account shall be valued at least semiannually on or before each Interest Payment Date at cost (excluding any brokerage commissions and excluding any accrued interest) by the Authority. With respect to the Reserve Account, investments shall be valued by the Authority at fair market value and marked to market semiannually on or before each Interest Payment Date.

ARTICLE V
COVENANTS OF THE AUTHORITY

SECTION 5.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent
and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

SECTION 5.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Additional Bonds, or issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

SECTION 5.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds and Additional Bonds are Outstanding, except the pledge and assignment created by this Indenture and Supplemental Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

SECTION 5.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Lease and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee (subject to the provisions of Section 6.02 hereof) shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 5.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions by the Trustee relating to the proceeds of Bonds, the Revenues, the Lease and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City during regular business hours with reasonable prior notice.

SECTION 5.06. Additional Obligations. The Authority covenants that no additional bonds, notes or indebtedness shall be issued or incurred that are payable out of the Revenues in whole or in part, other than the Additional Bonds.
SECTION 5.07. Lease. The Trustee, as assignee of the Authority’s rights under the Lease with respect to the Revenues pursuant to Section 4.01 hereof and the Assignment Agreement, shall receive amounts due from the City pursuant to the Lease with respect to the Revenues.

The Authority will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Lease required to be complied with, kept, observed and performed by it and, together with the Trustee, will enforce the Lease against the City in accordance with its terms.

So long as any Bond remains Outstanding, the Authority will not alter, amend or modify the Lease without the prior written consent of the Trustee, which consent shall be given only (i) if the Trustee receives an opinion of counsel selected by the Authority that such alteration, amendment or modification will not result in any material impairment of the covenants made or the security given or intended to be given for the payment of the Base Rental Payments, or (ii) if the Trustee first obtains the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding to such alteration, amendment or modification.

Prior to any amendment or modification of the Lease pursuant to this Section, the Authority shall deliver to the Trustee an opinion of nationally recognized bond counsel to the effect that such amendment or modification has been adopted in accordance with the requirements of this Indenture.

SECTION 5.08. Tax Covenants.

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.
“Yield” of

(1) any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and

(2) the Bonds has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. The Authority shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, would cause the interest on any of the Bonds to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Authority receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Authority shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority shall at all times prior to the payment and cancellation of the last Bond to be paid and canceled:

(1) require that one or more state or local governmental agencies exclusively own, operate and possess all property the acquisition, construction or improvement of which was or is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment on or otherwise with respect to the use by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds of the Bonds pending application for their intended purposes.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority has not used, and shall not use, Gross Proceeds of any Bond to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is
sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) **Not to Invest at Higher Yield.** Except as would not cause any Bond to become an “arbitrage bond” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not at any time prior to the final maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of such Bond within the meaning of said section 148.

(f) **Not Federally Guaranteed.** Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall not take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) **Information Report.** The Authority shall timely file or cause to be filed any information required by section 149(e) of the Code with respect to the Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) **Rebate of Arbitrage Profits.** Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations and rulings thereunder:

   (1) The Authority shall account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of the Bonds with its other money, provided that the Authority separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

   (2) Not less frequently than each Computation Date, the Authority shall calculate or cause to be calculated the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Trustee may rely conclusively upon the Authority’s determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation of determination or to review the Authority’s calculations hereunder. The Authority will maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.
(3) To assure the excludability of the interest on Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority shall deposit in the Rebate Fund and cause the Trustee to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such a date. In all cases such Rebate payments shall be made by the Authority (or by the Trustee at the direction of the Authority) at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(4) The Authority shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3) above, and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Tax Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not at any time prior to the final maturity of the Bonds enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm’s length and had the Yield on the Bonds not been relevant to each party.

(j) Bonds Not Hedge Bonds.

(1) The Authority represents that the Bonds are not nor will become “hedge bonds” within the meaning of section 149(g) of the Code.

(2) Without limitation of paragraph (1) above (A) on the date of issuance of the Bonds the Authority will reasonably expect that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on the date of issuance and (B) the Authority covenants that at no time will more than 50% of the proceeds of the Bonds be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The Authority hereby directs and authorizes any Responsible Officer to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Responsible Officer (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Tax Certificate relating to the Bonds or similar or other appropriate certificate, form or document.
Rebate Fund.

(1) In addition to the other funds and accounts created pursuant hereto, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated the “Rebate Fund” (the “Rebate Fund”) in connection with the Bonds. Within the Rebate Fund, the Trustee shall maintain such accounts or subaccounts as are specified in a Written Request of the Authority to the Trustee pursuant to the Tax Certificate. The Trustee shall deposit moneys in the Rebate Fund pursuant to a Written Request of the Authority. Subject to the transfer provisions provided in subparagraph (5) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and none of the Authority, the Trustee or the Owner of any Bond shall have any right in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 5.08 and the Tax Certificate if it follows the Written Request of the Authority, including supplying all necessary information in the manner provided in the Tax Certificate, and except as otherwise expressly provided herein, shall not be required to take any actions hereunder in the absence of written directions by the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate or this Section. The Trustee agrees to comply with all Written Requests of the Authority given pursuant to the Tax Certificate.

(2) Upon a Written Request of the Authority, an amount shall be deposited into the Rebate Fund by the Trustee from deposits by the Authority, if and to the extent required, so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Authority in accordance with the Tax Certificate. The Authority shall provide the Trustee with a Certificate of the Authority evidencing that the computation of the Rebate Requirement has been made.

(3) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts created hereunder or from other moneys provided to it by the Authority.

(4) The Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments as directed by a Written Request of the Authority. Money, including investment earnings, shall not be transferred from the Rebate Fund except as provided in subparagraph (5) below.

(5) Upon receipt of a Written Request of the Authority, the Trustee shall remit part or all of the amounts in the Rebate Fund to the United States of America, as so directed. In addition, if the Authority so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or fund as directed by the Written Request of the Authority. Any funds remaining in the Rebate
Fund in excess of the Rebate Requirement as of the end of any Bond Year shall be transferred to the Interest Account.

(6) Notwithstanding any other provision hereof, including, in particular, Section 9.03, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

SECTION 5.09. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

ARTICLE VI
THE TRUSTEE

SECTION 6.01. Appointment of Trustee. The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee which has (or which is a wholly-owned subsidiary of a corporation which has) a combined capital and surplus of at least $75,000,000, and which is subject to supervision or examination by Federal or State authority, so long as any Bonds are Outstanding. If such bank, national banking association, or trust company or such parent corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus of such bank, national banking association, or trust company or such parent corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds and accounts administered by it and of all Bonds paid and discharged.

SECTION 6.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

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

(b) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action
hereunder, the Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the Authority.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document.

(e) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no covenants of or against the Trustee shall be implied in this Indenture. In case an Event of Default hereunder or under the Lease has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture and by the Lease, and shall use the same degree of care and skill in the exercise of such rights and powers as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

(f) The Trustee may execute any of the trusts or powers hereunder and perform the duties required of it hereunder either directly or by or through attorneys, receivers or agents, shall not be liable for the acts or omissions of such attorneys, receivers or agents appointed with due care, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder. The Trustee may conclusively rely on an opinion of counsel as full and complete authorization and protection for any action taken, suffered or omitted by it hereunder.

(g) The Trustee shall not be responsible for any recital herein, in the Lease, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and makes no representation as to the validity or sufficiency of the Bonds, this Indenture or the Lease. The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder or on the part of the Authority or the City under the Lease. The Trustee shall not be responsible for the application by the Authority or the City of the proceeds of the Bonds.

(h) The Trustee may become the Owner or pledgee of Bonds secured hereby with the same rights it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.
(i) The Trustee may rely and shall be protected in acting or refraining from acting, in
good faith and without negligence, upon any notice, resolution, opinion, report, direction,
request, requisition, consent, certificate, order, affidavit, letter, telegram or other paper or
document believed by it to be genuine and to have been signed or presented by the proper person
or persons. Any action taken or omitted to be taken by the Trustee in good faith and without
negligence pursuant to this Indenture or the Lease upon the request or authority or consent of any
person who at the time of making such request or giving such authority or consent is the Owner
of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon
Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to
recognize any person as an Owner of any Bond or to take any action at his request unless the
ownership of such Bond by such person shall be reflected on the Registration Books.

(j) The permissive right of the Trustee to do things enumerated in this Indenture or in
the Lease shall not be construed as a duty and it shall not be answerable for other than its
negligence or willful default. The immunities and exceptions from liability of the Trustee shall
extend to its officers, directors, employees and agents.

(k) The Trustee shall not be required to take notice or be deemed to have notice of
any Event of Default hereunder or under the Lease except failure by the Authority or the City to
make any of the payments to the Trustee required to be made by the Authority pursuant hereto or
thereo or failure by the Authority or the City to file with the Trustee any document required by
this Indenture or the Lease to be so filed subsequent to the issuance of the Bonds, unless the
Trustee shall be specifically notified in writing of such default by the Authority or by the Owners
of at least 25% in aggregate principal amount of the Bonds then Outstanding and all notices or
other instruments required by this Indenture to be delivered to the Trustee must, to be effective,
be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the
Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(l) At any and all reasonable times the Trustee and its duly authorized agents,
attorneys, experts, accountants and representatives, shall have the right but shall not be required
to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make
copies of any of such books, papers and records which are not privileged by statute or by law.

(m) The Trustee shall not be required to give any bond or surety in respect of the
execution of the said trusts and powers or otherwise in respect of the premises hereof.

(n) Notwithstanding anything elsewhere in this Indenture with respect to the
execution of any Bonds, the withdrawal of any cash, the release of any property, or any action
whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be
required, to demand any showings, certificates, opinions, appraisals or other information, or
corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing
the right of the Authority to the execution of any Bonds, the withdrawal of any cash or the taking
of any other action by the Trustee.

(o) All moneys received by the Trustee shall, until used or applied or invested as
herein provided, be held in trust for the purposes for which they were received but need not be
segregated from other funds except to the extent required by law.
Whether or not expressly provided therein, every provision of this Indenture and the Lease relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Section.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

The Trustee is authorized and directed to enter into the Assignment Agreement in its capacity as Trustee.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority and City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority and City whenever a person is to be added or deleted from the listing. If the Authority and City elect to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority and City understand and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority and City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority and City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority and City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority and City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.
(i) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(u) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(v) The Trustee may consult with counsel, who may be Authority or City counsel or other counsel of or to the Authority and City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

SECTION 6.03. Fees, Charges and Expenses of Trustee. The Trustee shall be paid and reimbursed by the Authority for reasonable fees for its services rendered hereunder and all advances (with interest on such advances at the maximum rate allowed by law), counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it.

SECTION 6.04. Notice to Bond Owners of Default. If an Event of Default hereunder or under the Lease occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(k) hereof, then the Trustee shall, within 30 days of the receipt of such notice, give written notice thereof by first class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

SECTION 6.05. Intervention by Trustee. In any judicial proceeding to which the Authority or the City is a party that, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(c), shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of such Bonds then Outstanding.

SECTION 6.06. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds. The Authority may also remove the Trustee at any time upon 30 days’ notice, except during the existence of an Event of Default. The Trustee may be removed at any time for any breach of the Trustee’s duties set forth herein.
SECTION 6.07. Resignation by Trustee. The Trustee and any successor Trustee may at any time give written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

SECTION 6.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within 60 days following the delivery to the Trustee of the instrument described in Section 6.06 or within 60 days following the receipt of notice by the Authority pursuant to Section 6.07, the Trustee may, at the expense of the Authority, apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such 60-day period.

SECTION 6.09. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 6.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee’s successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

SECTION 6.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business
as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee or the Authority appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section are adopted to these ends.

If the Trustee or the Authority appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, shall resign or shall be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**SECTION 6.12. Indemnification; Limited Liability of Trustee.** The Authority further covenants and agrees, to the extent permitted by law, to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and fees and expenses of its attorneys, but excluding any and all losses, expenses and liabilities that are due to the negligent or willful misconduct of the Trustee, its officers, directors or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of at least 25% in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture or exercising any power conferred upon the Trustee under this Indenture. The obligations of the Authority under this Section shall survive the resignation or removal of the Trustee under this Indenture.
ARTICLE VII
MODIFICATION AND AMENDMENT OF THE INDENTURE

SECTION 7.01. Amendment Hereof. This Indenture and the rights and obligations of the Authority and of the Owners may be modified or amended at any time by a Supplemental Indenture, which shall become binding upon adoption, without consent of any Owner, to the extent permitted by law, but only for any one or more of the following purposes:

(a) to issue Additional Bonds in accordance with Section 3.07 hereof;

(b) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners;

(c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners in the reasonable judgment of the Authority; or

(d) for any other purpose that does not materially adversely affect the interests of the Owners.

Except as set forth in the preceding paragraph of this Section, this Indenture and the rights and obligations of the Authority and of the Owners may only be modified or amended at any time by a Supplemental Indenture, which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) modify any of the rights or obligations of the Trustee without its written consent thereto.

Copies of any modification or amendment to the Indenture, the Site and Facility Lease or the Lease shall be sent to S&P and Moody’s at least 10 days prior to the effective date thereof.

SECTION 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.
Prior to entering into any Supplemental Indenture pursuant to this Section, the Authority shall deliver to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture has been adopted in accordance with the requirements of this Indenture.

SECTION 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner at such effective date and presentation of such Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Owners’ action shall be prepared and executed, and in that case upon demand of the Owner at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

SECTION 8.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of or premium on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, or by proceedings for redemption.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than 50% in aggregate principal amount of the Outstanding Bonds; provided, however, that if in the reasonable opinion of the Authority the failure stated in such notice can be corrected, but not within such 60-day period, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Authority within such 60-day period and diligently pursued until such failure is corrected.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.
SECTION 8.02. Remedies; No Acceleration. Upon the occurrence of an Event of Default the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or any member, officer or employee thereof, to compel the Authority or any such member, officer or employee to perform and carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of an Event of Default to require the Authority and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least 50% in aggregate principal amount of Outstanding Bonds and indemnified as provided in Section 6.02(c), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or the Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver or any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

The Trustee shall have no right to declare the principal of or interest on the Bonds to be due and payable immediately.

SECTION 8.03. Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee, including reasonable compensation to its agents, attorneys and counsel;

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the lesser of 12% per annum or the maximum rate permitted by law, provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be
applied to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest; and

Third, to the extent not already paid, to the reimbursement of any provider of a Qualified Reserve Account Credit Instrument in accordance with the terms thereof.

SECTION 8.04. Power of Trustee to Control Proceedings. If the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation and if the Trustee is indemnified as provided in Section 6.02(c). Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners issued hereunder by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.05. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 8.06. Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

SECTION 8.07. Rights of Owners. No Owner shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an
Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners.

The right of any Owner to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.08. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX
BOND INSURANCE

[BELOW TO BE CONFIRMED AND SUBJECT TO CHANGE]

SECTION 9.01. Defeasance. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and notwithstanding anything to the contrary herein, the investments in the defeasance escrow shall be limited to noncallable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or otherwise be approved by the Insurer.

At least five (5) Business Days prior to any defeasance, the Authority shall deliver to the Insurer copies of an escrow agreement, opinions regarding the validity and enforceability of the escrow agreement, a verification report (a “Verification Report”) of a nationally recognized independent financial analyst or firm of certified public accountants regarding sufficiency of the escrow and a defeasance legal opinion. Such opinions and Verification Report shall be
addressed to the Insurer and shall be in form and substance satisfactory to the Insurer. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of the Insurer.

(b) The Authority will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to the Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Authority shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Insurer.

SECTION 9.02. Trustee.

(a) So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and notwithstanding anything to the contrary herein, the Insurer shall receive prior written notice of any name change of the Trustee for the Insured Obligations or the resignation or removal of the Trustee. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by the Insurer in writing.

(b) No removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to the Insurer, shall be qualified and appointed.

SECTION 9.03. Amendments, Supplements and Consents. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and notwithstanding anything to the contrary herein, the Insurer’s prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Authority shall send copies of any such amendments or supplements to the Insurer and the rating agencies which have assigned a rating to the Insured Obligations.

(a) Consent of the Insurer. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and notwithstanding anything to the contrary herein, any amendments or supplements to the Security Documents shall require the prior written consent of the Insurer with the exception of amendments or supplements:

(1) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
(2) To grant or confer upon the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners, or

(3) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the transaction documents other conditions, limitations and restrictions thereafter to be observed, or

(4) To add to the covenants and agreements of the Authority or the City in the transaction documents thereafter to be observed by the Authority or the City or to surrender any right or power therein reserved to or conferred upon the Authority or the City.

(b) Consent of the Insurer in Addition to Owner Consent. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and notwithstanding anything to the contrary herein, any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires the consent of holders of the Insured Obligations or adversely affects the rights or interests of the Insurer shall be subject to the prior written consent of the Insurer.

(c) Consent of the Insurer in the Event of Insolvency. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and notwithstanding anything to the contrary herein, any reorganization or liquidation plan with respect to the Authority or the City must be acceptable to the Insurer in writing. In the event of any reorganization or liquidation of the Authority or the City, the Insurer shall have the right to vote on behalf of all holders of the Insured Obligations absent a continuing failure by the Insurer to make a payment under the Policy.

(d) Consent of the Insurer Upon Default. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Obligations or the Trustee for the benefit of the holders of the Insured Obligations under any Security Document. The Trustee may not waive any default or event of default without the Insurer’s written consent.

(e) The Insurer as Owner. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, and notwithstanding anything to the contrary herein, upon the occurrence and continuance of a default or an event of default, the Insurer shall be deemed to be the sole owner of the Insured Obligations for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) Consent of the Insurer for Acceleration. The Insurer’s prior written consent is required as a condition precedent to and in all instances of acceleration.

(g) Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of the Insurer.
(h) **Insurer as Owner.** So long as the Policy is in effect and the Insurer is not in default in respect of its payment obligations thereunder, the Insurer shall be deemed to be the sole and exclusive Owner of the Bonds for purposes of all approvals, consents, waivers institution of any action, and the direction of all remedies.

(i) **Special Provisions for Insurer Default.** If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 9.03(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, the Insurer has made payment under the Policy, to the extent of such payment the Insurer shall be treated like any other holder of the Insured Obligations for all purposes, including giving of consents, and (2) if the Insurer has not made any payment under the Policy, the Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Insurer makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (h), “Insurer Default” means: (A) the Insurer has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) the Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law).

**SECTION 9.04. The Insurer As Third Party Beneficiary.** The Insurer is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

**SECTION 9.05. Payment Procedure Under the Policy.** In the event that principal and/or interest due on the Insured Obligations shall be paid by the Insurer pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Obligations.

In the event that on the second (2nd) business day prior to any payment date on the Insured Obligations, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Trustee shall immediately notify the Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Insurer or its designee.
In addition, if the Trustee has notice that any holder of the Insured Obligations has been required to disgorge payments of principal or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Insurer.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Obligations as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Trustee shall (i) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for such holders of the Insured Obligations in any legal proceeding related to the payment and assignment to the Insurer of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment from the Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Insured Obligations, the Trustee shall (i) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for such holder of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to the Insurer of the Insured Obligations surrendered to the Insurer, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from the Insurer, and (iii) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to the Insurer, registered in the name directed by the Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Obligation or the subrogation or assignment rights of the Insurer.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Authority with respect to such Insured Obligations, and the Insurer shall become the owner of such unpaid Insured Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.
Irrespective of whether any such assignment is executed and delivered, the Authority and
the Trustee agree for the benefit of the Insurer that:

(a) They recognize that to the extent the Insurer makes payments directly or
indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the
Insured Obligations, the Insurer will be subrogated to the rights of such holders to receive the
amount of such principal and interest from the Authority, with interest thereon, as provided and
solely from the sources stated in the transaction documents and the Bonds; and

(b) They will accordingly pay to the Insurer the amount of such principal and interest,
with interest thereon as provided in the transaction documents and the Bonds, but only from the
sources and in the manner provided therein for the payment of principal of and interest on the
Insured Obligations to holders, and will otherwise treat the Insurer as the owner of such rights to
the amount of such principal and interest.

SECTION 9.06. Additional Payments. The Authority agrees unconditionally that it
will pay or reimburse the Insurer on demand any and all reasonable charges, fees, costs, losses,
liabilities and expenses that the Insurer may pay or incur, including, but not limited to, fees and
expenses of the Insurer’s agents, attorneys, accountants, consultants, appraisers and auditors and
reasonable costs of investigations, in connection with the administration (including waivers and
consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in
respect of the Security Documents (“Administrative Costs”). For purposes of the foregoing,
costs and expenses shall include a reasonable allocation of compensation and overhead
attributable to the time of employees of the Insurer spent in connection with the actions
described in the preceding sentence. The Authority agrees that failure to pay any Administrative
Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late
Payment Rate, compounded semi-annually, from the date that payment is first due to the Insurer
until the date the Insurer is paid in full.

Notwithstanding anything herein to the contrary, the Authority agrees to pay, or cause to
be paid, to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the
Policy (“Policy Payment”); and (ii) interest on such Policy Payments from the date paid by the
Insurer until payment thereof in full by the Authority, payable to the Insurer at the Late Payment
Rate per annum (collectively, “Reimbursement Amounts”) compounded semi-annually. The
Authority hereby covenants and agrees that the Reimbursement Amounts are secured by a lien
on and pledge of the Revenues and payable from such Revenues on a parity with debt service
due on the Insured Obligations.

SECTION 9.07. Reserve Account. The prior written consent of the Insurer shall be a
condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into
the Reserve Account, if any. Amounts on deposit in the Reserve Account shall be applied solely
to the payment of debt service due on the Insured Obligations.

SECTION 9.08. Exercise of Rights by the Insurer.

(a) The rights granted to the Insurer under the Security Documents to request,
consent to or direct any action are rights granted to the Insurer in consideration of its issuance of
the Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Obligations and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Obligations or any other person is required in addition to the consent of the Insurer.

(b) The Insurer shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a claim upon the Policy.

ARTICLE X
MISCELLANEOUS

SECTION 10.01. Limited Liability of Authority. Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues or otherwise from amounts payable under the Lease). The Authority may, however advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premiums (if any) on or principal of the Bonds. The Owners shall never have the right to compel the forfeiture of any property of the Authority except the Revenues and other funds pledged to the payment of the Bonds as provided in this Indenture. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds (other than amounts on deposit in the Rebate Fund created pursuant to Section 5.08) pledged to the payment thereof as provided in this Indenture.

SECTION 10.02. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the City and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the City and the Owners.

SECTION 10.03. Defeasance; Discharge of Indenture. If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premiums (if any) on such Bonds, as and when the same become due and payable;
(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums (if any); or

(c) by irrevocably depositing with the Trustee or an escrow agent, in trust pursuant to an escrow deposit agreement, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine in a written report acceptable in form and substance to the Authority, and addressed, to the Authority and the Trustee, filed with the Trustee (upon which report the Trustee may conclusively rely) will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

(d) and delivering an opinion of Bond Counsel acceptable in form and substance to the Authority, and addressed, to the Authority and the Trustee to the effect that the Bonds are no longer Outstanding under the Indenture, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to Section 2.03(d) or provision satisfactory to the Trustee made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all amounts due the Trustee. Any funds held by the Trustee following any payment or discharge of the Outstanding Bonds pursuant to this Section, which are not required for said purposes, shall after payment of amounts due the Trustee hereunder be paid over to the Authority.

SECTION 10.04. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

SECTION 10.05. Content of Certificates and Opinions. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture except the certificate of destruction pursuant to Section 9.10 shall include (a) a statement that the person or persons making or giving such certificate or opinion have read such covenant or conditions and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and

50
(d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

SECTION 10.06. Execution of Documents by Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner shall bind every future Owner with respect to the same Bond and the Owner with respect to any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

SECTION 10.07. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, unless all Bonds are then so owned, Bonds that are owned or held by or for the account of the City or the Authority (but excluding Bonds held in any employees’ retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the Authority and the City shall specify in a certificate to the
Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

SECTION 10.08. Waiver of Personal Liability. No official, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such official, officer, agent or employee from the performance of any official duty provided by law.

SECTION 10.09. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law.

SECTION 10.10. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall cancel and destroy such Bonds and furnish to the Authority a certificate of such destruction.

SECTION 10.11. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

SECTION 10.12. Payment on Business Days. Whenever in this Indenture any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made, without accruing additional interest thereby, on the Business Day immediately following such day.
SECTION 10.13. Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt if mailed by first class mail, postage prepaid, or sent by facsimile transmission, addressed as follows:

If to the Authority: Pico Rivera Public Financing Authority
6615 Passons Boulevard
Pico Rivera, California  90660
Attention: Executive Director
Phone: (562) 801-4368
Fax: (562) _______

If to the City: City of Pico Rivera
6615 Passons Boulevard
Pico Rivera, California  90660
Attention: City Manager
Phone: (562) 801-4368
Fax: (562) _______

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
400 S. Hope Street, Suite 500
Los Angeles, California  90071
Attention: Corporate Trust Services
Phone: (213) 630-6279
Fax: (213) 630-6215

If to the Insurer: ___________________
___________________
___________________
Attention: Surveillance, Re: Policy No. __________
Telephone: (212) __________
Fax: (212) __________
Email: _____________

The Authority and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The Authority will provide the Insurer with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Trustee. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at __________ or at Telecopier: (212) __________ and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

SECTION 10.14. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds that remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys
were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee shall, at the written request and expense of the Authority, cause to be mailed to the Owners, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

SECTION 10.15. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.
IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be signed by their respective officers, all as of the day and year first above written.

PICO RIVERA PUBLIC FINANCING
AUTHORITY

ATTEST:

By __________________________________
Chairman

By __________________________________
Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By __________________________________
Authorized Officer
EXHIBIT A

[FORM OF BOND]

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. ___ $_________

PICO RIVERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND, SERIES 2016

RATE OF INTEREST: MATURITY DATE: DATED DATE: CUSIP:

____% September 1, ______

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The PICO RIVERA PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Revenues, as defined in the Indenture hereinafter referred to, and certain other moneys) to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above or any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to August 15, 2016, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on March 1 and September 1 in each year, commencing September 1, 2016 (the “Interest Payment Dates”) until
payment of such Principal Amount in full. The Principal Amount hereof is payable by check upon presentation hereof upon maturity or earlier redemption at the principal corporate trust office (the “Trust Office”) of The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), in Los Angeles, California, or at such other office as the Trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the registration books of the Trustee as of the fifteenth calendar day of the month preceding such Interest Payment Date (except that in the case of a Registered Owner of at least $1,000,000 in aggregate principal amount of Outstanding Bonds, such payment may, at such Registered Owner’s option, be made by wire transfer of immediately available funds in accordance with written instructions provided by such Registered Owner prior to the fifteenth calendar day of the month preceding such Interest Payment Date).

This Bond is one of a duly authorized issue of bonds of the Authority designated the “Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016” (the “Bonds”), in an aggregate principal amount of $__________ issued under an Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Act”). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien on and pledge of the Revenues as provided in the Indenture. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Revenues (other than deposits to the Rebate Fund created by the Indenture), and the Revenues (other than deposits to the Rebate Fund created by the Indenture) constitute a trust fund for the security and payment of the principal of and interest on the Bonds. The full faith and credit of the Authority are not pledged for the payment of the principal of or interest or premium (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The Bonds have been issued for the purpose of refinancing certain capital improvements for the City. The Authority and the City have entered into a Lease Agreement, dated as of June 1, 2016 (the “Lease”), under which the City is obligated to pay amounts which are anticipated to be sufficient to enable the Authority to pay the principal of and interest on the Bonds.

The Bonds maturing on or after September 1, 20___ shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after ____________,
any order deemed reasonable by the Authority, and by lot within a maturity, from prepayments of Base Rental Payments made at the option of the City pursuant to the Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Term Bonds maturing September 1, 20___ are subject to mandatory redemption, in part by lot, from sinking account payments set forth in the following schedule commencing September 1, 20___, and on September 1 in each year thereafter to and including September 1, 20___ at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that in lieu of redemption thereof, such Term Bonds may be purchased by the Authority and tendered to the Trustee.

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*Maturity.

If some but not all of the Term Bonds have been redeemed pursuant to extraordinary or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by Authority with the Trustee.

The Bonds are subject to redemption prior to their respective maturity dates, upon notice as provided in the Indenture, as a whole or in part on any date, from prepayments of Base Rental Payments made by the City pursuant to the Lease from funds received by the City due to a taking of the Leased Property or any portion thereof under the power of eminent domain or from insurance proceeds received by the City due to damage to or destruction of the Leased Property or any portion thereof, under the circumstances and upon the conditions and terms prescribed in the Indenture and in the Lease. Redemption of Bonds pursuant to this paragraph shall be made at a redemption price equal to the sum of the principal of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

The Bonds may be issued in denominations of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, this Bond may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount, interest rate and maturity of fully registered Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of
Authorized Denomination or Denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary. The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond selected for redemption.

The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

It is hereby certified that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Act (as such term is defined on the reverse side hereof) and the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This Bond shall not be entitled to any benefit under the Indenture (as such term is defined on the reverse side hereof), or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Trustee.
IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the manual signatures of its Chairman and Secretary as of the Dated Date identified above.

PICO RIVERA PUBLIC FINANCING AUTHORITY

By________________________________________

Chairman

ATTEST:

________________________________________

Secretary
TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and registered on the Bond Registration Books.

Dated: ____________, 2016

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By____________________________________

Authorized Officer
STATEMENT OF INSURANCE
ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto ________

____________________________, whose tax identification number is ________, the within-
mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____________

______________________________________________________ attorney to transfer the same
on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

NOTE: The signature(s) on this Assignment
must correspond with the name(s) as written on
the face of the within Bond in every particular
without alteration or enlargement or any
change whatsoever.

NOTICE: Signature must be guaranteed by a
member of an institution which is a participant
in the Securities Transfer Agent Medallion
Program (STAMP) or other similar program.
EXHIBIT B

FORM OF COSTS OF ISSUANCE REQUISITION

REQUISITION NO. __

with reference to

$___________

Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016

I. The Pico Rivera Public Financing Authority (the “Authority”) hereby requests The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), pursuant to that certain Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and the Trustee, under the terms of which the Authority has issued its Lease Revenue Refunding Bonds, Series 2016, to pay from the moneys in the Costs of Issuance Fund established pursuant to the Indenture, the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule I hereto.

III. Each obligation mentioned in Schedule I hereto has been properly incurred and is a proper charge against the Costs of Issuance Fund. None of the items for which payment is requested has been reimbursed previously from the Costs of Issuance Fund.

All payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule I attached or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the Authority with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: _________

PICO RIVERA PUBLIC FINANCING AUTHORITY

By________________________________________
Title:________________________________________
EXHIBIT C

FORM OF NET PROCEEDS REQUISITION

REQUISITION NO. __ (to be numbered sequentially)

with reference to

$____________
Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016

I. The Pico Rivera Public Financing Authority (the “Authority”) hereby requests The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), pursuant to that certain Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and the Trustee, under the terms of which the Authority has issued its Lease Revenue Refunding Bonds, Series 2016, to pay from the moneys in the Insurance and Condemnation Fund established pursuant to the Indenture, the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule I hereto.

III. Each obligation mentioned in Schedule I hereto has been properly incurred and is a proper charge against the Insurance and Condemnation Fund. None of the items for which payment is requested has been reimbursed previously from the Insurance and Condemnation Fund.

IV. There has not been filed with or served upon the City or the Authority a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person[s] named on Schedule I hereto which has not been released or will not be released simultaneously with the payment of such obligation, other than liens accruing by mere operation of law.
All payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule I attached or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the Authority with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: __________

PICO RIVERA PUBLIC FINANCING
AUTHORITY

By_______________________________
Title:_____________________________
SITE AND FACILITY LEASE

Dated as of June 1, 2016

by and between

CITY OF PICO RIVERA

and

PICO RIVERA PUBLIC FINANCING AUTHORITY

Relating to the

$_________

Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016
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SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE, dated as of June 1, 2016 (this “Site Lease”), is made by and between the CITY OF PICO RIVERA, a city duly organized and existing under the laws of the State of California (the “City”), as lessor, and the PICO RIVERA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and existing under the laws of the State of California (the “Authority”), as lessee.

RECITALS:

WHEREAS, to assist the City in the financing of certain public capital improvements within the City, the Authority has heretofore issued its $32,860,000 2009 Lease Revenue Bonds (the “2009 Bonds”); and

WHEREAS, to refund and defease the 2009 Bonds, the Authority has determined to issue its Lease Revenue Refunding Bonds, Series 2016, in the aggregate principal amount of $_________ (the “Bonds”), pursuant to an Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A.; and

WHEREAS, in connection with such refinancing, the City and the Authority will enter into this Site Lease, whereby the Authority agrees to lease certain land and improvements thereon (the “Leased Property”) from the City, and concurrently will lease the Leased Property to the City pursuant to a Lease Agreement, dated as of June 1, 2016 (the “Lease”), in consideration for base rental payments equal to the principal and interest coming due on the Bonds (“Base Rental Payments”); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Site Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Site Lease;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

SECTION 1. DEFINITIONS.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture or the Lease.
SECTION 2. SITE LEASE.

The City hereby leases the Leased Property to the Authority and the Authority hereby leases the Leased Property from the City, on the terms and conditions hereinafter set forth.

SECTION 3. TERM.

The term of this Site Lease shall commence on June ______, 2016. This Site Lease shall constitute a lease of the City’s interest in the Leased Property.

The term of this Site Lease shall expire on the earliest of (i) the Expiration Date; (ii) the date the last Base Rental Payment is made under the provisions of the Lease; or (iii) the date of discharge of the Indenture pursuant to Section 9.03 thereof. Notwithstanding the foregoing, the term of this Lease shall automatically be extended for a period of ten (10) years, if, on the Expiration Date, the Indenture has not been fully discharged, and shall terminate on the date when the Indenture has been fully discharged.

SECTION 4. RENTAL.

The Authority agrees to pay to the Trustee, on the Closing Date, the proceeds of the Bonds, as advance rental for the use and right to possession of the Leased Property for the term of this Site Lease. The rental shall be applied by the Trustee as provided in the Indenture.

SECTION 5. TITLE.

Throughout the term of this Site Lease, title to the Leased Property shall remain in the City.

SECTION 6. DEFAULT.

(a) If the Authority shall fail to keep, observe or perform any term, covenant or condition contained herein to be kept or performed by the Authority, or (b) if (1) the Authority’s interest in this Site Lease or any part thereof is assigned or transferred without the written consent of the City, either voluntarily or by operation of law or otherwise, except as provided in Section 11 hereof, or (2) any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency or similar law or any law providing for the appointment of a receiver, liquidator, trustee or similar official of the Authority or of all or substantially all of its assets is instituted by or with the consent of the Authority, or is instituted without its consent and is not permanently stayed or dismissed within sixty (60) days, or if the Authority offers to the Authority’s creditors to effect a composition or extension of time to pay the Authority’s debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for readjustment of the Authority’s debts, or if the Authority shall make a general assignment or any assignment for the benefit of the Authority’s creditors, then the Authority shall be deemed to be in default hereunder and it shall be lawful for the City to exercise any and all rights and remedies available pursuant to law; provided however, that: (i) no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof; and (ii) so long as any Bonds remain outstanding the City shall have no power to terminate this Site Lease.
Lease by reason of any default on the part of the Authority if such termination would prejudice the exercise of the remedies provided in Section 10 (captioned “DEFAULT”) of the Lease.

Neither the City nor the Authority shall in any event be in default in the performance of any of its obligations hereunder or imposed by law unless and until the City or the Authority (as the case may be) shall have failed to perform such obligations within sixty (60) days after notice by the Authority or the City to the nonperforming party properly specifying wherein such party has failed to perform any such obligation.

SECTION 7. EMINENT DOMAIN.

If the whole or any part of the Leased Property shall be taken under the power of eminent domain, the interest of the Authority shall be recognized and is hereby determined to be the amount of the unpaid principal components of Base Rental Payments due under the Lease, and all accrued interest thereon, and the amount of the unpaid Additional Rental Payments due under the Lease, and the balance of the award, if any, shall be paid to the City.

SECTION 8. RIGHT OF ENTRY.

The City and its assignees shall have the right to enter the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the City’s or the Authority’s rights or obligations under this Site Lease and (c) for all other lawful purposes.

SECTION 9. TERMINATION.

The Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and the Authority and the City agree that any permanent improvements and structures existing upon the Leased Property at the time of the termination of this Site Lease shall remain thereon and title thereto shall be vested in the City.

SECTION 10. QUIET ENJOYMENT BY THE AUTHORITY.

The Authority shall at all times during the term of this Site Lease peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the City, subject to the Authority’s compliance with the terms and provisions hereof and of the Lease.

SECTION 11. ASSIGNMENTS AND SUBLEASES.

The Authority shall not assign, mortgage, hypothecate or otherwise encumber this Site Lease or any rights hereunder or the leasehold created hereby by trust agreement, indenture or deed of trust or otherwise or sublet the Leased Property without the written consent of the City, except as may be permitted under the Lease.
SECTION 12. WAIVER OF PERSONAL LIABILITY.

All liabilities hereunder on the part of the Authority shall be solely liabilities of the Authority as a separate legal entity, and no member, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable hereunder for anything done or omitted to be done by the Authority hereunder.

SECTION 13. TAXES.

The Authority shall cause the City to agree and covenant to pay, any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property (including both land and improvements thereon).

SECTION 14. LAW GOVERNING.

This Site Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California.

SECTION 15. NOTICES.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage pre-paid, and, if to the City, addressed to the City Manager, City of Pico Rivera, 6615 Passons Boulevard, Pico Rivera, California 90660, or if to the Authority, addressed to the Executive Director, Pico Rivera Public Financing Authority, 6615 Passons Boulevard, Pico Rivera, California 90660, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 16. VALIDITY AND SEVERABILITY.

If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Site Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the City or by the Authority, or if for any reason it is held by such a court that any of the covenants and conditions of the Authority hereunder is unenforceable for the full term hereof, then and in such event this Site Lease is and shall be deemed to be a lease from year to year and all of the rental and other terms, provisions and conditions of this Site Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.
SECTION 17. PURPOSE OF THE LEASED PROPERTY.

The Authority covenants that during the term of this Site Lease, it shall use the Leased Property for the purposes described in the Lease and for such other purposes as may be incidental thereto.

SECTION 18. WAIVER OF DEFAULT.

Failure of the City to take advantage of any default on the part of the Authority shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this Site Lease be construed to waive or to lessen the right of the City to insist upon performance by the Authority of any term, covenant or condition hereof, or to exercise any rights given the City on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Site Lease.

SECTION 19. SECTION HEADINGS.

All section headings contained are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 20. AMENDMENTS.

This Site Lease may be amended in writing as may be mutually agreed by the Authority and the City with the prior written consent of the Insurer.

SECTION 21. INSURER AS THIRD PARTY BENEFICIARY

So long as the Policy is in effect and Insurer is not in default in respect of its payment obligations hereunder, the Insurer shall be a third-party beneficiary under this Site Lease and may enforce any right, remedy or claim conferred upon, given or granted hereunder.

SECTION 22. EXECUTION.

This Site Lease may be executed in any number of counterparts, each of which shall be deemed to an original, but all together shall constitute but one and the same Site Lease. It is also agreed that separate counterparts of this Site Lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.
IN WITNESS WHEREOF, the City and the Authority have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

PICO RIVERA PUBLIC FINANCING AUTHORITY

ATTEST:

By ________________________________
Chairman

By ________________________________
Secretary

CITY OF PICO RIVERA

By ________________________________
Mayor

ATTEST:

By ________________________________
City Clerk
EXHIBIT A

DESCRIPTION OF THE LEASED PROPERTY

Real property in the City of Pico Rivera, County of Los Angeles, State of California, described as follows:
LEASE AGREEMENT

Dated as of June 1, 2016

by and between the

PICO RIVERA PUBLIC FINANCING AUTHORITY

and the

CITY OF PICO RIVERA

Relating to

$___________
Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016

THIS IS A FINANCING DOCUMENT.
NO DOCUMENT TRANSFER TAX IS DUE
PURSUANT TO GOVERNMENT CODE 27383.
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EXHIBIT A — DESCRIPTION OF THE LEASED PROPERTY
EXHIBIT B — BASE RENTAL PAYMENT SCHEDULE
LEASE AGREEMENT

This Lease Agreement, dated as of June 1, 2016 (this “Lease”), is made by and between the PICO RIVERA PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”), as lessor, and the CITY OF PICO RIVERA, a city duly organized and existing under the laws of the State of California (the “City”), as lessee.

RECITALS:

WHEREAS, to assist the City in the financing of certain public capital improvements within the City, the Authority has heretofore issued its $32,860,000 2009 Lease Revenue Bonds (the “2009 Bonds”); and

WHEREAS, to refund and defease the 2009 Bonds, the Authority has determined to issue its Lease Revenue Refunding Bonds, Series 2016, in the aggregate principal amount of $_________ (the “Bonds”), pursuant to an Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”); and

WHEREAS, in connection with such refinancing, the City has determined to lease its fee interest in certain land and improvements thereon constituting 3 fire stations and certain parks within the City limits (the “Leased Property”), as further described in Exhibit A attached hereto, to the Authority pursuant to a Site and Facility Lease, dated as of June 1, 2016 (the “Site and Facility Lease”); and

WHEREAS, the Authority, pursuant to this Lease, will sublease the Leased Property described in Exhibit A to the City, in consideration for base rental payments to be made by the City pursuant to this Lease, in accordance with the base rental schedule attached hereto as Exhibit B (the “Base Rental Payments”), which correspond in timing and amount to the principal and interest coming due with respect to the Bonds; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1.  DEFINITIONS

Terms used herein and not otherwise defined herein but defined in the Indenture shall have the meanings ascribed to them in the Indenture. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein
specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

“Environmental Regulations” means all laws and regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, “CERCLA”), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, “RCRA”), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, “Title III”), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, “CWA”), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, “CAA”) and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.) (together with the regulations promulgated thereunder, “TSCA”), and any state or local similar laws and regulations and any so-called local, state or federal “superfund” or “superlien” law.

“Expiration Date” means September 1, 2039.

“Hazardous Materials” means any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos-Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the City, any of the Leased Property or the business operations conducted by the City thereon.

“Insurance Consultant” means an individual or firm retained by the City as an independent insurance consultant, experienced in the field of risk management.

“Interest Component” means the interest component of any Base Rental Payments as set forth in the exhibit to this Lease relating to such Base Rental Payments.

“Lease” means this Lease Agreement.

“Net Proceeds” means any insurance or condemnation proceeds, paid with respect to the Leased Property remaining after payment therefrom of all expenses in the collection thereof.

“Permitted Encumbrances” means, with respect to the Leased Property, as of any particular time, (i) the Site and Facility Lease; (ii) this Lease, (iii) the Indenture, the Assignment Agreement and the Trustee’s and the Authority’s interests in the Leased Property, (iv) liens for taxes and assessments not then delinquent, (v) utility, access and other easements and rights of way, restrictions and exceptions that as certified in a Certificate of the City will not interfere with or impair the use intended to be made of the Leased Property; (vi) encumbrances upon any additions and improvements to the Leased Property as permitted in this Lease and which do not
materially impair the use intended to be made of the portions of the Leased Property other than such additions and improvements; (vii) any sublease or use permitted by this Lease, (viii) covenants, conditions or restrictions or liens of record relating to the Leased Property and existing on the Closing Date; (xiv) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the Leased Property and as do not materially impair the use intended to be made of property affected thereby; and (xv) any encumbrances listed in the preliminary title report issued by Stewart Title relating to the Leased Property, as follows: Order No. 7733-01180-214211.

“Principal Component” means the principal component of any Base Rental Payments as set forth in the exhibit to this Lease relating to such Base Rental Payments.

SECTION 2. TERM

The Authority hereby leases to the City and the City hereby leases from the Authority, on the terms and conditions hereinafter set forth, the Leased Property. The term of this Lease shall commence on __________, 2016.

The term of the leasehold interest created hereby shall expire on the earliest of (i) the Expiration Date; (ii) the date the last Base Rental Payment is made under the provisions hereof; or (iii) the date of discharge of the Indenture pursuant to Section 9.03 thereof. Notwithstanding the foregoing, the term of this Lease shall automatically be extended for a period of ten (10) years, if, on the Expiration Date, the Indenture has not been fully discharged, and shall terminate on the date when the Indenture has been fully discharged.

Throughout the term of this Lease, title to the Leased Property shall remain in the City.

SECTION 3. RENTAL

Subject to the provisions of Sections 11 and 16 hereof, the City agrees to pay to the Authority, its successors or assigns, as rental for the use and possession of the Leased Property, the following amounts at the following times:

(a) Base Rental Payments. The City shall pay the Base Rental Payments to the Authority or to the Trustee, as hereinafter provided, in accordance with the Base Rental Payment Schedule attached hereto as Exhibit B, less any amounts credited against the Base Rental Payments pursuant to Section 4.02(d) of the Indenture. The obligation of the City to pay the Base Rental Payments with respect to the Bonds shall rank pari passu with the obligation of the City to pay Base Rental Payments with respect to the Additional Bonds. Upon and after the issuance of any other Additional Bonds secured by Base Rental Payments with respect to the Leased Property, the City shall pay the Base Rental Payments with respect to such Additional Bonds as provided in the Supplemental Indenture for such Additional Bonds, in accordance with the Base Rental Payment Schedule which shall be attached hereto as an Exhibit prior to the delivery of such Additional Bonds, as adjusted for any prepayments. On or before each February 15 and August 15 the City shall pay to the Trustee the Base Rental Payments coming due on the next succeeding March 1 and September 1, respectively, as set forth in Exhibit B and such payments shall constitute payment in arrears in consideration for the City’s use and possession of
the Leased Property for the six-month period preceding the due date of such Base Rental Payments.

(b) **Additional Rental.** The City shall also pay, as “Additional Rental” hereunder, in addition to the Base Rental Payments, to the Authority or to the Trustee, as hereinafter provided, such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of this Lease or the assignment hereof, the Indenture, or the Authority’s or the Trustee’s interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants, attorneys or engineers, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture.

Such Additional Rental shall be billed to the City by the Authority or the Trustee from time to time. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City.

Notwithstanding anything herein to the contrary, so long as the Policy is in effect and the Insure is not in default in respect of its payment obligations thereunder, the City shall be obligated to pay, as Additional Rental, to the Trustee for deposit to the Reserve Account an amount necessary to replenish the Reserve Account to the Reserve Requirement. Such payment shall be made on a priority immediately subordinate to payment of debt service on the Bonds or any Additional Bonds and senior to all other payments.

(c) **Fair Rental Value.** Such payments of Base Rental Payments and Additional Rental for each rental payment period shall constitute the total rental for said rental payment period, and shall be paid by the City in each rental payment period for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property during each such period for which said rental is to be paid. The City represents and covenants that the useful life of the Leased Property is not shorter than the final maturity of the Bonds. The parties to the Lease specifically acknowledge that the annual fair market rental value of the Leased Property is in excess of the maximum annual Base Rental Payments. In making such determination, consideration has been given to other obligations of the parties under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public. The determination of fair rental value of the Leased Property pursuant to this paragraph shall not be deemed to be controlling in connection with a determination of fair value of the Leased Property by the parties hereto for any other purpose.

(d) **Payment of Base Rental Payments.** Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to the order of the Trustee at the corporate trust office of the Trustee, or such other place as the
Trustee shall designate. The Base Rental Payments which the City shall enter into with respect
to the Leased Property shall be made on a pari passu basis with each other. Notwithstanding any
dispute between the City and the Authority, the City shall make all Base Rental Payments when
due, without deduction or offset of any kind, and shall not withhold any Base Rental Payments
pending the final resolution of any such dispute. In the event of a determination that the City
was not liable for said Base Rental Payments or any portion thereof, said Base Rental Payments
or excess of payments, as the case may be, shall, at the option of the City, be credited against
subsequent Base Rental Payments due hereunder or be refunded at the time of such
determination.

(c) **Increases in Aggregate Base Rental Payments.** The City covenants that it
shall not permit an increase in the Base Rental Payments without first obtaining an opinion of
Bond Counsel to the effect that the resulting aggregate Base Rental Payments are not greater
than the fair rental value (as such term is used in subsection (c) of this Section 3) of the Leased
Property, and that the incurring of such increased Base Rental Payments will not impair the
validity and enforceability of this Lease or impair the exclusion of interest on the Bonds or
Additional Bonds payable from Base Rental Payments from the gross income of the owners
thereof for federal income tax purposes. Subject to the receipt of such an opinion, increased
Base Rental Payments may be incurred hereunder as set forth in an Exhibit to be attached hereto.

(f) **Covenant to Budget and Appropriate.** The City covenants to take such
action as may be necessary to include all Base Rental Payments and Additional Rental due
hereunder in its annual budget and to make the necessary annual appropriations for all such Base
Rental Payments and Additional Rental, subject only to abatement as provided in Section 16
hereof. The City will furnish to the Authority and the Trustee annually, on or before
September 1, a certificate stating that it has complied with the covenant set forth in this
paragraph. The covenants on the part of the City herein contained shall be deemed to be and
shall be construed to be duties imposed by law and it shall be the duty of each and every public
official of the City to take such action and do such things as are required by law in the
performance of the official duty of such officials to enable the City to carry out and perform the
covenants and agreements in this Lease agreed to be carried out and performed by the City. The
obligation of the City to make Base Rental Payments or Additional Rental payments does not
constitute an obligation of the City for which the City is obligated to levy or pledge any form of
taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor
the obligation of the City to make Base Rental Payments or Additional Rental payments
constitutes an indebtedness of the City, the State or any of its political subdivisions within the
meaning of any constitutional or statutory debt limitation or restriction.

**SECTION 4. USE OF PROCEEDS**

The parties hereto agree that the proceeds of the Bonds will be used to fund the
Escrow Agreement, fund a reserve account for the Bonds and to pay costs of issuance of the
Bonds, as more fully set forth in the Indenture.
SECTION 5. MAINTENANCE, UTILITIES, TAXES AND ASSESSMENTS

During such time as the City or any assignee or sublessee thereof is in possession of the Leased Property, all maintenance and repair, ordinary or extraordinary, of the Leased Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of (a) all utility services supplied to the Leased Property, (b) the cost of operation of the Leased Property, and (c) the costs of maintenance of and repair to the Leased Property resulting from ordinary wear and tear or want of care on the part of the City. The City shall at the City’s sole cost and expense keep and maintain the Leased Property clean and in a safe and good condition and repair. The Authority shall have no obligation to alter, remodel, improve, repair, decorate, or paint the Leased Property or any part thereof, and the parties hereto affirm that the Authority has made no representations or warranties to the City respecting the condition of the Leased Property.

The City shall comply with all statutes, ordinances, regulations, and other requirements of all governmental entities that pertain to the occupancy or use of the Leased Property. The Authority has no responsibility or obligation whatsoever to construct any improvements, modifications or alterations to the Leased Property.

The City waives the right to make repairs at the Authority’s expense under Subsection 1 of Section 1932 and Section 1942 of the California Civil Code, or any other such law, statute, or ordinance now or hereafter in effect.

The parties hereto contemplate that the Leased Property will be used for public purposes by the City and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. In the event that the use, possession or acquisition by the Authority or the City of the Leased Property is found to be subject to taxation in any form, the City will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as this Lease is in effect.

SECTION 6. CHANGES TO THE LEASED PROPERTY

The City shall have the right during the term of this Lease to acquire and construct improvements or to attach fixtures, structures or signs to the Leased Property if such improvements, fixtures, structures or signs are necessary or beneficial for the use of the Leased Property by the City; provided, however, that no such acquisition or construction shall result in a material reduction in the value of the Leased Property, reduce the fair rental value thereof or substantially alter the nature of the Leased Property.

Upon termination of this Lease, the City may remove any fixture, structure or sign added by the City, but such removal shall be accomplished so as to leave the Leased Property,
except for ordinary wear and tear and damage by casualty, in substantially the same condition as it was in before the fixture, structure or sign was attached.

SECTION 7. SUBSTITUTION AND RELEASE OF PROPERTY

The parties to the Lease specifically acknowledge that the annual fair market rental value of the Leased Property is in excess of the maximum annual Base Rental Payments. The City shall have, so long as this Lease is in effect, and is hereby granted, the option at any time and from time to time, to substitute other real property (the “Substitute Property”) for any portion of the Leased Property (the “Former Property”) or release any identifiable real property and/or improvements currently constituting the Leased Property (in such case, Substitute Property shall mean the Former Property less any portion released pursuant to this Section); provided, that the City shall satisfy all of the following requirements, which are conditions precedent to such substitution:

(a) No default under Section 10 hereof or Event of Default shall have occurred and be continuing;

(b) The City shall file with the Authority and the Trustee, and cause to be recorded in the office of the County Recorder, sufficient memorialization of an amendment hereof which replaces Exhibit A hereto with description of such Substitute Property and deletes therefrom the description of the Former Property;

(c) The City shall obtain an extended CLTA or ALTA policy of title insurance insuring the City’s leasehold estate hereunder (and the Authority’s leasehold estate therein under the Site and Facility Lease) in such Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated fair market value thereof;

(d) The City shall provide a Certificate of the City to the Authority and to the Trustee that such Substitute Property constitutes property which the City is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the City to violate any of its covenants, representations and warranties made herein;

(f) The City shall file with the Authority and the Trustee a Certificate of the City or other evidence which establishes that the annual fair rental value of the Substitute Property after substitution or release will be at least equal to 100% of the maximum amount of the Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year and the useful economic life of the Substitute Property shall be at least equal to the remaining term of this Lease;

(g) The City shall furnish to the Trustee an opinion of Bond Counsel addressed to the Trustee, the City and the Authority to the effect that the substitution or release is permitted under this Lease and will not in and of itself impair the validity and enforceability of this Lease or impair the exclusion of interest on bonds payable from Base Rental Payments from the gross income of the owners thereof for federal income tax purposes; and
The City shall provide written notice to each rating agency then rating the Bonds following such substitution or release.

Upon the satisfaction of all such conditions precedent, and upon the City delivering to the Authority and the Trustee a Certificate of the City certifying that the conditions set forth in subsections (a) and (e) of this Section have been satisfied, the Term of this Lease shall thereupon end as to the Former Property and shall thereupon commence as to the Substitute Property, and all references to the Former Property shall apply with full force and effect to the Substitute Property. The City shall not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of any substitution or removal hereunder.

SECTION 8. INSURANCE

(a) The City shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in this Section 8, all coverage on the Leased Property required by this Section 8.

Such insurance shall consist of:

(1) Comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Leased Property. Such insurance shall afford protection with a combined single limit of not less than $1,000,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the City’s risk management officer or an independent insurance consultant retained by the City for that purpose, subject to a deductible clause of not to exceed $400,000. The City shall maintain or cause to be maintained, throughout the term of this Lease, insurance against loss or damage to any or all of the Leased Property by flood, fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and against loss of Leased Property by theft. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The insurance required by this paragraph shall be in an amount equal to the replacement cost (subject to deductible clauses not in excess of $400,000 for any one loss) of improvements located or to be located on the Leased Property but shall be not less than the principal amount of the Outstanding Bonds. The City’s obligations under this clause (1) may be satisfied by self-insurance, subject to the prior written consent of the Insurer;

(2) Workers’ compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers’ compensation insurance to cover all persons employed by the City in connection with the Leased Property and to cover full liability for compensation under any such act; provided, however, that the City’s
obligations under this clause (2) may be satisfied by self-insurance, subject to the prior written consent of the Insurer; and

(3) Rental interruption insurance in an amount not less than the maximum remaining scheduled Base Rental Payments in any twenty-four-month period, by an insurance provider rated at least “A” by A.M. Best & Company, to insure against loss of use of the Leased Property caused by perils covered by the insurance required in Section 8(a)(1). Such insurance may be maintained as part of or in conjunction with any other rental interruption insurance carried by the City and must list the Authority and the Trustee as additional insured parties. Such insurance shall be in place as of the Closing Date. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Revenue Fund, and shall be credited toward the payment of the Base Rental Payments in the order in which such Base Rental Payments come due and payable.

(4) The City shall, on or before the Closing Date, deliver a CLTA or ALTA title insurance policy insuring the leasehold interest in the Leased Property of the City and the Authority, in an amount acceptable to the Authority.

(5) Throughout the term of this Lease, the City will maintain, or cause to be maintained, earthquake insurance with respect to the Leased Property if it is obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies, subject to a commercially reasonable deductible.

All policies or certificates issued by the respective insurers for insurance, with the exception of workers’ compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days’ prior written notice to the Authority and the Trustee. Evidence of such policies in the form of a Certificate of the City required by this Section 8 shall be deposited with the Insurer by the City as available. Certificates of comprehensive general liability and workers’ compensation insurance shall be furnished by applicable insurers to the City, and, at least ten days prior to the expiration dates of such policies, if any, evidence of renewals shall be deposited with the Insurer.

If the City elects to provide self-insurance pursuant to clauses (1) and/or (2) above, the City shall annually cause to be delivered to the Trustee a certificate of an Insurance Consultant certifying to the adequacy of the City’s reserves for such insurance.

All policies or certificates of insurance provided for herein shall name the City as a named insured and the Authority and the Trustee as additional insureds. All proceeds of insurance maintained under clauses (1) and (2) shall be deposited with the City.

Notwithstanding the generality of the foregoing, the City shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market.

(b) Form of Policies. All policies of insurance required by this Lease and any statements of self-insurance shall be in form satisfactory to the Authority. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease and
shall promptly furnish or cause to be furnished evidence of such payments to the Authority and the Insurer. All such policies shall provide that the Authority and the Trustee shall be given thirty (30) days’ notice of each expiration, and any intended cancellation thereof or reduction of the coverage provided thereby. The City shall deliver to the Trustee on or before the Closing Date and each anniversary of the Closing Date a Certificate of the City that all insurance required under this Lease is in full force and effect. In the event that the City obtains insurance through a pooled insurance program of governmental entities, an annual statement or memorandum of coverage delivered to the Authority and the Trustee will satisfy the requirements of this subsection. The Trustee and the Authority shall not be responsible for the sufficiency of any insurance herein required or payment of premium and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City.

(c) Advances. If the City shall fail to perform any of its obligations under this Section, then the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money on behalf of the City, and the City shall be obligated to repay all such advances as soon as possible.

SECTION 9. DAMAGE, DESTRUCTION AND CONDEMNATION; APPLICATION OF NET PROCEEDS

If prior to the termination of the term hereof (a) the Leased Property is destroyed (in whole or in part) or is damaged by fire of other casualty, or (b) title to, or the temporary use of, any portion of the Leased Property or the estate of the Authority or the City in the Leased Property or any portion shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or corporation acting under governmental authority, then the City and the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Leased Property or portion thereof, in accordance with the provisions of this Section 9. In the event that Net Proceeds are insufficient to repair or replace the Leased Property or portion thereof, the City shall, to the extent permitted by law, use its best efforts to fund any deficiency from any legally available funds.

If there is an abatement of rental payments pursuant to Section 16 hereof as a result of such casualty or event, and the City elects pursuant to Section 11(a) hereof to apply such insurance proceeds and such other sums as are deposited by the City pursuant to such Section to the prepayment of Base Rental Payments rather than replacing or repairing the destroyed or damaged portion of the Leased Property, then this Lease shall terminate with respect to the destroyed or damaged portion of the Leased Property as of the later of the date of such election by the City or the date the amount required by Section 11(a) hereof is received by the Trustee.

The provisions of Section 1932, Subdivision 2, and Section 1933, Subdivision 4, of the California Civil Code, including any amendments thereto and any other law which may hereinafter be in force during the term of this Lease which authorizes the termination of this Lease upon the partial or complete destruction of the Leased Property, are hereby waived by the City.
The City hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Leased Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Leased Property, the appraised value of the Leased Property shall not be less than the greater of (i) if such Bonds are then subject to redemption, the principal and interest due on the Bonds outstanding through the date of their redemption, or (ii) if such Bonds are not then subject to redemption, the amount necessary to defease such Bonds to the first available redemption date in accordance with the Indenture.

The City shall deposit any proceeds received from insurance and condemnation awards with respect to the destruction or partial destruction of Leased Property with the Trustee for deposit into the: (a) Insurance and Condemnation Fund if the City elects to repair the Leased Property or (b) the Lease Revenue Fund if the City elects to redeem the Bonds. The City shall have 45 days from the date of any such destruction or partial destruction to determine whether to repair the Leased Property or use insurance and condemnation award proceeds received to redeem Bonds. If the City determines to repair the Leased Property, disbursements by the Trustee shall only be made upon presentation of a requisition in a form substantially similar to Exhibit C of the Indenture. Each requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. If the City determines to cause the redemption of less than the full amount of the Bonds Outstanding, such redemption shall only be made to the extent the remaining fair market value of the Leased Property is sufficient to support the remaining Base Rental Payments supporting debt service on the Bonds.

Notwithstanding anything herein to the contrary, so long as the Policy is in effect and Insurer is not in default in respect of its payment obligations thereunder, if any proceeds received from insurance and condemnation awards with respect to the destruction or partial destruction of Leased Property are received, such proceeds shall be applied to replacement or restoration of the affected Leased Property or to redemption of Insured Obligations; provided, however, that unless all outstanding Insured Obligations are to be redeemed from such amount, prior written consent of Insurer shall be required for any such redemption.

SECTION 10. EVENTS OF DEFAULT AND REMEDIES

(a) Events of Default Defined. The following shall be “events of default” under this Lease and the terms “events of default” and “default” shall mean, whenever they are used in this Lease, any one or more of the following events:

(1) Failure by the City to pay any Base Rental Payments or Additional Rental required to be paid hereunder in accordance with the Base Rental Payment Schedule attached hereto as Exhibit B.

(2) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto, for a period of 30 days after written notice specifying such failure and requesting
that it be remedied has been given to the City by the Authority, the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, but is capable of being corrected within 60 days, the Authority, the Trustee or such Owners as the case may be, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

(3) In addition to any default resulting from breach by the City of any agreement, condition, covenant or term hereof, if (i) the City’s interest herein or any part thereof is assigned or transferred, either voluntarily or by operation of law, except as provided in Section 15; or (ii) the City shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the City shall make a general or any assignment for the benefit of its creditors; or (iii) the City shall abandon the Leased Property or any portion thereof, then in each and every such case the City shall be deemed to be in default hereunder.

(4) The Authority expressly waives the right to receive any amount from the City pursuant to Section 1951.2(a)(3) of the California Civil Code.

(b) Remedies on Default. Whenever any event of default referred to in subsection (a) shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or in equity, or granted pursuant to this Lease; provided, however, that notwithstanding anything herein or in the Indenture to the contrary, there shall be no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable. After the occurrence of an event of default hereunder, the City will surrender possession of the Leased Property to the Authority, if requested to do so by the Authority, or by the Trustee or the Owners in accordance with the provisions of the Indenture.

(1) No Termination: Repossession and Re-Lease on Behalf of City. In the event the Authority does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (2) hereof, the Authority with the consent of the City, which consent is irrevocably given, may repossess the Leased Property and re-let them for the account of the City, in which event the City’s obligation will continue to accrue from year to year in accordance with the Lease and the City will continue to receive the value of the use of the Leased Property from year to year in the form of credits against its obligation to pay Base Rental Payments. The obligations of the City shall remain the same as prior to such default to pay Base Rental Payments whether the Authority re-enters or not. The City agrees to and shall remain liable for the payment of all Base Rental Payments and the performance of all conditions contained herein and shall
reimburse the Authority for any deficiency arising out of the re-letting of the Leased Property, or, in the event the Authority is unable to re-let the Leased Property, then for the full amount of all Base Rental Payments to the end of the term of this Lease, but said Base Rental Payments and/or deficiency shall be payable only at the same time and in the same manner as provided above for the payment of Base Rental Payments hereunder, notwithstanding such repossession by the Authority or any suit, brought by the Authority for the purpose of effecting such repossession of the Leased Property or the exercise of any other remedy by the Authority.

The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to repossess and re-let the Leased Property in the event of default by the City in the performance of any covenants contained herein to be performed by the City and to remove (any removal to be done with reasonable prudence) all personal property connected to or made a part of the Leased Property, to place such property in storage or other suitable place in the City of Pico Rivera, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such repossession and re-letting of the Leased Property. The City hereby waives any and all claims for damages caused or which may be caused by the Authority in repossessing the Leased Property as provided herein and all claims for damages that may result from the destruction of or the injury to the Leased Property and all claims for damage to or loss of any property belonging to the City that may be in or upon the Leased Property.

The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-let the Leased Property in the event of such repossession without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Lease irrespective of the term for which such re-letting is made or the terms and conditions of such re-letting or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (2) below. The City further waives the right to any rental obtained by the Authority in excess of the Base Rental Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Leased Property. In the event that the liability of the City under this subsection is held to constitute indebtedness or liability in any year exceeding the income and revenue provided for such year, the Authority, or the Trustee or the Owners as assignees of the Authority, shall not exercise the remedies provided in this subsection.

(2) Termination: Repossession and Re-Lease. In the event of the termination of this Lease by the Authority at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any repossession of the Leased Property by the Authority in any manner whatsoever or the sale or re-letting of the Leased Property), the City nevertheless agrees to pay to the Authority all costs, losses or damages, but not Base Rental Payments, howsoever arising or occurring payable at the same time and in the same manner as is provided herein in the case of payment of Base Rental Payments. Any proceeds of the re-letting or other disposition of the Leased
Property or the sale of the improvements located on the Leased Property by the Authority shall, after payment of the fees and expenses of the Trustee and other Additional Rental, be deposited into the Lease Revenue Fund and be applied in accordance with the provisions of the Indenture. Any surplus received by the Authority from such sale or re-letting shall be the absolute property of the Authority and the City shall have no right thereto, nor shall the City be entitled to any credit in the event of a surplus in the rentals received by the Authority for the Leased Property. Neither notice to pay rent or to deliver up possession of the Leased Property given pursuant to law nor any proceeding taken by the Authority to recover possession of the Leased Property shall by itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease. The City covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice. No such termination shall be effected whether by operation of law or acts of the parties hereto, except only in the manner herein expressly provided.

(c) **No Remedy Exclusive.** No remedy conferred herein upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, other than such notice as may be required in this Section or by law.

(d) **Agreement to Pay Attorneys’ Fees and Expenses.** In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

(e) **No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(f) **Application of the Proceeds from the Sale or Lease of the Leased Premises.** All amounts received by the Authority under this Section other than as provided in Section 10(b)(2) herein, after payment of all fees and expenses of the Trustee including but not limited to attorneys’ fees and other Additional Rental, shall be applied by the Trustee as set forth in Section 4.02 of the Indenture.
(g) Trustee and Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Section have been assigned by the Authority to the Trustee under the Assignment Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture.

SECTION 11. PREPAYMENT AND CREDITS

(a) Prepayment From Net Proceeds.

(1) The City may prepay, from Net Proceeds of insurance or a condemnation award received by it pursuant to Section 9, the Principal Component of Base Rental Payments then unpaid (and corresponding Interest Component), in whole or in part on any date, pursuant to Section 9 hereof, at a prepayment price equal to the sum of the Principal Component prepaid plus accrued interest thereon to the date of prepayment.

(2) Prepayments made pursuant to this subsection (a) shall be allocated pro rata among the Principal Components of Base Rental Payments relating to the Bonds and any Additional Bonds.

(b) Optional Prepayment.

The City may at its option prepay from any source of available moneys for redemption of Bonds pursuant to Section 2.03(b) of the Indenture, all or any part (in an integral multiple of $5,000) of the Principal Component of Base Rental Payments (and corresponding Interest Component), so that the aggregate annual amounts of Principal Component of Base Rental Payments which shall be payable after such prepayment shall each be an integral multiple of $5,000, at a prepayment price equal to the principal amount to be redeemed, plus accrued but unpaid interest to the prepayment date, without premium.

Before making any prepayment pursuant to this Section, the City shall give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given.

The Authority and the City hereby agree that any prepayment in part under this Section and the redemption of any Bonds by the Authority pursuant to Section 2.03(b) of the Indenture shall be credited towards the City’s obligations hereunder at the option of the City in any manner determined in writing delivered to the Trustee by the City. A prepayment made pursuant to this Section shall not cause a defeasance of any Bonds unless the requirements of Section 9.03 of the Indenture are satisfied.

In the event of prepayment in full of the Principal Component of all Base Rental Payments, such that this Lease shall be terminated by its terms as provided in Section 2, all amounts then on deposit under the Indenture which are to be credited to the City’s obligations to make Base Rental Payments shall be credited towards the amounts then required to be so prepaid.
SECTION 12. MECHANICS’ LIENS

In the event the City shall at any time during the term of this Lease cause any improvements or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Leased Property and which may be secured by any mechanics’, materialmen’s or other liens against the Leased Property or the Authority’s interest therein, and will cause any such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

SECTION 13. QUIET ENJOYMENT

The parties hereto mutually covenant that the City, so long as it keeps and performs the covenants and agreements herein contained, shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

SECTION 14. INDEMNIFICATION

The City shall, to the full extent then permitted by law, indemnify, defend, protect and hold harmless the Authority, the Trustee and their members, officers, directors and employees from and against any and all liabilities, obligations, losses, claims and damages whatsoever, regardless of the cause thereof (except for claims arising out of willful misconduct or negligence on the part of the Authority or the Trustee or their respective members, officers, directors or employees), and expenses in connection therewith, including, without limitation, reasonable counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Lease and the Indenture, the payment of the costs of acquiring the Leased Property or any accident in connection with the operation, use, condition or possession of the Leased Property or any portion thereof resulting in damage to property or injury to or death to any person. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all rent obligations hereunder or the termination hereof for any reason. The City agrees not to withhold or abate any portion of the payments required pursuant hereto by reason of any defects, malfunctions, breakdowns or infirmities of the Leased Property. The Authority and the City mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either party’s learning thereof.

SECTION 15. ASSIGNMENT

The parties understand that this Lease and the rights of the Authority hereunder, with certain exceptions, will be assigned to the Trustee as provided in the Indenture and the Assignment Agreement, to which assignments the City hereby consents.
Neither this Lease nor any interest of the City hereunder shall be mortgaged, pledged, assigned or transferred by the City by voluntary act or by operation of law or otherwise; provided that, subject to the provisions of Section 17 hereof, the City may sublease all or any portion of the Leased Property, and may grant concessions to others involving the use of any portion of the Leased Property, whether such concessions purport to convey a leasehold interest or a license to use a portion of the Leased Property. The City shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Lease, notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained shall be construed to relieve the City from its obligation to pay Base Rental Payments and Additional Rental Payments as provided in this Lease or to relieve the City from any other obligations contained herein.

SECTION 16. ABATEMENT OF RENTAL

The obligation of the City to pay Base Rental Payments and Additional Rental Payments shall be abated during any period in which by reason of any damage, destruction or condemnation there is substantial interference with the use by the City of the Leased Property or any portion thereof. Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction or taking do not substantially interfere with the City’s use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of such interference and ending with the restoration of the Leased Property to tenantable condition.

SECTION 17. COVENANTS OF THE CITY REGARDING TAX EXEMPT STATUS OF THE BONDS

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.
“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

“Yield” of

(1) any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and

(2) the Bonds has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, would cause the interest on any of the Bonds to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the City shall at all times prior to the payment and cancellation of the last Bond to be paid and canceled:

(1) require that one or more state or local governmental agencies exclusively own, operate and possess all property the acquisition, construction or improvement of which was or is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment on or otherwise with respect to the use by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds of the Bonds pending application for their intended purposes.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the City has not used, and shall not use, Gross Proceeds of any Bond to
make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause any Bond to become an “arbitrage bond” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the City shall not at any time prior to the final maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of such Bond within the meaning of said section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the City shall not take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The City shall timely file or cause to be filed any information required by section 149(e) of the Code with respect to the Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with its other money, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate or cause to be calculated the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Trustee may rely conclusively upon the City’s determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation of determination or to review the City’s calculations hereunder. The City
will maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) In order to assure the excludability of the interest on Bonds from the gross income of the owners thereof for federal income tax purposes, the City shall deposit in the Rebate Fund and cause the Trustee to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such a date. In all cases such Rebate payments shall be made by the City (or by the Trustee at the direction of the City) at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the City.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3) above, and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Tax Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the City shall not at any time prior to the final maturity of the Bonds enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm’s length and had the Yield on the Bonds not been relevant to each party.

(j) Bonds Not Hedge Bonds.

(1) The City represents that the Bonds are not nor will become “hedge bonds” within the meaning of section 149(g) of the Code.

(2) Without limitation of paragraph (1) above (A) on the date of issuance of the Bonds the City will reasonably expect that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on the date of issuance and (B) the City covenants that at no time will more than 50% of the proceeds of the Bonds be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The City hereby directs and authorizes any Responsible Officer to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Responsible Officer (after consultation with Bond Counsel) deems
necessary or appropriate in connection with the Bonds, in the Tax Certificate relating to the Bonds or similar or other appropriate certificate, form or document.

SECTION 18. CONTINUING DISCLOSURE

The City will comply with the continuing disclosure requirements promulgated under Securities and Exchange Commission Rule 15c2-12(b)(5) and will also comply with its obligations under the Continuing Disclosure Agreement, dated as of June 1, 2016, by and between the City and the Trustee; provided, however, that the sole remedy hereunder in the event of any failure of the City to comply with this covenant shall be an action to compel performance.

SECTION 19. WAIVER

Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may be established between the parties in the course of administering this Lease be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Lease.

SECTION 20. NET LEASE

Subject to the provisions of Section 16 ("Abatement of Rental"), this Lease shall be deemed and construed to be a “Triple-Net-Lease” and the City hereby agrees that rental provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, taxes, fees, insurance premiums, rebate payments, Leased Property costs, reserve deposits, charges or setoffs whatsoever.

SECTION 21. AMENDMENTS.

This Lease may be amended in writing as may be mutually agreed by the Authority and the City, subject to the written consent of Trustee and the Insurer; provided, that no such amendment which materially adversely affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of more than majority in aggregate principal amount of the Bonds then Outstanding, and provided further, that no such amendment shall (a) extend the payment date of any Base Rental Payment, without the prior written consent of the Owner of each Bond so affected, or (b) reduce the percentage of the Bonds the consent of the Owners of which is required for the execution of any amendment hereof.

This Lease and the rights and obligations of the Authority and the City hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution by the Authority and the City without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:
(a) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed herein and other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved herein to or conferred herein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners;

(c) to effect a Substitution or Removal;

(d) to increase the amount of Base Rental Payment payable hereunder for the purpose of allowing the Authority to add any real property to be acquired and leased hereunder or for the issuance of Additional Bonds; or

(e) for any other purpose which shall not materially adversely affect the interests of the Owners.

SECTION 22. COVENANTS TO MAKE NECESSARY FILINGS AND PROVIDE INFORMATION

(a) The City covenants, on an ongoing basis, to execute and deliver all documents and make or cause to be made all filings and recordings necessary or desirable in order to perfect, preserve and protect the interest of the trustee in the Leased Property to the extent possible under applicable law.

(b) Not earlier than 180 days nor later than 30 days prior to each fifth anniversary of the closing for the Bonds, the Authority covenants to deliver to the Trustee and Insurer evidence indicating that all filings and recordings have been made and all other actions have been taken so as to perfect, preserve and protect such interests under applicable law. This provision shall survive any termination of this Lease while the Bonds are outstanding.

SECTION 23. COVENANTS REGARDING HAZARDOUS MATERIALS.

(a) The City shall not use or permit the Leased Property or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Leased Property and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or pumping, spilling, leaking, disposing of, emptying, discharging or releasing (hereinafter collectively referred to as “Release”) or threat of Release of Hazardous Materials on, from or beneath the Leased Property or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of or
used in the operation of a county, the use, storage, treatment, transportation and disposal of
which shall be in compliance with all Environmental Regulations. Upon the occurrence of any
Release or threat of Release of Hazardous Materials, the City shall promptly commence and
perform, or cause to be commenced and performed promptly, without cost to the Authority, all
investigations, studies, sampling and testing, and all remedial, removal and other actions
necessary to clean up and remove all Hazardous Materials so released, on, from or beneath the
Leased Property or other property, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only
be permitted subject to compliance with subsection (d) and only to the extent necessary to
maintain the improvements on the Leased Property.

(b) The City shall comply with, and shall use its best efforts to assure that its
tenant’s subtenants, agents, licensees, employees, contractors, and agents comply with, all
Environmental Regulations and shall keep the Leased Property free and clear; provided,
however, that notwithstanding that a portion of this covenant is limited to the City’s use of its
best efforts, the City shall remain solely responsible for ensuring such compliance and such
limitation shall not diminish or affect in any way the City’s obligations contained in subsection
(c) hereof. Upon receipt of any notice from any Person with regard to the Release of Hazardous
Materials on, from or beneath the Leased Property, the City shall give prompt written notice
thereof to the Authority (and, in any event, prior to the expiration of any period in which to
respond to such notice under any Environmental Regulation).

(c) The City shall defend, indemnify and hold harmless the Authority, the
Trustee, the Owners and each of its and their employees, agents, officers, directors, trustees,
successors and assigns, from and against any claims, demands, penalties, fines, attorneys’ fees
including, without limitation, attorneys’ fees incurred to enforce the indemnification contained in
this Section 14, consultants’ fees, investigation and laboratory fees, liabilities, settlements (five
(5) Business Days’ prior notice of which the Trustee or the Authority, as appropriate, shall have
delivered to the City), court costs, damages, losses, costs or expenses of whatever kind or nature,
known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in
any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge,
storage or transportation of any Hazardous Materials on, from or beneath the Leased Property,
(ii) any personal injury (including wrongful death) or property damage (real or personal) arising
out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement
reached (five (5) Business Days’ prior notice of which the Trustee or the Authority, as
appropriate, shall have delivered to the City), or governmental order relating to Hazardous
Materials on, from or beneath any of the Leased Property, (iv) any violation of Environmental
Regulations or subsection (a) or (b) hereof by it or any of its agents, tenants, employees,
contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental
lien for the recovery of environmental cleanup or removal costs. To the extent that the City is
strictly liable under any Environmental Regulation, its obligation to the Trustee, the Owners and
the Authority and the other indemnitees under the foregoing indemnification shall likewise be
without regard to fault on its part with respect to the violation of any Environmental Regulation
that results in liability to any indemnitee. The obligations and liabilities under this Section 24(c)
shall survive the exercise of any remedies hereunder or under the Indenture and the payment of
all Bonds.
(d) The City shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with applicable laws and regulations, including but not limited to Environmental Regulations.

SECTION 24. ESSENTIALITY

The City covenants and agrees that the Leased Property is essential to the City’s exercise of its governmental functions.

SECTION 25. INSURER AND TRUSTEE AS THIRD PARTY BENEFICIARY

So long as the Policy is in effect and Insurer is not in default in respect of its payment obligations thereunder, the Insurer shall be a third-party beneficiary under this Lease and may enforce any right, remedy or claim conferred upon, given or granted hereunder. To the extent that this Lease confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

SECTION 26. LAW GOVERNING

This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California.

SECTION 27. NOTICES

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or by facsimile transmission or if mailed by United States first class mail, postage prepaid, and, if to the City, addressed to the City Manager, City of Pico Rivera, 6615 Passons Boulevard, Pico Rivera, California 90660, or if to the Authority, addressed to the Executive Director, Pico Rivera Public Financing Authority, 6615 Passons Boulevard, Pico Rivera, California 90660, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 28. VALIDITY AND SEVERABILITY

If for any reason this Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Lease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the City monthly in consideration of the right of the City to possess, occupy and use the Leased Property, and all of the rental and other terms, provisions and conditions of this Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.
SECTION 29. SECTION HEADINGS

All section headings contained are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

SECTION 30. NO MERGER

If both the Authority’s and the City’s estate under this or any other lease relating to the Leased Property or any portion thereof shall at any time or for any reason become vested in one owner, this Lease and the estate created hereby shall not be destroyed or terminated by the doctrine of merger unless the City so elects as evidenced by recording a written declaration so stating, and unless and until the City so elects, the City shall continue to have and enjoy all of its rights and privileges as to the separate estates.

SECTION 31. EXECUTION

It is agreed that separate counterparts of this Lease may separately be executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.
IN WITNESS WHEREOF, the Authority and the City have caused this Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

PICO RIVERA PUBLIC FINANCING AUTHORITY

ATTEST:

By ________________________________
Chairman

By ________________________________
Secretary

CITY OF PICO RIVERA

By ________________________________
Mayor

ATTEST:

By ________________________________
City Clerk
EXHIBIT A

DESCRIPTION OF THE LEASED PROPERTY

Real property in the City of Pico Rivera, County of Los Angeles, State of California, described as follows:
EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

<table>
<thead>
<tr>
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<th>Principal</th>
<th>Interest</th>
<th>Total Debt Service</th>
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<tbody>
<tr>
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\(^{(1)}\) Base Rental Payments are made fifteen (15) days prior to each Interest Payment Date.
ASSIGNMENT AGREEMENT

Dated as of June 1, 2016

From

PICO RIVERA PUBLIC FINANCING AUTHORITY

To

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Relating to the

$___________
Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016

THIS IS A FINANCING DOCUMENT.
NO DOCUMENT TRANSFER TAX IS DUE
PURSUANT TO GOVERNMENT CODE 27383.
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EXHIBIT A — DESCRIPTION OF THE LEASED PROPERTY
ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT, dated as of June 1, 2016 (the “Assignment Agreement”), between the PICO RIVERA PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America and authorized to accept assignments of the nature herein set forth, as trustee (the “Trustee”);

W I T N E S S E T H:

WHEREAS, the Authority has entered into a Site and Facility Lease, dated as of June 1, 2016 (the “Site and Facility Lease”), with the City of Pico Rivera (the “City”), whereby the Authority has agreed to lease certain real property located within the City, as described in Exhibit A attached hereto (the “Leased Property”), from the City; and

WHEREAS, the Authority has entered into a Lease Agreement, dated as of June 1, 2016 (the “Lease”), with the City, whereby the Authority has agreed to lease the Leased Property to the City; and

WHEREAS, under and pursuant to the Lease, the City is obligated to make base rental payments, including the Base Rental Payments as defined therein, to the Authority for the lease of the Leased Property; and

WHEREAS, the Base Rental Payments have been pledged by the Authority as security for the payment of principal of and interest on its Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”), authorized and issued pursuant to an Indenture, dated as of June 1, 2016, by and between the Authority and the Trustee acting as trustee thereunder (the “Indenture”); and

WHEREAS, the Authority desires to assign to the Trustee without recourse certain of its rights under the Lease and the Site and Facility Lease, including all of its rights to receive the Base Rental Payments scheduled to be paid by the City under and pursuant to the Lease;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms used herein without definition shall have the meanings given to such terms in the Indenture or the Lease, as appropriate.

Section 2. Assignment. The Authority does hereby assign and transfer to the Trustee all of the Authority’s rights, title and interest in and to the Lease and the Site and Facility Lease (excepting only (i) the Authority’s rights to the payment of Additional Rental Payments pursuant to Section 3(b) of the Lease and to indemnification pursuant to Section 14 of the Lease, and (ii) the Authority’s rights to receive lease payments other than the Base Rental Payments), including the Authority’s rights to receive Base Rental Payments, as well as its rights to enforce payment of such Base Rental Payments when due or otherwise to protect its interests in the event of a default by the City under the Lease, in accordance with the terms thereof, in trust nonetheless and provided that should the Authority well and truly perform all of its obligations under the Indenture, this Assignment Agreement shall terminate and all interest in the Lease and the Site and Facilities Lease shall revert to the Authority. The Base Rental Payments shall be
Section 3. **Acceptance of Assignment.** The Trustee hereby accepts the assignment and transfer of such of the Authority’s rights, title and interest in and to the Lease and the Site and Facility Lease as are assigned and transferred pursuant to the terms of this Assignment Agreement.

Section 4. **No Additional Rights or Duties.** Excepting only the assignment and transfer of rights to the Trustee pursuant to Section 2 hereof, this Assignment Agreement shall not confer any rights nor impose any duties, obligations or responsibilities upon the Trustee beyond those expressly provided in the Lease, the Site and Facility Lease and the Indenture. The Trustee does not warrant the accuracy of any of the recitals hereto. This Assignment Agreement shall not impose any duties, obligations or responsibilities upon the Authority or the City beyond those expressly provided in the Lease, the Site and Facility Lease and the Indenture or as otherwise set forth herein.

Section 5. **Further Assurances.** The Trustee will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Assignment Agreement, and for the better assuring and confirming to the Trustee the rights and obligations intended to be conveyed pursuant hereto.

Section 6. **Counterparts.** This Assignment Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 7. **Law Governing.** This Assignment Agreement is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

Section 8. **Notices.** All notices under this Assignment Agreement shall be in accordance with Section 9.13 of the Indenture.

Section 9. **Binding Effect; Successors.** This Assignment Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Assignment Agreement any party is named or referred to, such reference shall be deemed to include such party’s successors and assigns and all covenants and agreements contained in this Assignment Agreement by or on behalf of any party hereto shall bind and inure to the benefit of such party’s successors and assigns whether so expressed or not.
IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement as of the date first above written.

PICO RIVERA PUBLIC FINANCING AUTHORITY

By __________________________
   Chairman

ATTEST:

______________________________
   Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By __________________________
   Authorized Officer
EXHIBIT A

DESCRIPTION OF THE LEASED PROPERTY

Real property in the City of Pico Rivera, County of Los Angeles, State of California, described as follows:
Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016

BOND PURCHASE CONTRACT

June __, 2016

Pico Rivera Public Financing Authority
Pico Rivera, California

City of Pico Rivera
Pico Rivera, California

Ladies and Gentlemen:

The undersigned, Stifel Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), offers to enter into this Bond Purchase Contract (the “Bond Purchase Contract”) with the Pico Rivera Public Financing Authority (the “Authority”) and the City of Pico Rivera (the “City”), a political subdivision of the State of California (the “State”), which, upon acceptance of this offer by the Authority and the City, will be binding upon the Authority, the City and the Underwriter. This offer made is subject to receipt by the Underwriter of the documents referred to in Section 9 hereof and to acceptance by the Authority and the City by execution and delivery of this Bond Purchase Contract to the Underwriter at or prior to 11:59 P.M., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to the acceptance hereof by the Authority and the City. Capitalized terms in this Bond Purchase Contract that are not otherwise defined herein shall have the meanings given to such terms in the Indenture, hereinafter defined.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority to offer to the public, and the Authority hereby agrees to cause, The Bank of New York Mellon Trust Company, N.A., as Trustee (“the Trustee”), to deliver to the Underwriter for such purpose, all (but not less than all), in the manner provided herein, of the Authority’s $____ aggregate principal amount of Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”). The Bonds are being issued pursuant to the Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and the Trustee.

The Bonds shall be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds shall be dated their date of delivery and mature on the dates and in the principal amounts, and shall be computed at the interest rates, all as shown in Exhibit A. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2016. The Bonds shall otherwise be as described in the Official Statement (as defined herein) with respect to the Bonds, dated June __, 2016 (as further defined below), and be subject to redemption as provided therein.
The aggregate purchase price of the Bonds shall be $______ (representing the aggregate principal amount of the Bonds of $______.00, plus a net original issue premium of $______, and less an Underwriter’s discount of $______); it being acknowledged that the Underwriter will on the Closing Date, on behalf of the Authority, wire the $______ aggregate premium for the Insurance Policy to the Insurer and the $_______ aggregate premium for the Debt Service Reserve Policy to the Insurer (each as defined herein) directly, and deliver net proceeds to the Authority in the amount of $______.

The Authority and the City acknowledge and agree that: (i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the issuer in this case the Authority, and the Underwriter and the Underwriter has financial and other interests that differ from those of the Authority and the City; (ii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Authority or the City and has not assumed any advisory or fiduciary responsibility to the Authority or the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority and/or the City on other matters); (iii) the only obligations the Underwriter has to the Authority and the City with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Contract; and (iv) the Authority and the City have each consulted its own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Authority and the City acknowledge that they previously received from the Underwriter a letter regarding Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 Disclosures, and that they have provided to the Underwriter an acknowledgement of such letter.

2. **The Bonds.** The Bonds shall be issued in accordance with Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code (the “Act”), the Indenture, a Resolution of the Authority approving the issuance of the Bonds and certain matters relating thereto (the “Authority Resolution”), and a Resolution of the City approving the issuance of the Bonds and certain matters relating thereto (the “City Resolution”).

The Bonds are special obligations of the Authority that are secured and payable solely from Revenues (as that term is defined in the Indenture), including Base Rental Payments, as that term is defined in, and payable by the City pursuant to, that certain Lease Agreement, dated as of June 1, 2016 (the “Lease”), by and between the Authority and the City, relating to certain real properties and improvements located thereon (the “Leased Property”), and the other assets pledged under the Indenture. In connection therewith, the City and the Authority have entered into that certain Site and Facility Lease, dated as of June 1, 2016 (the “Site Lease”), providing for the lease of the Leased Property by the City to the Authority. The Lease provides for the sublease of the Leased Property from the Authority back to the City. Under the Lease, the City is obligated to budget and appropriate the full amount of the Base Rental payments for each year.

Pursuant to an Assignment Agreement, dated as of June 1, 2016 (the “Assignment Agreement”), the Authority has assigned to the Trustee certain of its rights, title and interest in and to the Site Lease and the Lease. The scheduled payment of principal of and interest on each Series of the Bonds when due will be guaranteed under an insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the Bonds by __________ (“[Bond Insurer] or the “Bond Insurer”). In accordance with the Indenture, the Authority will satisfy the applicable Reserve Requirement of the Reserve Account established under the Indenture with a Municipal Bond Debt Service Reserve Insurance Policy (the “Debt Service Reserve Policy”) to be issued concurrently with the delivery of the Bonds by [Bond Insurer].
3. **Purpose of the Bonds.** The Bonds are being issued to (i) refund, on an advance basis, the Authority’s 2009 Lease Revenue Bonds (the “Refunded Bonds”), currently outstanding in an amount of $30,470,000, (ii) purchase a surety bond for the Reserve Account, (iii) purchase a municipal bond insurance policy, and (iv) pay costs of issuance of the Bonds.

In connection with such refunding, the Authority will enter into an Escrow Agreement, dated as of June 1, 2016 (the “Escrow Agreement”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee for the Refunded Bonds and as escrow agent named therein (the “Escrow Agent”), under which an escrow fund shall be established (the “Escrow Fund”), and into which net proceeds of the Bonds and other available amounts will be deposited, and applied for the purpose redeeming and defeasing the Refunded Bonds as follows: (i) to pay scheduled debt service until _____ __, 20__ and (ii) to pay the redemption price on the _____ __, 20__, the redemption date, all as set forth in the Official Statement.

4. **Offering.** (a) It shall be a condition to the Authority’s obligation to sell and issue the Bonds to the Underwriter and to the Underwriter’s obligation to purchase, to accept delivery of and to pay for Bonds that the entire aggregate principal amount of the Bonds referred to in Section 1 shall be issued by the Authority and purchased, accepted and paid for by the Underwriter at the Closing (as defined herein). The Underwriter agrees to make an initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deem necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such initial public offering prices. The City and the Authority hereby authorize the use by the Underwriter of this Bond Purchase Contract, the Indenture, the Lease, the Site Lease, the Assignment Agreement, the Authority Resolution, the City Resolution, the Continuing Disclosure Agreement and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds. This Bond Purchase Contract, the Indenture, the Lease, the Site Lease, the Assignment Agreement, the Escrow Agreement, the Authority Resolution, the City Resolution and the Continuing Disclosure Agreement are referred to herein as the “Legal Documents.”

(b) The Underwriter agrees as follows:

(i) to file, on or before the date of Closing, a copy of the Official Statement, including any supplements thereto, with the MSRB through its Electronic Municipal Market Access system; and

(ii) to take any and all actions necessary to comply with rules of the Securities and Exchange Commission and the MSRB which are applicable to the Underwriter governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

5. **Official Statement.** Upon the Authority’s and the City’s acceptance of this offer, the Authority and the City shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement, dated June ___, 2016 (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Preliminary Official Statement”) with respect to the Bonds, in connection with the public offering and sale of the Bonds by the Underwriter. The Authority and the City deemed the Preliminary Official Statement final as of its date for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934,
except for the information permitted to be omitted therefrom by such Rule. The Authority shall deliver the Official Statement to the Underwriter (a) in “designated electronic format” (as defined in Rule G-32 of the Municipal Securities Rulemaking Board) and (b) in printed form in such quantities as the Underwriter shall reasonably request, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Underwriter (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Bond Purchase Contract and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Official Statement”), approved for distribution pursuant to the Authority Resolution and the City Resolution. The Authority shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriter such copies of the Official Statement and, in the event the date of Closing is less than seven (7) business days after the date hereof, upon request of the Underwriter, in sufficient time to accompany any confirmation requesting payment from any customers of any Underwriter and not later than three (3) business days prior to Closing.

6. **Representations, Warranties and Agreements of the City.** The City hereby represents, warrants and agrees with the Underwriter as follows:

(a) the City is, and will be on the date of Closing, a political subdivision of the State organized and operating pursuant to the Constitution and laws of the State with the full power and authority to adopt or execute and deliver, as the case may be, the Legal Documents to be adopted or executed by it and to own its properties and to carry on its business as presently conducted;

(b) by official action of the City, prior to or concurrently with the acceptance hereof, the City has duly adopted or authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the Legal Documents to be adopted or entered into by it and has authorized and approved the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Bond Purchase Contract has been, as of the date hereof, and the other Legal Documents to be entered into by the City will have been as of the date of Closing, duly authorized, executed and delivered by the City and constitute legal, valid and binding agreements of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought;

(d) to the best knowledge of the City, the execution and delivery of the Legal Documents to be adopted or entered into by the City and compliance with the provisions on the City’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of the Leased Property or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents adopted or entered into by the City;

(e) to the best knowledge of the City, the City is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would materially adversely affect the City’s ability to enter
into or perform its obligations under the Legal Documents to be entered into by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the City, and except as disclosed in the Preliminary Official Statement and in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the City or threatened against the City in any material respect affecting the existence of the City or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the City Resolution or the payment of Base Rental Payments as required under the Lease or in any way contesting or affecting the validity or enforceability of the Act or the Legal Documents or contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be entered into by the City or this Bond Purchase Contract or that could have a material adverse impact upon the ability of the City to enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the City or in any way contesting the existence or powers of the City;

(g) the City will furnish such information, execute such instruments and take such other actions in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the City be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and is, as of the date hereof (excluding any information permitted to be omitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”) and information under the caption “UNDERWRITING”), and the information contained in the Official Statement will be, as of the Closing Date (excluding information under the caption “UNDERWRITING”), true and correct in all material respects and such information did not, does not and will not, as applicable, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter, and, if in the reasonable opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City shall cooperate with the Authority in preparing and furnishing to the Underwriter (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered
to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Bonds, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request; provided, further, as used in this Bond Purchase Contract, the term “End of the Underwriting Period” for the Bonds shall mean the earlier of (i) the Closing Date unless the City and the Authority shall have been notified in writing to the contrary by the Underwriter on or prior to said date or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12; provided, however, that the City and the Authority may treat as the End of the Underwriting Period for the Bonds as the date specified as such in a notice from the Underwriter stating the date that is the End of the Underwriting Period;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the City will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the City of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter;

(l) after the date of Closing, the City will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter;

(m) except as described in the Preliminary Official Statement, the City has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12 to provide annual reports or notices of enumerated events specified in such rule;

(n) the financial statements of, and other financial information regarding, the City contained in the Preliminary Official Statement, as of its date and as of the date hereof, and the final Official Statement, as of its date and the date of Closing, fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth, and, to the best of the City’s knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information has been determined on a basis substantially consistent with that of the City’s audited financial statements included in the Preliminary Official Statement and the Official Statement;

(o) any certificate signed by an Authorized Officer (as defined in the City Resolution) of the City and delivered to the Underwriter pursuant to this Bond Purchase Contract shall be deemed a representation and warranty of the City to the Underwriter as to the truth of the statements therein made; and

(p) the exceptions set forth in the preliminary title report with respect to the Leased Property, subject to permitted encumbrances, do not, and the exceptions set forth in the policy or policies of title insurance will not, materially impair the value of the Leased Property, the existing facilities thereon or the
sites thereof, nor materially impair the City’s enjoyment of the same for any purposes for which they are, or may reasonably be expected to be, used.

7. Representations, Warranties and Agreements of the Authority. The Authority represents, warrants and agrees with the Underwriter as follows:

   (a) the Authority is, and will be on the Closing Date, a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the California Government Code with the full power and authority to issue the Bonds, adopt or execute and deliver, as the case may be, the Legal Documents to be adopted or executed by it and own its properties and carry on its business as presently conducted;

   (b) by official action of the Authority, prior to or concurrently with the acceptance hereof, the Authority has duly adopted or authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Legal Documents to be adopted or entered into by it and has authorized and approved the consummation by it of all other transactions contemplated by the Legal Documents;

   (c) this Bond Purchase Contract has been, as of the date hereof, and the other Legal Documents to be entered into by the Authority will have been as of the date of Closing, duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought;

   (d) to the best knowledge of the Authority, the issuance of the Bonds and the execution and delivery of the Legal Documents to be adopted or entered into by the Authority and compliance with the provisions on the Authority’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Bonds or the Legal Documents adopted or entered into by the Authority;

   (e) to the best knowledge of the Authority, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority’s ability to issue the Bonds or enter into or perform its obligations under the Legal Documents to be entered into by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

   (f) to the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the sale, execution or delivery of the Bonds or the payment of principal and interest on the Bonds or in
any way contesting or affecting the validity or enforceability of the Bonds, the Legal Documents or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be entered into by the Authority or this Bond Purchase Contract or that could have a material adverse impact upon the ability of the Authority to issue the Bonds or enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the Authority or in any way contesting the existence or powers of the Authority;

(g) the Authority will furnish such information, execute such instruments and take such other actions in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and is, as of the date hereof (excluding any information permitted to be omitted pursuant to Rule 15c2-12 and information under the caption “UNDERWRITING”), and the information contained in the Official Statement will be, as of the Closing Date (excluding information under the caption “UNDERWRITING”), true and correct in all material respects and such information did not, does not and will not, as applicable, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriter, and, if in the reasonable opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish to the Underwriter (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Bonds, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the Authority will further amend or supplement the Official Statement so that the Official
Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter;

(l) after the date of Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter;

(m) except as described in the Preliminary Official Statement, the Authority has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12, to provide annual reports or notices of enumerated events specified in such rule; and

(n) any certificate signed by an Authorized Officer (as defined in the Authority Resolution) of the Authority and delivered to the Underwriter pursuant to this Bond Purchase Contract shall be deemed a representation and warranty of the Authority to the Underwriter as to the truth of the statements therein made.

8. Closing. At 8:00 a.m., California time, on June [30], 2016, or at such other date and/or time as shall have been mutually agreed upon by the Authority, the City and the Underwriter, the Authority will issue or cause to be issued to the Underwriter the Bonds in definite form duly executed and authenticated by the Trustee in book-entry form through the facilities of The Depository Trust Company, New York, New York (“DTC”) as described below, or at such other place upon which the Underwriter, the Authority and the City may mutually agree, and the other documents hereinafter mentioned shall be delivered at the office of Norton Rose Fulbright US LLP, Los Angeles, California (“Bond Counsel”), or at such other place as shall have been mutually agreed upon by the Authority, the City and the Underwriter. Subject to the terms and conditions hereof, the Underwriter will accept delivery of the Bonds and pay the purchase price thereof as set forth herein in federal or other immediately available funds (such delivery of and payment for the Bonds is herein called the “Closing”). The Bonds shall be prepared and delivered to the Underwriter on the date of Closing in the form of one certificate for each maturity of each series of the Bonds, fully registered in the name of Cede & Co., as nominee of DTC.

9. Closing Conditions. The Underwriter has entered into this Bond Purchase Contract in reliance upon the representations, warranties and agreements of the Authority and the City contained herein, the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the City of their respective obligations herein, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriter’s obligations under this Bond Purchase Contract to purchase, accept delivery of, and pay for the Bonds shall be conditioned upon the performance by the Authority and the City of their obligations to be performed herein and the accuracy and delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:
(a) the representations and warranties of the Authority and the City contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) at the time of the Closing, the Legal Documents to be entered into by the Authority or the City shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented after the date thereof except as may have been agreed to in writing by the Underwriter, there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents and the City and the Authority shall have performed their obligations required under or specified in the Legal Documents to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the Authority and the City relating to the Legal Documents and the Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Underwriter;

(d) at the time of Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) at or prior to the time of Closing, the Underwriter shall receive the following documents, in each case reasonably satisfactory in form and substance to the Underwriter:

   (i) the Official Statement and each supplement or amendment thereto, if any;

   (ii) a certified copy of the Statement of Facts Roster of Public Agencies Filing of the Authority, together with all amendments thereto;

   (iii) executed copies of the Legal Documents to be entered into by the Authority or the City;

   (iv) the unqualified approving opinion of Norton Rose Fulbright US LLP, Bond Counsel, dated the date of Closing and addressed to the Authority and the City, substantially in the form set forth in Appendix E to the Official Statement, together with a letter or letters of such counsel, dated the date of Closing and addressed to the Underwriter and the Trustee, to the effect that the foregoing approving legal opinion addressed to the Authority and the City may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion were addressed to them;

   (v) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Underwriter to the effect that:

      (A) this Bond Purchase Contract and the Continuing Disclosure Agreement of the City (the “Continuing Disclosure Agreement”) and the issuance and sale of the Bonds by the Authority have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other party thereto (if any), constitute the valid and binding agreements of the City, enforceable against the City in accordance with their respective terms, except as the same may be limited by
bankruptcy, moratorium, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors’ rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by the limitation upon legal remedies against public agencies in the State;

(B) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) the statements contained on the cover and in the Official Statement under the captions “INTRODUCTION,” “DESCRIPTION OF THE BONDS,” “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,” “CONTINUING DISCLOSURE” and “TAX MATTERS” and in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS,” insofar as such statements purport to summarize certain provisions of the Bonds, the Legal Documents and our approving opinion, are accurate in all material respects;

(vi) a defeasance opinion of Bond Counsel dated the date of Closing and addressed to the Underwriter, the prior trustee and the Bond Insurer, to the effect that, upon the deposit with the Escrow Agent as provided for in the Escrow Agreement, the Refunded Bonds will no longer be considered Outstanding within the meaning of the prior indenture under which such bonds were issued;

(vii) the opinion of Norton Rose Fulbright US LLP, Disclosure Counsel, dated the date of Closing and addressed to the Authority, the City and the Underwriter, substantially in the form set forth in hereto as Exhibit B;

(viii) an opinion of the City Attorney, as counsel to the City, dated the date of Closing and addressed to the Underwriter and the Trustee to the effect that:

(A) the City is a political subdivision of the State, duly organized and validly existing pursuant to the laws and Constitution of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, the Legal Documents to which it is a party;

(B) the City Resolution was duly adopted at a meeting of the City Council of the City, as the governing board of the City, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents to which the City is a party have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the City, enforceable against the City in accordance with their respective terms;

(D) to the best of the City Attorney’s knowledge, the City is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which
breach or default would materially adversely affect the City’s ability to enter into or perform its obligations under the Legal Documents to be entered into by it, and, to the best of the City Attorney’s knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and execution and delivery of the Legal Documents to be entered into by the City, and compliance with the provisions on the City’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to the City Attorney after reasonable inquiry to which the City is a party or to which the City or the Leased Property or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents to be entered into by the City;

(E) to the best of the City Attorney’s knowledge, and except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the City or threatened against the City (i) affecting the existence of the City or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the City’s covenant to make the necessary annual appropriations for all the Base Rental Payments as required under the Lease, (iii) contesting or affecting as to the City the validity or enforceability of the Act or the Legal Documents, (iv) contesting the tax-exempt status of interest as would be received by the Owners of the Bonds, (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the City or any authorization in connection with the adoption of the City Resolution, or the execution and delivery by the City of the Legal Documents to which the City is party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the City or the performance by the City of its obligations under and in connection with the Legal Documents to which the City is a party;

(F) nothing has come to the City Attorney’s attention causing it to believe that the information under the caption “LITIGATION” contained in the Preliminary Official Statement, as of the date thereof and as of the date hereof, and in the Official Statement, as of the date thereof and as of the Closing Date, contained or contains any untrue statement of material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(G) the preparation and distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the City Council of the City;

(ix) an opinion of the City Attorney, as counsel to the Authority, dated the date of Closing and addressed to the Underwriter and the Trustee to the effect that:
(A) the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the California Government Code, and has full legal right, power and authority to execute and deliver, and to perform its obligations under the Legal Documents to which it is a party and the Bonds;

(B) the Authority Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents to which the Authority is a party and the Bonds have been duly authorized, executed and delivered and issued, as applicable, by the Authority and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms;

(D) to the best of the City Attorney’s knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority’s ability to issue the Bonds or enter into or perform its obligations under the Legal Documents to be entered into by it, and, to the best of the City Attorney’s knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; the issuance of the Bonds and the execution and delivery of the Legal Documents to be entered into by the Authority and compliance with the provisions on the Authority’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to the City Attorney after reasonable inquiry to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Bonds or Legal Documents to be entered into by the Authority; and the issuance of the Bonds and the execution and delivery of the Legal Documents, and compliance with the provisions on the Authority’s part contained therein will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment or decree or any provision of any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to us after reasonable inquiry to which the Authority is a party or to which the Authority is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the Leased Property or the assets of the Authority or under the terms of any such law, regulation or instrument, except as provided in the Bonds and the Legal Documents to be entered into by the Authority;
(E) to the best of the City Attorney’s knowledge, and except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority (i) affecting the existence of the Authority or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance or sale of the Bonds or the City’s covenant to make the necessary annual appropriations for all the Base Rental Payments as required under the Lease or contesting or affecting as to the Authority the validity or enforceability of the Act, the Bonds or the Legal Documents, (iii) contesting the tax-exempt status of interest as would be received by the Owners of the Bonds, (iv) contesting the completeness or accuracy of the Preliminary Official Statement and the Official Statement or any supplement or amendment thereto, or (v) contesting the powers of the Authority or any authorization in connection with the issuance of the Bonds, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the Bonds or the Legal Documents to which the Authority is a party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the Authority or the performance by the Authority of its obligations under and in connection with the Bonds or the Legal Documents;

(F) nothing has come to the City Attorney’s attention causing it to believe that the information under the caption “THE AUTHORITY” contained in the Preliminary Official Statement, as of the date thereof and as of the date hereof, and in the Official Statement, as of the date thereof and as of the Closing Date, contained or contains any untrue statement of material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(G) the preparation and distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Board of Directors of the Authority;

(x) a certificate of an Authorized Officer of the City dated the date of Closing to the effect that:

(A) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing;

(B) to the best of his or her knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(C) the City has obtained insurance, or otherwise provided for self-insurance, as required by the Lease and all required policies are in full force and effect and have not been revoked or rescinded;
(D) to the best knowledge of the Authorized Officer of the City, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the City, or threatened against the City which if adversely determined, could materially adversely affect the financial position of the City; and

(E) the City has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(xi) a certificate of an Authorized Officer of the Authority dated the date of Closing to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing;

(B) to the best of his or her knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(C) to the best knowledge of the Authorized Officer of the Authority, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the Authority, or threatened against the Authority which if adversely determined, could materially adversely affect the financial position of the Authority; and

(D) the Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(xii) a certificate of the Trustee dated the date of Closing to the effect that:

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds;

(B) the Trustee is duly authorized to enter into the Indenture and the Assignment Agreement, and, when the Indenture is duly authorized, executed and delivered by the other parties thereto, to deliver the Bonds to the Underwriter pursuant to the terms of the Indenture;

(C) the execution and delivery by the Trustee of the Assignment Agreement, the Indenture and the Bonds, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or instrument to which the Trustee is a party or by which it is bound, or, to its knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties
(except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indenture by the Trustee or the delivery of the Bonds by the Trustee;

(E) to the Trustee’s knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on or threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Indenture or the Assignment Agreement, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the delivery of the Bonds, or which, in any way, would adversely affect the validity of the Indenture or the Assignment Agreement or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture or the Assignment Agreement, or the consummation of the transactions contemplated in connection with the issuance of the Bonds; and

(F) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(xiii) an opinion of counsel to the Trustee dated the date of Closing addressed to the City, the Authority and the Underwriter to the effect that:

(A) the Trustee is a national banking association organized and existing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Indenture and to deliver the Bonds; and

(B) the Bonds have been duly authenticated and delivered by the Trustee in accordance with the Indenture, and the Indenture, [the Escrow Agreement] and the Assignment Agreement have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought;

(xiv) a certificate of the Escrow Agent dated the date of Closing to the effect that:

(A) the Escrow Agent is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Escrow Agreement and to hold the Escrow Fund in trust for the benefit of the owners of the Refunded Bonds;

(B) the execution and delivery by the Escrow Agent of the Escrow Agreement, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or instrument
to which the Escrow Agent is a party or by which it is bound, or, to its knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Escrow Agent or any of its activities or properties (except that no representation, warranty or agreement is made by the Escrow Agent with respect to any federal or state securities or blue sky laws or regulations);

(C) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Escrow Agreement by the Escrow Agent or the refunding and redemption of the Refunded Bonds by the Escrow Agent;

(D) to the Escrow Agent's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on or threatened against or affecting the existence of the Escrow Agent or in any way contesting or affecting the validity or enforceability of the Escrow Agreement, or contesting the powers of the Escrow Agent or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Escrow Agent or the transactions contemplated therein, or which, in any way, would adversely affect the validity of the Escrow Agreement or any agreement or instrument to which the Escrow Agent is a party and which is used or contemplated for use in the Escrow Agreement; and

(E) subject to the provisions of the Escrow Agreement, the Escrow Agent will apply the proceeds from the Bonds to the purposes specified in the Escrow Agreement;

(xv) an opinion of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as counsel to the Underwriter, dated the date of Closing and addressed to the Underwriter in form reasonably satisfactory to the Underwriter;

(xvi) evidence of the existence and validity of a policy or policies of title insurance with respect to the Leased Property;

(xvii) certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture;

(xviii) copies of the Authority Resolution certified by the Secretary of the Authority authorizing the execution and delivery of the Legal Documents to which the Authority is a party;

(xix) copies of the City Resolution certified by the City Clerk authorizing the execution and delivery of the Legal Documents to which the City is a party;

(xx) the preliminary and final Notice of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the California Government Code and Section 8855(g) of the California Government Code;

(xxi) an executed copy of the Tax Certificate for the Bonds, in form and substance acceptable to Bond Counsel;
(xxii) a report of [Verification Agent], in form and substance satisfactory to the Underwriter and Bond Counsel as to the sufficiency of the escrow fund to defease the Refunded Bonds;

(xxiii) evidence of termination of the lease agreements and assignment agreement entered into in connection with the Refunded Bonds;

(xxiv) receipt of the Insurance Policy and the Debt Service Reserve Policy to be provided by the Bond Insurer, together with certificates of the Bond Insurer and an opinion of its counsel relating to the legal status of the Bond Insurer, the information pertaining to the Bond Insurer and the Insurance Policy contained in the Official Statement, and the enforceability of the Insurance Policy and the Debt Service Reserve Policy, all in form and substance acceptable to the Underwriter;

(xxv) evidence that the ratings on the Bonds are as described in the Official Statement; and

(xxvi) such additional legal opinions, certificates, instruments and other documents as Bond Counsel or the Underwriter may reasonably request to evidence compliance by the Trustee, the City and the Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Trustee, the Authority and the City, at or prior to such time of all agreements the to be performed and all conditions then to be satisfied.

10. Termination. The Underwriter shall have the right to terminate in its discretion the Underwriter’s obligations under this Bond Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the City or Authority of its election to do so if, after the execution hereof and prior to the Closing any of the following events shall occur in the sole and reasonable judgment of the Underwriter:

(a) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Bonds which, in the reasonable judgement of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds;
(b) any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any governmental authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

(c) (i) the Constitution of the State shall be amended or an amendment shall qualify for the ballot, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of State law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State by an official, agency or department thereof, affecting the tax status of the City or Authority, its property or income, its bonds or notes (including the Bonds) or the interest thereon, which in the reasonable judgment of the Underwriter would make it impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(d) (i) trading of any securities of the City or Authority shall have been suspended on any exchange or in any over-the-counter market, (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the Bonds shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred an outbreak or escalation in major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, makes it, in the reasonable judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(e) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriter, impracticable or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement;

(f) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Bonds by any “nationally recognized statistical rating organization,” as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended;

(g) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody’s Investors Service, Inc. (“ Moody’s”), Standard & Poor’s (“S&P”), or Fitch Ratings (“Fitch”) of any debt securities issued by the City secured by the City’s general fund, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any rating by Moody’s, S&P or Fitch of any debt securities issued by the City secured by the City’s general fund, which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Bonds;

(h) the New York Stock Exchange or other national securities exchange, or any governmental authority shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in the Bonds; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of the Underwriter or
broker-dealers, which, in the case any of the events specified in clauses (i) or (ii), either singly or together with any other such event, makes it, in the reasonable judgment of the Underwriter, impracticable to market the Bonds, including any supplements or amendments thereto;

   (i) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement;

   (j) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

   (k) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect and requires an amendment of or supplement to the Official Statement and the effect of which, in the judgment of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds.

11. Expenses. (a) The Underwriter shall be under no obligation to pay and the Authority and the City shall pay or cause to be paid the expenses incident to the performance of their obligations hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Indenture, the Lease, the Site Lease and the other Legal Documents; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto; (iii) the cost of preparation and printing of the Bonds; (iv) the fees and disbursements of Bond Counsel, Disclosure Counsel and the City Attorney; (v) the fees and disbursements of Wolf & Company Inc., Los Angeles, California for its services as financial advisor to the Authority or the City; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority or the City; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of independent certified public accountants and any other independent auditor of the Authority or the City; and (ix) the fees and disbursements of counsel to the Underwriter.

   (b) The Underwriter shall pay (from the expense component of the Underwriter’s discount) only: (i) the cost of preparing the Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; (iii) to the extent not provided in (a) above, the fees and disbursements of Orrick, Herrington & Sutcliffe LLP, as counsel to the Underwriter; (iv) fees for a continuing disclosure undertaking compliance review; and (v) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds, including the fees and disbursements of any other counsel retained by them. The Authority will reimburse the Underwriter from Bond proceeds for Authority and the City meals and travel paid for by the Underwriter, but not entertainment expenses. The Underwriter is required to pay fees to the California Debt and Investment Advisory Commission in connection with its offering of the Bonds.

12. Representations of Underwriter. The Underwriter represents and warrants to and agrees with the Authority and the City that it is authorized to take any action under this Bond Purchase Contract required to be taken by and on behalf of the Underwriter and that this Bond Purchase Contract is a binding contract of the Underwriter enforceable in accordance with its terms.
13. **Notices.** Any notice or other communication (other than the acceptance hereof as specified in the first paragraph hereof) to be given under this Bond Purchase Contract may be given by delivering the same in writing to the City to:

City of Pico Rivera  
6615 Passons Boulevard  
Pico Rivera, California 90660  
Attention: City Manager

to the Authority:

Pico Rivera Public Financing Authority  
c/o City of Pico Rivera  
6615 Passons Boulevard  
Pico Rivera, California 90660  
Attention: Executive Director

and to the Underwriter:

Stifel Nicolaus & Company, Incorporated  
515 South Figueroa Street, Suite 1800  
Los Angeles, California 90071  
Attention: Jose Vera  
Phone: (213) 443-5002

14. **Parties in Interest; Survivability of Representations, Warranties and Agreements.** This Bond Purchase Contract is made solely for the benefit of the Authority, the City and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority’s and the City’s representations, warranties and agreements contained in this Bond Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) issuance of and payment for the Bonds pursuant to this Bond Purchase Contract; and (iii) any termination of this Bond Purchase Contract.

15. **Governing Law.** The laws of the State shall govern the validity, interpretation and performance of this Bond Purchase Contract.

16. **Entire Agreement.** This Bond Purchase Contract, when accepted by the Authority and the City in writing as heretofore specified, shall constitute the entire agreement among the Authority, the City and the Underwriter.

17. **Headings.** The headings of the paragraphs of this Bond Purchase Contract are inserted for convenience of reference only and shall not be deemed to be a part hereof.

18. **Effectiveness.** This Bond Purchase Contract shall become effective upon the execution of the acceptance hereof by an Authorized Officer of the City and an Authorized Officer of the Authority and shall be valid and enforceable at the time of such acceptance.

[Remainder of Page Intentionally Blank]
19. **Counterparts.** This Bond Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

STIFEL NICOLAUS & COMPANY, INCORPORATED

By: _____________________________
    Jose Vera
    Managing Director

ACCEPTED:

This June __, 2016

CITY OF PICO RIVERA, CALIFORNIA

By: _____________________________
    René Bobadilla
    City Manager

PICO RIVERA PUBLIC
FINANCING AUTHORITY

By: _____________________________
    René Bobadilla
    Executive Director
EXHIBIT A

MATURITY SCHEDULE

$________
Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016

<table>
<thead>
<tr>
<th>Maturity Date (September 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Price or Yield</th>
</tr>
</thead>
</table>

$________ ___% Term Bonds due September 1, 20__ Yield: ___%; Price: ___
EXHIBIT B

DISCLOSURE COUNSEL OPINION

June [30], 2016

Pico Rivera Public Financing Authority
6615 Passons Boulevard
Pico Rivera, California 90660

City of Pico Rivera
6615 Passons Boulevard
Pico Rivera, California 90660

Stifel Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071

$________

Pico Rivera Public Financing Authority
Lease Revenue Refunding Bonds, Series 2016

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Pico Rivera Public Financing Authority, a joint exercise of powers entity established under the Constitution and laws of the State of California (the “Authority”), and the City of Pico Rivera, a political subdivision of the State of California (the “City”), in connection with the issuance by the Authority of its (i) $________ Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”). The Bonds are being issued pursuant to Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code and an Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Pico Rivera Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Bonds are more fully described in the Official Statement of the Authority and the City, dated June __, 2016 (the “Official Statement”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement.

In rendering this opinion, we have reviewed such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate.

This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel to the Authority and the City, we have rendered certain assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in meetings and telephone conferences with, among others, representatives of the Authority and the City, the City Attorney, Wolf & Company Inc., financial advisor to the Authority and the City, the Underwriter and Underwriter’s Counsel, at which meetings and conferences the contents of the Preliminary Official

B-1
Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement which cause us to believe that the Preliminary Official Statement (except for the completion of pricing information), as of its date and as of the date of pricing, and the final Official Statement, as of its date and the date hereof (excluding, in each case, therefrom financial and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to The Depository Trust Company, Cede & Co. and the book-entry system; statements relating to [Bond Insurer] and its insurance and surety policies; and statements contained in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY OF PICO RIVERA FOR THE FISCAL YEAR ENDED JUNE 30, 2015” and in APPENDIX F – “BOOK-ENTRY SYSTEM” thereto, as to all of which we express no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this opinion, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Official Statement.

We are furnishing this opinion to you, solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the Authority and the City. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the closing relating to the Bonds, and we have no obligation to update this opinion.

Respectfully submitted,
ESCROW AGREEMENT

by and between the

PICO RIVERA PUBLIC FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Prior Bonds Trustee and
as Escrow Agent

Dated as of June 1, 2016

Pertaining to the Defeasance of
All of the Currently Outstanding

Pico Rivera Public Financing Authority
2009 Lease Revenue Bonds
This Escrow Agreement (the “Agreement”), made and entered into as of June 1, 2016, by and between the PICO RIVERA PUBLIC FINANCING AUTHORITY, organized and existing under, and by virtue of the laws of the State of California (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as Escrow Agent and as Prior Bonds Trustee (the “Escrow Agent”);

WITNESSETH:

WHEREAS, the Authority has previously issued its 2009 Lease Revenue Bonds (the “Prior Bonds”); and

WHEREAS, the Authority has approved the issuance of its Lease Revenue Refunding Bonds, Series 2016 (the “2016 Bonds”), a portion of the proceeds of which are to be used, together with certain other available funds, to defease all of the Prior Bonds; and

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:


“Escrow Fund” means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

“Escrow Requirements” means an amount sufficient to pay the principal of, redemption price, and interest on the Prior Bonds through and including the Redemption Date, as shown on Exhibit A hereto.

“Escrow Securities” means such securities eligible to be used to defease the Prior Bonds under the Prior Bonds Indenture and deposited in the Escrow Fund pursuant to Section 5 hereof.

“Prior Bonds Indenture” means the Indenture of Trust, dated as of September 1, 2009, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., pursuant to which the Prior Bonds were issued.

“Redemption Date” means September 1, 2019, which is the date on which all the Prior Bonds are to be redeemed or paid.

SECTION 2. The Authority hereby appoints The Bank of New York Mellon Trust Company, N.A., as Escrow Agent under this Agreement for the benefit of the holders of the Prior Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are
in a form satisfactory to it. The applicable and necessary provisions of the Prior Bonds Indenture, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Prior Bonds Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. Pursuant to this Agreement, there is created and established with the Escrow Agent special and irrevocable trust funds designated the Escrow Fund to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

SECTION 4. The Authority herewith deposits, or causes to be deposited, with the Escrow Agent into the Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Agreement, the sum of $__________, as follows:

(i) from the proceeds of the 2016 Bonds, the sum of $_______; and

(ii) from moneys held by the Prior Bonds Trustee pursuant to the Prior Bonds Indenture the sum of $_______ consisting of amounts held in a reserve fund established thereunder. The Authority hereby instructs the Prior Bonds Trustee to make such transfers.

SECTION 5. The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest $________ of amounts in the Escrow Fund in the Escrow Securities set forth in Exhibit B hereto and to retain the amount of $_______ uninvested. Such amounts shall be applied by the Escrow Agent to the payment of the Escrow Requirements for the equal and ratable benefit of the holders of the Prior Bonds.

The Escrow Agent shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the Authority’s. Upon the Authority’s election, such statements will be delivered via the Escrow Agent’s online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

The Escrow Agent may conclusively rely upon the verification report by Causey Demgen & Moore P.C., dated June __, 2016 as to the sufficiency of the funds to make the payments required for a full redemption of the outstanding Prior Bonds.

SECTION 6. The Authority hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will perform all the duties expressly required to be taken by it hereunder. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the moneys and Escrow Securities available for such purposes in the Escrow Fund.
SECTION 7. The Authority irrevocably instructs the Escrow Agent (i) to pay to the Prior Bonds Trustee from amounts held in the Escrow Fund, such amounts as are required for payment of principal of and interest on the Prior Bonds coming due through and including the Redemption Date, as shown on Exhibit A hereto; and (ii) to pay to the Prior Bonds Trustee from amounts held in the Escrow Fund, the amount equal to the redemption price of the remaining principal amount of the Prior Bonds called for redemption on the Redemption Date, plus interest accrued thereon to the Redemption Date, all as shown on Exhibit A hereto. The Authority irrevocably instructs the Prior Bonds Trustee under the Prior Bonds Indenture to mail a notice of redemption of the Prior Bonds as provided therein in the forms attached as Exhibit C hereto. In addition, the Authority irrevocably instructs the Prior Bonds Trustee under the Prior Bonds Indenture to mail a notice of defeasance of the Prior Bonds as provided therein in the forms attached as Exhibit D hereto on August 1, 2016.

SECTION 8. The trust hereby created shall be irrevocable and the holders of the Prior Bonds shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

SECTION 9. This Agreement is made pursuant to and in furtherance of the Prior Bonds Indenture and for the benefit of the Authority and the holders from time to time of the Prior Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the Authority; provided, however, that the Authority and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Prior Bonds, any additional rights, remedies, powers or agency that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Prior Bonds Trustee shall be entitled to conclusively rely upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Prior Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. In consideration of the services rendered by the Escrow Agent under this Agreement, the Authority agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements
incurred by it or by its attorneys, agents and employees in and about the performance of their
powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of
the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and
expenses.

SECTION 11. The Escrow Agent at the time acting hereunder may at any time resign
and be discharged from the trusts hereby created by giving not less than 60 days’ written notice
to the Authority and the Prior Bonds Trustee, specifying the date when such resignation will take
effect in the same manner as a notice is to be mailed pursuant to Section 7 hereof, but no such
resignation shall take effect unless a successor Escrow Agent shall have been appointed by the
holders of the Prior Bonds or by the Authority as hereinafter provided and such successor
Escrow Agent shall have accepted such appointment, in which event such resignation shall take
effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent
instruments in writing, delivered to the Escrow Agent and to the Authority and the Prior Bonds
Trustee and signed by the holders of a majority in principal amount of the Prior Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or
shall be in the course of dissolution or liquidation, or otherwise become incapable of acting
hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer
or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by
the holders of a majority in principal amount of the Prior Bonds, by an instrument or concurrent
instruments in writing, signed by such holders, or by their attorneys-in-fact, duly authorized in
writing; provided, nevertheless, that in any such event, the Authority shall appoint a temporary
Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the
holders of a majority in principal amount of the Prior Bonds, and any such temporary Escrow
Agent so appointed by the Authority shall immediately and without further act be superseded by
the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor
Escrow Agent shall have been made by such holders or the Authority pursuant to the foregoing
provisions of this Section within 60 days after written notice of the removal or resignation of the
Escrow Agent has been given to the Authority, the holder of any of the Prior Bonds or any
retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a
successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem
proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall
be a corporation or institution with trust powers organized under the financial institution laws of
the United States or any state, and shall have at the time of appointment capital and surplus of
not less than $50,000,000. For purpose of this Section 11, a corporation or institution with trust
powers organized under the financial institution laws of the United States of America or any
state shall be deemed to have combined capital and surplus of at least $50,000,000 if it has a
combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a
corporation having a combined capital and surplus of at least $50,000,000.
Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Authority execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all moneys and Escrow Securities held by it to its successor. Should any transfer, assignment or instrument in writing from the Authority be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent’s corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The liability of the Escrow Agent to make payments required in the Agreement shall be limited to the moneys and Escrow Securities in the Escrow Fund.

SECTION 12. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 4 and 5 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys or Escrow Securities held hereunder except as provided in this Agreement.

SECTION 13. To the extent permitted by law, the Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent’s own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent’s successors, assigns, agents and
employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent. The Authority shall pay the Escrow Agent full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase of any Escrow Securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes.

SECTION 14. The recitals of fact contained in the “Whereas” clauses herein shall be taken as the statements of the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the moneys and the Escrow Securities to accomplish the redemption of the Prior Bonds pursuant to the Prior Bonds Indenture or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent’s successors, assigns, agents and employees, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Authority. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Agreement and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Escrow Agent an
incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Securities that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the Authority with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Authority. In the absence of investment instructions from the Authority, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Authority’s selection of an alternative investment as a determination of the alternative investment’s legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

**SECTION 15.** This Agreement shall terminate upon payment of all Prior Bonds on the Redemption Date. Upon such termination, all moneys and Escrow Securities remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the Authority.
SECTION 16. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the Authority or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 18. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.
IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

PICO RIVERA PUBLIC FINANCING AUTHORITY

By________________________________________
   Executive Director

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent and as Prior Bonds Trustee

By_______________________________________
   Authorized Officer
EXHIBIT B

SCHEDULE OF ESCROW SECURITIES
Notice of Full Optional Redemption

PICO RIVERA PUBLIC FINANCING AUTHORITY
2009 LEASE REVENUE BONDS

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<th>Maturity (September 1)</th>
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NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the “Bonds”) of the Pico Rivera Public Financing Authority (the “Authority”) in accordance with that certain Indenture of Trust, dated as of September 1, 2009 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), pursuant to which such Bonds were issued, that all of the Bonds have been called for redemption on September 1, 2019 (the “Redemption Date”), pursuant to the provisions of the governing documents of the Bonds.
On said Redemption Date there will become due and payable the Redemption Price of the Bonds, in the specified portion of the principal amount above, together with interest accrued thereon to the Redemption Date, and that from and after such Redemption Date interest thereon shall cease to accrue. Payment of the Redemption Price on the Bonds called for redemption will be paid only upon presentation and surrender thereof in the following manner:

Owners of the Bonds should surrender said Bonds on the redemption date at the following address:

By Mail, Hand or Overnight:

The Bank of New York Mellon Trust Company, N.A.
Corporate Trust Department
400 S. Hope Street, Suite 400
Los Angeles, California 90071

IMPORTANT NOTICE. Under the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (the “Act”), the Trustee may be obligated to withhold 30% of the redemption price from any Bond holder who has failed to furnish the Trustee with a valid taxpayer identification number and a certification that such Bond holder is not subject to backup withholding under the Act. Bond holders who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.

Neither the Authority nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its corrections indicated in this Notice of Redemption. It is included solely for convenience of the owners of the Bonds.

DATED: __________, 2016

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee
NOTICE OF DEFEASANCE

PICO RIVERA PUBLIC FINANCING AUTHORITY
2009 LEASE REVENUE BONDS

Notice is hereby given to the owners of the Pico River Public Financing Authority 2009 Lease Revenue Bonds listed in Appendix A hereto (the “Defeased Bonds”) that there has been deposited with The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”), moneys and certain securities as permitted by the Indenture of Trust, dated as of September 1, 2009, by and between the Pico Rivera Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee, which will be sufficient to pay the principal and interest on the Defeased Bonds through and including the redemption date of September 1, 2019.

Upon such deposit with the Escrow Agent, all liability of the Authority with respect of the Defeased Bonds has ceased, terminated and been completely discharged; provided, however, that the owners of the Defeased Bonds are entitled to the payment of the principal, premium, and interest on the Defeased Bonds, and the Authority shall remain liable for such payment, but only out of the money deposited as described above.

Dated this June ___, 2016

The Bank of New York Mellon Trust Company,
N.A. as Trustee
APPENDIX A

DESCRIPTION OF THE DEFEASED BONDS

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<td>71988TAN3</td>
</tr>
<tr>
<td>2031</td>
<td>5,375,000</td>
<td>71988TAP8</td>
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</tr>
<tr>
<td>2039</td>
<td>14,615,000</td>
<td>71988TAQ6</td>
</tr>
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</table>

Neither the Authority nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its corrections indicated in this Notice of Defeasance. It is included solely for convenience of the owners of the Bonds.
PRELIMINARY OFFICIAL STATEMENT DATED JUNE ___, 2016

RATINGS:  S&P Global: “AA-” (Insured)
S&P Global: “AA-” (Underlying)
(See “RATINGS” herein.)

In the opinion of Norton Rose Fullbright US LLP, Los Angeles, California under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. See “TAX MATTERS” herein.

PICO RIVERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2016

Dated:  Date of Delivery
Due:  September 1, as shown on the inside cover

The Pico Rivera Public Financing Authority (the “Authority”) is issuing its Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”) to provide funds to (i) refund the Authority’s 2009 Lease Revenue Bonds (the “2009 Bonds”), (ii) purchase a surety bond for the Reserve Account, (iii) purchase a municipal bond insurance policy, and (iv) pay costs of issuance of the Bonds. See “PLAN OF REFUNDING” herein.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Interest on the Bonds is due semiannually on March 1 and September 1 of each year, commencing September 1, 2016, payable by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See “THE BONDS” herein.

The Bonds are subject to extraordinary, optional, and sinking account redemption prior to their stated maturities as described under the caption “DESCRIPTION OF THE BONDS – Redemption” herein.

The Bonds are payable from Revenues pledged to the Bonds under the Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. Such Revenues primarily consist of Base Rental Payments to be made by the City of Pico Rivera, California (the “City”) to the Authority under the Lease, as hereinafter described. Pursuant to the Lease, the City will lease certain property described herein (the “Leased Property”) from the Authority. The City is required under the Lease to make Base Rental Payments in each year in consideration for the use of the Leased Property from any source of legally available funds, and in an amount sufficient to pay the annual principal of and interest on the Bonds. The City’s obligation to make Base Rental Payments is subject to abatement in the event of substantial interference with the use and possession of all or a part of the Leased Property. See “RISK FACTORS — Abatement” herein. The City has covenanted under the Lease to take such action as may be necessary to include and maintain all Base Rental Payments in its annual budget and to make the necessary appropriations therefor, subject to such abatement.

The Bonds are special limited obligations of the Authority secured by and payable solely from Revenues, consisting of all amounts received by the Authority as lessor under the Lease, including, without limitation, scheduled Base Rental Payments, prepayments, and insurance and condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture. See “SECURITY FOR THE BONDS” and “RISK FACTORS” herein.

The scheduled payment of principal of and interest on a portion, or all, of the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by National Public Finance Guarantee Corporation. See “BOND INSURANCE” herein.

THE BONDS ARE PAYABLE EXCLUSIVELY FROM THE REVENUES AND OTHER FUNDS AS IS PROVIDED IN THE INDENTURE. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE, AND THE CREDIT OF THE

* Preliminary; subject to change.
AUTHORITY IS NOT PLEDGED, FOR THE PAYMENT OF THE INTEREST AND PREMIUM (IF ANY) ON OR
PRINCIPAL OF THE BONDS. THE PRINCIPAL OF AND INTEREST ON THE BONDS, AND ANY PREMIUM UPON
THE REDEMPTION OF ANY THEREOF, SHALL NOT BE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR
ENCUMBRANCE UPON ANY PROPERTY OF THE AUTHORITY OR UPON ANY OF ITS INCOME, RECEIPTS OR
REVENUES EXCEPT THE REVENUES AND OTHER FUNDS PLEDGED TO THE PAYMENT THEREOF AS PROVIDED
IN THE INDENTURE. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS OR ADDITIONAL
RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS
OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR
PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE
BASE RENTAL PAYMENTS OR ADDITIONAL RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE
CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY
CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains certain information for general reference only. It is not intended to be a summary of
the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to the
making of an informed investment decision.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of validity by
Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed on
for the Authority by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will
be passed on for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as Underwriter’s Counsel. It
is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC, on or about [June __],
2016.

[STIFEL LOGO]

Dated: ____________, 2016
## MATURITY SCHEDULE*
(Base CUSIP† _____)

<table>
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<tr>
<th>Maturity Date (September 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP†</th>
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</table>

$________ ___% Term Bonds due September 1, 20__ Yield: ___%; Price: ___% CUSIP†: _______

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* Preliminary; subject to change.
† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Ratings on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of investors. None of the Authority, the City, the Underwriter, or the Financial Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.
No dealer, broker, salesperson or other person has been authorized by the Pico Rivera Public Financing Authority (the “Authority”), the City of Pico Rivera, California (the “City”), or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the City, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been furnished by the Authority and the City and includes information from sources that are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, or other matters described herein since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access website.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

National Public Finance Guarantee Corporation (“National”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, National has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding National supplied by National and presented under the heading “BOND INSURANCE” and “APPENDIX G – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY.”

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as otherwise stated, neither the City nor the Authority plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.
CITY OF PICO RIVERA
PICO RIVERA PUBLIC FINANCING AUTHORITY

CITY COUNCIL/GOVERNING BOARD
OTHER ELECTED OFFICIAL

David W. Armenta, Mayor/Chairman
Bob J. Archuleta, Mayor Pro Tem/Vice Chairman
Gustavo V. Camacho, Councilmember/Member
Gregory Salcido, Councilmember/Member
Brent A. Tercero, Councilmember/Member

____________________

CITY AND AUTHORITY STAFF

René Bobadilla, City Manager/Executive Director
Benjamin Cárdenas, Assistant City Manager
Michael Solorza, Director of Finance/Treasurer
Anna M. Jerome, CMC, City Clerk/Secretary

____________________

SPECIAL SERVICES

Bond and Disclosure Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

General Counsel/City Attorney
Alvarez-Glasman & Colvin, Attorneys at Law
City of Industry, California

Financial Advisor
Wolf & Company Inc.
Los Angeles, California

Trustee and Dissemination Agent
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent
Causey Demgen & Moore P.C.
Denver, Colorado
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OFFICIAL STATEMENT

$[_________] *

PICO RIVERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFINDBING BONDS, SERIES 2016

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover and attached appendices, provides certain information in connection with the sale and delivery of the $[_________] * Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”). Capitalized terms not otherwise defined herein have the meanings given in the Indenture and the Lease (each as hereinafter defined) or in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

Purpose of the Bonds

The Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Articles 1 through 4 (commencing with Section 6500), Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Pico Rivera Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Bonds are being issued to provide funds to (i) refund, on an advance basis, the Authority’s 2009 Lease Revenue Bonds (the “2009 Bonds”), currently outstanding in an amount of $30,470,000, (ii) purchase a surety bond for the Reserve Account, (iii) purchase a municipal bond insurance policy, and (iv) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF REFINDBING” herein.

Security for the Bonds

Pursuant to a Site and Facility Lease, dated as of June 1, 2016 (the “Site Lease”), by and between the City of Pico Rivera, California (the “City”) and the Authority, the Authority has agreed to lease from the City certain real property and the improvements thereon, constituting the existing city hall facility, the senior arts center, the city yard, the parks and recreation department headquarters, the Speedway parking lots, and certain parks within the City limits, as further described herein (the “Leased Property”), in exchange for a portion of the proceeds from the sale of the Bonds. Pursuant to a Lease Agreement, dated as of June 1, 2016 (the “Lease”), by and between the Authority, as lessor, and the City, as lessee, the Authority will lease the Leased Property back to the City. Under the Lease, the City will pay to the Authority certain base rental payments (the “Base Rental Payments”) in amounts equal to the scheduled debt service on the Bonds. “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Leased Property” herein.

* Preliminary; subject to change.
The Bonds are special obligations of the Authority secured by and payable from specific Revenues (as defined in the Indenture) pledged to the Bonds under the Indenture. The Revenues primarily consist of (i) all Base Rental Payments to be made by the City to the Authority under the Lease; (ii) any proceeds of Bonds originally deposited with the Trustee and all moneys on deposit in the funds and accounts (other than the Rebate Fund) established under the Indenture; (iii) investment income with respect to such moneys held by the Trustee; and (iv) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments, including interest or profits. Under the Lease, the City is obligated to budget and appropriate from its General Fund amounts sufficient to make Base Rental Payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Under the Lease, in addition to Base Rental Payments, the City has agreed to pay Additional Rental payments in such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment thereof, the Indenture, or the Authority’s or the Trustee’s interest in the Leased Property (“Additional Rental Payments”).

Under the Lease, the City has the right to substitute alternate real property or improvements for the Leased Property, release existing property, or add additional real property or equipment to the Leased Property.

The obligation of the City to make Base Rental Payments under the Lease is an unsecured obligation of the City, payable from legally available funds. Under the Lease, the City has covenanted to budget and appropriate sufficient funds to make all rental payments required to be made under the Lease, subject only to abatement as provided therein. See “RISK FACTORS — Base Rental Payments Are Not Debt” and “— Abatement.”

Reserve Account

A Reserve Account (the “Reserve Account”) will be established under the Indenture for the Bonds in an amount equal to the Reserve Requirement. The “Reserve Requirement” is defined as an amount equal to, at any date of determination, the least of (i) ten percent (10%) of the sale proceeds (within the meaning of section 148 of the Code) of the Bonds and Additional Bonds, if applicable, (ii) 125% of average annual debt service on the Bond and Additional Bonds, if applicable, for that and every succeeding Bond Year, or (iii) Maximum Annual Debt Service.

The Authority will satisfy the Reserve Requirement by depositing the Reserve Policy in the Reserve Account in accordance with the Indenture. “Reserve Policy” means the municipal bond debt service reserve insurance policy relating to the Bonds issued by the National. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Definitions.”

Continuing Disclosure

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The City will covenant for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City and to provide notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” herein and “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT.”
DESCRIPTION OF THE BONDS

General

The Bonds will be dated their date of delivery and issued in the aggregate principal amount and bear interest at the rates per annum and mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year (each an “Interest Payment Date”), commencing September 1, 2016. Interest on each Bond will accrue from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is executed during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond interest with respect to such Bond is in default, such Bond shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds are to be made to purchasers (“Beneficial Owners”) by DTC through DTC Participants. Purchasers will not receive physical delivery of the Bonds purchased by them. See “APPENDIX F – BOOK-ENTRY SYSTEM.”

The registration of any Bond may be transferred upon the surrender of such Bond for cancellation at the Trust Office of the Trustee by the Owner thereof or by such Owner’s duly authorized attorney with a duly executed written instrument of transfer in a form satisfactory to such Trustee and upon payment by the Owner thereof of any charges the Trustee may make pursuant to the Indenture. The Bonds may be exchanged at the Trust Office of the Trustee upon payment by the Owner thereof of any charges and upon the conditions and terms prescribed in the Indenture and in the Lease. The Trustee is not required to transfer or exchange Bonds during the period established by the Trustee for the selection of Bonds for redemption or any Bond selected for redemption in whole or in part.

Redemption*

Extraordinary Redemption. The Bonds are subject to redemption prior to their respective maturity dates as a whole or in part on any date, from prepayments of Base Rental Payments made by the City pursuant to the Lease from funds received by the City due to a taking of the Leased Property or any portion thereof under the power of eminent domain or from insurance proceeds received by the City due to damage to or destruction of the Leased Property or any portion thereof, under the circumstances and upon the conditions and terms prescribed in the Indenture and in the Lease.

Redemption of Bonds pursuant to extraordinary redemption shall be made at a redemption price equal to the sum of the principal of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

* Preliminary; subject to change.
Optional Redemption. The Bonds maturing on or after September 1, 20__ shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20__, in any order deemed reasonable by the Authority, and by lot within a maturity, from prepayments of Base Rental Payments made at the option of the City pursuant to the Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption. The Bonds maturing on September 1, 20__ (the “Term Bonds”) are subject to mandatory redemption, in part by lot, on September 1 in each year shown below until maturity, from sinking account payments made by the Authority, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that in lieu of redemption thereof, such Term Bonds may be purchased by the Authority and tendered to the Trustee:

<table>
<thead>
<tr>
<th>Sinking Account Redemption Date (September 1)</th>
<th>Principal Amount to be Redeemed or Purchased</th>
</tr>
</thead>
</table>

If some but not all of the Term Bonds have been redeemed pursuant to extraordinary or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by Authority with the Trustee.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption (other than sinking account redemption) of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption, in such maturities as the Authority shall designate (and by lot within any maturity). The Authority shall give the Trustee at least forty-five (45) days notice in writing (or such shorter number of days acceptable to the Trustee in the sole discretion of the Trustee) to exercise the Extraordinary or Optional Redemption provisions of the Indenture. For purposes of such selection, all Bonds shall be deemed to be comprised of separate $5,000 portions and such portions shall be treated as separate Bonds, which may be separately redeemed.

Notice of Redemption

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or
maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

The Authority has the right to rescind any notice of optional redemption of the Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Authority and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be secured solely by a pledge of Revenues and such other moneys, funds and accounts pledged primarily to the payment of the Bonds under the Indenture (other than the Rebate Fund). The Revenues consist of (i) all Base Rental Payments to be made by the City to the Authority under the Lease; (ii) any proceeds of Bonds originally deposited with the Trustee and all moneys on deposit in the funds and accounts (other than the Rebate Fund) established under the Indenture; (iii) investment income with respect to such moneys held by the Trustee; and (iv) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments. The Base Rental Payments will be paid by the City in an amount sufficient to pay the principal of and interest on the Bonds on each Interest Payment Date.

Under the Lease, in addition to Base Rental Payments, the City has agreed to pay Additional Rental payments in such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment thereof, the Indenture, or the Authority’s or the Trustee’s interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants, attorneys or engineers, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture.

The City has agreed, in the Lease, to take such action as may be necessary to include all Base Rental Payments and Additional Rental due under the Lease in its annual budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental, subject only to abatement as provided in the Lease.
Pursuant to the Assignment Agreement, dated as of June 1, 2016 (the “Assignment Agreement”), by and between the Authority and the Trust, the Authority will assign, as security for the payment of debt service on the Bonds, to the Trustee for the benefit of the Owners the Authority’s rights under the Lease, including the right to receive Base Rental Payments. On or before each February 15 and August 15 the City is required to pay to the Trustee the Base Rental Payments coming due on the next succeeding March 1 and September 1, respectively, from any available sources.

Leased Property

The Leased Property is comprised of the following:

**City Hall.** The existing city hall facility for the City, which consists of a main city hall building and an annex building, is located at 6615 Passons Boulevard (“City Hall”). City Hall was constructed during 1959 and underwent renovation in 1985. The main building is a one-story building with a fully improved basement level and contains approximately 21,014 square feet. The annex building is a single-story building that was converted from a vehicle storage building to offices. This latter building contains approximately 2,276 square feet of area. The City Hall building includes all of the managerial departments of the City (excepting the parks and recreation department), the City Council Members’ offices and council chambers. City Hall is located on approximately 2.72 acres.

**Senior – Arts Center.** The approximately 43,700 square foot Senior – Arts Center Building is located at 9136, 9200 and 9224 Mines Avenue. The Senior – Arts Center is a single story building consisting of approximately 17,258 square feet constructed in 1990. Site improvements include landscaping and an asphalt-paved open parking area. The Senior – Arts Center is located on approximately 1.91 acres.

**City Yard.** The City Yard is located at 9633 Beverly Road. The City Yard is a public works garage and storage yard including approximately 13,990 square feet of building in five structures. The total area of the City Yard is approximately 5.73 acres. Approximately 140,000 square feet of the City Yard is contained within the San Gabriel River Channel and is affected by a Los Angeles County Flood Control District easement; that portion of the City Yard lying within the easement constitutes approximately 0.5% of the area of the City Yard and contains no structures. See the caption “RISK FACTORS—Abatement” and “RISK FACTORS—Natural Hazards, Flooding.”

**Parks and Recreation Department Headquarters.** The approximately 7,032 square foot Parks and Recreation Department Headquarters Building is located at 6767 Passons Boulevard. The Parks and Recreation Department Headquarters Building was constructed in 1960 as a telephone company field office. The Parks and Recreation Department Headquarters Building is located on approximately 0.61 acres.

**Speedway Parking Lots.** The Speedway Parking Lots consists of two non-contiguous parcels located at 4944 Lindsey Avenue and the northeast corner of Deland and Speedway. The Speedway Parking Lots, as aggregated, consist of approximately 17,420 square feet; there are no improvements to the Speedway Parking Lots.

**Pico Park.** Pico Park is located at 9300 Beverly Boulevard. Pico Park is a park and recreation complex including a recreation building and gymnasium that were constructed in 1996 and other improvements constructed in 1957. Pico Park consists of approximately 13 acres.

**Smith Park.** Smith Park is located at 6016 Rosemead Boulevard. Smith Park is a park and recreation complex and consists of approximately 16.41 acres. Improvements include a recreation center.
building that contains approximately 11,449 square feet and a restroom consisting of approximately 1,220 square feet, both constructed in 1956, as well as a second restroom building constructed in 2003 consisting of approximately 768 square feet. Recreational improvements include 4 lighted baseball fields, an outdoor basketball court, an Olympic size swimming pool, and a skate park.

**Rivera Park.** Rivera Park is located at 9530 Shade Lane. Rivera Park is a park and recreation complex, which includes an activities building and a gymnasium; these buildings were constructed at various times between 1959 and 1970 and enclosed approximately 19,984 square feet. The area of Rivera Park is approximately 16.04 acres. Special features include six baseball fields, six outdoor handball courts with restroom, a golf driving range and two sandboxes.

**Rio Hondo Park.** Rio Hondo Park is located at 8421 Potosi Place. Rio Hondo Park consists of approximately 12 acres, and includes a community center building constructed in 2005 that contains approximately 5,625 square feet and a restroom building consisting of approximately 1,285 square feet, as well as a lighted baseball field, an outdoor basketball court, a covered picnic area and modular playground equipment.

The City has determined that the annual fair rental value of the Leased Property is in excess of the maximum annual Base Rental Payments.

The Lease provides that the City has the right to substitute alternate real property or improvements for the Leased Property, release existing property or add additional real property or improvements to the Leased Property, upon written advance notice of such substitution or addition to all rating agencies, if any, then rating the Bonds and compliance with other requirements of the Lease. See APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE.”

The Authority will lease the Leased Property to the City pursuant to the Lease. Under the Lease, the City is required to maintain the Leased Property in working order.

**Reserve Account**

A Reserve Account will be established under the Indenture for the Bonds in an amount equal to the Reserve Requirement. The “Reserve Requirement” is defined as an amount equal to, at any date of determination, the least of (i) ten percent (10%) of the sale proceeds (within the meaning of section 148 of the Code) of the Bonds and Additional Bonds, if applicable, (ii) 125% of average annual debt service on the Bond and Additional Bonds, if applicable, for that and every succeeding Bond Year, or (iii) Maximum Annual Debt Service.

Application has been made to National Public Finance Guarantee Corporation (“National”) for a commitment to issue a surety bond (the “Reserve Policy”). The Reserve Policy provides that upon notice from the Trustee to National to the effect that insufficient amounts are on deposit in the Lease Revenue Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Bonds, National will promptly deposit with the Trustee an amount sufficient to pay the principal of and interest on the Bonds or the available amount of the Reserve Policy, whichever is less. Upon the later of: (i) three (3) days after receipt by National of a Demand for Payment in the form attached to the Reserve Policy, duly executed by the Trustee; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to National, National will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee (as specified in the Demand for Payment) subject to the Surety Bond Coverage.
The available amount of the Reserve Policy is the initial face amount of the Reserve Policy less the amount of any previous deposits by National with the Trustee which have not been reimbursed by the Authority. The Authority and National have entered into a Financial Guaranty Agreement dated June ___, 2016 (the “Agreement”). Pursuant to the Agreement, the Authority is required to reimburse National, with interest, within one year of any deposit, the amount of such deposit made by National with the Trustee under the Reserve Policy.

No optional redemption of Bonds may be made until National’s Reserve Policy is reinstated. The Reserve Policy is held by the Trustee in the Reserve Account and is provided as an alternative to the Authority depositing funds equal to the Reserve Requirement for outstanding Bonds.

In the event National were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

The Authority will satisfy the Reserve Requirement by depositing the Reserve Policy in the Reserve Account in accordance with the Indenture. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

On or before each Interest Payment Date, the Trustee shall deposit in the Reserve Account such amount as may be necessary to maintain a balance therein equal to the Reserve Requirement. No deposit shall be made in the Reserve Account so long as there shall be on deposit an amount equal to the Reserve Requirement. All money in the Reserve Account (or available to be drawn from a Qualified Reserve Account Credit Instrument) shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account in such order, in the event of any deficiency at any time in either of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money of the Authority is lawfully available therefor. All moneys in the Reserve Account (or available to be drawn from a Qualified Reserve Account Credit Instrument held in the Reserve Account) in excess of the Reserve Requirement may be applied to the retirement of all Bonds then Outstanding or as a credit against the next following Base Rental Payment as directed in a Request by the City.

Neither the Authority nor the City will have an obligation to replace Reserve Policy or to fund the Reserve Account with cash if, at any time that the Bonds are Outstanding, amounts are not available under the Reserve Policy other than in connection with a draw on the Reserve Policy.

Abatement of Base Rental Payments

The obligation of the City to pay Base Rental Payments and Additional Rental Payments shall be abated during any period in which by reason of any damage, destruction or condemnation there is substantial interference with the use by the City of the Leased Property or any portion thereof. Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction or taking do not substantially interfere with the City’s use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of such interference and ending with the restoration of the Leased Property to tenantable condition. See “RISK FACTORS – Abatement.”
Additional Obligations

The Authority has agreed pursuant to the Indenture that no additional bonds, notes or indebtedness shall be issued or incurred that are payable out of the Revenues in whole or in part, other than Additional Bonds as provided in the Indenture and subject to the specific conditions precedent to the issuance of the Additional Bonds listed in the Indenture, including that the Authority and the City shall not be in default under the Indenture or the Lease, a deposit shall be made in the Reserve Account or a separate reserve account so that the amounts on deposit therein shall equal the Reserve Requirement, and the Lease shall be amended so as to increase the Base Rental Payments payable by the City by an aggregate amount equal to the principal and interest due and payable on such Additional Bonds. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE – Additional Bonds.”

Maintenance, Utilities, Taxes and Assessments

During such time as the City or any assignee or sublessee thereof is in possession of the Leased Property, all maintenance and repair, ordinary or extraordinary, of the Leased Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of (a) all utility services supplied to the Leased Property, (b) the cost of operation of the Leased Property, and (c) the costs of maintenance of and repair to the Leased Property resulting from ordinary wear and tear or lack of care on the part of the City. The City shall, at the City’s sole cost and expense, keep and maintain the Leased Property clean and in a safe and good condition and repair. The Authority has no obligation to alter, remodel, improve, repair, decorate, or paint the Leased Property or any part thereof.

The City shall comply with all statutes, ordinances, regulations, and other requirements of all governmental entities that pertain to the occupancy or use of the Leased Property. The Authority has no responsibility or obligation whatsoever to construct any improvements, modifications or alterations to the Leased Property.

The Authority and the City contemplate that the Leased Property will be used for public purposes by the City and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. In the event that the use, possession or acquisition by the Authority or the City of the Leased Property is found to be subject to taxation in any form, the City will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as the Lease is in effect.

Insurance Coverages

The Lease provides that each policy of insurance required thereby shall name the Trustee as an additional insured.

Pursuant to the Lease, the City will obtain a CLTA or ALTA title policy insuring the City’s and Authority’s interest in the Leased Property. The Lease requires that the City maintain rental interruption insurance to insure against loss, total or partial, of rental income from any portion of the Leased Property in an amount equal to 24 months of Base Rental Payments. The City is obligated to obtain a standard comprehensive general public liability and property damage insurance policy, theft insurance, insurance
against fire, lightning or flood damage (if reasonably necessary), including extended coverage and 
vandalism and malicious mischief insurance and workers’ compensation insurance. Throughout the term 
of the Lease, the City will maintain, or cause to be maintained, earthquake insurance with respect to the 
Leased Property, but only if it is obtainable in reasonable amounts at reasonable cost on the open market 
from reputable insurance companies, subject to a commercially reasonable deductible. The City may also 
maintain such insurance (except rental interruption and title insurance) through a program of self-
insurance under certain conditions. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF 
THE PRINCIPAL LEGAL DOCUMENTS – THE LEASE – Insurance.”

The proceeds of any rental interruption insurance will be deposited in the Lease Revenue Fund to 
be credited towards the payment of the Base Rental Payments. The Lease requires the City promptly to 
remit to the Trustee the Net Proceeds of any insurance award either to replace or repair the Leased 
Property or to prepay the Bonds. The amount of Base Rental Payments and Additional Rental Payments 
due under the Lease may be reduced during any period in which material damage or destruction to all or 
part of the Leased Property substantially interferes with the City’s use and possession thereof. See “RISK 
FACTORS – Abatement” herein.

Substitution and Release of Property

Pursuant to the Lease, the City shall have, so long as the Lease is in effect, the option at any time 
and from time to time, to substitute other real property and/or improvements for any portion of the Leased 
Property or release any identifiable real property and/or improvements constituting the Leased Property, 
provided that the City shall satisfy all of the requirements set forth in the Lease, including advance notice 
to the rating agency then rating the Bonds. See “APPENDIX C – SUMMARY OF CERTAIN 
PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE LEASE – Substitution and Release 
of Property.”

BOND INSURANCE

Concurrently with the issuance of the Bonds, National Public Finance Guarantee Corporation 
(“National”) will issue its Financial Guaranty Insurance Policy for the Bonds (the “Policy”). The Policy 
guarantees the scheduled payment of principal of and interest on a portion, or all, of the Bonds when due as 
set forth in the form of the Policy included as an exhibit to this Official Statement.

The following information has been furnished by National for use in this Official Statement.

National does not accept any responsibility for the accuracy or completeness of any information 
or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the 
information regarding National and the Policy. Additionally, National makes no representation regarding 
the Bonds or the advisability of investing in the Bonds. A specimen of the Policy is attached hereto as 
Appendix G.

The Policy unconditionally and irrevocably guarantees the full and complete payment required to 
be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the 
principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory 
sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so 
paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory 
or optional redemption or acceleration resulting from default or otherwise, other than any advancement of 
maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be 
made in such amounts and at such times as such payments of principal would have been due had there not 
been any such acceleration, unless National elects in its sole discretion, to pay in whole or in part any
principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a “Preference”).

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Bonds.

National Public Finance Guarantee Corporation

National is an operating subsidiary of MBIA Inc., a New York Stock Exchange listed company. MBIA Inc. is not obligated to pay the debts of or claims against National. National is domiciled in the State of New York and is licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico and the U.S. Virgin Islands.

The principal executive offices of National are located at 1 Manhattanville Road, Suite 301, Purchase, New York 10577 and the main telephone number at that address is (914) 765-3333.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, National is also subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for National, limits the classes and concentrations of investments that are made by National and requires the approval of policy rates and forms that are employed by National. State law also regulates the amount of both the aggregate and individual risks that may be insured by National, the payment of dividends by National, changes in control with respect to National and transactions among National and its affiliates.

The National Insurance Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of National

National’s current financial strength ratings from the major rating agencies are summarized below:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Ratings</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>AA-</td>
<td>Stable</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A3</td>
<td>Negative</td>
</tr>
<tr>
<td>KBRA</td>
<td>AA+</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Each rating of National should be evaluated independently. The ratings reflect the respective rating agency’s current assessment of the creditworthiness of National and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. National does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

Recent Litigation

In the normal course of operating its business, National may be involved in various legal proceedings. Additionally, MBIA Inc. may be involved in various legal proceedings that directly or indirectly impact National. For additional information concerning material litigation involving National and MBIA Inc., see MBIA Inc.’s Annual Report on Form 10-K for the year ended December 31, 2015 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, which is hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof, as well as the information posted on MBIA Inc.’s web site at http://www.mbia.com.

MBIA Inc. and National are defending against/pursuing the aforementioned actions and expect ultimately to prevail on the merits. There is no assurance, however, that they will prevail in these actions. Adverse rulings in these actions could have a material adverse effect on National’s ability to implement its strategy and on its business, results of operations and financial condition.

Other than as described above and referenced herein, there are no other material lawsuits pending or, to the knowledge of National, threatened, to which National is a party.

National Financial Information

Based upon statutory financials, as of March 31, 2016, National had total net admitted assets of $4.6 billion (unaudited), total liabilities of $2.1 billion (unaudited), and total surplus of $2.5 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning National, see the financial statements of MBIA Inc. and its subsidiaries as of December 31, 2015, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of MBIA Inc. for the year ended December 31, 2015, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

The following documents filed by MBIA Inc. with the Securities and Exchange Commission (the “SEC”) are incorporated by reference into this Official Statement:

MBIA Inc.’s Annual Report on Form 10-K for the year ended December 31, 2015;

MBIA Inc.’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.
Any documents, including any financial statements of National that are included therein or attached as exhibits thereto, or any Form 8-K, filed by MBIA Inc. pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of MBIA Inc.’s most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

MBIA Inc., files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of MBIA Inc.’s SEC filings (MBIA Inc.’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and MBIA Inc.’s Annual Report on Form 10-K for the year ended December 31, 2015) are available (i) over the Internet at the SEC’s web site at http://www.sec.gov; (ii) at the SEC’s public reference room in Washington D.C.; (iii) over the Internet at MBIA Inc.’s web site at http://www.mbia.com; and (iv) at no cost, upon request to National at its principal executive offices.

In the event National were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

PLAN OF REFUNDING

General

Proceeds of the Bonds, together with certain funds made available through the refunding of the 2009 Bonds, will be deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent and trustee for the 2009 Bonds (the “Escrow Agent”), pursuant to an Escrow Agreement, dated as of June 1, 2016 (the “Escrow Agreement”), by and between the Authority and the Escrow Agent. Amounts so deposited will be invested in Escrow Securities, as defined in the Escrow Agreement and held by the Escrow Agent and will be sufficient to pay the debt service coming due and the redemption price of the 2009 Bonds through and including September 1, 2019 (the “Redemption Date”).

Verification

Causey Demgen & Moore P.C., as verification agent (the “Verification Agent”), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it by the Authority, relating to the sufficiency of moneys and/or federal securities and the interest thereon to provide for the redemption and defeasance of the 2009 Bonds. The report of the Verification Agent will include a statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or information coming to its attention, subsequent to the date of its report.
ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Bonds are as follows:

**SOURCES:**
Principal amount of Bonds
Premium/Discount
Other Available Funds
Total Sources

**USES:**
Deposit to Escrow Fund
Costs of Issuance\(^{(1)}\)
Total Uses

\(^{(1)}\) Costs of issuance include Underwriter’s discount, fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Verification Agent, and Trustee, premiums for the surety bond and municipal bond insurance policy, printing expenses, rating fee and other costs related to the issuance of the Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Bonds:

<table>
<thead>
<tr>
<th>Interest Payment Dates(1)</th>
<th>Principal</th>
<th>Interest</th>
<th>Total Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Base Rental Payments are required to be made fifteen (15) days prior to each Interest Payment Date.

THE AUTHORITY

The Pico Rivera Public Financing Authority was formed pursuant to the provisions of Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Joint Powers Act”) and a Joint Exercise of Powers Agreement, dated as of August 14, 1989 (the “Joint Powers Agreement”), by and between the City and the Pico Rivera Redevelopment Agency (the “Agency”). The Authority was formed to assist the City in the financing and refinancing of public capital improvements. Pursuant to the Joint Powers Act, the Authority is authorized to issue lease revenue bonds to provide funds to acquire or construct public capital improvements, such revenue bonds to be repaid from the lease payments for such improvements, such as the lease payments described herein. The Authority is governed by a five-member
board whose members are the same as the City Council. The Authority has no employees and all staff work is done by City staff or by consultants to the Authority. The Authority has acted as a conduit issuer for the City for a variety of financings.

THE CITY

General Information

The City is located approximately 11 miles east of downtown Los Angeles, California. The City was incorporated on January 29, 1958 and is a general law city operating under a council/manager form of government. See “APPENDIX A – SELECTED DEMOGRAPHIC AND FINANCIAL INFORMATION RELATING TO THE CITY OF PICO RIVERA.” A copy of the City’s audited financial statements for the fiscal year ended June 30, 2015 is attached hereto as APPENDIX B.

Government

City Council and Staff. The City operates under a Council/Manager form of government. The City Council is composed of five members elected at large. The Mayor is the presiding officer of the Council and is selected by the members of the City Council to serve a term of one year on a rotational basis. The City Council appoints a City Manager, City Clerk, City Attorney, and all advisory boards and commissions. The City Manager serves as the chief administrative officer of the City.

The names of the members of the City Council and the dates their terms expire are as follows:

- David W. Armenta, November 2017
- Bob J. Archuleta, November 2019
- Gustavo V. Camacho, November 2017
- Gregory Salcido, November 2019
- Brent A. Tercero, November 2019

René Bobadilla, P.E., City Manager, has served as the City Manager of the City since June 2014. In that capacity, he serves as the City’s chief administrator, supervising all departments including: Finance, Parks and Recreation, Human Resources, Community and Economic Development, Public Safety, and Public Works. Prior to joining the City, Mr. Bobadilla served as the City Manager of Huntington Park from 2012 to 2014 and City of El Monte from 2010-2012. Mr. Bobadilla has also worked for the County of Los Angeles as a Civil Engineer for over a decade subsequent his years of service in the private sector. Mr. Bobadilla received his Bachelor of Science Degree in Civil Engineering from California State Polytechnic University, Pomona and received his professional engineering license in 2000.

Benjamin Cárdenas, Assistant City Manager is a seasoned public servant with over a decade of government work experience both in the Los Angeles region and Washington, DC. He has extensive experience in federal, state and local government affairs. As the Assistant City Manager, he is charged with the supervision, coordination, and administration of the various functions of the City. He works as a liaison between the City Manager’s Office and the departments of Public Works, Community and Economic Development, Finance, Human Resources, and Parks and Recreation. He previously served as District Director for U.S. Representative Grace F. Napolitano, representing the 32nd Congressional District encompassing the San Gabriel Valley cities and communities of Azusa, Baldwin Park, Industry, Covina, West Covina, Duarte, El Monte, Irwindale, La Puente, La Verne, Monrovia, Glendora and San Dimas.
His extensive Congressional work experience provides him with in-depth knowledge of transportation, water, mental health, business, trade, veterans’ affairs, labor, housing, military academies and immigration, among other legislative issues. Ben proudly serves as President on the Board of Education for the Montebello Unified School District representing over 55,000 K-12 and Adult-Education students combined and overseeing an operating budget of nearly $300 million dollars.

Michael A. Solorza, Director of Finance/City Treasurer is a committed public servant with over twenty years of experience working for numerous Federal, State, County and local agencies. He has over fifteen years of experience in public finance. He has managed budgets, overseen audits, updated policies, and performed the full range of public sector finance duties while serving as Administrative Services Director, Finance Director, City Treasurer and Budget Manager for other municipalities in Southern California. As the Director of Finance/City Treasurer for the City, he manages a $100 million, multi-fund budget, oversees the investment of $44 million in public funds, and manages a diverse professional and technical staff involved in the provision of procurement services, accounting and auditing, accounts payable/accounts receivable, budgeting, utility billing, capital project and grant management and financial reporting and internal controls. He earned his Master of Arts degree from the La Follette School of Public Policy at the University of Wisconsin, Madison. In addition he has a Bachelor of Arts in Political Science from the University of California, Irvine.

Administration. The major municipal departments and agencies of the City administration are: City Manager; City Clerk; City Attorney; Finance; Human Resources; Public Works; Community Development and Economic Development; and Parks and Recreation. The City operates divisions within these major departments for Redevelopment, Emergency Services, Building and Safety, and Planning. The City contracts with the County of Los Angeles for police and fire protection as well as library services.

Budgetary Process and Administration; General Fund

The City uses the following procedures when establishing the budgetary data reflected in its financial statements:

The fiscal year of the City begins on the first day of July of each year and ends on the thirtieth day of June the following year. In May of every year, the City Manager submits to the City Council the proposed budget during a special budget study session. At the conclusion of the special budget study session, the City Council reviews and considers the proposed budget and makes any revisions thereof that it deems advisable and on or before June 30 it adopts the budget with revisions, if any, by the affirmative vote of at least a majority of the total members of the City Council during a public meeting. At any public meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative vote of at least a majority of the total members of the City Council. While the City Manager can approve amendments that do not change the bottom-line of the Budget, the City Council must approve any supplements to the budget.

The City Council employs an independent certified public accounting firm which, at such time or times as specified by the City Council, at least annually, at such other times as such firm shall determine, examines the books, records, inventories and reports of all officers and employees who receive, control, handle or disburse public funds and of all such other officers, employees or departments as the City Council may direct.
Revenue and Expenditure Trends

The General Fund City Budget includes programs and services which are provided on a largely Citywide basis. The programs and services are financed primarily by the City’s share of property taxes, sales tax, local taxes, revenues from the State and charges for services provided.

Table 1 below compares the City’s General Fund Budget adopted for Fiscal Years 2013-14 and 2014-15 with the City’s audited actual revenue and expenditures for Fiscal Years 2013-14 and 2014-15.
### Table 1

**City of Pico Rivera**

Statement of Revenues, Expenditures, and Changes in General Fund Balances Budget
And Actual General Fund Balances For Fiscal Years Ended June 30, 2014 and June 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>Variance</th>
<th>2014</th>
<th>2015</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes and assessments</td>
<td>$26,586,000</td>
<td>$29,607,405</td>
<td>$3,021,405</td>
<td>$29,074,000</td>
<td>$29,942,939</td>
<td>$868,939</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>1,941,500</td>
<td>2,320,618</td>
<td>379,118</td>
<td>2,096,900</td>
<td>2,363,477</td>
<td>266,577</td>
</tr>
<tr>
<td>Intergovernment</td>
<td>220,000</td>
<td>295,244</td>
<td>75,244</td>
<td>290,000</td>
<td>311,973</td>
<td>21,973</td>
</tr>
<tr>
<td>Charges for services</td>
<td>1,679,500</td>
<td>1,746,618</td>
<td>67,118</td>
<td>1,760,900</td>
<td>1,723,440</td>
<td>(37,460)</td>
</tr>
<tr>
<td>Fines, forfeitures and penalties</td>
<td>1,281,900</td>
<td>1,224,540</td>
<td>(57,360)</td>
<td>1,349,000</td>
<td>1,134,906</td>
<td>(214,094)</td>
</tr>
<tr>
<td>Investment and rental</td>
<td>75,000</td>
<td>52,724</td>
<td>(22,276)</td>
<td>78,500</td>
<td>47,295</td>
<td>(31,205)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,886,000</td>
<td>1,228,686</td>
<td>(657,314)</td>
<td>890,000</td>
<td>2,142,737</td>
<td>1,252,737</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$33,669,900</td>
<td>$36,475,835</td>
<td>$2,805,935</td>
<td>$35,539,300</td>
<td>$37,666,767</td>
<td>$2,127,467</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>7,140,100</td>
<td>7,183,738</td>
<td>(43,638)</td>
<td>8,286,165</td>
<td>6,867,125</td>
<td>1,419,040</td>
</tr>
<tr>
<td>Public safety</td>
<td>11,342,774</td>
<td>11,188,047</td>
<td>154,727</td>
<td>10,948,183</td>
<td>10,435,184</td>
<td>512,999</td>
</tr>
<tr>
<td>Public works</td>
<td>7,090,426</td>
<td>7,219,646</td>
<td>(129,220)</td>
<td>8,765,418</td>
<td>7,588,159</td>
<td>1,177,259</td>
</tr>
<tr>
<td>Parks and recreation</td>
<td>4,240,300</td>
<td>3,968,224</td>
<td>272,076</td>
<td>4,293,398</td>
<td>3,825,479</td>
<td>467,919</td>
</tr>
<tr>
<td>Community development</td>
<td>1,283,800</td>
<td>1,411,632</td>
<td>(127,832)</td>
<td>2,032,039</td>
<td>1,866,590</td>
<td>165,449</td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>585,000</td>
<td>(585,000)</td>
<td>610,000</td>
<td>610,000</td>
<td></td>
</tr>
<tr>
<td>Interest and fiscal charges</td>
<td>2,319,500</td>
<td>1,734,538</td>
<td>584,962</td>
<td>1,709,500</td>
<td>1,710,638</td>
<td>(1,138)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$33,416,900</td>
<td>$33,290,825</td>
<td>$126,075</td>
<td>$36,644,703</td>
<td>$32,903,175</td>
<td>$3,741,528</td>
</tr>
<tr>
<td><strong>Excess of Revenues</strong></td>
<td>$253,000</td>
<td>$3,185,010</td>
<td>2,932,010</td>
<td>(1,105,403)</td>
<td>4,763,592</td>
<td>5,868,995</td>
</tr>
<tr>
<td><strong>Other Financing Sources</strong></td>
<td>$3,210,800</td>
<td>$3,344,104</td>
<td>133,304</td>
<td>$3,227,400</td>
<td>2,861,809</td>
<td>(365,591)</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources (Uses)</strong></td>
<td>(4,023,619)</td>
<td>(2,426,679)</td>
<td>1,596,940</td>
<td>(3,948,325)</td>
<td>(1,914,629)</td>
<td>2,033,696</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balances</strong></td>
<td>(812,819)</td>
<td>917,425</td>
<td>1,730,244</td>
<td>(720,925)</td>
<td>947,180</td>
<td>1,668,105</td>
</tr>
<tr>
<td><strong>Fund Balances (Deficit) – Beginning of Year</strong></td>
<td>(559,819)</td>
<td>4,102,435</td>
<td>4,662,254</td>
<td>(1,826,328)</td>
<td>5,710,772</td>
<td>7,537,100</td>
</tr>
<tr>
<td><strong>Fund Balances (Deficit) – End of Year</strong></td>
<td>$40,570,913</td>
<td>$45,233,167</td>
<td>$4,662,254</td>
<td>$43,406,839</td>
<td>$50,943,939</td>
<td>$7,537,100</td>
</tr>
</tbody>
</table>

Source: City of Pico Rivera.
The following table shows General Fund estimated revenues and General Fund appropriations from the adopted fiscal year 2015-16 City budget, including a mid-year projection conducted on February 23, 2016:

**TABLE 2**  
**CITY OF PICO RIVERA**  
**General Fund Budget**  
**Revenues and Appropriations**  
**For Fiscal Year Ended June 30, 2016 and Mid-Year Projection**

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Adopted Budget</th>
<th>Mid-Year Projected</th>
<th>Over/Under Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes and assessments</td>
<td>$29,775,839</td>
<td>$31,442,000</td>
<td>$1,666,161</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>3,213,500</td>
<td>3,168,500</td>
<td>(45,000)</td>
</tr>
<tr>
<td>Fees, Fines, and Forfeitures</td>
<td>1,200,000</td>
<td>1,100,000</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Use of Money</td>
<td>33,000</td>
<td>33,000</td>
<td>-</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>802,500</td>
<td>1,125,000</td>
<td>322,500</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>4,236,806</td>
<td>797,300</td>
<td>(3,439,506)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$39,261,645</td>
<td>$37,665,800</td>
<td>$(1,595,845)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>8,391,394</td>
<td>7,780,984</td>
<td>$(610,410)</td>
</tr>
<tr>
<td>Public Safety</td>
<td>11,428,846</td>
<td>11,428,846</td>
<td>-</td>
</tr>
<tr>
<td>Public Works</td>
<td>9,837,857</td>
<td>9,189,624</td>
<td>(648,233)</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>4,392,842</td>
<td>3,931,976</td>
<td>(460,866)</td>
</tr>
<tr>
<td>Community Development</td>
<td>2,705,168</td>
<td>2,467,646</td>
<td>(237,522)</td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>635,000</td>
<td>(635,000)</td>
</tr>
<tr>
<td>Interest</td>
<td>2,317,563</td>
<td>2,317,563</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$39,074,211</td>
<td>$37,751,640</td>
<td>$(1,322,571)</td>
</tr>
</tbody>
</table>

| Operating Surplus (Deficit)       | $187,434       | $(85,840)          |                   |

*Source: City of Pico Rivera.*
The following table sets forth the City’s General Fund balance sheet based upon audited financial statements for Fiscal Years ended June 30, 2011 through June 30, 2015.

**TABLE 3**  
**CITY OF PICO RIVERA**  
General Fund Balance Sheet  
For Fiscal Years Ended June 30, 2011 Through June 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$1,706,649</td>
<td>$6,432,263</td>
<td>$8,577,551</td>
<td>$11,693,066</td>
<td>$21,003,445</td>
</tr>
<tr>
<td>Restricted cash and investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments with fiscal agents</td>
<td>2,334,594</td>
<td>2,334,609</td>
<td>2,334,811</td>
<td>2,346,856</td>
<td>2,358,919</td>
</tr>
<tr>
<td><strong>Receivables:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>230,254</td>
<td>1,032,952</td>
<td>1,179,437</td>
<td>1,536,654</td>
<td>226,995</td>
</tr>
<tr>
<td>Interest</td>
<td>5,427</td>
<td>5,977</td>
<td>57,737</td>
<td>3,267</td>
<td>8,131</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>12,993,757</td>
<td>8,810,930</td>
<td>4,765,981</td>
<td>5,100,547</td>
<td>2,620,221</td>
</tr>
<tr>
<td>Advance to other funds</td>
<td>30,086,829</td>
<td>19,932,908</td>
<td>18,943,708</td>
<td>18,954,508</td>
<td>18,965,308</td>
</tr>
<tr>
<td>Long-term receivables</td>
<td>800,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Lease receivable</td>
<td>18,260,813</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivables from Successor Agency</td>
<td>-</td>
<td>20,962,543</td>
<td>12,800,025</td>
<td>12,813,743</td>
<td>12,831,201</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$69,236,858</td>
<td>$61,827,480</td>
<td>$51,613,057</td>
<td>$55,585,403</td>
<td>$61,143,353</td>
</tr>
</tbody>
</table>

| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** |            |            |            |            |            |
| **LIABILITIES:**      |            |            |            |            |            |
| Accounts payable      | $2,388,966 | $2,181,377 | $2,342,702 | $2,120,402 | $2,138,529 |
| Accrued liabilities   | 1,541,534  | 1,574,098  | 632,977    | 546,486    | 634,147    |
| Deposits              | 891,464    | 1,035,417  | 988,307    | 1,137,918  | 855,622    |
| Deferred revenue      | 21,959,955 | -          | -          | -          | -          |
| Due to other agencies | -          | -          | -          | -          | -          |
| **TOTAL LIABILITIES** | $26,781,919 | $14,091,061 | $3,963,986 | $3,804,806 | $3,628,298 |

| **DEFERRED INFLOWS OF RESOURCES:** |            |            |            |            |            |
| Unavailable revenue    | -          | 18,881,953 | 7,321,345  | 6,547,430  | 6,571,116  |

| **FUND BALANCES (DEFICITS):**    |            |            |            |            |            |
| Nonspendable            | 27,187,687 | 28,313,811 | 25,222,739 | 25,222,739 | 25,222,739 |
| Restricted              | -          | 2,334,609  | 2,334,811  | 2,346,856  | 2,358,919  |
| Committed               | 5,500,000  | 9,030,031  | 5,974,566  | 9,330,000  | 9,316,732  |
| Assigned                | 6,000,000  | 3,267,506  | 6,745,120  | 8,285,480  | 10,272,833 |
| Unassigned              | 3,767,252  | -          | 50,490     | 48,092     | 3,772,716  |
| **TOTAL FUND BALANCES (DEFICITS)** | 42,454,939 | 42,945,527 | 40,327,726 | 45,233,167 | 50,943,939 |

| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | $69,236,858 | $61,827,480 | $51,613,057 | $55,585,403 | $61,143,353 |

*Source: City of Pico Rivera.*
The following table sets forth the City’s General Fund revenues, expenditures and changes in fund balances based upon audited financial statements for Fiscal Years 2010-11 through 2014-15.

| TABLE 4 |
| CITY OF PICO RIVERA |
| General Fund |
| Statement of Revenues, Expenditures, and Changes in Fund Balance |
| For Fiscal Years Ended June 30, 2011 Through June 30, 2015 |

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Excess of Revenues Over (Under) Expenditures</th>
<th>Other Financing Sources (Uses)</th>
<th>Fund Balances (Deficit) – Beginning of Year</th>
<th>Fund Balances (Deficit) – End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$18,612,357</td>
<td>$18,612,357</td>
<td>(2,596,420)</td>
<td>$6,442,764</td>
<td>$45,30,767</td>
<td>$42,454,939</td>
</tr>
<tr>
<td>2012</td>
<td>$25,135,139</td>
<td>$25,135,139</td>
<td>(568,295)</td>
<td>$3,291,708</td>
<td>$42,45,499</td>
<td>$42,945,527</td>
</tr>
<tr>
<td>2013</td>
<td>$27,819,266</td>
<td>$27,819,266</td>
<td>(4,031,560)</td>
<td>$3,059,343</td>
<td>$42,945,527</td>
<td>$41,130,732</td>
</tr>
<tr>
<td>2014</td>
<td>$29,607,405</td>
<td>$29,607,405</td>
<td>(3,185,010)</td>
<td>$3,344,104</td>
<td>$45,233,167</td>
<td>$45,233,167</td>
</tr>
<tr>
<td>2015</td>
<td>$29,942,939</td>
<td>$29,942,939</td>
<td>(4,763,592)</td>
<td>$2,861,809</td>
<td>$50,943,939</td>
<td>$50,943,939</td>
</tr>
</tbody>
</table>

Footnote: (1) Fund balance restated due to adjustments in unearned revenues in previous years.

Source: City of Pico Rivera.
The following table shows the source of tax revenues of the General Fund for the past three fiscal years.

### TABLE 5
CITY OF PICO RIVERA
General Fund Tax Revenues By Source

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and Use Taxes(1)</td>
<td>$13,313,748</td>
<td>$14,611,275</td>
<td>$14,664,513</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>8,093,742</td>
<td>8,476,000</td>
<td>8,729,215</td>
</tr>
<tr>
<td>Franchise Taxes</td>
<td>833,174</td>
<td>724,509</td>
<td>791,884</td>
</tr>
<tr>
<td>Utility Users taxes</td>
<td>3,397,538</td>
<td>3,504,363</td>
<td>3,525,036</td>
</tr>
<tr>
<td>Transient Occupancy Tax</td>
<td>333,243</td>
<td>367,804</td>
<td>390,666</td>
</tr>
<tr>
<td>Property Transfer Tax</td>
<td>119,861</td>
<td>99,676</td>
<td>137,771</td>
</tr>
<tr>
<td><strong>Total General Fund Taxes</strong></td>
<td>$26,091,305</td>
<td>$27,783,626</td>
<td>$28,239,085</td>
</tr>
</tbody>
</table>

(1) Excludes share of sales taxes within the Project Area pledged to the Agency. See “THE CITY – Sales and Uses Taxes.”

Source: City of Pico Rivera.

### Management Discussion and Analysis

The City’s total net position, for Fiscal Year ended June 30, 2015, decreased from $296.57 million to $274.48 million. Of this amount, there was an increase in total assets of $7.74 million to $410.70 million, an increase in total liabilities of $27.03 million to $133.82 million, an increase of deferred outflows of resources of $2.24 million and an increase of deferred inflows of resources of $ 4.63 million. The increase in liabilities, deferred inflows of resources and deferred outflows of resources are all related to incorporating into the financial statements a net pension liability required under GASB 68.

Citywide revenues, for Fiscal Year ended June 30, 2015, totaled $65.59 million, an increase of $.766 million over the prior year. Expenses were $58.48 million an increase of $2.37 million over the prior year.

Citywide capital assets, before depreciation, increased $5.16 million to $436.93 million. This increase includes street and park construction projects in progress, completion of street projects partially offset by the auction of obsolete vehicles and equipment.

### Fund Level – Governmental Funds

Governmental Fund revenues (excluding Other Financing Sources), for Fiscal Year ended June 30, 2015, increased $2.96 million to $54.05 million. This increase was primary due to nearly a million in new sewer fund assessment revenues and funding from outside agencies for construction projects.

Governmental Fund expenditures (excluding Other Financing Sources) decreased $3.06 million to $46.80 million. This decrease was comprised of the following items a $2.54 million reduction in capital outlay and small increases or decreases in department operating expenditures.

General Fund revenues, for Fiscal Year ended June 30, 2015, were $37.67 million, an increase of $1.19 million over the prior year. There were increases in taxes and assessments, licenses and permits, intergovernmental and miscellaneous revenue. These increases were partially offset by decreased in fines.
& forfeitures and charges for service. General Fund expenditures were $32.90 million, a $.38 million decrease from the prior year. The General Fund balance increased $5.71 million at June 30, 2015 to $50.94 million

**Governmental Activities**

Governmental assets, for Fiscal Year ended June 30, 2015, increased $7.94 million to $348.12 million, liabilities increased $26.09 million to $84.45 million, and total net position decreased $20.24 million to $261.58 million when compared to the prior year.

- Current and other assets increased $9.00 million.
- Internal balances decreased $1.21 million.
- Long term liabilities, increased $1.53 million. The largest component of this increase is the increase in post-employment health benefit liabilities.
- There was $24.17 million in pension liabilities added to the financial statements along with deferred outflow of resources and deferred inflows of resources that are related to the implementation of GASB 68.
- Net Position decreased $20.24 million but there was a decrease of $1.11 million in restricted assets, an increase of $5.37 million in net investment in capital assets and a decrease of $24.50 million in unrestricted assets.

**Appropriations Limit**

Section 7910 of the Government Code of the State of California requires the City to adopt a formal appropriations limit for each fiscal year. The City’s appropriations limit for Fiscal Year 2015-16 is $135,706,526. Based on this, the appropriations limit is not expected to have any impact on the ability of the City to continue to budget and appropriate the Base Rental Payments as required by the Lease.

**Financial Statements**

All governmental funds are accounted for using the modified accrual basis of accounting. The City’s revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt, which is recognized when due. Some debts and obligations may be payable from self-supporting enterprises or revenue sources other than property taxation. Special assessment bonds are not included in the tabulation; lease revenue obligations payable from the General Fund or equivalent sources are included.

All proprietary funds are accounted for using the accrual basis for accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Receivables are recorded and determined at the time of consumption, and unbilled receivables are not recorded. See APPENDIX B - “AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015.”
The audited combined financial statements of the City are available through links obtained at the City’s website at http://www.pico-rivera.org/. The audited combined financial statements of the City are also available upon request. Such request should be directed to the City Clerk’s Office, 6615 Passons Blvd., Pico Rivera, California 90660. The information set forth on such website is not incorporated herein by reference.

Property Taxes

The assessed valuation of property in the City is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIII A of the California Constitution. (See “RISK FACTORS – Risks Related to Taxation in California” below).

Certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. The table below presents the assessed valuations in the City from Fiscal Years 2011-12 through 2015-16.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Local Secured</th>
<th>Utility</th>
<th>Unsecured</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>$3,667,065,139</td>
<td>$1,259,926</td>
<td>$193,377,246</td>
<td>$3,861,702,311</td>
</tr>
<tr>
<td>2012-13</td>
<td>3,741,063,683</td>
<td>1,259,926</td>
<td>189,215,182</td>
<td>3,931,538,791</td>
</tr>
<tr>
<td>2013-14</td>
<td>3,888,922,114</td>
<td>1,191,741</td>
<td>175,432,586</td>
<td>4,065,546,441</td>
</tr>
<tr>
<td>2014-15</td>
<td>4,064,605,166</td>
<td>1,191,741</td>
<td>183,647,152</td>
<td>4,249,444,059</td>
</tr>
<tr>
<td>2015-16</td>
<td>4,254,025,107</td>
<td>1,191,741</td>
<td>188,506,237</td>
<td>4,443,723,085</td>
</tr>
</tbody>
</table>

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the City’s control, such as economic recession, deflation of land values, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood or other natural disaster could cause a reduction in the assessed value of taxable property in the City.

Taxes are levied by the County for each Fiscal Year on taxable real and personal property which is situated in the City as of the preceding January 1. Effective July 1, 1983, real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as “secured” or “unsecured.” Property assessed as “secured” is listed accordingly on separate parts of the assessment roll containing State-assessed property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and if unpaid become delinquent on December 10 and April 10, respectively, subject to
a penalty of ten percent. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and, in general, become delinquent on August 31, subject to a ten percent penalty. If unsecured taxes are unpaid on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. The City has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and Recorder’s office in order to obtain a lien on certain property of the taxpayer, and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

The following table sets forth the levies, collections and percent of collections and levies for property taxes in the City for the last five Fiscal Years.

**TABLE 7**
**CITY OF PICO RIVERA**
Property Tax Levies and Collections
Fiscal Years 2011-12 through 2015-16

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$2,597,931.23</td>
<td>$62,803.45</td>
<td>2.42%</td>
</tr>
<tr>
<td>2012</td>
<td>2,660,111.89</td>
<td>55,838.09</td>
<td>2.10</td>
</tr>
<tr>
<td>2013</td>
<td>2,719,071.93</td>
<td>49,094.88</td>
<td>1.81</td>
</tr>
<tr>
<td>2014</td>
<td>2,815,105.16</td>
<td>41,779.70</td>
<td>1.48</td>
</tr>
<tr>
<td>2015</td>
<td>2,940,719.46</td>
<td>42,551.36</td>
<td>1.45</td>
</tr>
</tbody>
</table>

(1) Taxing District No. 11% General Fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.
Source: California Municipal Statistics, Inc.

For a number of years, the State Legislature has shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund (“ERAf”). In Fiscal Years 1993 and 1994, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over $3 billion of property taxes from cities, counties, and special districts to schools and community college districts pursuant to ERAF shifts. The Fiscal Year 2005 State Budget included an additional $1.3 billion shift of property taxes from certain local agencies, including the City, in Fiscal Years 2005 and 2006.

On November 2, 2004, State voters approved Proposition 1A, which amended the State Constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State may not: (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes; (ii) shift property taxes from local governments to schools or community colleges; (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature; or (iv) decrease Vehicle License Fee revenues.
without providing local governments with equal replacement funding. Beginning in Fiscal Year 2009, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State; and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

On July 27, 2009, the Governor signed a revised Fiscal Year 2010 State budget that included an ERAF shift of approximately 8% of 1% ad valorem property tax revenues from certain local agencies, including the City.

**Largest Property Taxpayers**

The ten largest secured property taxpayers in the City, as shown on the 2014-15 secured tax roll, are listed below:

<table>
<thead>
<tr>
<th>Property Owner</th>
<th>Assessed Valuation</th>
<th>% of Total (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Vestar California XXVI LLC</td>
<td>$69,202,196</td>
<td>1.63%</td>
</tr>
<tr>
<td>2. Majestic AMB Pico Rivera Associates LLC</td>
<td>41,974,791</td>
<td>0.99</td>
</tr>
<tr>
<td>3. Walmart Real Estate Business Trust</td>
<td>33,254,649</td>
<td>0.78</td>
</tr>
<tr>
<td>4. Iron Mountain Information</td>
<td>30,548,286</td>
<td>0.72</td>
</tr>
<tr>
<td>5. Princeton Medical Holdings LLC</td>
<td>30,083,000</td>
<td>0.71</td>
</tr>
<tr>
<td>6. Showprop Pico Rivera</td>
<td>27,897,571</td>
<td>0.66</td>
</tr>
<tr>
<td>7. General American Life Insurance Company</td>
<td>27,789,609</td>
<td>0.65</td>
</tr>
<tr>
<td>8. GGF Pico Rivera</td>
<td>24,754,158</td>
<td>0.58</td>
</tr>
<tr>
<td>9. Public Storage Inc</td>
<td>22,132,585</td>
<td>0.52</td>
</tr>
<tr>
<td>10. AGNL Pastry LP</td>
<td>21,803,917</td>
<td>0.51</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$329,440,762</strong></td>
<td><strong>7.75%</strong></td>
</tr>
</tbody>
</table>

(1) 2014-15 Local Secured Assessed Valuation: $4,249,444,059.

*Source: City of Pico Rivera.*

**Sales and Use Taxes**

Sales tax is collected and distributed by the State Board of Equalization. As of July 2, 1990, the City was authorized to receive an amount equal to one percent (1.00%) of taxable sales within its jurisdiction. As of December 17, 1990, by Ordinance No. 1-90 of the Agency and an agreement between the City and the Agency also dated as of December 17, 1990, the Agency elected to receive, with the agreement of the City, sixty-eight percent (68%) of the City’s share of sales tax generated within the Pico Rivera Redevelopment Project Area (the “Project Area”). Those sales taxes allowable to the Agency (the “Agency Portion”) have been committed by the Agency for Agency obligations; investors should assume that future sales tax revenues which constitute the Agency Portion will not be received by the City at any time the Bonds are outstanding and will not be available for payments on the Bonds.
The Project Area consists of approximately 680 acres, or approximately twelve and seven one hundredths percent (12.07%) of the acreage of the City. For fiscal year 2014-15, businesses within the Project Area reported sales and use taxes of $2,689,113. During the same period, excluding those businesses located within the Project Area, businesses within the City reported sales and use taxes of $13,679,254.

In November 2008, the voters of the City approved Measure P (“Measure P”), which imposes an additional retail transactions and use tax of one percent (1.00%) of taxable sales within the City. Taxes generated by Measure P are required to be distributed to the City’s General Fund and no portion thereof is allocable to the Agency. With Measure P in place, the overall sales and use tax rate effective within the City is 10.0%, which has been reported to be among the highest sales tax rates in California. Sales tax, including Measure P, comprises approximately 42% of the City’s General Fund revenue for Fiscal Year 2014-15 and approximately 40% of the City’s budgeted General Fund Revenues for Fiscal Year 2015-16.

On March 2, 2004, voters approved a bond initiative formally known as the “California Economic Recovery Act.” This act authorized the issuance of $15 billion of Economic Recovery Bonds to finance ongoing State budget deficits, which are payable from a fund established by the redirection of tax revenues known as the “Triple Flip.” The State issued $11.3 billion of Economic Recovery Bonds prior to June 30, 2004. Under the “Triple Flip,” one-quarter of local governments’ 1% share of the sales tax imposed on taxable transactions within their jurisdiction is being redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, State legislation provides for certain property taxes to be redirected to local government. Because these property tax moneys were previously earmarked for schools, the legislation provides for schools to receive other State general fund revenues. On August 5, 2015, the State’s Finance Director notified the State Treasurer and the Board of Equalization Executive Director that escrow accounts had been established to fund all future principal, interest and administrative costs until the final maturity of the bonds in 2019. The notice served to end the revenue exchange period on December 31, 2015.

Sales and use taxes are often a volatile source of revenues, fluctuating significantly with changing economic conditions. However, sales and use taxes have been a relatively steady source of revenues for the City in the past five fiscal years; over that period, there has been an overall increase in sales and use taxes. While there have been no attempts to date to rescind the additional taxes imposed by Measure P, there could be future attempts to rescind the tax, in whole or in part, and there can be no assurance that such Measure P taxes will always remain in effect.

Utility Users Taxes

The City imposes a utility users tax. This tax accounted for approximately 10% of the City’s General Fund revenue for the fiscal year ended June 30, 2015, and approximately 8.9% of the City’s fiscal year 2015-16 General Fund budget. The City’s General Fund budget for fiscal year 2016-17 projects utility users tax as accounting for 11.2% of General Fund revenues. The City’s utility users tax was enacted by the City Council on November 1, 1993 and ratified by the voters on November 5, 2002. While there have been no attempts to date to rescind the utility users tax, there could be future attempts to rescind the tax, in whole or in part, and there can be no assurance that the utility users tax will always remain in effect.
Certain Outstanding Obligations

Excepting for the City’s obligations under the lease agreement in connection with the 2009 Bonds, the City has not entered into leases which constitute currently outstanding obligations of the City’s General Fund. See “THE CITY – Sales and Uses Taxes” regarding the share of sales taxes within the Project Area pledged to the Agency.

[The City entered into an agreement with the Agency and Vestar California, XXVI, L.L.C. ("Vestar"), dated as of June 17, 2002 (the “Vestar Agreement”) in connection with the development of the Towne Center Shopping Center. The Vestar Agreement states that each of City and the Agency is obligated to pay to Vestar the sum of $2,500 per month during the fifteen-year term of a lease by Vestar to Borders, Inc., a Colorado corporation (“Borders”). Such payments are expected to continue until June 30, 2018. Payments under the Vestar Agreement are being made by the City.

The City entered into an agreement with the Agency andBorders, dated as of June 17, 2002 (the “Borders Agreement”) in connection with the development, opening and operation of a Borders bookstore as part of the development of the Towne Center Shopping Center. The Borders Agreement provides that each of City and the Agency is obligated to pay to Vestar, as landlord of a Borders bookstore in the Towne Center Shopping Center, rent offset payments of $10,833.33 per month for a fifteen-year lease term which commenced during 2003. Such payments are expected to continue until June 30, 2018. Payments under the Borders Agreement are being made by the City.

The City has previously created and continues to maintain a special account to address the obligations of the City and/or the Agency under each of the Vestar Agreement and the Borders Agreement as well as various sundry, smaller obligations; such account is fully-funded with $[___] million, which is more than sufficient to defray the total liability of the City and/or Agency under each of the Vestar Agreement and the Borders Agreement.

Direct and Overlapping Debt

Set forth on the following page for the City is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., and dated as of April 16, 2016. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable from the general fund or other revenues of such public agency.
### TABLE 9
CITY OF PICO RIVERA
Direct and Overlapping Debt Statement
(as of April 16, 2016)

2015-16 Assessed Valuation: $4,443,723,085

<table>
<thead>
<tr>
<th>OVERLAPPING TAX AND ASSESSMENT DEBT:</th>
<th>% Applicable</th>
<th>Debt 4/1/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles County Flood Control District</td>
<td>0.356%</td>
<td>44,963</td>
</tr>
<tr>
<td>Metropolitan Water District</td>
<td>0.181</td>
<td>168,086</td>
</tr>
<tr>
<td>Los Angeles Community College District</td>
<td>0.014</td>
<td>513,940</td>
</tr>
<tr>
<td>Rio Hondo Community College District</td>
<td>13.063</td>
<td>20,765,314</td>
</tr>
<tr>
<td>El Rancho Unified School District</td>
<td>99.997</td>
<td>53,646,404</td>
</tr>
<tr>
<td>Montebello Unified School District</td>
<td>0.672</td>
<td>789,172</td>
</tr>
<tr>
<td>Whittier Union High School District</td>
<td>0.462</td>
<td>632,656</td>
</tr>
<tr>
<td>Los Nietos School District</td>
<td>0.060</td>
<td>14,691</td>
</tr>
<tr>
<td>Whittier City School District</td>
<td>1.685</td>
<td>989,938</td>
</tr>
<tr>
<td>Los Angeles County Regional Park and Open Space Assessment District</td>
<td>0.349</td>
<td>176,629</td>
</tr>
</tbody>
</table>

**TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT**: $77,741,793

<table>
<thead>
<tr>
<th>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles County General Fund Obligations</td>
</tr>
<tr>
<td>Los Angeles County Superintendent of Schools Certificates of Participation</td>
</tr>
<tr>
<td>Montebello Unified School District Certificates of Participation</td>
</tr>
<tr>
<td>Whittier City School District Certificates of Participation</td>
</tr>
</tbody>
</table>

**City of Pico Rivera General Fund Obligations**: 100. 30,470,000

| Los Angeles County Sanitation District No. 2 Authority | 8.138 | 1,371,944 |
| Los Angeles County Sanitation District No. 18 Authority | 0.271 | 25,541 |

**TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT**: $39,249,064

<table>
<thead>
<tr>
<th>OVERLAPPING TAX INCREMENT DEBT:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**COMBINED TOTAL DEBT**: $145,225,857

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

- Total Overlapping Tax and Assessment Debt ....................... 1.75%
- Combined Direct Debt ($30,470,000) ............................. 0.69%
- Combined Total Debt ............................................. 3.27%

Ratios to Redevelopment Incremental Valuation (857,614,408):

- Total Overlapping Tax Increment Debt ......................... 3.29%

Source: California Municipal Statistics, Inc.
**Investment Policy**

Funds held by the City are invested in accordance with the City’s Statement of Investment Policy (the “Investment Policy”) prepared by the Treasurer as authorized by Section 53601 of the Government Code of California. A copy of the City’s current Investment Policy is attached as APPENDIX H—“CITY OF PICO RIVERA STATEMENT OF INVESTMENT POLICY.”

The City believes that its funds are prudently invested and that the investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the City’s expenditures and other scheduled withdrawals.

The City’s statement of Investment Policy rendered to the City Council by the City Treasurer pursuant to Section 53646 of the California Government Code states that the basic premise underlying the City’s investment philosophy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Hence, safety of principal is the foremost objective of the City, followed by liquidity and yield. Under provisions of the Investment Policy, the City may invest in time deposits, bankers acceptances, money market funds, U.S. Treasury Bills and notes, governmental agency securities, repurchase agreements, reverse repurchase agreements, commercial paper, medium term notes of corporations operating within the United States rated “A” or better by S&P Global Ratings or by Moody’s Investors Services, and State Local Agency Investment Fund (“LAIF”), which is under the oversight of the State Treasurer.

As of June 30, 2015, the City had invested $37,331,483, representing approximately 84.18% of its investment portfolio of $44,345,404 in LAIF, with the balance invested in money market funds. LAIF has not been rated by any nationally recognized statistical rating organization. See also APPENDIX B - “AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015—Note 2” herein.

As of June 30, 2015, all investments in the City’s investment portfolio had maturities of 12 months or less. For additional information concerning the City investments, see APPENDIX B - “AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015.”

**Labor Relations**

The City recognizes two employee organizations, SEIU Local 721 (“SEIU”) and the Mid-Managers, Professionals and Confidential Employees Association (“CEA”), which collectively represent approximately all, full-time, regular City employees in a variety of classifications. The SEIU also represents the City’s part-time employees in a variety of classifications.

The contracts with SEIU and CEA are in effect from July 1, 2015 through June 30, 2017. The City has not experienced a major work stoppage by City Employees in the last five years.

**Pension Plans**

The City contributes to the California Public Employees Retirement System (“PERS”), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by
All qualified permanent and probationary employees are eligible to participate in the City’s PERS Miscellaneous Plan. Benefit provisions under the Plan are established by State statute and City resolution. PERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the PERS website.

The City also has available a supplemental retirement benefit plan for City council members (“Council Plan”) on or after July 1, 2002. This plan is a single-employer defined benefit pension plan administered by Public Agency Retirement Services (“PARS”), who serves as the trustee for the Council Plan. As a result of PEPRA amendments, the City has decided to close this plan to any new council members elected or appointed on or after January 1, 2013.

PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Council Plan provides a benefit equal to 4% of final compensation times benefit service, capped at 10 years of service. This plan is a single-employer defined benefit plan. Eligibility for these benefits is defined as reaching age 55 and completing 5 years of continuous City council service. Employees terminating employment with the City after 5 years of service but prior to age 55 will receive a deferred retirement benefit to commence at age 55.

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Miscellaneous</th>
<th>Council Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactive employees or beneficiaries currently receiving benefits</td>
<td>232</td>
<td>3</td>
</tr>
<tr>
<td>Inactive employees entitled to but not yet receiving benefits</td>
<td>120</td>
<td>-</td>
</tr>
<tr>
<td>Active employees</td>
<td>124</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>476</td>
<td>8</td>
</tr>
</tbody>
</table>

At June 30, 2015, the net pension liability for each Plan are as follows:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Total Pension Liability</th>
<th>Fiduciary Net Position</th>
<th>Net Pension Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous Plan</td>
<td>$93,402,832</td>
<td>$65,805,711</td>
<td>$27,597,121</td>
</tr>
<tr>
<td>Council Plan</td>
<td>159,038</td>
<td>109,532</td>
<td>49,506</td>
</tr>
</tbody>
</table>

For additional information, see “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY OF PICO RIVERA FOR THE FISCAL YEAR ENDED JUNE 30, 2015.”
**California Public Employees’ Pension Reform Act of 2013.** The Governor signed the California Public Employee’s Pension Reform Act of 2013 (the “Reform Act” or “PEPRA”) into law on September 12, 2012. The Reform Act affects PERS, most substantially as it relates to new employees hired after January 1, 2013 (the “Implementation Date”). For non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to PERS including the following: (a) all new participants enrolled in PERS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) PERS is required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date, and (c) “pensionable compensation” is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for PERS members not participating in social security.

**CalPERS Contribution Rate Increases.** On April 17, 2013 the PERS Board of Administration approved new actuarial policies aimed at fully funding the pension system’s obligations within 30 years. The new policies include a rate-smoothing method with a 30-year fixed amortization period for gains and losses. PERS announced that, based on investment return simulations performed for the next 30 years, increasing contributions more rapidly in the short term is expected to result in almost a 25% improvement in funded status over a 30-year-period. The new amortization schedule will be used to set contribution rates for public agency employers in the State beginning in the 2015-16 Fiscal Year. This delay is intended to allow the impact of the changes to be built into the projection of employer contribution rates and afford employers with additional time to adjust to the changes.

According to PERS, the new policies will result in an increased likelihood of higher peak employer contribution levels in the future but will not significantly increase average contribution levels. The median employer contribution rate over the next four years is expected to be higher. In the long-term, however, higher funded levels may result in lower employer contributions.

Beginning with the June 30, 2013 valuations that will set the 2015-16 rates, PERS will employ an amortization and rate smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.
The table below shows actual fiscal year 2015-16 and projected employer contribution rates (before cost sharing) for the next four fiscal years, assuming PERS earns 7.50 percent every fiscal year, and assuming that all other actuarial assumptions will be realized. Consequently, these projections do not take into account potential rate increases from likely future assumption changes. Nor do they take into account the positive impact PEPRA is expected to gradually have on the normal cost.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Miscellaneous Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>26.776%</td>
</tr>
<tr>
<td>2017</td>
<td>28.756</td>
</tr>
<tr>
<td>2018</td>
<td>30.500</td>
</tr>
<tr>
<td>2019</td>
<td>32.200</td>
</tr>
<tr>
<td>2020</td>
<td>34.000</td>
</tr>
</tbody>
</table>


On February 20, 2014, the PERS Board of Administration adopted new mortality and retirement assumptions as part of a regular review of demographic experience. Key assumption changes included longer post-retirement life expectancy and earlier retirement ages. The impact of the assumption changes will be phased in over five years, with a twenty-year amortization, beginning in the 2016-17 Fiscal Year. The City is monitoring these changes but is not currently able to predict the level of increases to the City’s required contributions.

**Defined Contribution Pension Plans**

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of PARS. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees’ contributions of 3.75%. The City’s contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2015, the City’s payroll covered by the plan was $1,686,356. The City made employer contributions of $63,240 (3.75% of current covered payroll), and employees contributed $63,240 (3.75% of current covered payroll).

The City also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are under the participants control and are principally invested in demand deposits and mutual funds and are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets are not the property of the City and, as such, are not subject to the claims of the City’s general creditors. As a result, these assets are not reported in the City’s financial statements.
Other Post-Employment Benefits

The City provides health care insurance benefits for its full-time employees who retire subsequent to October 1, 1983, under a single-employer defined benefit plan.

The City pays 100 percent of the medical premium and 85 percent of the PERS Care premium for all PERS vested retirees age of 50 or above and their eligible dependents. The City’s obligation to pay full medical costs relates only to those medical coverage costs provided through PERS. The City is not obligated to pay Medicare Part B premiums for those retirees who are age 65 or above and who are enrolled in a Supplemental Medicare plan. When the retiree reaches age 65, the Basic Medical Plan is required to be transferred to a Supplemental Medicare Plan.

For current employees, the City pays the medical premiums up to the Kaiser rate and when the employee retires, the City will continue to pay the premium through a third party at the Kaiser rate. For new employees, the City pays the medical premiums up to the Kaiser rate; however, when the employee retires, the City will only pay up to the PEMHCA minimum. The City has also changed its contract with PERS for retirees. All but $122 per month, the PEMHCA minimum, is taken from the retiree’s pension check, but then the City sends the difference to a third party to reimburse the retiree.

Eligible participants to the plan at June 30, 2015, the date of the latest actuarial valuations are as follows:

<table>
<thead>
<tr>
<th>Retirees receiving benefits:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 65 and above</td>
<td>65</td>
</tr>
<tr>
<td>Age below 65</td>
<td>41</td>
</tr>
<tr>
<td>Subtotal</td>
<td>106</td>
</tr>
<tr>
<td>Active/full-time employees</td>
<td>121</td>
</tr>
<tr>
<td>Total</td>
<td>227</td>
</tr>
</tbody>
</table>

In 2004, the Governmental Accounting Standards Board (“GASB”) issued Statement 45 “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions” (“GASB 45”). GASB 45 requires state and local government employers, including the City, to measure, recognize and report costs and obligations for health and other benefits of current and future retired employees. Other post employment benefits (“OPEB”) include medical, dental, vision, hearing, life insurance, long-term care and long-term disability.

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for fiscal year 2014-15 was $3,734,000 and was determined as part of an actuarial valuation dated June 30, 2015.
The following table shows the components of the City’s annual OPEB cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Retiree Health Plan:

- **Annual required contribution**: $3,734,000
- **Interest on net OPEB obligation**: 507,000
- **Adjustment to annual required contribution**: (1,100,000)
- **Annual OPEB cost (expense)**: 3,141,000
- **Contributions to irrevocable trust**: --
- **Premium payments including benefit payments**: (914,584)
- **Change in net OPEB obligation**: 2,226,416
- **Net OPEB Obligation – beginning of year**: 12,678,360
- **Net OPEB Obligation – end of year**: $14,904,776

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2013, 2014 and 2015, were as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual OPEB Cost</th>
<th>Percentage of Annual OPEB Cost Contributed</th>
<th>Net OPEB Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$3,106,000</td>
<td>42.82%</td>
<td>$10,130,918</td>
</tr>
<tr>
<td>2014</td>
<td>3,513,682</td>
<td>27.50</td>
<td>12,678,360</td>
</tr>
<tr>
<td>2015</td>
<td>3,141,000</td>
<td>29.19</td>
<td>14,904,776</td>
</tr>
</tbody>
</table>

As of June 30, 2015, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits was $39,680,000, and the actuarial value of assets was zero, resulting in an unfunded accrued actuarial liability (UAAL) of $39,680,000. The covered payroll (annual payroll of active employees covered by the plan) was $8,162,000 and the ratio of the UAAL to the covered payroll was 486.2%.

The normal cost was $1,467,000. The normal cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service. Normal cost is the value of benefits expected to be earned during the year, based on certain methods and assumptions.

**RISK FACTORS**

*Purchase of the Bonds will constitute an investment subject to certain risks, including the risk of nonpayment of principal and interest. Before purchasing any of the Bonds, prospective investors should carefully consider, among other things, the risk factors described below. However, the following is not meant to be an exhaustive listing of all the risks associated with the purchase of the Bonds. Moreover, the order of presentation of the risk factors does not necessarily reflect the order of their importance.*

**Substitution of Property**

Pursuant to the Lease, the City shall have, so long as the Lease is in effect, the option at any time and from time to time, to substitute other real property and/or improvements, for any portion of the Leased Property or release any identifiable real property and/or improvements constituting the Leased Property, provided that the City shall satisfy all of the requirements set forth in the Lease. The Lease provides that the City may substitute or release any portion of the Leased Property if: (i) the City is not in
default under the Lease, (ii) the City records evidence that Exhibit A to the Lease, describing the Leased Property, has been amended to remove such portion of the Leased Property, (iii) the City obtains a CLTA or ALTA policy insuring the Substitute Property, (iv) the City certifies that the annual fair rental value of the Substitute Property will be at least 100% of the maximum amount of the Base Rental Payments, (v) the City provides the Trustee with an opinion of Bond Counsel to the effect that the substitution or release is permitted under the Lease and will not in and of itself impair the validity and enforceability of the Lease or impair the exclusion of interest on bonds payable from Base Rental Payments from the gross income of the owners thereof for federal income tax purposes, and (vi) the City notifies the rating agency then rating the Bonds. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE LEASE – Substitution and Release of Property.”

**Base Rental Payments Are Not Debt; Bonds are Limited Obligations**

The obligation of the City to make the Base Rental Payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental Payments constitute a debt of the City, the State of California or any political subdivision thereof (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues and amounts held in the funds and accounts created under the Indenture, consisting primarily of Base Rental Payments. The Authority has no taxing power.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease to pay the Base Rental Payments from any source of legally available funds and the City has covenanted in the Lease that, for so long as the Leased Property is available for its use, it will make the necessary annual appropriations within its budget for the Base Rental Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments, or which the City, in its discretion, may determine to pay prior to the Base Rental Payments.

The City has the capacity to enter into other obligations payable from the City’s General Fund, without the consent of or prior notice to the Owners of the Bonds. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease. The same result could occur if state constitutional expenditure limitations were to prohibit the City from appropriating and spending all of its otherwise available revenues.

**Abatement**

In the event of the loss of, damage to or destruction or condemnation of the Leased Property that causes the City not to have the use and possession of all or a substantial part of such Leased Property, the City’s obligation to make the Base Rental Payments due under the Lease will be abated and, notwithstanding: (i) the provisions of the Lease specifying the extent of such abatement, (ii) the funding of the Reserve Account for the Bonds, and (iii) rental interruption insurance covering loss of use of the Leased Property in an amount adequate to cover 24 months of Base Rental Payments, the resulting Base Rental Payments (and such other funds) may not be sufficient to pay all of the remaining principal and interest due with respect to the Bonds. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE LEASE – Abatement of Rental.”
Risk of Uninsured Loss

The City covenants under the Lease to maintain certain insurance policies on the Leased Property. These insurance policies do not cover all types of risk. Under the Lease, the City is obligated to maintain earthquake insurance only if it is obtainable in reasonable amounts at reasonable cost on the open market. The Leased Property could be damaged or destroyed due to earthquake or other casualty for which the Leased Property is uninsured. Additionally, the Leased Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Base Rental Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City’s liability will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Leased Property will be sufficient to repair the Leased Property or to redeem the Bonds and any other obligations secured by Base Rental Payments.

Eminent Domain

If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease will cease as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Base Rental Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Base Rental Payments, in an amount to be agreed upon by the City and the Authority such that the resulting Base Rental Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Property. The City covenants in the Lease to contest any eminent domain award which is insufficient to either: (i) prepay the Base Rental Payments in whole, if all the Leased Property is condemned; or (ii) prepay a pro rata share of Base Rental Payments, in the event that less than all of the Leased Property is condemned.

State of California Finances

The State of California, upon which the City relies for a material portion of its revenues, has experienced severe budget shortfalls in recent years. Decreases in State revenues may significantly affect appropriations made by the State to cities and the timing of payment to cities by the State may depend upon the ability of the State to access the credit markets with respect to its own cash flow borrowings in the future. See “STATE BUDGET” herein.

Bankruptcy

The City is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the “Bankruptcy Code”). However, pursuant to Chapter 9 of the Bankruptcy Code, the City may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City’s debt (a “Plan”) without
the consent of the Trustee or all of the Owners of Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease or assume the Lease despite any provision of the Lease which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Lease and the City’s obligations to make payments thereunder.

The Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority’s debt without the consent of the Trustee or all of the Owners of the Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Authority, and not the City, should not affect the Trustee’s rights under the Lease. The Authority could still challenge the assignment, and the Trustee and/or the Owners of the Bonds could be required to litigate these issues in order to protect their interests.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Natural Hazards

Seismic. Earthquake faults capable of producing earthquakes of varying magnitudes underlie Southern California in a manner which puts most of the region at some risk of property damage due to seismic events. The City, like much of California, is subject to seismic activity. According to the United States Geologic Survey, three earthquake faults are located in or near the City. These faults include the Rio Hondo Fault, Pico Fault and the Whittier Fault. Between 1987 and 1991, the region experienced six earthquakes above magnitude 4.5. Three of these earthquakes were large enough to cause damage; Whittier Narrows in October 1987, Upland in February 1990 and Sierra Madre in June 1991. The largest event, the Whittier Narrows earthquake, was a magnitude 5.9 and caused localized damage in the City and adjacent cities (City of Pico Rivera General Plan, Environmental Hazards Element, August 16, 1993).

In addition, four of these recent earthquakes had unusually deep epicenters, few aftershocks and released large amounts of energy over a small area. This combination of characteristics suggests that the
upper crust of the San Gabriel Valley is highly stressed and locked. A large earthquake could break up to the surface and release stored stress. Therefore, the present earthquake hazard in the San Gabriel Valley is somewhat higher than other areas of the State. It is acknowledged, however, that the risk cannot be quantified.

A major earthquake occurring in or near Pico Rivera would result in many casualties and extensive property damage. The time of day and season of the year could have a profound effect on the number of casualties and the amount of damage sustained.

Although the majority of buildings in the City were built subsequent to enactment of the 1952 Building Code which included seismic provisions, a few structures in the City may not be able to withstand a major earthquake. There is one unreinforced masonry building remaining in Pico Rivera at 9227 Whittier Boulevard.

Should an earthquake occur that results in substantial interference with the use of the Leased Property, under the abatement provisions of the Lease, the City would not be obligated to make the Base Rental Payments. See “RISK FACTORS – Abatement” above.

Rental interruption insurance proceeds will not be available in the event the City does not enjoy beneficial use of the Leased Property due to damage to the Leased Property caused by earthquake. While the City currently maintains earthquake insurance as to the Leased Property there is no assurance that the City will do so in the future. There is no assurance that such coverage will be continued with respect to the Leased Property. See “SECURITY FOR THE BONDS—Insurance Coverages” herein.

Flooding. The control of storm waters in Pico Rivera is under the joint jurisdiction of Los Angeles County Flood Control District, the U.S. Army Corps of Engineers and the City. The Whittier Narrows Dam, completed in 1957, controls a drainage area totaling approximately 554 square miles. The dam basin contains nearly 60,000 acres, including Pico Rivera.

The breach of floodwaters from the Los Angeles River channel in 1980 prompted a review by the U.S. Army Corps of Engineers of flood hazards in the region. Subsequently, an interjurisdictional effort culminated in the design and completion in late 2001 of the Los Angeles County Drainage Area (“LACDA”) flood control project, a multi-use project involving the design and construction of 21 miles of levee improvements, modifications to 24 bridge crossings, and bike trail, equestrian trail, and landscaping improvements. The LACDA Project alleviated severe overflow potential by increasing the flood carrying capacity of the lower Los Angeles River, Rio Hondo, and lower portion of Compton Creek. Completion of the LACDA project ended a requirement that residents of the Lower Los Angeles River Area, including Pico Rivera, obtain flood insurance.

The City Yard is a portion of the Leased Property leased under the Lease. The total area of the City Yard is approximately 5.73 acres. Approximately 140,000 square feet of the City Yard is contained within the San Gabriel River Channel and is affected by a Los Angeles County Flood Control District easement; that portion of the City Yard lying within the easement constitutes approximately 0.5% of the area of the City Yard and contains no structures.

The City is not required to obtain flood insurance under the Lease. See “SECURITY FOR THE BONDS—Insurance Coverages” herein. In the event that any portion of the Leased Property is destroyed by a flood or other natural disaster, an abatement could occur and result in the Trustee having inadequate funds to pay the principal and interest with respect to the Bonds as and when due.
Rental interruption insurance proceeds will not be available in the event the City does not enjoy beneficial use of the Leased Property due to damage to the Leased Property caused by flooding. While the City currently maintains flood insurance as to the Leased Property there is no assurance that the City will do so in the future.

The Leased Property may also be at risk from other events of force majeure, such as damaging storms, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. The City cannot predict what force majeure events may occur in the future.

Hazardous Substances

The public works activities of the City may, from time to time, result in the use of hazardous substances on the facilities owned and operated by the City, including, but not limited, to the Leased Property. Accordingly, it is possible that spills, discharges or other adverse environmental consequences of such use in the future could cause an adverse effect on the fair rental value of the Leased Property and lead, in an extreme case, to abatement, in whole or in part, of Base Rental payments. See “RISK FACTORS – Abatement” above.

Risks Related to Taxation in California

Constitutional Amendments Affecting Tax Revenues. Article XIII A of the California Constitution limits the amounts of ad valorem tax on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the City Assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value,’ or thereafter the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment period.” Furthermore, all real property valuation may be increased to reflect the inflation rate, as shown by the consumer price index, not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voters voting on the proposition approving such bonds, and requires a vote of two-thirds of the qualified electorate to impose special taxes, while totally precluding the imposition of any additional ad valorem, sales or transaction tax on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State legislature to change any State tax law resulting in increased tax revenues.

Article XIII B of the California Constitution limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the subsequent two years.

On November 5, 1996, California voters approved an initiative to amend the California Constitution known as the Right to Vote on Taxes Act (“Proposition 218”), which added Article XIII C and XIII D to the California Constitution. Among other provisions, Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include cities. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to
November 6, 1996 will continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. Proposition 218 also provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. This extension of the initiative power is not limited by the terms of Proposition 218 to impositions after November 6, 1996 and absent other legal authority, could result in retroactive reduction in any existing taxes, assessments, fees and charges. In addition, Proposition 218 limits the application of assessments, fees and charges and requires certain existing, new and increased assessments, fees and charges to be submitted to property owners for approval or rejection, after notice and public hearing. The City does not expect Proposition 218 to have any immediate material effect on the revenues from which Base Rental Payments are expected to be appropriated.

**Implementing Legislation.** Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIIIA of $4.00 per $100 assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for Fiscal Year 1978-79 only, the tax levied by each county was to be appropriated among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years.

Future assessed valuation growth allowed under Article XIIIA (i.e., new construction, change of ownership, and 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The Authority is unable to predict the nature or magnitude of future revenue sources that may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above those described above, even with the approval of the affected voters.

**Constitutional Challenges to Property Tax System.** There have been many challenges to Article XIIIA of the California Constitution. The United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution. The Authority cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Agency’s receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

**Statutory Revenue Limitations – Proposition 62.** Proposition 62 is a statewide statutory initiative adopted by the voters at the November 4, 1986 general election. It added Sections 53720 to 53730 to the Government Code to require that all new local taxes be approved by the voters. The statute provides that all local taxes are either general taxes or special taxes. General taxes are imposed for general governmental purposes. Special taxes are imposed for specific purposes only. General taxes may not be imposed by local government unless approved by a two-thirds vote of the entire legislative body and a majority of the voters voting on the proposed general tax. Special taxes may not be imposed by local government unless approved by a majority of the entire legislative body and by two-thirds of the voters voting on the special tax. Soon after Proposition 62 was adopted by the voters, legal challenges to taxes adopted contrary to its provisions were filed. In 1991, in the most significant case, *City of Woodlake v. Logan*, the California Court of Appeal held that the statutory voter approval requirement for general taxes was unconstitutional. The California Supreme Court refused to review *Woodlake*. 

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On September 28, 1995, the California Supreme Court, on a 5-2 vote, in a decision entitled Santa Clara County Local Transportation Authority v. Guardino (Case No. S036269), “disapproved” Woodlake and held that the voter approval requirements of Proposition 62 are valid. On December 14, 1995, the Supreme Court made minor nonsubstantive changes to its written opinion and denied the petition for rehearing. The decision provides that the voter approval requirements of Proposition 62 for both general and special taxes are valid. The Guardino case fails to say (1) whether the decision is retroactively applicable to general taxes adopted prior to the decision; (2) whether taxpayers have any remedies for refund of taxes paid under a tax ordinance that was not voter approved; (3) what statute of limitations applies to taxes adopted without voter approval prior to Guardino; (4) whether Proposition 62 applies only to new taxes or to tax increases as well.

The Court of Appeals in a December 15, 1997 decision entitled McBearty v. City of Brawley (Case No. D027877) addressed some of these issues. In Brawley, a taxpayer challenged the city’s utility tax that was passed by the city council in 1991 without a vote of the electorate. The Court of Appeals held that (i) a three year statute of limitations applies to challenges to a tax ordinance subject to Proposition 62; and (ii) the statute of limitations did not begin to run until September 1995 when the Guardino case determined that Proposition 62 was constitutional. The effect of the holding in Brawley is that any tax ordinances passed between November 1986 and December 1995 that were not approved by the electorate would be subject to a challenge until December 1998. The court ordered the city to either cease collecting the tax or seek voter approval to continue levying the tax. However, in Howard Jarvis Taxpayers Association v. City of La Habra, decided on June 4, 2001, the California Supreme Court overruled part of McBearty, finding that the three year statute of limitations applicable to such taxes does not run from the date of the Guardino decision, but rather the continued imposition and collection of such tax is an ongoing violation, upon which the limitations period begins with each new collection.

Several questions raised by the Guardino decision remain unresolved. Proposition 62 provides that if a jurisdiction imposes a tax in violation of Proposition 62, the portion of the one percent general ad valorem tax levy allocated to that jurisdiction is reduced by $1 for every $1 in revenue attributable to the improperly imposed tax for each year that such tax is collected. The practical applicability of this provision has not been fully determined. Potential future litigation and legislation may resolve some or all of the issues raised by the Guardino decision.

The Authority cannot predict the outcome of any pending or future litigation concerning the validity of Proposition 62, nor can it predict the scope of the Guardino or Brawley decisions discussed above. Proposition 62 could affect the ability of the City to continue the imposition of, or to retain, certain taxes, and restrict the City’s ability to raise revenue.

**Proposition 22.** On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for state-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

**Proposition 26.** On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of
conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The City does not expect the provisions of Proposition 26 to materially impede its ability to pay Base Rental Payments when due.

**Future Initiatives**

From time to time, other initiative measures may be adopted, which may affect the City’s revenues and its ability to expend said revenues. The above-mentioned measures and any future measures could restrict the City’s ability to raise additional funds for its General Fund.

**Limitations on Remedies**

The enforceability of the rights and remedies of the owners of the Bonds and the Trustee, and the obligations incurred by the City, may be subject to the following, among others: the limitations on legal remedies against cities in California; the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; principles of equity that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights.

**Remedies on Default**

If the City defaults on its obligations to make Base Rental Payments with respect to any of the Leased Property, the Trustee, as assignee of the Authority, shall have the option (i) without terminating the related Lease, to collect each installment of rent as it becomes due regardless of whether or not the City has abandoned such Leased Property, or to exercise any and all rights of re-entry upon and to re-lease the Leased Property, or (ii) to terminate the related Lease and re-lease such Leased Property. The City shall remain liable, if such Leased Property are not re-let, to pay the full amount of the rent to the end of the term of the related Lease or, in the event that such Leased Property are re-let, to pay any deficiency in rent that results therefrom. In the event of a default, there is no available remedy of acceleration of Base Rental Payments which have not become due and payable under the Lease. The City will only be liable for rental payments on an annual basis, and the Trustee may be required to seek a separate judgment in each fiscal year for that fiscal year’s defaulted Base Rental Payments. In the event
that the Trustee elects to terminate the Lease, such Leased Property may be re-let for the remaining term of such Lease. The acquisition and construction of Pico Park, Rio Hondo Park and Smith Park (the “Parks”) was funded by Proposition A funds from the Los Angeles County Regional Park and Open Space District and Measure R funds from the Los Angeles County Metro Transit Authority. Any change in use of the Parks must be approved in advance by the Los Angeles County Regional Park and Open Space District or the Los Angeles County Metro Transit Authority, as applicable.

It is uncertain what remedies will be practically available to the Trustee in the event of a default, and the enforcement of any remedies may prove both expensive and time-consuming. Due to the specialized nature of the Leased Property, no assurance can be given that the Trustee will be able to re-let the Leased Property so as to provide rental income sufficient to make principal and interest payments on the Bonds in a timely manner, and the Trustee is not empowered to sell the Leased Property for the benefit of the Owners of the Bonds. Due to the governmental function of the Leased Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Lease Agreement – Events of Default and Remedies.”

Early Redemption Risk

Early redemption of the Base Rental Payments and redemption of the Bonds may occur in whole or in part without premium, on any date if the Leased Property or a portion thereof is lost, destroyed or damaged beyond repair or taken by eminent domain and from the proceeds of title insurance, or on any Interest Payment Date, without a premium (see “THE BONDS - Extraordinary Redemption”), if the City exercises its right to prepay Base Rental Payments in whole or in part pursuant to the provisions of the Lease and the Indenture.

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” interest on the Bonds could fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for purposes of federal income taxation, in some cases retroactive to the date of execution and delivery of the Bonds, as a result of future acts or omissions of the Authority or the City in violation of certain covenants contained in the Indenture or the Lease, respectively. **Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or until redeemed pursuant to the Indenture.**

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The City can provide no assurance that federal tax law will not change while the Bonds are outstanding or that any such changes will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. If the exclusion of interest on the Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Bonds would be adversely impacted.
IRS Examination of Tax-Exempt Bond Issues

The Internal Revenue Service has an extensive program for the examination of tax-exempt bond issues, including both random and targeted examinations. It is possible that the Bonds will be selected for examination by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an examination of the Bonds (or by an examination of similar bonds).

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the City.

STATE BUDGET

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2016-17 State Budget further described below may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” Additionally, an impartial analysis of the State’s Budgets may be posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Proposed 2016-17 State Budget. On January 7, 2016, Governor Brown released his Fiscal Year 2016-17 Proposed State budget (the “Proposed 2016-17 State Budget”). The Proposed 2016-17 State Budget projects total expenditures of $122.6 billion (comprised of non-Proposition 98 expenditures of $71.6 billion and Proposition 98 expenditures of $50.97 billion) and total resources available of $125.8 billion (comprised of revenues and transfers of $120.6 billion, as well as a prior year balance of $5.17 billion). The Governor proposes to use funds to pay down outstanding budgetary borrowing including loans from special funds, Proposition 98 settle up obligations, transportation loans, and pension liabilities related to University of California employees. The Proposed 2016-17 State Budget also allocates $966 million of the General Fund’s projected fund balance of $3.2 billion to the Reserve for Liquidation of Encumbrances and $2.2 billion to the Special Fund for Economic Uncertainties.

The Governor proposes that, prior to the end of Fiscal Year 2015-16, the State’s Rainy Day Fund is expected to have a balance of approximately $4.5 billion and estimates that the Rainy Day Fund will grow to $6 billion in Fiscal Year 2016-17 in connection with Proposition 2. In addition, the State proposes to make an additional $2 billion deposit to bring the projected fund balance to $8 billion under the Proposed 2016-17 State Budget.

Significant features of the Proposed 2016-17 State Budget pertaining to cities also include the following:

Local Government Mandates: The Proposed 2016-17 State Budget includes a proposal that the State Controller’s Office audit all reimbursement claims used in the development of any new reasonable reimbursement methodology (“RRM”) in connection with a local government’s claim for state mandate payments. Any RRM proposal must use cost information from one of three sources: a representative sample of eligible claimants, information provided by local government associations, or other projections of local costs; and would have to be audited before being used to develop a general allocation formula.
Fiscal Impacts of Proposition 47. Proposition 47, which was approved by voters in November 2014, made significant changes to the State’s criminal justice system. In the Proposed 2016-17 State Budget, the administration estimates that $29.3 million from the General Fund would be deposited into the Safe Neighborhoods and Schools Fund (“SNSF”) on July 31, 2016 for expenditure in fiscal year 2016–17, based on its estimates of the savings and costs resulting from the implementation of Proposition 47. The administration estimates a total of $62.7 million in savings from the implementation of Proposition 47 in fiscal year 2015–16.

Criminal Justice. Significant spending included in the Proposed 2016-17 State Budget pertaining to criminal justice includes a proposal to provide a one-time General Fund augmentation of $250 million to the Board of State and Community Corrections (“BSCC”) for jail construction. The BSCC would be responsible for allocating these funds to counties. In addition, the budget includes various augmentations for California Department of Corrections and Rehabilitation and the judicial branch. For example, the Proposed 2016-17 State Budget includes (i) $58 million to expand inmate rehabilitation programs, (ii) $30 million for a new Court Innovation Grant program for trial courts, (iii) $21 million for court workload associated with Proposition 47, and (iv) a $20 million base augmentation for the trial courts.

City Law Enforcement Grants. The Proposed 2016-17 State Budget includes $20 million General Fund to increase positive outcomes between city police and the homeless community, persons with mental health needs, and high-risk youth populations. The Board of State and Community Corrections will allocate funds to individual cities acting as a fiduciary agent within each county receiving the funds. The Proposed 2016-17 State Budget also continues $6 million General Fund for grants to local law enforcement agencies for programs and initiatives intended to strengthen relationships between law enforcement and the communities they serve.

Transportation. The Proposed 2016-17 State Budget includes total funding of $16.2 billion for all programs administered within the State’s Transportation Agency. In addition, the Shared Revenues budget in the General Government area allocates over $1.4 billion in fuel excise tax to cities and counties for local streets and roads. The Proposed 2016-17 State Budget also includes an increase of $342 million in shared revenues to be allocated by the State Controller to cities and counties for local road maintenance according to existing statutory formula, as well as an additional $148 million from loan repayments to reimburse cities and counties for funds already spent on Traffic Congestion Relief Program projects.

Siting Incentive Grants. The Proposed 2016-17 State Budget proposes $25 million General Fund for incentive payments to cities and/or counties that approve, between January 1, 2016 and June 30, 2017, new long-term permits for hard-to-site facilities that improve public safety and support the criminal justice system through the provision of services, such as substance use disorder treatment, mental health, and reentry programming.

2016-17 May Revision. On May 13, 2016, Governor Brown released his May Revision to the Proposed 2016-17 State Budget (the “2016-17 May Revision”) noting that since the Proposed 2016-17 State Budget the State’s revenues have lagged expectations due in part to the tax revenue forecast being reduced by $1.9 billion, reflecting poor income tax receipts and more sluggish sales tax receipts than expected. In addition, the State has undertaken major new spending commitments including the passage of the managed care organization financing package solidifying funding for Medi-Cal, additional funding being committed to developmental disability services, higher payments to Medi-Cal providers, and the reduction of debt, as well as the increase in the State’s minimum wage to $15 per hour which will eventually raise General Fund costs by an estimated $3.4 billion ($39 million in Fiscal Year 2016-17). The Governor reported that barring any significant changes, the State’s budget is in balance and Proposition 2’s required contributions to debt payment and the Rainy Day Fund have been reduced by a
combined $1.6 billion since January of 2016. However, the Governor also noted that in the coming years, the State’s commitments will exceed expected revenues. By Fiscal Year 2019-20, the annual shortfall between spending and revenues is forecast to be over $4 billion, not taking into account the likelihood of an economic slowdown or recession. This emerging shortfall is in large part due to the expiration of the temporary taxes imposed under Proposition 30 which may or may not be extended by voters in November of 2016.

In the 2016-17 May Revision, the Governor referenced a report issued by Moody’s Investors Service’s in April of 2016 that assessed California’s preparedness for the next recession compared to other states. The State’s key areas of vulnerability according to the report include:

Revenue Volatility — The State’s heavy dependence on a progressive income tax makes it highly susceptible to stock market and other economic fluctuations. Proposition 30’s higher income tax rates have temporarily made the State’s taxes even more volatile.

Size of Reserves — Proposition 2 has improved the State’s ability to save. But even accounting for the Governor’s proposed $2 billion supplemental deposit, the State’s Rainy Day Fund would only reach 54 percent of its constitutional target this year.

Revenue and Spending Flexibility — The State Constitution, combined with the extensive entitlements for poverty-focused programs, restricts the State’s ability to react to worsening economic conditions as quickly as other states.

Fixed Costs — Infrastructure debt and retirement obligations lock in more than 10 percent of General Fund spending, which can only be changed over many years. The State has issued tens of billions of dollars in infrastructure bonds in the past decade. In addition, the State has $232 billion in long-term costs, debts, and liabilities. The vast majority of these liabilities — $228 billion — are related to retirement costs of State and University of California employees.

The following significant adjustments affecting California’s cities and local agencies are proposed in the 2016-17 May Revision:

Fixing America’s Surface Transportation (“FAST”). FAST provides a five-year federal authorization of highway, transit, safety, and rail programs and allocates $582 million over the five years to California through the new National Highway Freight Program funding formula. Additionally, California is eligible to receive a portion of $900 million annually for Fostering Advancements in Shipping and Transportation of the Long-term Achievement of National Efficiencies (FASTLANE) competitive grants. The 2016-17 May Revision includes provisional language which makes other State and Federal funding available as a match for the remaining 40 percent. Caltrans proposes expending the formula funding pursuant to the Trade Corridor Improvement Fund Guidelines. The California Transportation Commission will allocate half of the funding to corridor-based projects proposed by local agencies and half to projects of statewide significance proposed by Caltrans.

Local Streets and Roads — The 2016-17 May Revision includes an increase of $342 million in shared revenues to be allocated by the State Controller to cities and counties for local road maintenance according to existing statutory formulas.

Low Carbon Road Program — The 2016-17 May Revision includes $100 million Cap and Trade for Caltrans to implement a new Low Carbon Road Program for local projects that encourage active
transportation such as bicycling and walking, and other carbon-reducing road investments, with at least 50 percent of the funds directed to benefit disadvantaged communities.

Transit and Intercity Rail Capital Program — The 2016-17 May Revision includes an increase of $400 million Cap and Trade for transit capital investments that provide greenhouse gas reductions, with at least 50 percent of the funds directed to benefit disadvantaged communities.

Highway Repairs and Maintenance — An increase of $510 million for Caltrans to fund repairs and maintenance on the state highway system.

Trade Corridor Improvements — An increase of $200 million for Caltrans to fund projects along the State’s major trade corridors, providing ongoing funding for a program originally established with $2 billion in one-time Proposition 1B bond funding. Trade corridors will also receive additional federal funding as described below as part of the May Revision.

Continuum of Care Reform — The 2016-17 May Revision includes an increase of $6.4 million General Fund for county mental health costs associated with implementation of Continuum of Care Reform efforts, including participation in child and family teams, mental health assessments for children in foster care, and training for mental health providers, and also includes an increase of $59.9 million General Fund in 2016-17 for county child welfare agencies and probation departments to continue the implementation of the Continuum of Care reforms. Combined with funding in the Department of Health Care Services, the 2016-17 May Revision includes $127.3 million General Fund to implement the reforms.

Community-Based Transitional Housing Program. The 2016-17 May Revision includes statutory language to implement grants under the Community-Based Transitional Housing Program which would include additional funds to local communities that site, for a minimum of 10 years, new transitional housing and supportive services for offenders released from State prison or county jail; a requirement that a portion of the funds be used by the city or county to increase public safety around the facility and improve communication with neighbors and that grant funding be shared with non-profit facility operators to support rehabilitative services, security, and community outreach.

Dissolution of Redevelopment Agencies (“RDAs”). The 2016-17 May Revision estimates that as a result of the dissolution of RDAs, cities will receive an additional $673 million in general purpose revenues in Fiscal Years 2015-16 and 2016-17 combined, with counties receiving $710 million and special districts $316 million. It is estimated that additional ongoing property tax revenues of more than $3.2 billion will be distributed to cities, counties, and special districts by Fiscal Year 2019-20. Additionally, the 2016-17 May Revision estimates that Proposition 98 General Fund savings resulting from the dissolution of RDAs will be $1.3 billion in Fiscal Year 2016-17.

Proposition 30. The passage of the Governor’s November Tax Initiative (“Proposition 30”) placed on the November 2012 ballot results in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates will affect approximately 1 percent of California personal income tax filers and will be in effect starting in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from fiscal years 2012-13 through 2016-17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2011-12, 2017-18 and 2018-19. These additional monies will be available to fund programs in the 2012-13 State Budget as described above and prevent the “trigger cuts” included in the 2012-13 State Budget going into effect, avoiding spending reductions of about $6 billion in fiscal year 2012-13, mainly to education programs. Proposition
30 also adds to the State Constitution certain requirements related to the transfer of specified State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees and providing substance abuse treatment services.

**Future State Budgets.** Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other cities and counties in the State. The City cannot predict the extent of the budgetary problems the State will encounter in this or in any future Fiscal Year, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of current or future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets are being and will be affected by national and State economic conditions and other factors, including the current economic conditions, over which the City has no control.

**RATINGS**

S&P Global Ratings (“S&P”) is expected to assign a rating of “AA-” to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the payment of principal of and interest on the Bonds when due will be issued by National. See “BOND INSURANCE.” In addition, S&P has assigned the underlying municipal bond rating of “AA-” on the Bonds without giving effect to the above-described municipal bond insurance policy. Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing same at the following addresses: S&P Global Ratings, 55 Water Street, New York, NY 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that any of them will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

**UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), has agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds from the Authority at a price equal to $[_______] (which equals the par amount of the Bonds, less an underwriting discount of $[_______], and [plus/less] a net original issue [premium/discount] of $[_______]). The Underwriter intends to offer the Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, plus accrued interest from the dated date of the Bonds to their date of delivery, which prices may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallocate any such discounts on sales to other dealers.
CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The City will covenant for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City and to provide notices of the occurrence of certain enumerated events if material.

Pursuant to a Continuing Disclosure Agreement, dated as of June 1, 2016 (the “Continuing Disclosure Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, the City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the “Annual Report”) no later than March 31 of each year, commencing March 31, 2017, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City or its dissemination agent with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (“EMMA”) website. The specific nature of the information to be contained in the Annual Report and the notice of material events is set forth in “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

Prior Undertakings.

In the last five years, the City failed to timely file the audited financial statements and portions of its annual reports for fiscal years ended June 30, 2012, 2013, and 2015 in connection with the 2009 Bonds. The City also failed to file late filing notifications when the audited financial statements and annual information was not timely filed. The City has filed the audited financial statements which were not timely filed and has filed supplemental annual reports to correct the applicable omissions. The City has established processes to ensure it will continue to timely file complete annual reports and listed event notices in the future, which include appointing a dissemination agent to assist in filing the continuing disclosure filings and notices of listed events.

TAX MATTERS

Tax Exemption

The Internal Revenue Code of 1986 (the “Code”) imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Bonds. Each of the Authority and the City has covenanted to maintain the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants mentioned herein, interest on the Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the Bonds are not “specified private activity bonds” within the meaning of section 57(a)(5) of the Code and, therefore, interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Bonds owned by a corporation may affect the
computation of the alternative minimum taxable income. A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Pursuant to the Lease and the Indenture and in the Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986, to be delivered by the Authority and the City in connection with the issuance of the Bonds, each of the Authority and the City will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by each of the Authority and the City with such covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any event after the date of issuance of the Bonds may affect the tax status of interest on the Bonds or the tax consequences of the ownership of the Bonds.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority and the City described above. No ruling has been sought from the Internal Revenue Service (the “Service”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the Service. The Service has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the Authority as the “taxpayer,” and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Authority and/or the City may have different or conflicting interests from the owners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exemption of interest on the Bonds from personal income taxation by the State of California or of the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Bond Counsel relating to the Bonds is included in Appendix E hereto.

**Tax Accounting Treatment of Bond Premium and Original Issue Discount on Bonds**

To the extent that a purchaser of a Bond acquires that Bond at a price in excess of its “stated redemption price at maturity” (within the meaning of section 1273(a)(2) of the Code), such excess will constitute “bond premium” under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable
obligations); the amount of premium so amortized will reduce the owner’s basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Bond to the owner.

The excess, if any, of the stated redemption price at maturity of Bonds of a maturity over the initial offering price to the public of the Bonds of that maturity is “original issue discount.” Original issue discount accruing on Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that Bond. Original issue discount on any Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the Bond based on a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a Bond accruing during each period is added to the adjusted basis of such Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of Bonds who purchase such Bonds other than at the initial offering price and pursuant to the initial offering.

Bond Counsel is not opining on the accounting for or consequence to a Bond purchaser of bond premium or original issue discount on the Bonds. Persons considering the purchase of Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Bonds.

Other Tax Consequences

Although interest on the Bonds may be exempt from California personal income tax and excluded from the gross income of the owners thereof for federal income tax purposes, an owner’s federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the owner’s other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on
the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel will express no opinion regarding any such other tax consequences.

LITIGATION

There is no controversy of any nature now pending against the City or the Authority or, to the knowledge of their respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the City or the Authority taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds or the use of the Bond proceeds. There are no pending lawsuits that in the opinion of the City Attorney challenge the validity of the Bonds, the corporate existence of the City or the Authority, or the title of the officers thereof to their respective offices.

FINANCIAL STATEMENTS

The City’s financial statements for the Fiscal Year ended June 30, 2015, included in APPENDIX B hereto, have been audited by White Nelson Diehl Evans LLP (“White”), Certified Public Accountants & Consultants. White was not requested to consent to the inclusion of its report in APPENDIX B and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in the Official Statement, and no opinion is expressed by White with respect to any event subsequent to the date of its report.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Bonds is subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, to be delivered in substantially the form set forth in APPENDIX E herein. Norton Rose Fulbright US LLP in its role as Bond Counsel has undertaken no responsibility to the owners of the Bonds for the accuracy, completeness or fairness of this Official Statement or any other offering material related to the Bonds, and expresses no opinion to the Owners with respect thereto. Certain legal matters also will be passed upon for the City and the Authority by Alvarez-Glasman & Colvin, Attorneys at Law, as City Attorney and the Authority Counsel, respectively, and for the Authority by Norton Rose Fulbright US LLP, Los Angeles, California, Disclosure Counsel to the Authority.
EXECUTION AND DELIVERY

The execution and delivery of this Official Statement has been authorized by the Authority and the City.

PICO RIVERA PUBLIC FINANCING AUTHORITY

________________________________________
Chairman

CITY OF PICO RIVERA, CALIFORNIA

________________________________________
City Manager
APPENDIX A

SELECTED DEMOGRAPHIC AND FINANCIAL INFORMATION RELATING TO THE CITY OF PICO RIVERA

The following information relating to the City is provided for informational purposes only. The Bonds (as defined in the front part of this Official Statement) are payable solely as described in this Official Statement and are not payable or secured by a pledge of the faith and credit or taxing power of the City.

Location

The City of Pico Rivera (the “City”) is situated approximately 11 miles southeast of downtown Los Angeles, on the eastern edge of the Los Angeles basin, and on the southern edge of the area known as the San Gabriel Valley. The City encompasses approximately 8.8 square miles and is located near major highways — Interstate 605 (San Gabriel Freeway), Interstate 5 (Santa Ana Freeway) and Interstate 60 (Pomona Freeway).

Governmental Services

The City was incorporated in 1958. It is a general law city with a Council-Manager form of municipal government. The voters elect a five-member City Council, which in turn appoints a City Manager to carry out its policies and serve as the administrative head of the city organization. The City Manager oversees all City employees who implement the City’s programs, services, and projects, with the exception of police, fire and library services. Those services are provided through contracts with the County of Los Angeles.

The City currently has a staff of 146 authorized full-time employees and 170 part-time employees which number varies throughout the year.

Public Safety and Welfare. As stated, the City contracts with the County of Los Angeles for police protection. The County provides the City 55 sworn police officers. Also, the City contracts with the Los Angeles County Fire Protection District for fire protection. There are three fire stations located in the City, manned by 43 sworn persons.

Public Services. The City provides water service to the majority of its residents. It also operates a transit system including a dial-a-ride bus service and special elderly and disabled transportation services.

Community Services. Other services provided by the City include building permit and inspection, landscape and public infrastructure maintenance, graffiti abatement, street sweeping, traffic signal maintenance and municipal code compliance.
Population

The City is located in Los Angeles County and as of January 1, 2015 had an estimated population of 64,182. Table A-1 sets forth total population for the City, the County of Los Angeles (the “County”) and the State of California (the “State”).

Table A-1
City of Pico Rivera, County of Los Angeles and State of California
Population Estimates as of January 1

<table>
<thead>
<tr>
<th>Year</th>
<th>City of Pico Rivera</th>
<th>Los Angeles County</th>
<th>California</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>63,050</td>
<td>9,847,712</td>
<td>37,427,946</td>
<td>153,995,000</td>
</tr>
<tr>
<td>2012</td>
<td>63,304</td>
<td>908,030</td>
<td>37,680,593</td>
<td>140,902,000</td>
</tr>
<tr>
<td>2013</td>
<td>63,648</td>
<td>9,980,432</td>
<td>38,030,609</td>
<td>143,298,000</td>
</tr>
<tr>
<td>2014</td>
<td>63,902</td>
<td>10,054,852</td>
<td>38,357,121</td>
<td>144,684,000</td>
</tr>
<tr>
<td>2015</td>
<td>64,182</td>
<td>10,136,559</td>
<td>38,714,725</td>
<td></td>
</tr>
</tbody>
</table>

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State

Employment

Table A-2 summarizes the labor force, employment and unemployment figures over the period 2011 through 2015 for the City, the County, the State and United States.

Table A-2
City of Pico Rivera, County of Los Angeles, State of California and United States
Labor Force, Employment and Unemployment Yearly Average

<table>
<thead>
<tr>
<th>Year and Area</th>
<th>Labor Force</th>
<th>Employment(^{(1)})</th>
<th>Unemployment(^{(2)})</th>
<th>Unemployment Rate (%)(^{(3)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pico Rivera(^{(4)})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>4,926,200</td>
<td>4,358,300</td>
<td>567,900</td>
<td>11.5%</td>
</tr>
<tr>
<td>California</td>
<td>18,469,300</td>
<td>18,623,700</td>
<td>2,037,200</td>
<td>11.0%</td>
</tr>
<tr>
<td>United States</td>
<td>153,995,000</td>
<td>140,902,000</td>
<td>13,093,000</td>
<td>8.5%</td>
</tr>
<tr>
<td>2012*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pico Rivera(^{(4)})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>4,959,500</td>
<td>4,457,300</td>
<td>502,200</td>
<td>10.1%</td>
</tr>
<tr>
<td>California</td>
<td>18,623,700</td>
<td>16,838,400</td>
<td>1,785,300</td>
<td>9.6%</td>
</tr>
<tr>
<td>United States</td>
<td>155,083,000</td>
<td>143,298,000</td>
<td>12,299,000</td>
<td>7.9%</td>
</tr>
<tr>
<td>2013*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pico Rivera(^{(4)})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>4,993,800</td>
<td>4,564,100</td>
<td>429,700</td>
<td>8.6%</td>
</tr>
<tr>
<td>California</td>
<td>18,611,500</td>
<td>17,122,000</td>
<td>1,489,500</td>
<td>8.0%</td>
</tr>
<tr>
<td>United States(^{(5)})</td>
<td>155,083,000</td>
<td>144,684,000</td>
<td>10,399,000</td>
<td>6.7%</td>
</tr>
<tr>
<td>Year and Area</td>
<td>Labor Force</td>
<td>Employment&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>Unemployment&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>Unemployment Rate (%)&lt;sup&gt;(3)&lt;/sup&gt;</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------</td>
<td>--------------------------</td>
<td>---------------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>2014*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pico Rivera&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>5,030,400</td>
<td>4,662,200</td>
<td>368,200</td>
<td>7.3%</td>
</tr>
<tr>
<td>California</td>
<td>18,863,500</td>
<td>17,615,100</td>
<td>1,248,400</td>
<td>6.6%</td>
</tr>
<tr>
<td>United States&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>156,142,000</td>
<td>147,439,000</td>
<td>8,704,000</td>
<td>5.6%</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pico Rivera</td>
<td>30,100</td>
<td>28,300</td>
<td>1,900</td>
<td>6.2%</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>5,011,700</td>
<td>4,674,800</td>
<td>336,900</td>
<td>6.7%</td>
</tr>
<tr>
<td>California</td>
<td>18,981,800</td>
<td>17,798,600</td>
<td>1,183,200</td>
<td>6.2%</td>
</tr>
<tr>
<td>United States&lt;sup&gt;(5)&lt;/sup&gt; *</td>
<td>157,833,000</td>
<td>149,929,000</td>
<td>7,904,000</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Includes persons involved in labor-management trade disputes.

<sup>(2)</sup> Includes all persons without jobs who are actively seeking work.

<sup>(3)</sup> The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

<sup>(4)</sup> Data not available.

<sup>(5)</sup> Not strictly comparable with data for prior years.

*Data for December of the given year

Source: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics
Table A-3 represents the Annual Average Labor Force and Industry Employment for the area for the period from 2011 through 2015. These figures are metropolitan-wide statistics and may not necessarily accurately reflect employment trends in the City.

### Table A-3
Los Angeles-Long Beach-Glendale Metropolitan Division

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Farm</td>
<td>5,600</td>
<td>5,400</td>
<td>5,500</td>
<td>5,200</td>
<td>5,000</td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>3,945,700</td>
<td>4,036,000</td>
<td>4,112,700</td>
<td>4,189,000</td>
<td>4,274,200</td>
</tr>
<tr>
<td>Total Private</td>
<td>3,380,200</td>
<td>3,479,100</td>
<td>3,561,400</td>
<td>3,632,800</td>
<td>3,707,800</td>
</tr>
<tr>
<td>Goods Producing</td>
<td>476,000</td>
<td>480,800</td>
<td>488,800</td>
<td>488,000</td>
<td>490,800</td>
</tr>
<tr>
<td>Mining, Logging and Construction</td>
<td>109,100</td>
<td>113,400</td>
<td>120,600</td>
<td>123,900</td>
<td>130,000</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>366,900</td>
<td>367,400</td>
<td>368,200</td>
<td>364,100</td>
<td>360,800</td>
</tr>
<tr>
<td>Durable Goods</td>
<td>204,200</td>
<td>204,300</td>
<td>204,300</td>
<td>202,900</td>
<td>202,400</td>
</tr>
<tr>
<td>Nondurable Goods</td>
<td>162,800</td>
<td>163,100</td>
<td>163,800</td>
<td>161,300</td>
<td>158,400</td>
</tr>
<tr>
<td>Service Providing</td>
<td>3,469,700</td>
<td>3,555,200</td>
<td>3,623,900</td>
<td>3,701,000</td>
<td>3,783,400</td>
</tr>
<tr>
<td>Private Service Producing</td>
<td>2,904,200</td>
<td>2,998,400</td>
<td>3,072,600</td>
<td>3,144,800</td>
<td>3,217,000</td>
</tr>
<tr>
<td>Trade, Transportation and Utilities</td>
<td>750,600</td>
<td>767,400</td>
<td>781,800</td>
<td>798,800</td>
<td>817,800</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>205,800</td>
<td>211,900</td>
<td>218,700</td>
<td>222,500</td>
<td>227,000</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>393,000</td>
<td>400,900</td>
<td>405,600</td>
<td>413,000</td>
<td>420,500</td>
</tr>
<tr>
<td>Transportation, Warehousing and Utilities</td>
<td>151,800</td>
<td>154,500</td>
<td>157,500</td>
<td>163,400</td>
<td>170,400</td>
</tr>
<tr>
<td>Information</td>
<td>192,000</td>
<td>191,500</td>
<td>196,400</td>
<td>198,000</td>
<td>202,700</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>210,100</td>
<td>212,400</td>
<td>213,000</td>
<td>211,100</td>
<td>214,200</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>542,500</td>
<td>570,100</td>
<td>593,200</td>
<td>599,100</td>
<td>600,300</td>
</tr>
<tr>
<td>Educational and Health Services</td>
<td>677,300</td>
<td>699,500</td>
<td>702,100</td>
<td>720,700</td>
<td>742,200</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>394,700</td>
<td>415,800</td>
<td>440,500</td>
<td>466,600</td>
<td>488,100</td>
</tr>
<tr>
<td>Other Services</td>
<td>137,000</td>
<td>141,700</td>
<td>145,700</td>
<td>150,500</td>
<td>151,700</td>
</tr>
<tr>
<td>Government</td>
<td>565,500</td>
<td>556,800</td>
<td>551,200</td>
<td>556,200</td>
<td>566,400</td>
</tr>
<tr>
<td>Total, All Industries</td>
<td>3,951,300</td>
<td>4,041,400</td>
<td>4,118,100</td>
<td>4,194,200</td>
<td>4,279,200</td>
</tr>
</tbody>
</table>

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.
**Principal Employers**

Table A-4 sets forth the principal employers in the City.

**Table A-4**  
City of Pico Rivera  
Principal Employers, Fiscal Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Organization</th>
<th>Employees</th>
<th>Business Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Rancho Unified School District(^{(1)})</td>
<td>819</td>
<td>Government</td>
</tr>
<tr>
<td>Target</td>
<td>186</td>
<td>Retailer</td>
</tr>
<tr>
<td>Los Angeles County Sheriff</td>
<td>153</td>
<td>Patrol Station</td>
</tr>
<tr>
<td>First Source LLC</td>
<td>150</td>
<td>Grocery Store</td>
</tr>
<tr>
<td>Superior Grocers</td>
<td>150</td>
<td>Warehouse Storage</td>
</tr>
<tr>
<td>City of Pico Rivera</td>
<td>137</td>
<td>Government</td>
</tr>
<tr>
<td>Home Depot</td>
<td>138</td>
<td>Retailer</td>
</tr>
<tr>
<td>Northgate Market</td>
<td>133</td>
<td>Grocery Store</td>
</tr>
<tr>
<td>Bay Cities Container</td>
<td>130</td>
<td>Manufacturer</td>
</tr>
<tr>
<td>Lubricating Specialties Co.</td>
<td>126</td>
<td>Contractor</td>
</tr>
<tr>
<td>Rush Truck Center</td>
<td>112</td>
<td>New Motor Vehicles</td>
</tr>
<tr>
<td>Bimbo Bakeries</td>
<td>110</td>
<td>Distribution Center</td>
</tr>
<tr>
<td>Lowes</td>
<td>105</td>
<td>Retailer</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Number represents the entire school district, not just those located in Pico Rivera.  
\(^{(2)}\) Home Depot will be closing its store in the City in fiscal year 2016-17.  
Source: City of Pico Rivera Business License System.

**Commercial Activity**

Trade outlet and retail sales activity are summarized in Tables B-5 and B-6 based on reports of the State Board of Equalization.

**Table A-5**  
City of Pico Rivera  
Total Taxable Transactions and Number of Sales Permits, 2010 through 2014\(^{(1)}\)  
(Transactions in $000s)

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Retail &amp; Food Services Transactions</th>
<th>Retail &amp; Food Services Permits</th>
<th>All Other Transactions</th>
<th>All Other Permits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>446,866</td>
<td>1,101</td>
<td>170,154</td>
<td>370</td>
</tr>
<tr>
<td>2011</td>
<td>460,611</td>
<td>771</td>
<td>186,847</td>
<td>355</td>
</tr>
<tr>
<td>2012</td>
<td>490,447</td>
<td>705</td>
<td>226,998</td>
<td>360</td>
</tr>
<tr>
<td>2013</td>
<td>500,186</td>
<td>674</td>
<td>210,516</td>
<td>349</td>
</tr>
<tr>
<td>2014(^{(1)})</td>
<td>125,962</td>
<td>617</td>
<td>56,099</td>
<td>348</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Figures for Third Quarter 2014 only.  
Source: California State Board of Equalization.
<table>
<thead>
<tr>
<th>Type of Business</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle &amp; Parts Dealers</td>
<td>8,096</td>
<td>8,802</td>
<td>9,412</td>
<td>9,726</td>
<td>2,119</td>
</tr>
<tr>
<td>Home Furnishings &amp; Appliance Stores</td>
<td>27,645</td>
<td>24,751</td>
<td>27,027</td>
<td>26,061</td>
<td>6,563</td>
</tr>
<tr>
<td>Building Material &amp; Garden Equipment</td>
<td>50,044</td>
<td>49,470</td>
<td>49,307</td>
<td>54,930</td>
<td>14,067</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>34,255</td>
<td>36,483</td>
<td>38,796</td>
<td>41,470</td>
<td>11,273</td>
</tr>
<tr>
<td>Gas Stations</td>
<td>64,519</td>
<td>78,255</td>
<td>89,692</td>
<td>90,304</td>
<td>23,396</td>
</tr>
<tr>
<td>Clothing &amp; Accessories Stores</td>
<td>27,594</td>
<td>26,953</td>
<td>30,608</td>
<td>31,196</td>
<td>7,433</td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td>125,816</td>
<td>122,808</td>
<td>124,856</td>
<td>122,253</td>
<td>27,970</td>
</tr>
<tr>
<td>Food Services &amp; Drinking Places</td>
<td>80,331</td>
<td>84,125</td>
<td>90,764</td>
<td>94,234</td>
<td>26,537</td>
</tr>
<tr>
<td>Other Retail Group</td>
<td>28,567</td>
<td>28,964</td>
<td>29,986</td>
<td>30,013</td>
<td>6,603</td>
</tr>
<tr>
<td>Retail and Food Services</td>
<td>446,866</td>
<td>460,611</td>
<td>490,447</td>
<td>500,186</td>
<td>125,962</td>
</tr>
<tr>
<td>Totals</td>
<td>617,020</td>
<td>647,458</td>
<td>717,444</td>
<td>710,702</td>
<td>182,061</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Figures for Third Quarter 2014 only.

Source: California State Board of Equalization.
Building Activity

Table A-8 summarizes building activity in the City of Pico Rivera since 2011.

<table>
<thead>
<tr>
<th>Table A-8</th>
<th>City of Pico Rivera</th>
<th>Building Permit Valuations</th>
<th>2011-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Family</td>
<td></td>
<td></td>
<td>$337,865</td>
</tr>
<tr>
<td>Multi-Family</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Alteration/Additions</td>
<td></td>
<td></td>
<td>1,518,065</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$1,855,930</td>
</tr>
<tr>
<td>Non-Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Commercial</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>New Industry</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other(2)</td>
<td></td>
<td></td>
<td>149,100</td>
</tr>
<tr>
<td>Alteration/Additions</td>
<td></td>
<td></td>
<td>1,645,119</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$1,794,219</td>
</tr>
</tbody>
</table>

(1)Figures for first six months of 2015.
(2)Includes religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and non-residential alterations and additions.
Source: Construction Industry Research Board.

Utilities

The City receives water service from the Pico Rivera Water Authority (“PRWA”). The PRWA produces 100% of its demand through groundwater. The City’s Utility Programs Division oversees the following: Water Compliance, Energy management, Storm Water management, water conservation, sanitary Sewer Management, and oversight of contracted services such as Sanitary Sewer and Storm Drains/Catch Basin maintenances.

Transportation

The City is located at the juncture of the Santa Ana Freeway (Interstate 5) and the San Gabriel River Freeway (Interstate 605) in the eastern portion of Los Angeles County, approximately 11 miles from downtown Los Angeles, California. The Glenn Anderson Freeway (Interstate 105) provides a direct link between Interstate 605 and the Los Angeles International Airport.

Air cargo and passenger flight services are provided at Los Angeles International Airport, 20 miles west, which is served by all major airlines; Long Beach Airport, 15 miles southwest; and John Wayne Airport in Orange County, a forty minute drive. All of these airports provide regional services.

Local bus transportation is provided through Montebello Bus Lines and the Metropolitan Transit Authority, including Park-and-Ride service to downtown Los Angeles. There are bus service connections
to most surrounding areas. The City also operates a transit system including a bus dial-a-ride service and special elderly and disabled transportation services.

Rail freight service is available from the BNSF Railway (formerly known as the Burlington northern and Santa Fe Railway) and its wholly owned subsidiary Los Angeles Junction Railway which serve the industrial area of the City. Water transportation is available at Long Beach and Los Angeles harbors, one hour west, where the City is also served by each city’s respective port. In addition, truck freight service is available from both local and national trucking companies.

Education

The City is served by two public school districts: El Rancho Unified School District and Montebello Unified School District. Additionally, there are also two parochial schools (grades 1-8) and one private school (K-12). Within the City, El Rancho Unified School District has eight elementary schools, three middle schools, one comprehensive high school, one adult school and one continuation high school. Montebello Unified School District has one elementary school located within the City.

Additionally, nearby community colleges and universities that provide higher education include Rio Hondo College, Cerritos College, California State University Los Angeles, Cal State Long Beach, and Cal Poly Pomona.

Recreation and Culture

The City’s park system consists of nine parks covering over 120 acres and containing 21 athletic fields, two gymnasiums, and four community centers. Additionally, the Department of Parks & Recreation offers year-round instruction classes, special or season events, sports leagues, workshops, recreational programs and community celebrations for all ages. The City also operates a 9-hole executive golf course that was built in 1968 on the U.S. Army Corps of Engineers land. Lastly, two public libraries that are provided by the Los Angeles County Library System are located within the City.
APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY OF PICO RIVERA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX E
FORM OF OPINION OF BOND COUNSEL

PICO RIVERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2016

Ladies and Gentlemen:

We have acted as Bond Counsel to the Pico Rivera Public Financing Authority (the “Authority”), in connection with the issuance of its $[_________] Pico Rivera Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”). The Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the “Bond Law”), and pursuant to an Indenture, dated as of June 1, 2016 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Bonds are limited obligations of the Authority secured under the Indenture by a pledge of Revenues and certain other moneys held under the Indenture. The Revenues consist primarily of (i) the Base Rental Payments made by the City of Pico Rivera (the “City”) pursuant to the Lease, dated as of June 1, 2016 (the “Lease”), by and between the Authority, as lessor, and the City, as lessee, (ii) any proceeds of Bonds originally deposited with the Trustee and all moneys on deposit in the funds and accounts (other than the Rebate Fund) established under the Indenture, (iii) investment income with respect to such moneys held by the Trustee and (iv) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments. The City has leased certain real property and improvements (the “Leased Property”) to the Authority pursuant to the Site and Facility Lease, dated as of June 1, 2016 (the “Site Lease”), between the City and the Authority. Pursuant to the Assignment Agreement, dated as of June 1, 2016 (the “Assignment Agreement”), by and between the Authority and the Trustee, the Authority has assigned to the Trustee, for the benefit of the Owners, certain of the Authority’s rights under the Site Lease and the Lease, including the right to receive Base Rental Payments under the Lease.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the Authority and the City in connection with the issuance of the Bonds. We have also examined such certificates of officers of the Authority and the City and others as we have considered necessary for the purposes of this opinion. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.
Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding limited obligations of the Authority as provided in the Indenture, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.

3. The Lease and Site Lease have been duly and validly authorized, executed and delivered by the Authority and the City and constitute the legally valid and binding obligations of the Authority and the City, enforceable against the Authority and the City in accordance with their terms.

4. The Assignment Agreement has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms.

5. Under existing statutes, regulations, rulings and court decisions, and assuming compliance with the covenants mentioned below, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 (the “Code”) from the gross income of the owners thereof for federal income tax purposes. We are further of the opinion that under existing statutes, regulations, rulings and court decisions, the Bonds are not “specified private activity bonds” within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Bonds owned by a corporation may affect the computation of the alternative minimum taxable income of that corporation. A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed. We are further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Bonds. Pursuant to the Indenture and Lease, and in the Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986 being delivered by the Authority and the City in connection with the issuance of the Bonds, each of the Authority and the City is making representations relevant to the determination of, and is undertaking certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of such representations and the present and future compliance by each of the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.
The opinions expressed in paragraphs 1 through 4 above are qualified to the extent the enforceability of the Bonds, the Indenture, the Lease, the Site Lease, and the Assignment Agreement may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally or as to the availability of any particular remedy. The enforceability of the Bonds, the Indenture, the Lease, the Site Lease, and the Assignment Agreement is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may hereafter come to our attention or to reflect any change in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of results and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,
APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix F concerning DTC and its book-entry system has been obtained from sources that the Authority and the City believe to be reliable, but the Authority and the City take no responsibility for the accuracy thereof.

General

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information set forth on these websites is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be
requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee, on a payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City or the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.
APPENDIX G

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY
To: Mayor and City Council

From: City Manager

Meeting Date: June 28, 2016

Subject: PROPOSED AMENDMENT TO PICO RIVERA MUNICIPAL CODE CHAPTER 3.56 ESTABLISHING AN ADMINISTRATIVE CLAIMS PROCEDURE FOR CLAIMS EXEMPTED UNDER THE GOVERNMENT TORT CLAIMS ACT

Recommendation:

Introduce Ordinance amending Pico Rivera Municipal Code Chapter 3.56 establishing an administrative procedure for claims which are exempted under the Tort Claims Act.

Fiscal Impact: No fiscal impact.

Discussion:

The California Government Tort Claims Act ("Tort Claims Act") establishes an administrative claims procedure for the presentation of claims to public entities. Generally, the Tort Claims Act requires the filing of an administrative claim for damages as a prerequisite to filing a civil action for damages against a public entity. The Tort Claims Act includes a list of damage claims which are exempted from the claim-presentation requirements under the Tort Claims Act. (Government Code Section 905.) For the list of exempted damage claims, the Tort Claims Act provides that such damage claims "shall be governed by the procedure prescribed in any charter, ordinance or regulation adopted by the local public entity." (Government Code Section 935(a).)

However, the Tort Claims Act grants public entities the discretion of adopting by ordinance a claim filing requirement for those classes of claims which are exempted under Government Code Section 935(a). (Government Code Section 935(a).) The exercise of this authority is a great benefit to public entities. A public entity may decrease their potential liability by exercising this authority under the Tort Claims Act by requiring potential claimants to comply with the Tort Claims Act’s one-year statute of limitations. A claimant’s failure to file a claim within the Tort Claims Act’s one-year statute of limitations would bar the claimant from filing a lawsuit against the public entity.
The City of Pico Rivera’s existing procedure for filing claims against the City does not include a requirement for claimants pursuing claims exempted under the Tort Claim Act to file the claim against with City as a prerequisite to filing a civil suit against the City. To that end, staff recommends the City Council adopt the proposed Ordinance amending Pico Rivera Municipal Code Chapter 3.56. The proposed amendment to Pico Rivera Municipal Code Chapter 3.56 establishes a claims procedure for those classes of claims which are exempted under the Tort Claims Act.

René Bobadilla

RB:KH

Enclosure: 1) Ordinance
ORDINANCE NO. _______
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, AMENDING TITLE 3, CHAPTER 3.56 OF THE CITY’S MUNICIPAL CODE RELATING TO THE PROCEDURE FOR CLAIMS AGAINST THE CITY

WHEREAS, the California Government Tort Claims Act (“Tort Claims Act”) establishes an administrative claims procedure for the presentation of claims to public entities, which includes a requirement that a claim be filed with the public entity prior to filing a civil action against the public entity;

WHEREAS, the Tort Claims Act includes a list of damage claims which are exempted from the claim-presentation requirements under the Tort Claims Act. (Government Code Section 905.);

WHEREAS, the Tort Claims Act grants public entities the discretion of adopting by ordinance a claim filing requirement for those classes of claims which are exempted under Government Code Section 935(a);

WHEREAS, the City of Pico Rivera wishes to exercise its discretion under the Torts Claim Act to establish by ordinance a claim filing requirement for those classes of claims which are exempted under Government Code Section 935(a);

WHEREAS, the City of Pico Rivera's interests would be more effectively protected with the adoption of the amended procedure for claims against the City;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Title 3 (REVENUE AND FINANCE), Chapter 3.56 (CLAIMS AGAINST THE CITY) of the Pico Rivera Municipal Code is hereby amended as follows:

3.56.010 Authority.
This Chapter is enacted pursuant to Section 935 of the California Government Code. The provisions of this chapter implement the general claim procedures applicable to the city and all local public agencies governed by Part 3 of Division 3.6 of Title 1 of Government Code Section 900 et seq.

3.56.020 Claims Required.
All claims against the city for money or damages not otherwise governed by the Tort Claims Act, California Government Code Sections 900 et. seq., or another state law (hereinafter in this chapter, “claims”) shall be presented within the time, and in the manner, prescribed by Part 3 of Division 3.6 of Title 1 of the California Government Code (commencing with Section 900 thereof) for the claims to which that part applies by
its own terms, as those provisions now exist or shall hereafter be amended, and as further provided by this chapter. (Ord. 967 § 1, 2001)

3.56.025 Special Claims Procedure.

(a) Employee Claims. Notwithstanding the exceptions contained in California Government Code Section 905, all claims by public officers or employees for fees, salaries, wages, overtime pay, holiday pay, compensating time off, vacation pay, sick leave pay, and any other expenses or allowances claimed due from the city, when a procedure for processing such claims is not otherwise provided by state or local laws, shall be presented within the time limitations and in the manner prescribed by California Government Code Section 910 through 915.2, but in no event shall exceed one-year. Such claims shall further be subject to the provisions of California Government Code Section 945.4 relating to the prohibition of suits in the absence of the presentation of claims and action thereon.

(b) Contract and other claims. In addition to the requirements of subsection (a) of this section, and notwithstanding the exemptions set forth in California Government Code Section 905, all claims against the city for damages or money, when a procedure for processing such claims is not otherwise provided by state or local laws, including claims for tax refunds, shall be presented within the time limitations and in the manner prescribed by California Government Code Sections 910 through 915.2, but in no event shall exceed one-year. Such claims shall further be subject to the provisions of California Government Code Section 945.4 relating to the prohibition of suits in the absence of the presentation of claims and action thereon.

3.56.030 Form of Claim.

All claims shall be made in writing and verified by the claimant or by his or her guardian, conservator, executor or administrator. No claim may be filed on behalf of a class of persons unless verified by every member of that class as required by this section. In addition, all claims shall contain the information required by California Government Code Section 910. (Ord. 967 § 1, 2001)

3.56.040 Claim Prerequisite Suit.

In accordance with California Government Code Sections 935(b) and 945.6, all claims shall be presented as provided in this section and acted upon by the city council prior to the filing of any action on such claims and no such action may be maintained by a person who has not complied with the requirements of Section 2 of this chapter. (Ord. 967 § 1, 2001)

3.56.050 Suit.

Any action brought against the City of Pico Rivera upon any claim or demand shall conform to the requirements of Sections 940-949 of the California Government Code. Any action brought against any employee of the City of Pico Rivera
shall confirm with the requirements of Section 950-951 of the California Government Code. (Ord. 967 § 1, 2001)

SECTION 2. If any section, subsection, subdivision, sentence, clause, phrase or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 3. To the extent the provisions of the Pico Rivera Municipal Code as amended by this Ordinance are substantially the same as the provisions of that Code as they read immediately prior to the adoption of this Ordinance, then those provisions shall be construed as continuations of the earlier provisions and not as new enactments.

SECTION 4. The City Clerk shall certify to the adoption of this Ordinance and cause the same to be published in the manner prescribed by law.

PASSED, APPROVED, AND ADOPTED this ___ day of ____________, 2016.

________________________________
David W. Armenta, Mayor

ATTEST:                  APPROVED AS TO FORM:

_____________________________  ________________________________
Anna M. Jerome, City Clerk    Arnold M. Alvarez-Glasman, City Attorney