ROLL CALL:
Mayor/Chairman/President: Raul Elias
Mayor Pro Tempore/Vice Chairman/Vice President: Dr. Monica Sanchez
Councilmembers/Directors/Commissioners:
Gustavo V. Camacho
Andrew C. Lara
Erik Lutz

Meeting jointly and regularly with the Pico Rivera Successor Agency to the Pico Rivera Redevelopment Agency (as needed); Pico Rivera Housing Assistance Agency (as needed); Pico Rivera Water Authority (as needed); and Public Financing Authority (as needed)

INVOCATION:

PLEDGE OF ALLEGIANCE:

CERTAIN PROVISIONS OF THE BROWN ACT ARE TEMPORARILY WAIVED PURSUANT TO GOVERNOR NEWSOM’S EXECUTIVE ORDER N-25-20 AND N-29-20. IN THE INTEREST OF PUBLIC HEALTH AND SAFETY, CITY HALL FACILITIES ARE TEMPORARILY CLOSED TO THE PUBLIC UNTIL FURTHER NOTICE. CITY COUNCIL MEETINGS CAN BE VIEWED LIVE ON CTV3 AND THE CITY’S WEBSITE AT WWW.PICO-RIVERA.ORG. IF YOU WISH TO SUBMIT A PUBLIC COMMENT CARD ON ANY OF THE LISTED AGENDA ITEMS OR NON-AGENDA ITEMS, YOU MAY DO SO IN ADVANCE BY EMAIL TO THE CITY CLERK’S OFFICE AT PUBLICCOMMENTS@PICO-RIVERA.ORG PRIOR TO 4:00 P.M. ON THE DAY OF THE MEETING. PLEASE PROVIDE YOUR FULL NAME AND SUBJECT.

SPECIAL PRESENTATION(S):
- Sheriff Villanueva

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(S):

Housing Assistance Agency:

1. Public Hearing – Pico Rivera Housing Assistance Agency Administrative Plan Amendments for the Housing Choice Voucher (Section 8) Program.
   a. Open hearing
   b. Memo from City Manager
   c. Written Communications
   d. Oral Communications
   e. Close hearing
   f. Recommendation:
      1. Approve the attached resolution ratifying the amendments to the Pico Rivera Housing Assistance Agency Administrative Plan;
      2. Authorize the submittal of the revised Pico Rivera Housing Assistance Agency Administrative Plan to the U.S. Department of Housing and Urban Development (HUD); and
      3. Authorize the opening of the Section 8 waiting list on May 17, 2021, to accept pre-applications through May 21, 2021.

      Resolution No. ________ A RESOLUTION OF THE HOUSING ASSISTANCE AGENCY, APPROVING THE PICO RIVERA HOUSING ASSISTANCE AGENCY ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER SECTION 8 PROGRAM

PUBLIC COMMENTS - IF YOU WOULD LIKE TO COMMENT ON ANY LISTED AGENDA ITEMS OR NON-AGENDA ITEMS, PLEASE EMAIL THE CITY CLERK’S OFFICE AT PUBLICCOMMENTS@PICO-RIVERA.ORG PRIOR TO 4:00 P.M. ON THE DAY OF THE MEETING. ALL EMAILS WILL BE READ INTO THE PUBLIC RECORD. 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:
2. Minutes:
   - City Council regular meeting of March 23, 2021
     **Recommendation:** Approve
   - Parks and Recreation Commission regular meeting of November 12, 2020
     **Recommendation:** Receive and file

3. 14th Warrant Register of the 2020-2021 Fiscal Year. (700)
    Check Numbers: 287016-287029; 287030-287063; 287064-287099; 287100-287107; 287108-287150
    Special Check Numbers: None
    **Recommendation:** Approve

4. Purchase Price Between the Los Angeles County Flood Control District and Los Angeles County for Tax Defaulted Property in the San Gabriel Flood Control Channel. (700)
   **Recommendation:**
   1. Pursuant to the Revenue and Taxation Code Section 3775, approve a resolution disclaiming interest in purchasing tax defaulted property (APN 6379-001-005) and agreeing to the purchase price in the amount of $5,776 to be paid by the Los Angeles County Flood Control District to the Board of Supervisors of Los Angeles County; and
   2. Authorize the Mayor to execute Chapter 8 Agreement No. 2839 in the form acceptable by the City Attorney.

   Resolution No. ______

   A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, DISCLAIMING ANY INTEREST IN PURCHASING TAX DEFAULTED PROPERTY (APN 6379-001-005), AND AGREING TO THE PURCHASE PRICE TO BE PAID BY THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT TO THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY

5. Annual Signing and Striping Improvements Project (CIP No. 50039) – Award Construction. (500)
   **Recommendation:**
   1. Award a construction contract for a not-to-exceed amount of $70,633 to Safe USA, Inc. for the Annual Signing and Striping Improvements Project, CIP No. 50039; and authorize the City Manager to execute the contract in a form approved by the City Attorney; and
   2. Approve the Total Project Cost.

   Agreement No. ______

   Successor Agency:

6. Minutes:
   - Successor Agency regular meeting of March 23, 2021
     **Recommendation:** Approve
Housing Assistance Agency:

7. Minutes:
   - Housing Assistance Agency regular meeting of March 23, 2021
   Recommendation: Approve

Water Authority:

8. Minutes:
   - Water Authority regular meeting of March 23, 2021
   Recommendation: Approve

9. Electrical Panel Replacement at Plant No. 3 (CIP No. 50027) – Award Construction.
   Recommendation:
   1. Award a construction contract for a not-to-exceed amount of $412,800 to GA Technical Services, Inc. for the Electrical Switchboard Replacement at Plant No. 3 Project, CIP No. 50027; and authorize the Executive Director to execute the contract in a form approved by the City Attorney;
   2. Award a Professional Services Agreement for a not-to-exceed amount of $79,360 to AKM Consulting Engineers for Construction Management and Inspection Services; and authorize the Executive Director to execute the contract in a form approved by the City Attorney;
   3. Approve a change order to YAO Engineering’s professional services agreement in a not-to-exceed amount of $13,578;
   4. Amend the fiscal year (FY) 2020-21 adopted budget by appropriating $568,000 in Water Authority Funds (Fund 550) to CIP No. 50027, Account No. 550.70.7340-54500-50027; and
   5. Approve the Total Project Cost.

   Agreement No. ________     Agreement No. ________

CONSENT CALENDAR ITEMS PULLED FOR FURTHER DISCUSSION

REGULAR AGENDA:

City Council:

10. Discussion and Consideration of a Resolution Expressing a Vote of No Confidence in Los Angeles County District Attorney George Gascón.
    Recommendation:
    1. Discuss for consideration and approval a resolution supporting a vote of no confidence in Los Angeles County District Attorney George Gascón brought forth by Councilmember Lara and seconded by Mayor Elias; or
    2. Direct staff to take an alternative action.
Resolution No. ______ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, EXPRESSING A VOTE OF NO CONFIDENCE IN LOS ANGELES COUNTY DISTRICT ATTORNEY GEORGE GASCON

11. **Approve a Resolution Establishing a “COVID-19 Memorial Day”**.  
**Recommendation:**
1. Approve a resolution designating the first Monday of March as “COVID-19 Memorial Day” in remembrance and recognition of those who have died as a result of COVID-19 and those who have been impacted by this pandemic.

Resolution No. ______ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, PROCLAIMING THE FIRST MONDAY IN MARCH AS COVID-19 MEMORIAL DAY

**Recommendation:**
1. Approve resolution authorizing the issuance of bonds to refund certain pension obligations of the City, approving the form and authorizing the execution of a trust agreement and purchase contract, authorizing judicial validation proceedings relating to the issuance of such bonds and approving additional actions related thereto; and
2. Approve Professional Services Agreements with Columbia Capital Management as municipal advisor, Stradling Yocca Carlson and Rauth as validation and bond counsel, and Nixon Peabody as disclosure counsel. The underwriter selection will be submitted for approval at a subsequent City Council meeting.

Resolution No. ______ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND PURCHASE CONTRACT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS AND APPROVING ADDITIONAL ACTIONS RELATED THERETO

Agreement No. _______ Agreement No. ________
Agreement No. ______

13. **Discuss and Provide Direction Regarding the Spanish Translation of the Profile Publication.**  
**Recommendation:**
1. Provide staff with direction to translate the *Profile* publication into Spanish; or
2. Take no action at this time pending the results and assessment of the community survey.
Successor Agency:


Recommendation:

1. Approve a resolution authorizing the issuance and sale of tax allocation refunding bonds in an amount not to exceed $17,000,000, approving the form of an indenture of trust and the form of an escrow agreement and authorizing certain other actions in connection therewith;

2. Approve Professional Services Agreements with Urban Future, Inc. as municipal advisor, Stradling Yocca Carlson and Rauth as validation and bond counsel, and Nixon Peabody as disclosure counsel. The underwriter selection will be submitted for approval at a subsequent Successor Agency meeting; and

3. Approve an appropriation of $5,000,000 from General Fund Designations (100-37525 – General Fund-Bond Refinancing) to partially fund the refinancing of the 2001 Tax Allocation Bonds.

Resolution No. ________

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED $17,000,000 APPROVING THE FORM OF AN INDENTURE OF TRUST AND THE FORM OF AN ESCROW AGREEMENT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THERewith

Agreement No. __________

CITY MANAGER/STAFF REPORTS

GOOD OF THE ORDER (INTERGOVERNMENTAL AGENCY MEETINGS, AB 1234 REPORTS, NEW BUSINESS, OLD BUSINESS)

CLOSED SESSION(S):

City Council

a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
City of Signal Hill v. Central Basin Municipal Water District
Los Angeles County Superior Court Case No. 19STCP03882

b. CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to Government Code Section 54957.6
Agency Designated Representatives:
City Manager Carmona and Assistant City Manager Katherine Fuentes
Employee organization:
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 www.pico-rivera.org, Pico Rivera Post Office and Parks: Smith, Pico and Rivera which are available for the public to view on this 8th, day of April 2021.

Dated this 8th, day of April 2021

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 City’s website.
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. Please fill out the desired color-coded card prior to the start of the meeting at 6:00 p.m. Once the meeting has begun, no further cards will be accepted.

- 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: Chairman and Commissioners
From: Executive Director
Meeting Date: April 13, 2021
Subject: PUBLIC HEARING - PICO RIVERA HOUSING ASSISTANCE AGENCY ADMINISTRATIVE PLAN AMENDMENTS FOR THE HOUSING CHOICE VOUCHER (SECTION 8) PROGRAM

Recommendation:

1. Approve the attached resolution ratifying the amendments to the Pico Rivera Housing Assistance Agency Administrative Plan;

2. Authorize the submittal of the revised Pico Rivera Housing Assistance Agency Administrative Plan to the U.S. Department of Housing and Urban Development (HUD); and

3. Authorize the opening of the Section 8 waiting list on May 17, 2021, to accept pre-applications through May 21, 2021.

Fiscal Impact:

The recommended action does not have a fiscal impact on the General Fund.

Discussion:

The Pico Rivera Housing Assistance Agency (Agency) administers the Housing Choice Voucher (HCV) rental assistance program that is more commonly known as Section 8. The Agency is required to submit an administrative plan to the U.S. Department of Housing and Urban Development (HUD) to reflect compliance with new federal regulations, updates and to set or revise policy on matters for which the Agency has discretion based on HUD rules and regulations. The Pico Rivera Housing Assistance Agency Administrative Plan has been revised to incorporate the following major changes:
1. The pre-application process for Section 8 will now be available only online during the open enrollment period.

2. A two-step process will be used when applications are accepted. Section 8 applicants will be required to submit a pre-application that will provide only the information needed to make an initial assessment of the applicant’s eligibility and to determine their placement on the waiting list. All of the information necessary to determine eligibility will be requested when the applicant is selected from the waiting list.

3. The Agency will announce the opening of the Section 8 waiting list by a local media press release, publishing in the Pico Rivera PROFILE, posting it on the City of Pico Rivera website and a local cable company broadcast.

4. The local preferences have been restructured to give priority to families that meet the local need. Veterans will have priority within each of the preferences.

   a. Preference 1 - Families that have lost their Section 8 program with the Pico Rivera Housing Assistance Agency due to insufficient program funding do not need for the waiting list to be open.
   b. Preference 2 - Displaced Residents. Pico Rivera families that are involuntarily displaced from their homes due to federal, state, or local government action for public improvements or development do not need for the waiting list to be open.
   c. Preference 3 - Veteran Residents. Military veteran families that live or work in the City of Pico Rivera.
   d. Preference 4 - Elderly Residents. Families of the City of Pico Rivera that are elderly.
   e. Preference 5 - Residents. Families that live or work in the City of Pico Rivera.
   f. Preference 6 – Non-residents. Families that do not live in the City of Pico Rivera.

Before the Agency submits the revised administrative plan to HUD, the Agency is required to hold a public hearing to allow Section 8 participants to submit comments on the policies described in the administrative plan. Due to the pandemic, public hearing comments may not be made in person; however, comments may be submitted prior to 4:00 p.m. on the day of the public hearing by email to publiccomments@pico-rivera.org.

A copy of the Pico Rivera Housing Assistance Agency Administrative Plan for the Housing Choice Voucher (Section 8) program is available for public review by appointment in the City Clerk’s office, in the Pico Rivera Housing Assistance Agency office and on the City’s website.

The Section 8 waiting list has been closed since November 23, 2011. There are currently 114 non-residents on the waiting list that will be reviewed in a few months. The Pico Rivera Housing Assistance Agency is requesting authorization to reopen the waiting list.
on May 17, 2021 and accept applications for Section 8 rental assistance through May 21, 2021.

**Conclusion:**

Staff recommends that the Chair and Commissioners approve the revised administrative plan, authorize the Pico Rivera Housing Assistance Agency to submit the revised administrative plan to HUD and approve opening the Section 8 waiting list to accept applications.

Steve Carmona

SC:JG:ID:jj

Enclosures:  
1) Resolution  
2) Pico Rivera Housing Assistance Agency Administrative Plan  
3) Public Notice
RESOLUTION NO. ______

A RESOLUTION OF THE HOUSING ASSISTANCE AGENCY, APPROVING THE PICO RIVERA HOUSING ASSISTANCE AGENCY ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER SECTION 8 PROGRAM

WHEREAS, the Pico Rivera Housing Assistance Agency administers the Housing Choice Voucher Section 8 Program with funds provided by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, the U.S. Department of Housing and Urban Development requires each Housing Agency to prepare and maintain an Administrative Plan in order to continue to receive federal funding for the Housing Choice Voucher Section 8 program; and

WHEREAS, the Pico Rivera Housing Assistance Agency held a noticed public hearing on April 13, 2021, to allow public participation regarding the adoption of the Pico Rivera Housing Assistance Agency Administrative Plan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Assistance Agency of the City of Pico Rivera that:

SECTION 1. The Pico Rivera Housing Assistance Agency has completed an Administrative Plan in accordance with the U.S. Department of Housing and Urban Development guidelines.

SECTION 2. The Pico Rivera Housing Assistance Agency is prepared to submit the Administrative Plan as required by the U.S. Department of Housing and Urban Development upon adoption of this Resolution.

SECTION 3. The Pico Rivera Housing Assistance Agency Board approves the Administrative Plan and the submittal of the Administrative Plan.

SECTION 4. The Agency Secretary shall certify to the adoption of this Resolution and hereafter the same shall be in full force and effect.

[THIS SPACE INTENTIONALLY LEFT BLANK]
RESOLUTION NO. ______
Page 2 of 2

APPROVED AND PASSED this 13th day of April, 2021.

____________________________________
Raul Elias, Chairperson

ATTEST:  APPROVED AS TO FORM:

______________________________ _____________________________________
Anna M. Jerome, Agency Secretary    Arnold M. Alvarez-Glasman, Agency Counsel

AYES:
NOES:
ABSENT:
ABSTAIN:
HOUSING CHOICE VOUCHER (SECTION 8) ADMINISTRATIVE PLAN

EFFECTIVE APRIL 13, 2021

Pico Rivera Housing Assistance Agency

Nan McKay and Associates, Inc.
HCV Administrative Plan

PICO RIVERA HOUSING ASSISTANCE AGENCY

Approved by the HA Board of Commissioners:

Submitted to HUD:

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## Introduction

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[24 CFR 982 Subpart I and 24 CFR 982.507]

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AUTHORITIES FOR POLICIES IN THE MODEL ADMINISTRATIVE PLAN

The authority for PHA policies is derived from many sources. Primary among these sources are federal statutes, federal regulations, and guidance issued by HUD. State law also directs PHA policy. State law must be followed where such law exists and does not conflict with federal regulations. Industry practice may also be used to develop policy as long as it does not conflict with federal requirements or prohibitions.

HUD

HUD provides the primary source of PHA policy through federal regulations, HUD notices, and handbooks. Compliance with federal regulations, current HUD notices, and current HUD handbooks is mandatory.

HUD also provides guidance to PHAs through other means such as HUD-published guidebooks, expired HUD notices, and expired handbooks. Basing PHA policy on HUD guidance is optional, as long as PHA policies comply with federal law, federal regulations and mandatory policy. Because HUD has already determined that the guidance it provides is consistent with mandatory policies, PHA reliance on HUD guidance provides the PHA with a “safe harbor.”

Material posted on the HUD website can provide further clarification of HUD policies. For example, FAQs on the HUD website can provide direction on the application of federal regulations in various aspects of the program.

State Law

Where there is no mandatory federal guidance, PHAs must comply with state law, if it exists. Where state law is more restrictive than federal law, but does not conflict with it, the PHA should follow the state law.

Industry Practice

Where no law or HUD authority exists on a particular subject, industry practice may support PHA policy. Industry practice refers to a way of doing things or a policy that has been adopted by a majority of PHAs.

RESOURCES CITED IN THE MODEL ADMINISTRATIVE PLAN

The model administrative plan cites several documents. Where a document or resource is cited frequently, it may be abbreviated. Where it is cited only once or twice, the model administrative plan may contain the entire name of the document or resource. Following is a key to abbreviations used for various sources that are frequently cited in the administrative plan and a list of references and document locations that are referenced in the model administrative plan or that may be helpful to you.
Abbreviations
Throughout the model administrative plan, abbreviations are used to designate certain documents in citations. The following is a table of abbreviations of documents cited in the model administrative plan.

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Resources and Where to Find Them
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  https://www.ecfr.gov/ |
| Earned Income Disregard FAQ  
  https://www.hud.gov/program_offices/public_indian_housing/phr/about/ao_faq_eid |
| Eligibility of Students for Assisted Housing Under Section 8 of the U.S. Housing Act of 1937; Final Rule  
| Enterprise Income Verification (EIV) System, Security Procedures for Upfront Income Verification data  
  https://www.hud.gov/sites/documents/EIVSECGUIDEPHA.PDF |
| Executive Order 11063  
| Federal Register  
  https://www.federalregister.gov/ |
| Housing Choice Voucher Program Guidebook (7420.10G), Updated Chapters  
  https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/guidebook |
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The HUD website is [https://www.hud.gov/](https://www.hud.gov/).

Guidebooks, handbooks and other HUD resources may be found at the HUDClips website: [https://www.hud.gov/program_offices/administration/hudclips](https://www.hud.gov/program_offices/administration/hudclips).
Chapter 1

OVERVIEW OF THE PROGRAM AND PLAN

INTRODUCTION

The PHA receives its funding for the Housing Choice Voucher (HCV) program from the Department of Housing and Urban Development. The PHA is not a federal department or agency. A public housing agency (PHA) is a governmental or public body, created and authorized by state law to develop and operate housing and housing programs for low-income families. The PHA enters into an Annual Contributions Contract with HUD to administer the program requirements on behalf of HUD. The PHA must ensure compliance with federal laws, regulations and notices and must establish policy and procedures to clarify federal requirements and to ensure consistency in program operation.

This chapter contains information about the PHA and its programs with emphasis on the HCV program. It also contains information about the purpose, intent and use of the plan and guide.

There are three parts to this chapter:

- **Part I: The Public Housing Agency (PHA).** This part includes a description of the PHA, its jurisdiction, its programs, and its mission and intent.
- **Part II: The HCV Program.** This part contains information about the Housing Choice Voucher program operation, roles and responsibilities, and partnerships.
- **Part III: The HCV Administrative Plan.** This part discusses the purpose and organization of the plan and its revision requirements.

**PART I: THE PHA**

1-I.A. OVERVIEW

This part explains the origin of the PHA’s creation and authorization, the general structure of the organization, and the relationship between the PHA Board and staff.
1-I.B. ORGANIZATION AND STRUCTURE OF THE PHA

The Section 8 tenant-based Housing Choice Voucher (HCV) assistance program is funded by the federal government and administered by the Pico Rivera Housing Assistance Agency for the jurisdiction of the City of Pico Rivera in the County of Los Angeles.

The officials of a PHA are known as commissioners or, collectively, as the board of commissioners. Commissioners are appointed in accordance with state housing law and generally serve in the same capacity as the directors of a corporation, establishing policies under which the PHA conducts business, ensuring that policies are followed by PHA staff and ensuring that the PHA is successful in its mission. The board is responsible for preserving and expanding the agency’s resources and assuring the agency’s continued viability.

Formal actions of the PHA are taken through written resolutions, adopted by the board of commissioners and entered into the official records of the PHA.

The principal staff member of the PHA is the executive director (ED), hired and appointed by the board of commissioners. The executive director is directly responsible for carrying out the policies established by the board and is delegated the responsibility for hiring, training and supervising the PHA staff in order to manage the day-to-day operations of the PHA. The executive director is responsible for ensuring compliance with federal and state laws and directives for the programs managed. In addition, the executive director’s duties include budgeting and financial planning for the agency.

1-I.C. PHA MISSION

The purpose of a mission statement is to communicate the purpose of the agency to people inside and outside of the agency. It provides guiding direction for developing strategy, defining critical success factors, searching out key opportunities, making resource allocation choices, satisfying clients and stakeholders, and making decisions.

PHI Policy

The mission statement of the Pico Rivera Housing Assistance Agency is the same as that of the Department of Housing and Urban Development. To promote adequate and affordable housing, economic opportunity and a suitable environment free from discrimination.

1-I.D. THE PHA’S PROGRAMS

The following programs are included under this administrative plan:

PHI Policy

The PHA’s administrative plan is applicable to the operation of the Housing Choice Voucher program.

1-I.E. THE PHA’S COMMITMENT TO ETHICS AND SERVICE

As a public service agency, the PHA is committed to providing excellent service to HCV program participants, owners, and to the community. The PHA’s standards include:
• Administer applicable federal and state laws and regulations to achieve high ratings in performance measurement indicators while maintaining efficiency in program operation to ensure fair and consistent treatment of clients served.

• Provide decent, safe, and sanitary housing – in compliance with program housing quality standards – for very low income families while ensuring that family rents are fair, reasonable, and affordable.

• Encourage self sufficiency of participant families and assist in the expansion of family opportunities which address educational, socio-economic, recreational and other human services needs.

• Promote fair housing and the equal opportunity for very low-income families of all ethnic backgrounds to experience freedom of housing choice.

• Promote a housing program which maintains quality service and integrity while providing an incentive to private property owners to rent to very low-income families.

• Promote a market-driven housing program that will help qualified low-income families be successful in obtaining affordable housing and increase the supply of housing choices for such families.

• Create positive public awareness and expand the level of family, owner, and community support in accomplishing the PHA’s mission.

• Attain and maintain a high level of standards and professionalism in day-to-day management of all program components.

• Administer an efficient, high-performing agency through continuous improvement of the PHA’s support systems and a high level of commitment to our employees and their development.

The PHA will make every effort to keep program participants informed of HCV program rules and regulations, and to advise participants of how the program rules affect them.
PART II: THE HOUSING CHOICE VOUCHER (HCV) PROGRAM

1-II.A. OVERVIEW AND HISTORY OF THE PROGRAM

The intent of this section is to provide the public and staff with information related to the overall operation of the program. There have been many changes to the program since its inception in 1974 and a brief history of the program will assist the reader to better understand the program.

The United States Housing Act of 1937 (the “Act”) is responsible for the birth of federal housing program initiatives. The Act was intended to provide financial assistance to states and cities for public works projects, slum clearance and the development of affordable housing developments for low-income residents.

The Housing and Community Development (HCD) Act of 1974 created a new federally assisted housing program – the Section 8 Existing program (also known as the Section 8 Certificate program). The HCD Act represented a significant shift in federal housing strategy from locally owned public housing to privately owned rental housing.

Under the Certificate program, federal housing assistance payments were made directly to private owners of rental housing, where this housing was made available to lower-income families. Eligible families were able to select housing in the private rental market. Assuming that the housing met certain basic physical standards of quality (“housing quality standards”) and was within certain HUD-established rent limitations (“fair market rents”), the family would be able to receive rental assistance in the housing unit. Family contribution to rent was generally set at 30 percent of the family’s adjusted income, with the remainder of the rent paid by the program.

Another unique feature of the Certificate program was that the rental assistance remained with the eligible family, if the family chose to move to another privately-owned rental unit that met program requirements (in contrast to the public housing program where the rental assistance remains with the unit, should the family decide to move). Consequently, the Certificate program was characterized as tenant-based assistance, rather than unit-based assistance.

The Housing and Community Development (HCD) Act of 1987 authorized a new version of tenant-based assistance – the Section 8 Voucher program. The Voucher program was very similar to the Certificate program in that eligible families were able to select housing in the private rental market and receive assistance in that housing unit.

However, the Voucher program permitted families more options in housing selection. Rental housing still had to meet the basic housing quality standards, but there was no fair market rent limitation on rent. In addition, family contribution to rent was not set at a limit of 30 percent of adjusted income. Consequently, depending on the actual rental cost of the unit selected, a family might pay more or less than 30 percent of their adjusted income for rent.
From 1987 through 1999, public housing agencies managed both the Certificate and Voucher tenant-based assistance programs, with separate rules and requirements for each. From 1994 through 1998, HUD published a series of new rules, known as “conforming” rules, to more closely combine and align the two similar housing programs, to the extent permitted by the law.

In 1998, the Quality Housing and Work Responsibility Act (QHWRA) – also known as the Public Housing Reform Act – was signed into law. QHWRA eliminated all statutory differences between the Certificate and Voucher tenant-based programs and required that the two programs be merged into a single tenant-based assistance program, now known as the Housing Choice Voucher (HCV) program.

The HCV program was modeled closely on the pre-merger Voucher program. However, unlike the pre-merger Voucher program, the HCV program requires an assisted family to pay at least 30 percent of adjusted income for rent.

The transition of assistance from the Certificate and Voucher programs to the new HCV program began in October 1999. By October 2001, all families receiving tenant-based assistance were converted to the HCV program.
1-II.B. HCV PROGRAM BASICS

The purpose of the HCV program is to provide rental assistance to eligible families. The rules and regulations of the HCV program are determined by the U.S. Department of Housing and Urban Development. The PHA is afforded choices in the operation of the program which are included in the PHA’s administrative plan, a document approved by the board of commissioners of the PHA.

The HCV program offers mobility to eligible families because they may search for suitable housing anywhere in the PHA’s jurisdiction and may also be eligible to move under portability to other PHAs’ jurisdictions.

When a family is determined to be eligible for the program and funding is available, the PHA issues the family a housing voucher. When the family finds a suitable housing unit and funding is available, the PHA will enter into a contract with the owner and the family will enter into a lease with the owner. Each party makes their respective payment to the owner so that the owner receives full rent.

Even though the family is determined to be eligible for the program, the owner has the responsibility of approving the family as a suitable renter. The PHA continues to make payments to the owner as long as the family is eligible and the housing unit continues to qualify under the program.

1-II.C. THE HCV PARTNERSHIPS

To administer the HCV program, the PHA enters into a contractual relationship with HUD (Consolidated Annual Contributions Contract). The PHA also enters into contractual relationships with the assisted family and the owner or landlord of the housing unit.

For the HCV program to work and be successful, all parties involved – HUD, the PHA, the owner, and the family – have important roles to play. The roles and responsibilities of all parties are defined in federal regulations and in legal documents that parties execute to participate in the program.

The chart on the following page illustrates key aspects of these relationships.
The HCV Relationships:

- Congress Appropriates Funding
- HUD Provides Funding To PHA
- Program Regulations and ACC specifies PHA Obligations and Voucher Funding
- PHA Administers Program
- Voucher specifies Family Obligations
- Housing Assistance Payments (HAP) Contract specifies Owner and PHA Obligations
- Lease specifies Tenant and Landlord Obligations
- Family (Program Participant)
- Owner / Landlord
What Does HUD Do?

HUD has the following major responsibilities:

- Develop regulations, requirements, handbooks, notices and other guidance to implement HCV housing program legislation passed by Congress;
- Allocate HCV program funds to PHAs;
- Provide technical assistance to PHAs on interpreting and applying HCV program requirements;
- Monitor PHA compliance with HCV program requirements and PHA performance in program administration.

What Does the PHA Do?

The PHA administers the HCV program under contract with HUD and has the following major responsibilities:

- Establish local policies to administer the program;
- Review applications from interested applicants to determine whether they are eligible for the program;
- Maintain a waiting list and select families for admission;
- Issue vouchers to eligible families and provide information on how to lease a unit;
- Conduct outreach to owners, with special attention to owners outside areas of poverty or minority concentration;
- Approve the rental unit (including assuring compliance with housing quality standards and rent reasonableness), the owner, and the tenancy;
- Make housing assistance payments to the owner in a timely manner;
- Recertify families for continued eligibility under the program;
- Ensure that owners and families comply with their contractual obligations;
- Provide families and owners with prompt, professional service;
- Comply with all fair housing and equal opportunity requirements, HUD regulations and requirements, the Annual Contributions Contract, HUD-approved applications for funding, the PHA’s administrative plan, and other applicable federal, state and local laws.
What Does the Owner Do?

The owner has the following major responsibilities:

- Screen families who apply for tenancy, to determine suitability as renters.
  - The PHA can provide some information to the owner, but the primary responsibility for tenant screening rests with the owner.
  - The owner should consider family background factors such as rent and bill-paying history, history of caring for property, respecting the rights of others to peaceful enjoyment of the property, compliance with essential conditions of tenancy, whether the family is engaging in drug-related criminal activity or other criminal activity that might threaten others.

- Comply with the terms of the Housing Assistance Payments contract executed with the PHA;

- Comply with all applicable fair housing laws and do not discriminate against anyone;

- Maintain the housing unit in accordance with Housing Quality Standards (HQS) and make necessary repairs in a timely manner;

- Collect rent due from the assisted family and otherwise comply with and enforce provisions of the dwelling lease.
What Does the Family Do?

The family has the following responsibilities:

- Provide the PHA with complete and accurate information as determined by the PHA to be necessary for administration of the program;
- Make their best and most timely efforts to locate qualified and suitable housing;
- Attend all appointments scheduled by the PHA;
- Allow the PHA to inspect the unit at reasonable times and after reasonable notice;
- Take responsibility for care of the housing unit, including any violations of housing quality standards caused by the family;
- Comply with the terms of the lease with the owner;
- Comply with the family obligations of the voucher;
- Not commit serious or repeated violations of the lease;
- Not engage in drug-related or violent criminal activity;
- Notify the PHA and the owner before moving or terminating the lease;
- Use the assisted unit only for residence and as the sole residence of the family. Not sublet the unit, assign the lease, or have any interest in the unit;
- Promptly notify the PHA of any changes in family composition;
- Not commit fraud, bribery, or any other corrupt or criminal act in connection with any housing programs.
1-II.D. APPLICABLE REGULATIONS

Applicable regulations include:

- 24 CFR Part 5: General Program Requirements
- 24 CFR Part 8: Nondiscrimination
- 24 CFR Part 35: Lead-Based Paint
- 24 CFR Part 100: The Fair Housing Act
- 24 CFR Part 982: Section 8 Tenant-Based Assistance: Housing Choice Voucher Program
- 24 CFR Part 983: Project-Based Vouchers
- 24 CFR Part 985: The Section 8 Management Assessment Program (SEMAP)
PART III: THE HCV ADMINISTRATIVE PLAN

1-III.A. OVERVIEW AND PURPOSE OF THE PLAN

The administrative plan is required by HUD. The purpose of the administrative plan is to establish policies for carrying out the programs in a manner consistent with HUD requirements and local goals and objectives contained in the PHA’s agency plan. This administrative plan is a supporting document to the PHA agency plan, and is available for public review as required by CFR 24 Part 903.

This administrative plan is set forth to define the PHA's local policies for operation of the housing programs in accordance with federal laws and regulations. All issues related to the HCV program not addressed in this document are governed by such federal regulations, HUD handbooks and guidebooks, notices, and other applicable law. The policies in this administrative plan have been designed to ensure compliance with the consolidated ACC and all HUD-approved applications for program funding.

The PHA is responsible for complying with all changes in HUD regulations pertaining to the HCV program. If such changes conflict with this plan, HUD regulations will have precedence.

Administration of the HCV program and the functions and responsibilities of PHA staff shall be in compliance with the PHA's personnel policy and HUD regulations as well as all federal, state and local fair housing laws and regulations.

1-III.B. CONTENTS OF THE PLAN [24 CFR 982.54]

The HUD regulations at 24 CFR 982.54 define the policies that must be included in the administrative plan. They are as follow:

- Selection and admission of applicants from the PHA waiting list, including any PHA admission preferences, procedures for removing applicant names from the waiting list, and procedures for closing and reopening the PHA waiting list (Chapter 4);

- Issuing or denying vouchers, including PHA policy governing the voucher term and any extensions of the voucher term. If the PHA decides to allow extensions of the voucher term, the PHA administrative plan must describe how the PHA determines whether to grant extensions, and how the PHA determines the length of any extension (Chapter 5);

- Any special rules for use of available funds when HUD provides funding to the PHA for a special purpose (e.g., desegregation), including funding for specified families or a specified category of families (Chapter 4);
Occupancy policies, including definition of what group of persons may qualify as a 'family', definition of when a family is considered to be 'continuously assisted'; standards for denying admission or terminating assistance based on criminal activity or alcohol abuse in accordance with 982.553 (Chapters 3 and 12);

Encouraging participation by owners of suitable units located outside areas of low income or minority concentration (Chapter 13);

Assisting a family that claims that illegal discrimination has prevented the family from leasing a suitable unit (Chapter 2);

Providing information about a family to prospective owners (Chapters 3 and 9);

Disapproval of owners (Chapter 13);

Subsidy standards (Chapter 5);

Family absence from the dwelling unit (Chapter 12);

How to determine who remains in the program if a family breaks up (Chapter 3);

Informal review procedures for applicants (Chapter 16);

Informal hearing procedures for participants (Chapter 16);

The process for establishing and revising voucher payment standards, including policies on administering decreases in the payment standard during the HAP contract term (Chapter 16);

The method of determining that rent to owner is a reasonable rent (initially and during the term of a HAP contract) (Chapter 8);

Special policies concerning special housing types in the program (e.g., use of shared housing) (Chapter 15);

Policies concerning payment by a family to the PHA of amounts the family owes the PHA (Chapter 16);

Interim redeterminations of family income and composition (Chapter 11);

Restrictions, if any, on the number of moves by a participant family (Chapter 10);

Approval by the board of commissioners or other authorized officials to charge the administrative fee reserve (Chapter 16);

Procedural guidelines and performance standards for conducting required housing quality standards inspections (Chapter 8); and

PHA screening of applicants for family behavior or suitability for tenancy (Chapter 3).
**Mandatory vs. Discretionary Policy**

HUD makes a distinction between:

- **Mandatory policies**: those driven by legislation, regulations, current handbooks, notices, and legal opinions, and

- **Optional, non-binding guidance**, including guidebooks, notices that have expired and recommendations from individual HUD staff.

HUD expects PHAs to adopt local policies and procedures that are consistent with mandatory policies in areas where HUD gives the PHA discretion. The PHA's administrative plan is the foundation of those policies and procedures. HUD’s directions require PHAs to make policy choices that provide sufficient guidance to staff and ensure consistency to program applicants and participants.

Creating policies based upon HUD guidance is not mandatory, but provides a PHA with a “safe harbor.” HUD has already determined that the recommendations and suggestions it makes are consistent with mandatory policies. If a PHA adopts an alternative strategy, it must make its own determination that the alternative approach is consistent with legislation, regulations, and other mandatory requirements. There may be very good reasons for adopting a policy or procedure that is different than HUD’s safe harbor, but PHAs should carefully think through those decisions.

**1-III.C. ORGANIZATION OF THE PLAN**

The plan is organized to provide information to users in particular areas of operation.

**1-III.D. UPDATING AND REVISING THE PLAN**

The PHA will revise this administrative plan as needed to comply with changes in HUD regulations. The original plan and any changes must be approved by the board of commissioners of the agency, the pertinent sections included in the Agency Plan, and a copy provided to HUD.

**PHA Policy**

The PHA will review and update the plan as needed, to reflect changes in regulations, PHA operations, or when needed to ensure staff consistency in operation.
Chapter 2

FAIR HOUSING AND EQUAL OPPORTUNITY

INTRODUCTION

This chapter explains the laws and HUD regulations requiring PHAs to affirmatively further civil rights and fair housing in all federally-assisted housing programs. The letter and spirit of these laws are implemented through consistent policy and processes. The responsibility to further nondiscrimination pertains to all areas of the PHA’s housing choice voucher (HCV) operations.

This chapter describes HUD regulations and PHA policies related to these topics in three parts:

Part I: Nondiscrimination. This part presents the body of laws and regulations governing the responsibilities of the PHA regarding nondiscrimination.

Part II: Policies Related to Persons with Disabilities. This part discusses the rules and policies of the housing choice voucher program related to reasonable accommodation for persons with disabilities. These rules and policies are based on the Fair Housing Act (42 U.S.C.) and Section 504 of the Rehabilitation Act of 1973, and incorporate guidance from the Joint Statement of The Department of Housing and Urban Development and the Department of Justice (DOJ), issued May 17, 2004.

PART I: NONDISCRIMINATION

2-I.A. OVERVIEW

Federal laws require PHAs to treat all applicants and participants equally, providing the same opportunity to access services, regardless of family characteristics and background. Federal law prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, age, familial status, and disability. In addition, HUD regulations provide for additional protections regarding sexual orientation, gender identity, and marital status. The PHA will comply fully with all federal, state, and local nondiscrimination laws, and with rules and regulations governing fair housing and equal opportunity in housing and employment, including:

- Title VI of the Civil Rights Act of 1964
- Title VIII of the Civil Rights Act of 1968 (as amended by the Community Development Act of 1974 and the Fair Housing Amendments Act of 1988)
- Executive Order 11063
- Section 504 of the Rehabilitation Act of 1973
- The Age Discrimination Act of 1975
- Title II of the Americans with Disabilities Act (to the extent that it applies, otherwise Section 504 and the Fair Housing Amendments govern)
- The Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity Final Rule, published in the Federal Register February 3, 2012 and further clarified in Notice PIH 2014-20
- Violence Against Women Reauthorization Act of 2013 (VAWA)

When more than one civil rights law applies to a situation, the laws will be read and applied together.

Any applicable state laws or local ordinances and any legislation protecting individual rights of tenants, applicants, or staff that may subsequently be enacted will also apply.

PHA Policy

No state or local nondiscrimination laws or ordinances apply.
2-I.B. NONDISCRIMINATION

Federal regulations prohibit discrimination against certain protected classes and other groups of people. State and local requirements, as well as PHA policies, can prohibit discrimination based on other factors.

The PHA shall not discriminate because of race, color, sex, religion, familial status, age, disability or national origin (called “protected classes”)

Familial status includes children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18.

The PHA will not discriminate on the basis of marital status, gender identity, or sexual orientation [FR Notice 02/03/12].

PHA Policy

The PHA does not identify any additional protected classes.

The PHA will not use any of these factors to:

- Deny to any family the opportunity to apply for housing, nor deny to any qualified applicant the opportunity to participate in the housing choice voucher program
- Provide housing that is different from that provided to others
- Subject anyone to segregation or disparate treatment
- Subject anyone to sexual harassment
- Restrict anyone's access to any benefit enjoyed by others in connection with the housing program
- Treat a person differently in determining eligibility or other requirements for admission
- Steer an applicant or participant toward or away from a particular area based any of these factors
- Deny anyone access to the same level of services
- Deny anyone the opportunity to participate in a planning or advisory group that is an integral part of the housing program
- Discriminate in the provision of residential real estate transactions
- Discriminate against someone because they are related to or associated with a member of a protected class
- Publish or cause to be published an advertisement or notice indicating the availability of housing that prefers or excludes persons who are members of a protected class
Providing Information to Families and Owners

The PHA must take steps to ensure that families and owners are fully aware of all applicable civil rights laws. As part of the briefing process, the PHA must provide information to HCV applicant families about civil rights requirements and the opportunity to rent in a broad range of neighborhoods [24 CFR 982.301]. The Housing Assistance Payments (HAP) contract informs owners of the requirement not to discriminate against any person because of race, color, religion, sex, national origin, age, familial status, or disability in connection with the contract.

Discrimination Complaints

If an applicant or participant believes that any family member has been discriminated against by the PHA or an owner, the family should advise the PHA. The PHA should make every reasonable attempt to determine whether the applicant’s or participant’s assertions have merit and take any warranted corrective action. In addition, the PHA is required to provide the applicant or participant with information about how to file a discrimination complaint [24 CFR 982.304].

- Upon receipt of a housing discrimination complaint, the PHA is required to:
  - Provide written notice of the complaint to those alleged and inform the complainant that such notice was made
  - Investigate the allegations and provide the complainant and those alleged with findings and either a proposed corrective action or an explanation of why corrective action is not warranted
  - Keep records of all complaints, investigations, notices, and corrective actions

[Notice PIH 2014-20]

PHA Policy

Applicants or participants who believe that they have been subject to unlawful discrimination may notify the PHA either orally or in writing.

Within 10 business days of receiving the complaint, the PHA will provide a written notice to those alleged to have violated the rule. The PHA will also send a written notice to the complainant informing them that notice was sent to those alleged to have violated the rule, as well as information on how to complete and submit a housing discrimination complaint form to HUD's Office of Fair Housing and Equal Opportunity (FHEO).

The PHA will attempt to remedy discrimination complaints made against the PHA and will conduct an investigation into all allegations of discrimination.

Within 10 business days following the conclusion of the PHA's investigation, the PHA will provide the complainant and those alleged to have violated the rule with findings and either a proposed corrective action plan or an explanation of why corrective action is not warranted.

The PHA will keep a record of all complaints, investigations, notices, and corrective actions. (See Chapter 16.)
PART II: POLICIES RELATED TO PERSONS WITH DISABILITIES

2-II.A. OVERVIEW

One type of disability discrimination prohibited by the Fair Housing Act is the refusal to make reasonable accommodation in rules, policies, practices, or services when such accommodation may be necessary to afford a person with a disability the equal opportunity to use and enjoy a program or dwelling under the program.

The PHA must ensure that persons with disabilities have full access to the PHA’s programs and services. This responsibility begins with the first contact by an interested family and continues through every aspect of the program.

PHA Policy

The PHA will ask all applicants and participants if they require any type of accommodations, in writing, on the intake application, reexamination documents, and notices of adverse action by the PHA, by including the following language:

“If you or anyone in your family is a person with disabilities, and you require a specific accommodation in order to fully utilize our programs and services, please contact the housing authority.”

A specific name and phone number of designated staff will be provided to process requests for accommodation.

The PHA will display posters and other housing information and signage in locations throughout the PHA’s office in such a manner as to be easily readable from a wheelchair.
2-II.B. DEFINITION OF REASONABLE ACCOMMODATION

A reasonable accommodation is an adjustment made to a rule, policy, practice, or service that allows a person with a disability to have equal access to the HCV program. For example, reasonable accommodations may include making home visits, extending the voucher term, or approving an exception payment standard in order for a participant to lease an accessible dwelling unit.

Federal regulations stipulate that requests for accommodations will be considered reasonable if they do not create an “undue financial and administrative burden” for the PHA, or result in a “fundamental alteration” in the nature of the program or service offered. A fundamental alteration is a modification that alters the essential nature of a provider’s operations.

Types of Reasonable Accommodations

When needed, the PHA will modify normal procedures to accommodate the needs of a person with disabilities. Examples include:

- Permitting applications and reexaminations to be completed by mail
- Conducting home visits
- Using higher payment standards (either within the acceptable range or with HUD approval of a payment standard outside the PHA range) if the PHA determines this is necessary to enable a person with disabilities to obtain a suitable housing unit
- Providing time extensions for locating a unit when necessary because of lack of availability of accessible units or special challenges of the family in seeking a unit
- Permitting an authorized designee or advocate to participate in the application or certification process and any other meetings with PHA staff
2-II.C. REQUEST FOR AN ACCOMMODATION

If an applicant or participant indicates that an exception, change, or adjustment to a rule, policy, practice, or service is needed because of a disability, HUD requires that the PHA treat the information as a request for a reasonable accommodation, even if no formal request is made [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act].

The family must explain what type of accommodation is needed to provide the person with the disability full access to the PHA’s programs and services.

If the need for the accommodation is not readily apparent or known to the PHA, the family must explain the relationship between the requested accommodation and the disability. There must be an identifiable connection, or nexus, between the requested accommodation and the individual’s disability.

PHA Policy

The PHA will encourage the family to make its request in writing using a reasonable accommodation request form. However, the PHA will consider the accommodation any time the family indicates that an accommodation is needed whether or not a formal written request is submitted.
2-II.D. VERIFICATION OF DISABILITY

The regulatory civil rights definition for persons with disabilities is provided in Exhibit 2-1 at the end of this chapter. The definition of a person with a disability for the purpose of obtaining a reasonable accommodation is much broader than the HUD definition of disability which is used for waiting list preferences and income allowances.

Before providing an accommodation, the PHA must determine that the person meets the definition of a person with a disability, and that the accommodation will enhance the family’s access to the PHA’s programs and services.

If a person’s disability is obvious or otherwise known to the PHA, and if the need for the requested accommodation is also readily apparent or known, no further verification will be required [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act].

If a family indicates that an accommodation is required for a disability that is not obvious or otherwise known to the PHA, the PHA must verify that the person meets the definition of a person with a disability, and that the limitations imposed by the disability require the requested accommodation.

When verifying a disability, the PHA will follow the verification policies provided in Chapter 7. All information related to a person’s disability will be treated in accordance with the confidentiality policies provided in Chapter 16. In addition to the general requirements that govern all verification efforts, the following requirements apply when verifying a disability:

- Third-party verification must be obtained from an individual identified by the family who is competent to make the determination. A doctor or other medical professional, a peer support group, a non-medical service agency, or a reliable third party who is in a position to know about the individual’s disability may provide verification of a disability [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act].

- The PHA must request only information that is necessary to evaluate the disability-related need for the accommodation. The PHA will not inquire about the nature or extent of any disability.

- Medical records will not be accepted or retained in the participant file.

- In the event that the PHA does receive confidential information about a person’s specific diagnosis, treatment, or the nature or severity of the disability, the PHA will dispose of it. In place of the information, the PHA will note in the file that the disability and other requested information have been verified, the date the verification was received, and the name and address of the knowledgeable professional who sent the information [Notice PIH 2010-26].
2-II.E. APPROVAL/DENIAL OF A REQUESTED ACCOMMODATION [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act, Notice PIH 2010-26].

The PHA must approve a request for an accommodation if the following three conditions are met:

- The request was made by or on behalf of a person with a disability.
- There is a disability-related need for the accommodation.
- The requested accommodation is reasonable, meaning it would not impose an undue financial and administrative burden on the PHA, or fundamentally alter the nature of the PHA’s HCV operations (including the obligation to comply with HUD requirements and regulations).

Requests for accommodations must be assessed on a case-by-case basis, taking into account factors such as the overall size of the PHA’s program with respect to the number of employees, type of facilities and size of budget, type of operation including composition and structure of workforce, the nature and cost of the requested accommodation, and the availability of alternative accommodations that would effectively meet the family’s disability-related needs.

Before making a determination whether to approve the request, the PHA may enter into discussion and negotiation with the family, request more information from the family, or may require the family to sign a consent form so that the PHA may verify the need for the requested accommodation.

**PHA Policy**

After a request for an accommodation is presented, the PHA will respond in writing within 10 business days.

If the PHA denies a request for an accommodation because it is not reasonable (it would impose an undue financial and administrative burden or fundamentally alter the nature of the PHA’s operations), the PHA will discuss with the family whether an alternative accommodation could effectively address the family’s disability-related needs without a fundamental alteration to the HCV program and without imposing an undue financial and administrative burden.

If the PHA believes that the family has failed to identify a reasonable alternative accommodation after interactive discussion and negotiation, the PHA will notify the family in writing of its determination within 10 business days from the date of the most recent discussion or communication with the family.

The reasonable accommodation will be reviewed, inspected, and recertified at each annual reexamination.
2-II.F. PROGRAM ACCESSIBILITY FOR PERSONS WITH HEARING OR VISION IMPAIRMENTS

HUD regulations require the PHA to ensure that persons with disabilities related to hearing and vision have reasonable access to the PHA’s programs and services [24 CFR 8.6].

At the initial point of contact with each applicant, the PHA shall inform all applicants of alternative forms of communication that can be used other than plain language paperwork.

**PHA Policy**

To meet the needs of persons with hearing impairments, TTD/TTY (text telephone display / teletype) communication will be available.

To meet the needs of persons with vision impairments, large-print and audio versions of key program documents will be made available upon request. When visual aids are used in public meetings or presentations, or in meetings with PHA staff, one-on-one assistance will be provided upon request.

Additional examples of alternative forms of communication are sign language interpretation; having material explained orally by staff; or having a third party representative (a friend, relative or advocate, named by the applicant) to receive, interpret and explain housing materials and be present at all meetings.
2-II.G. PHYSICAL ACCESSIBILITY

The PHA must comply with a variety of regulations pertaining to physical accessibility, including the following:

- Notice PIH 2010-26
- Section 504 of the Rehabilitation Act of 1973
- The Americans with Disabilities Act of 1990
- The Architectural Barriers Act of 1968
- The Fair Housing Act of 1988

The PHA’s policies concerning physical accessibility must be readily available to applicants and participants. They can be found in three key documents:

- This plan describes the key policies that govern the PHA’s responsibilities with regard to physical accessibility.
- Notice PIH 2010-26 summarizes information about pertinent laws and implementing regulations related to nondiscrimination and accessibility in federally-funded housing programs.
- The PHA Plan provides information about self-evaluation, needs assessment, and transition plans.

The design, construction, or alteration of PHA facilities must conform to the Uniform Federal Accessibility Standards (UFAS). Newly-constructed facilities must be designed to be readily accessible to and usable by persons with disabilities. Alterations to existing facilities must be accessible to the maximum extent feasible, defined as not imposing an undue financial and administrative burden on the operations of the HCV program.

When issuing a voucher to a family that includes an individual with disabilities, the PHA will include a current list of available accessible units known to the PHA and will assist the family in locating an available accessible unit, if necessary.

In general, owners must permit the family to make reasonable modifications to the unit. However, the owner is not required to pay for the modification and may require that the unit be restored to its original state at the family’s expense when the family moves.
2-II.H. DENIAL OR TERMINATION OF ASSISTANCE

A PHA’s decision to deny or terminate the assistance of a family that includes a person with disabilities is subject to consideration of reasonable accommodation [24 CFR 982.552 (2)(iv)].

When applicants with disabilities are denied assistance, the notice of denial must inform them of the PHA’s informal review process and their right to request an informal review. In addition, the notice must inform applicants with disabilities of their right to request reasonable accommodations to participate in the informal review process.

When a participant family’s assistance is terminated, the notice of termination must inform them of the PHA’s informal hearing process and their right to request a hearing and reasonable accommodation.

When reviewing reasonable accommodation requests, the PHA must consider whether any mitigating circumstances can be verified to explain and overcome the problem that led to the PHA’s decision to deny or terminate assistance. If a reasonable accommodation will allow the family to meet the requirements, the PHA must make the accommodation.
PART III: IMPROVING ACCESS TO SERVICES FOR PERSONS WITH LIMITED ENGLISH PROFICIENCY (LEP)

2-III.A. OVERVIEW

Language for Limited English Proficiency Persons (LEP) can be a barrier to accessing important benefits or services, understanding and exercising important rights, complying with applicable responsibilities, or understanding other information provided by the HCV program. In certain circumstances, failure to ensure that LEP persons can effectively participate in or benefit from federally-assisted programs and activities may violate the prohibition under Title VI against discrimination on the basis of national origin. This part incorporates the Final Guidance to Federal Assistance Recipients Regarding Title VI Prohibition against National Origin Discrimination Affecting Limited English Proficient Persons, published January 22, 2007, in the Federal Register.

The PHA will take affirmative steps to communicate with people who need services or information in a language other than English. These persons will be referred to as Persons with Limited English Proficiency (LEP).

LEP is defined as persons who do not speak English as their primary language and who have a limited ability to read, write, speak or understand English. For the purposes of this administrative plan, LEP persons are HCV applicants and participants, and parents and family members of applicants and participants.

In order to determine the level of access needed by LEP persons, the PHA will balance the following four factors: (1) the number or proportion of LEP persons eligible to be served or likely to be encountered by the Housing Choice Voucher program; (2) the frequency with which LEP persons come into contact with the program; (3) the nature and importance of the program, activity, or service provided by the program to people’s lives; and (4) the resources available to the PHA and costs. Balancing these four factors will ensure meaningful access by LEP persons to critical services while not imposing undue burdens on the PHA.
2-III.B. ORAL INTERPRETATION

The PHA will offer competent interpretation services free of charge, upon request, to the LEP person.

**PHA Policy**

Where LEP persons desire, they will be permitted to use, at their own expense, an interpreter of their own choosing, in place of or as a supplement to the free language services offered by the PHA. The interpreter may be a family member or friend.

The PHA will analyze the various kinds of contacts it has with the public, to assess language needs and decide what reasonable steps should be taken. “Reasonable steps” may not be reasonable where the costs imposed substantially exceed the benefits.

Where feasible and possible, according to its language assistance plan (LAP), the PHA will train and hire bilingual staff to be available to act as interpreters and translators, will pool resources with other PHAs, and will standardize documents. Where feasible and possible, the PHA will encourage the use of qualified community volunteers.

2-III.C. WRITTEN TRANSLATION

Translation is the replacement of a written text from one language into an equivalent written text in another language.

**PHA Policy**

In order to comply with written-translation obligations, the PHA will take the following steps:

The PHA will provide written translations of vital documents for each eligible LEP language group that constitutes 5 percent or 1,000 persons, whichever is less, of the population of persons eligible to be served or likely to be affected or encountered. Translation of other documents, if needed, can be provided orally; or

If there are fewer than 50 persons in a language group that reaches the 5 percent trigger, the PHA does not translate vital written materials, but provides written notice in the primary language of the LEP language group of the right to receive competent oral interpretation of those written materials, free of cost.
2-III.D. IMPLEMENTATION PLAN

After completing the four-factor analysis and deciding what language assistance services are appropriate, the PHA shall determine whether it is necessary to develop a written implementation plan to address the identified needs of the LEP populations it serves.

If the PHA determines that it is not necessary to develop a written implementation plan, the absence of a written plan does not obviate the underlying obligation to ensure meaningful access by LEP persons to the PHA’s Housing Choice Voucher program and services.

PHA Policy

If it is determined that the PHA serves very few LEP persons, and the PHA has very limited resources, the PHA will not develop a written LEP plan, but will consider alternative ways to articulate in a reasonable manner a plan for providing meaningful access. Entities having significant contact with LEP persons, such as schools, grassroots and faith-based organizations, community groups, and groups working with new immigrants will be contacted for input into the process.

If the PHA determines it is appropriate to develop a written LEP plan, the following five steps will be taken: (1) Identifying LEP individuals who need language assistance; (2) identifying language assistance measures; (3) training staff; (4) providing notice to LEP persons; and (5) monitoring and updating the LEP plan.
A person with a disability, as defined under federal civil rights laws, is any person who:

- Has a physical or mental impairment that substantially limits one or more of the major life activities of an individual, or
- Has a record of such impairment, or
- Is regarded as having such impairment

The phrase “physical or mental impairment” includes:

- Any physiological disorder or condition, cosmetic or disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine; or

- Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term “physical or mental impairment” includes, but is not limited to: such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, drug addiction and alcoholism.

“Major life activities” includes, but is not limited to, caring for oneself, performing manual tasks, walking, seeing, hearing, breathing, learning, and/or working.

“Has a record of such impairment” means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

“Is regarded as having an impairment” is defined as having a physical or mental impairment that does not substantially limit one or more major life activities but is treated by a public entity (such as the PHA) as constituting such a limitation; has none of the impairments defined in this section but is treated by a public entity as having such an impairment; or has a physical or mental impairment that substantially limits one or more major life activities, only as a result of the attitudes of others toward that impairment.
The definition of a person with disabilities does not include:

- Current illegal drug users
- People whose alcohol use interferes with the rights of others
- Persons who objectively pose a direct threat or substantial risk of harm to others that cannot be controlled with a reasonable accommodation under the HCV program

The above definition of disability determines whether an applicant or participant is entitled to any of the protections of federal disability civil rights laws. Thus, a person who does not meet this disability is not entitled to a reasonable accommodation under federal civil rights and fair housing laws and regulations.

The HUD definition of a person with a disability is much narrower than the civil rights definition of disability. The HUD definition of a person with a disability is used for purposes of receiving the disabled family preference, the $400 elderly/disabled household deduction, the $480 dependent deduction, the allowance for medical expenses, or the allowance for disability assistance expenses.

The definition of a person with a disability for purposes of granting a reasonable accommodation request is much broader than the HUD definition of disability. Many people will not qualify as a disabled person under the HCV program, yet an accommodation is needed to provide equal opportunity.
Chapter 3

ELIGIBILITY

INTRODUCTION

The PHA is responsible for ensuring that every individual and family admitted to the HCV program meets all program eligibility requirements. This includes any individual approved to join the family after the family has been admitted to the program. The family must provide any information needed by the PHA to confirm eligibility and determine the level of the family’s assistance.

To be eligible for the HCV program:

- The applicant family must:
  - Qualify as a family as defined by HUD and the PHA.
  - Have income at or below HUD-specified income limits.
  - Qualify on the basis of citizenship or the eligible immigrant status of family members.
  - Provide social security number information for household members as required.
  - Consent to the PHA’s collection and use of family information as provided for in PHA-provided consent forms.

- The PHA must determine that the current or past behavior of household members does not include activities that are prohibited by HUD or the PHA.

This chapter contains three parts:

Part I: Definitions of Family and Household Members. This part contains HUD and PHA definitions of family and household members and explains initial and ongoing eligibility issues related to these members.

Part II: Basic Eligibility Criteria. This part discusses income eligibility, and rules regarding citizenship, social security numbers, and family consent.

Part III: Denial of Assistance. This part covers factors related to an applicant’s past or current conduct (e.g. criminal activity) that can cause the PHA to deny assistance.
PART I: DEFINITIONS OF FAMILY AND HOUSEHOLD MEMBERS

3-I.A. OVERVIEW

Some eligibility criteria and program rules vary depending upon the composition of the family requesting assistance. In addition, some requirements apply to the family as a whole and others apply to individual persons who will live in the assisted unit. This part provides information that is needed to correctly identify family and household members, and to apply HUD's eligibility rules.

3-I.B. FAMILY AND HOUSEHOLD [24 CFR 982.201(c); FR Notice 02/03/12; Notice PIH 2014-20]

The terms family and household have different meanings in the HCV program.

**Family**

To be eligible for assistance, an applicant must qualify as a family. *Family* as defined by HUD includes, but is not limited to the following, regardless actual or perceived sexual orientation, gender identity, or marital status, a single person, who may be an elderly person, disabled person, near-elderly person, or any other single person; or a group of persons residing together. Such group includes, but is not limited to a family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family), an elderly family, a near-elderly family, a disabled family, a displaced family, or the remaining member of a tenant family. The PHA has the discretion to determine if any other group of persons qualifies as a family.

*Gender Identity* means actual or perceived gender characteristics.

*Sexual orientation* means homosexuality, heterosexuality, or bisexuality.

**PHA Policy**

A family also includes two or more individuals who are not related by blood, marriage, adoption, or other operation of law but who either can demonstrate that they have lived together previously or certify that each individual’s income and other resources will be available to meet the needs of the family.

Each family must identify the individuals to be included in the family at the time of application, and must notify the PHA if the family’s composition changes.

**Household**

*Household* is a broader term that includes additional people who, with the PHA’s permission, live in an assisted unit, such as live-in aides, foster children, and foster adults.
3-I.C. FAMILY BREAKUP AND REMAINING MEMBER OF TENANT FAMILY

Family Breakup [24 CFR 982.315; Notice PIH 2017-08]

Except under the following conditions, the PHA has discretion to determine which members of an assisted family continue to receive assistance if the family breaks up:

- If the family breakup results from an occurrence of domestic violence, dating violence, sexual assault, or stalking, the PHA must ensure that the victim retains assistance. (For documentation requirements and policies related to domestic violence, dating violence, sexual assault, and stalking, see section 16-IX.D of this plan.)

- In accordance with Notice PIH 2017-08, for HUD–Veterans Affairs Supportive Housing (HUD–VASH) vouchers, when the veteran is the perpetrator of domestic violence, dating violence, sexual assault, or stalking, the victim must continue to be assisted. Upon termination of the perpetrator’s HUD–VASH voucher, the victim should be given a regular HCV if one is available, and the perpetrator’s HUD–VASH voucher should be used to serve another eligible family. If a regular HCV is not available, the victim will continue to use the HUD–VASH voucher, which must be issued to another eligible family upon the voucher’s turnover.

- If a court determines the disposition of property between members of the assisted family, the PHA is bound by the court’s determination of which family members continue to receive assistance.

**PHA Policy**

When a family on the waiting list breaks up into two otherwise eligible families, only one of the new families may retain the original application date. Other former family members may make a new application with a new application date if the waiting list is open.

If a family breaks up into two otherwise eligible families while receiving assistance, only one of the new families will continue to be assisted.

In the absence of a judicial decision or an agreement among the original family members, the PHA will determine which family will retain their placement on the waiting list or continue to receive assistance. In making its determination, the PHA will take into consideration the following factors: (1) the interest of any minor children, including custody arrangements; (2) the interest of any ill, elderly, or disabled family members; (3) the interest of any family member who is the victim of domestic violence, dating violence, sexual assault, or stalking, including a family member who was forced to leave an assisted unit as a result of such actual or threatened abuse; (4) any possible risks to family members as a result of criminal activity; and (5) the recommendations of social service professionals.
Remaining Member of a Tenant Family [24 CFR 5.403]
The HUD definition of family includes the *remaining member of a tenant family*, which is a member of an assisted family who remains in the unit when other members of the family have left the unit. Household members such as live-in aides, foster children, and foster adults do not qualify as remaining members of a family.

If dependents are the only “remaining members of a tenant family” and there is no family member able to assume the responsibilities of the head of household, see Chapter 6, Section 6-I.B, for the policy on “Caretakers for a Child.”

3-I.D. HEAD OF HOUSEHOLD [24 CFR 5.504(b)]
*Head of household* means the adult member of the family who is considered the head for purposes of determining income eligibility and rent. The head of household is responsible for ensuring that the family fulfills all of its responsibilities under the program, alone or in conjunction with a cohead or spouse.

**PHA Policy**
The family may designate any qualified family member as the head of household.

The head of household must have the legal capacity to enter into a lease under state and local law. A minor who is emancipated under state law may be designated as head of household.

3-I.E. SPOUSE, COHEAD, AND OTHER ADULT
A family may have a spouse or cohead, but not both [HUD-50058 IB, p. 13].

*Spouse* means the marriage partner of the head of household.

**PHA Policy**
A *marriage partner* includes the partner in a "common law" marriage as defined in state law. The term “spouse” does not apply to friends, roommates, or significant others who are not marriage partners. A minor who is emancipated under state law may be designated as a spouse.

A *cohead* is an individual in the household who is equally responsible with the head of household for ensuring that the family fulfills all of its responsibilities under the program, but who is not a spouse. A family can have only one cohead.

**PHA Policy**
Minors who are emancipated under state law may be designated as a cohead.

*Other adult* means a family member, other than the head, spouse, or cohead, who is 18 years of age or older. Foster adults and live-in aides are not considered other adults.
3-I.F. DEPENDENT [24 CFR 5.603]

A dependent is a family member who is under 18 years of age or a person of any age who is a person with a disability or a full-time student, except that the following persons can never be dependents: the head of household, spouse, cohead, foster children/adults and live-in aides. Identifying each dependent in the family is important because each dependent qualifies the family for a dependent allowance as described in Chapter 6.

Joint Custody of Dependents

PHA Policy

Dependents that are subject to a joint custody arrangement will be considered a member of the family, if they live with the applicant or participant family 50 percent or more of the time.

When more than one applicant or participant family is claiming the same dependents as family members, the family with primary custody at the time of the initial examination or reexamination will be able to claim the dependents. If there is a dispute about which family should claim them, the PHA will make the determination based on available documents such as court orders, or an IRS return showing which family has claimed the child for income tax purposes.

3-I.G. FULL-TIME STUDENT [24 CFR 5.603; HCV GB, p. 5-29]

A full-time student (FTS) is a person who is attending school or vocational training on a full-time basis. The time commitment or subject load that is needed to be full-time is defined by the educational institution.

Identifying each FTS is important because: (1) each family member that is an FTS, other than the head, spouse, or cohead, qualifies the family for a dependent allowance, and (2) the earned income of such an FTS is treated differently from the income of other family members.

3-I.H. ELDERLY AND NEAR-ELDERLY PERSONS, AND ELDERLY FAMILY [24 CFR 5.100 and 5.403, FR Notice 02/03/12]

Elderly Persons

An elderly person is a person who is at least 62 years of age.

Near-Elderly Persons

A near-elderly person is a person who is 50-61 years of age.

Elderly Family

An elderly family is one in which the head, spouse, cohead, or sole member is an elderly person. Identifying elderly families is important because elderly families qualify for the elderly family allowance as described in Chapter 6.
3-I.I. PERSONS WITH DISABILITIES AND DISABLED FAMILY [24 CFR 5.403, FR Notice 02/03/12]

Persons with Disabilities

Under the HCV program, special rules apply to persons with disabilities and to any family whose head, spouse, or cohead is a person with disabilities. The technical definitions of individual with handicaps and persons with disabilities are provided in Exhibit 3-1 at the end of this chapter. These definitions are used for a number of purposes including ensuring that persons with disabilities are not discriminated against based upon disability.

As discussed in Chapter 2, the PHA must make all aspects of the HCV program accessible to persons with disabilities and consider reasonable accommodations requested based upon a person’s disability.

Disabled Family

A disabled family is one in which the head, spouse, or cohead is a person with disabilities. Identifying disabled families is important because these families qualify for the disabled family allowance as described in Chapter 6.

Even though persons with drug or alcohol dependencies are considered persons with disabilities, this does not prevent the PHA from denying assistance for reasons related to alcohol and drug abuse in accordance with the policies found in Part III of this chapter, or from terminating assistance in accordance with the policies in Chapter 12.

3-I.J. GUESTS [24 CFR 5.100]

A guest is a person temporarily staying in the unit with the consent of a member of the household who has expressed or implied authority to so consent.

PHA Policy

A guest can remain in the assisted unit no longer than 14 consecutive days or a total of 30 cumulative calendar days during any 12-month period. Participants must notify the landlord and the Pico Rivera Housing Assistance agency when a guest will be staying in the unit for up to 14 consecutive days.

Children who are subject to a joint custody arrangement or for whom a family has visitation privileges, that are not included as a family member because they live outside of the assisted household more than 50 percent of the time, are not subject to the time limitations of guests as described above.

A family may request an exception to this policy for valid reasons (e.g., care of a relative recovering from a medical procedure is expected to last 30 consecutive days). An exception will not be made unless the family can identify and provide documentation of the residence to which the guest will return.
3-I.K. FOSTER CHILDREN AND FOSTER ADULTS

Foster adults are usually persons with disabilities, unrelated to the tenant family, who are unable to live alone [24 CFR 5.609].

The term foster child is not specifically defined by the regulations.

Foster children and foster adults who are living with an applicant or who have been approved by the PHA to live with a participant family are considered household members but not family members. The income of foster children/adults is not counted in family annual income, and foster children/adults do not qualify for a dependent deduction [24 CFR 5.603; HUD-50058 IB, p. 13].

PHA Policy

A foster child is a child that is in the legal guardianship or custody of a state, county, or private adoption or foster care agency, yet is cared for by foster parents in their own homes, under some kind of short-term or long-term foster care arrangement with the custodial agency.

A foster child or foster adult may be allowed to reside in the unit if their presence would not result in a violation of HQS space standards according to 24 CFR 982.401.

Children that are temporarily absent from the home as a result of placement in foster care are discussed in Section 3-I.L.

3-I.L. ABSENT FAMILY MEMBERS

Individuals may be absent from the family, either temporarily or permanently, for a variety of reasons including educational activities, placement in foster care, employment, illness, incarceration, and court order.

Definitions of Temporarily and Permanently Absent

PHA Policy

Generally an individual who is or is expected to be absent from the assisted unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a family member. Generally an individual who is or is expected to be absent from the assisted unit for more than 180 consecutive days is considered permanently absent and no longer a family member and will be removed from the family composition. Exceptions to this general policy are discussed below.

Absent Students

PHA Policy

When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to the PHA indicating that the student has established a separate household or the family declares that the student has established a separate household.
Absences Due to Placement in Foster Care [24 CFR 5.403]

Children temporarily absent from the home as a result of placement in foster care are considered members of the family.

**PHA Policy**

If a child has been placed in foster care, the PHA will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.

Absent Head, Spouse, or Cohead

**PHA Policy**

An employed head, spouse, or cohead absent from the unit more than 180 consecutive days due to employment will continue to be considered a family member.

Family Members Permanently Confined for Medical Reasons [HCV GB, p. 5-22]

If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted [HCV GB, p. 5-22].

**PHA Policy**

The PHA will request verification of the family member’s permanent absence from a responsible medical professional. If the responsible medical professional cannot provide a determination, the person will be considered temporarily absent. If the family certifies that the family member is confined on a permanent basis, they may present, and the PHA will consider, any additional documentation or evidence.

Return of Permanently Absent Family Members

**PHA Policy**

The family must request PHA approval for the return of any adult family members that the PHA previously determined to be permanently absent. The individual is subject to the eligibility and screening requirements discussed elsewhere in this chapter.
3-I.M. LIVE-IN AIDE

A live-in aide is a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who: (1) is determined to be essential to the care and well-being of the persons, (2) is not obligated for the support of the persons, and (3) would not be living in the unit except to provide the necessary supportive services [24 CFR 5.403].

The PHA must approve a live-in aide if needed as a reasonable accommodation in accordance with 24 CFR 8, to make the program accessible to and usable by the family member with disabilities.

The income of a live-in aide is not counted in the calculation of annual income for the family [24 CFR 5.609(b)]. Relatives may be approved as live-in aides if they meet all of the criteria defining a live-in aide. Because live-in aides are not family members, a relative who serves as a live-in aide would not be considered a remaining member of a tenant family.

PHA Policy

A family’s request for a live-in aide must be made in writing. Written verification will be required from a reliable, knowledgeable professional, such as a doctor, social worker, or case worker, that the live-in aide is essential for the care and well-being of the elderly, near-elderly, or disabled family member. For continued approval, the family must submit a new, written request-subject to PHA verification-at each annual reexamination.

In addition, the family and live-in aide will be required to submit a certification stating that the live-in aide is (1) not obligated for the support of the person(s) needing the care, and (2) would not be living in the unit except to provide the necessary supportive services.

The PHA will not approve a particular person as a live-in aide, and may withdraw such approval if [24 CFR 982.316(b)]:

The person commits fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;

The person commits drug-related criminal activity or violent criminal activity; or

The person currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act.

The PHA will notify the family of its decision in writing within 30 business days of receiving a request for a live-in aide, including all required documentation related to the request.
PART II: BASIC ELIGIBILITY CRITERIA

3-II.A. INCOME ELIGIBILITY AND TARGETING

Income Limits

HUD establishes income limits for all areas of the country and publishes them annually in the Federal Register. They are based upon estimates of median family income with adjustments for family size. The income limits are used to determine eligibility for the program and for income targeting purposes as discussed in this section.

Definitions of the Income Limits [24 CFR 5.603(b)]

- **Low-income family.** A family whose annual income does not exceed 80 percent of the median income for the area, adjusted for family size.

- **Very low-income family.** A family whose annual income does not exceed 50 percent of the median income for the area, adjusted for family size.

- **Extremely low-income family.** A family whose annual income does not exceed the federal poverty level or 30 percent of the median income for the area, whichever number is higher.

Area median income is determined by HUD, with adjustments for smaller and larger families. HUD may establish income ceilings higher or lower than 30, 50, or 80 percent of the median income for an area if HUD finds that such variations are necessary because of unusually high or low family incomes.

Using Income Limits for Eligibility [24 CFR 982.201]

Income limits are used for eligibility only at admission. Income eligibility is determined by comparing the annual income of an applicant to the applicable income limit for their family size.

In order to be income eligible, an applicant family must be one of the following:

- A **very low-income** family

- A **low-income** family that has been "continuously assisted" under the 1937 Housing Act. A family is considered to be continuously assisted if the family is already receiving assistance under any 1937 Housing Act program at the time the family is admitted to the HCV program [24 CFR 982.4]

  **PHA Policy**

  The PHA will consider a family to be continuously assisted if the family was leasing a unit under any 1937 Housing Act program at the time they were selected from the PHA’s waiting list.

- A low-income family that qualifies for voucher assistance as a non-purchasing household living in HOPE 1 (public housing homeownership), HOPE 2 (multifamily housing homeownership) developments, or other HUD-assisted multifamily homeownership programs covered by 24 CFR 248.173

- A low-income or moderate-income family that is displaced as a result of the prepayment of a mortgage or voluntary termination of a mortgage insurance contract on eligible low-income housing as defined in 24 CFR 248.101
HUD permits the PHA to establish additional categories of low-income families that may be determined eligible. The additional categories must be consistent with the PHA plan and the consolidated plans for local governments within the PHA’s jurisdiction.

**PHA Policy**

The PHA has not established any additional categories of eligible low-income families.

**Using Income Limits for Targeting [24 CFR 982.201]**

At least 75 percent of the families admitted to the PHA’s program during a PHA fiscal year must be extremely low-income families. HUD may approve exceptions to this requirement if the PHA demonstrates that it has made all required efforts, but has been unable to attract an adequate number of qualified extremely low-income families.

Families continuously assisted under the 1937 Housing Act and families living in eligible low-income housing that are displaced as a result of prepayment of a mortgage or voluntary termination of a mortgage insurance contract are not counted for income targeting purposes.
3-II.B. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5, Subpart E]

Housing assistance is available only to individuals who are U.S. citizens, U.S. nationals (herein referred to as citizens and nationals), or noncitizens that have eligible immigration status. At least one family member must be a citizen, national, or noncitizen with eligible immigration status in order for the family to qualify for any level of assistance.

All applicant families must be notified of the requirement to submit evidence of their citizenship status when they apply. Where feasible, and in accordance with the PHA’s Limited English Proficiency Plan, the notice must be in a language that is understood by the individual if the individual is not proficient in English.

Declaration [24 CFR 5.508]

HUD requires each family member to declare whether the individual is a citizen, a national, or an eligible noncitizen, except those members who elect not to contend that they have eligible immigration status. Those who elect not to contend their status are considered to be ineligible noncitizens. For citizens, nationals and eligible noncitizens the declaration must be signed personally by the head, spouse, cohead, and any other family member 18 or older, and by a parent or guardian for minors. The family must identify in writing any family members who elect not to contend their immigration status (see Ineligible Noncitizens below). No declaration is required for live-in aides, foster children, or foster adults.

U.S. Citizens and Nationals

In general, citizens and nationals are required to submit only a signed declaration as verification of their status. However, HUD regulations permit the PHA to request additional documentation of their status, such as a passport.

PHA Policy

In addition to the signed declaration, the Pico Rivera Housing Assistance Agency requires proof of citizenship and/or immigration status of each individual to determine the family’s eligibility for full or prorated assistance.

Eligible Noncitizens

In addition to providing a signed declaration, those declaring eligible noncitizen status must sign a verification consent form and cooperate with PHA efforts to verify their immigration status as described in Chapter 7. The documentation required for establishing eligible noncitizen status varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, the person’s age, and the date on which the family began receiving HUD-funded assistance.

Lawful residents of the Marshall Islands, the Federated States of Micronesia, and Palau, together known as the Freely Associated States, or FAS, are eligible for housing assistance under section 141 of the Compacts of Free Association between the U.S. Government and the Governments of the FAS [Public Law 106-504].
Ineligible Noncitizens

Those noncitizens who do not wish to contend their immigration status are required to have their names listed on a noncontending family members listing, signed by the head, spouse, or cohead (regardless of citizenship status), indicating their ineligible immigration status. The PHA is not required to verify a family member’s ineligible status and is not required to report an individual’s unlawful presence in the U.S. to the United States Citizenship and Immigration Services (USCIS).

Providing housing assistance to noncitizen students is prohibited [24 CFR 5.522]. This prohibition extends to the noncitizen spouse of a noncitizen student as well as to minor children who accompany or follow to join the noncitizen student. Such prohibition does not extend to the citizen spouse of a noncitizen student or to the children of the citizen spouse and noncitizen student. Such a family is eligible for prorated assistance as a mixed family.

Mixed Families

A family is eligible for assistance as long as at least one member is a citizen, national, or eligible noncitizen. Families that include eligible and ineligible individuals are considered mixed families. Such families will be given notice that their assistance will be prorated, and that they may request a hearing if they contest this determination. See Chapter 6 for a discussion of how rents are prorated, and Chapter 16 for a discussion of informal hearing procedures.

Ineligible Families [24 CFR 5.514(d), (e), and (f)]

A PHA may elect to provide assistance to a family before the verification of the eligibility of the individual or one family member [24 CFR 5.512(b)]. Otherwise, no individual or family may be assisted prior to the affirmative establishment by the PHA that the individual or at least one family member is eligible. Verification of eligibility for this purpose occurs when the individual or family members have submitted documentation to the PHA in accordance with program requirements [24 CFR 5.512(a)].

PHA Policy

The PHA will not provide assistance to a family before the verification of at least one family member.

When a PHA determines that an applicant family does not include any citizens, nationals, or eligible noncitizens, following the verification process, the family will be sent a written notice within 10 business days of the determination.

The notice will explain the reasons for the denial of assistance, that the family may be eligible for proration of assistance, and will advise the family of its right to request an appeal to the United States Citizenship and Immigration Services (USCIS), or to request an informal hearing with the PHA. The informal hearing with the PHA may be requested in lieu of the USCIS appeal, or at the conclusion of the USCIS appeal process. The notice must also inform the applicant family that assistance may not be delayed until the conclusion of the USCIS appeal process, but that it may be delayed pending the completion of the informal hearing process.

Informal hearing procedures are contained in Chapter 16.
Timeframe for Determination of Citizenship Status [24 CFR 5.508(g)]

For new occupants joining the assisted family, the PHA must verify status at the first interim or regular reexamination following the person’s occupancy, whichever comes first.

If an individual qualifies for a time extension for the submission of required documents, the PHA must grant such an extension for no more than 30 days [24 CFR 5.508(h)].

Each family member is required to submit evidence of eligible status only one time during continuous occupancy.

PHA Policy

The PHA will verify the citizenship status of applicants at the time other eligibility factors are determined.

3-II.C. SOCIAL SECURITY NUMBERS [24 CFR 5.216 and 5.218, Notice PIH 2018-24]

The applicant and all members of the applicant’s household must disclose the complete and accurate social security number (SSN) assigned to each household member, and the documentation necessary to verify each SSN. If a child under age 6 has been added to an applicant family within 6 months prior to voucher issuance, an otherwise eligible family may be admitted to the program and must disclose and document the child’s SSN within 90 days of the effective date of the initial HAP contract. A detailed discussion of acceptable documentation is provided in Chapter 7.

Note: These requirements do not apply to noncitizens who do not contend eligible immigration status.

In addition, each participant who has not previously disclosed an SSN, has previously disclosed an SSN that HUD or the SSA determined was invalid, or has been issued a new SSN must submit their complete and accurate SSN and the documentation required to verify the SSN at the time of the next interim or annual reexamination or recertification. Participants age 62 or older as of January 31, 2010, whose determination of eligibility was begun before January 31, 2010, are exempt from this requirement and remain exempt even if they move to a new assisted unit.

The PHA must deny assistance to an applicant family if they do not meet the SSN disclosure and documentation requirements contained in 24 CFR 5.216.
3-II.D. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 5.230; HCV GB, p. 5-13]

HUD requires each adult family member, and the head of household, spouse, or cohead, regardless of age, to sign form HUD-9886, Authorization for the Release of Information/Privacy Act Notice, and other consent forms as needed to collect information relevant to the family’s eligibility and level of assistance. Chapter 7 provides detailed information concerning the consent forms and verification requirements.

The PHA must deny admission to the program if any member of the applicant family fails to sign and submit the consent forms for obtaining information in accordance with 24 CFR 5, Subparts B and F [24 CFR 982.552(b)(3)].
3-II.E. STUDENTS ENROLLED IN INSTITUTIONS OF HIGHER EDUCATION
[24 CFR 5.612, FR Notice 4/10/06, FR Notice 9/21/16]

Section 327 of Public Law 109-115 and the implementing regulation at 24 CFR 5.612 established new restrictions on the eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the student’s eligibility must be examined along with the income eligibility of the student’s parents. In these cases, both the student and the student’s parents must be income eligible for the student to receive HCV assistance. If, however, a student in these circumstances is determined independent from his/her parents in accordance with PHA policy, the income of the student’s parents will not be considered in determining the student’s eligibility.

The new law does not apply to students who reside with parents who are applying to receive HCV assistance. It is limited to students who are seeking assistance on their own, separately from their parents.

Definitions

In determining whether and how the new eligibility restrictions apply to a student, the PHA will rely on the following definitions [FR Notice 4/10/06, FR Notice 9/21/16].

**Dependent Child**

In the context of the student eligibility restrictions, *dependent child* means a dependent child of a student enrolled in an institution of higher education. The dependent child must also meet the definition of *dependent* in 24 CFR 5.603, which states that the dependent must be a member of the assisted family, other than the head of household or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student. Foster children and foster adults are not considered dependents.
Independent Student

PHA Policy

The PHA will consider a student “independent” from his or her parents and the parents’ income will not be considered when determining the student’s eligibility if the following four criteria are all met:

The individual is of legal contract age under state law.

The individual has established a household separate from his/her parents for at least one year prior to application for occupancy or the individual meets the U.S. Department of Education’s definition of independent student.

To be considered an independent student according to the Department of Education, a student must meet one or more of the following criteria:

- The individual is at least 24 years old by December 31 of the award year for which aid is sought
- The individual is an orphan, in foster care, or a ward of the court, or was an orphan, in foster care, or ward of the court at any time when the individual was 13 years of age or older
- The individual is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual’s state of legal residence
- The individual is a veteran of the U.S. Armed Forces or is currently serving on active duty in the Armed Forces for other than training purposes
- The individual is a graduate or professional student
- The individual is married
- The individual has one or more legal dependents other than a spouse (for example, dependent children or an elderly dependent parent)
The individual has been verified during the school year in which the application is submitted as either an unaccompanied youth who is a homeless child or youth, or as unaccompanied, at risk of homelessness, and self-supporting by:

A local educational agency homeless liaison

The director of a program funded under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act or a designee of the director

A financial aid administrator

The individual is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

The individual was not claimed as a dependent by his/her parents pursuant to IRS regulations, as demonstrated on the parents’ most recent tax forms.

The individual provides a certification of the amount of financial assistance that will be provided by his/her parents. This certification must be signed by the individual providing the support and must be submitted even if no assistance is being provided.

If the PHA determines that an individual meets the definition of a vulnerable youth such a determination is all that is necessary to determine that the person is an independent student for the purposes of using only the student’s income for determining eligibility for assistance.

The PHA will verify that a student meets the above criteria in accordance with the policies in Section 7-II.E.

**Institution of Higher Education**

The PHA will use the statutory definition under section 102 of the Higher Education Act of 1965 to determine whether a student is attending an institution of higher education (see Exhibit 3-2).

**Parents**

**PHA Policy**

For purposes of student eligibility restrictions, the definition of parents includes biological or adoptive parents, stepparents (as long as they are currently married to the biological or adoptive parent), and guardians (e.g., grandparents, aunt/uncle, godparents, etc).

**Person with Disabilities**

The PHA will use the statutory definition under section 3(b)(3)(E) of the 1937 Act to determine whether a student is a person with disabilities (see Exhibit 3-1).
**Veteran**

PHA Policy

A *veteran* is a person (or widow of a person) who served in the United States active military, naval, or air service and who was discharged or released from such service under conditions other than dishonorable.

**Vulnerable Youth**

PHA Policy

A *vulnerable youth* is an individual who meets the U.S. Department of Education’s definition of *independent student* in paragraphs (b), (c), or (h), as adopted in Section II of FR Notice 9/21/16:

The individual is an orphan, in foster care, or a ward of the court, or was an orphan, in foster care, or ward of the court at any time when the individual was 13 years of age or older

The individual is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual’s state of legal residence

The individual has been verified during the school year in which the application is submitted as either an unaccompanied youth who is a homeless child or youth, or as unaccompanied, at risk of homelessness, and self-supporting by:

A local educational agency homeless liaison

The director of a program funded under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act or a designee of the director

A financial aid administrator
Determining Student Eligibility

If a student is applying for assistance on his/her own, apart from his/her parents, the PHA must determine whether the student is subject to the eligibility restrictions contained in 24 CFR 5.612. If the student is subject to those restrictions, the PHA must ensure that: (1) the student is individually eligible for the program, (2) either the student is independent from his/her parents or the student’s parents are income eligible for the program, and (3) the “family” with which the student is applying is collectively eligible for the program.

PHA Policy

For any student who is subject to the 5.612 restrictions, the PHA will:

Follow its usual policies in determining whether the student individually and the student’s “family” collectively are eligible for the program

Determine whether the student is independent from his/her parents in accordance with the definition of independent student in this section

Follow the policies below, if applicable, in determining whether the student’s parents are income eligible for the program

If the PHA determines that the student, the student’s parents (if applicable), or the student’s “family” is not eligible, the PHA will send a notice of denial in accordance with the policies in Section 3-III.F, and the applicant family will have the right to request an informal review in accordance with the policies in Section 16-III.B.
**Determining Parental Income Eligibility**

**PHA Policy**

For any student who is subject to the 5.612 restrictions and who does not satisfy the definition of *independent student* in this section, the PHA will determine the income eligibility of the student’s parents as follows:

- If the student’s parents are married and living together, the PHA will obtain a joint income declaration and certification of joint income from the parents.
- If the student’s parent is widowed or single, the PHA will obtain an income declaration and certification of income from that parent.
- If the student’s parents are divorced or separated, the PHA will obtain an income declaration and certification of income from each parent.
- If the student has been living with one of his/her parents and has not had contact with or does not know where to contact his/her other parent, the PHA will require the student to submit a certification under penalty of perjury describing the circumstances and stating that the student does not receive financial assistance from the other parent. The PHA will then obtain an income declaration and certification of income from the parent with whom the student has been living or had contact.

In determining the income eligibility of the student’s parents, the PHA will use the income limits for the jurisdiction in which the parents live.
PART III: DENIAL OF ASSISTANCE

3-III.A. OVERVIEW

A family that does not meet the eligibility criteria discussed in Parts I and II, must be denied assistance. In this section we will discuss other situations and circumstances in which denial of assistance is mandatory for the PHA, and those in which denial of assistance is optional for the PHA.

While the regulations state that the PHA must prohibit admission for certain types of criminal activity and give the PHA the option to deny for other types of previous criminal history, more recent HUD rules and OGC guidance must also be taken into consideration when determining whether a particular individual’s criminal history merits denial of admission.

When considering any denial of admission, PHAs may not use arrest records as the basis for the denial. Further, HUD does not require the adoption of “One Strike” policies and reminds PHAs of their obligation to safeguard the due process rights of applicants and tenants [Notice PIH 2015-19].

HUD’s Office of General Counsel issued a memo on April 4, 2016, regarding the application of Fair Housing Act standards to the use of criminal records. This memo states that a PHA violates the Fair Housing Act when their policy or practice has an unjustified discriminatory effect, even when the PHA had no intention to discriminate. Where a policy or practice that restricts admission based on criminal history has a disparate impact on a particular race, national origin, or other protected class, that policy or practice is in violation of the Fair Housing Act if it is not necessary to serve a substantial, legitimate, nondiscriminatory interest of the PHA, or if that interest could be served by another practice that has a less discriminatory effect [OGC Memo 4/4/16].

PHAs who impose blanket prohibitions on any person with any conviction record, no matter when the conviction occurred, what the underlying conduct entailed, or what the convicted person has done since then will be unable to show that such policy or practice is necessary to achieve a substantial, legitimate, nondiscriminatory interest. Even a PHA with a more tailored policy or practice that excludes individuals with only certain types of convictions must still prove that its policy is necessary. To do this, the PHA must show that its policy accurately distinguishes between criminal conduct that indicates a demonstrable risk to resident safety and property and criminal conduct that does not.
Forms of Denial [24 CFR 982.552(a)(2); HCV GB, p. 5-35]

Denial of assistance includes any of the following:

- Not placing the family's name on the waiting list
- Denying or withdrawing a voucher
- Not approving a request for tenancy or refusing to enter into a HAP contract
- Refusing to process a request for or to provide assistance under portability procedures

Prohibited Reasons for Denial of Program Assistance [24 CFR 982.202(b), 24 CFR 5.2005(b)]

HUD rules prohibit denial of program assistance to the program based on any of the following criteria:

- Age, disability, race, color, religion, sex, or national origin (See Chapter 2 for additional information about fair housing and equal opportunity requirements.)
- Where a family lives prior to admission to the program
- Where the family will live with assistance under the program. Although eligibility is not affected by where the family will live, there may be restrictions on the family’s ability to move outside the PHA’s jurisdiction under portability. (See Chapter 10.)
- Whether members of the family are unwed parents, recipients of public assistance, or children born out of wedlock
- Whether the family includes children
- Whether a family decides to participate in a family self-sufficiency program
- Whether or not a qualified applicant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking if the applicant is otherwise qualified for assistance (See section 3-III.G.)
3-III.B. MANDATORY DENIAL OF ASSISTANCE [24 CFR 982.553(a)]

HUD requires the PHA to deny assistance in the following cases:

- Any member of the household has been evicted from federally assisted housing in the last 3 years for drug-related criminal activity. HUD permits, but does not require, the PHA to admit an otherwise-eligible family if the household member has completed a PHA-approved drug rehabilitation program or the circumstances which led to eviction no longer exist (e.g., the person involved in the criminal activity no longer lives in the household).

  **PHA Policy**

  The PHA will admit an otherwise-eligible family who was evicted from federally-assisted housing within the past three (3) years for drug-related criminal activity, if the PHA is able to verify that the household member who engaged in the criminal activity has completed a supervised drug rehabilitation program approved by the PHA, or the person who committed the crime, is no longer living in the household.

- The PHA determines that any household member is currently engaged in the use of illegal drugs.

  **PHA Policy**

  *Currently engaged in* is defined as any use of illegal drugs during the previous (6) six months.

- The PHA has reasonable cause to believe that any household member’s current use or pattern of use of illegal drugs, or current abuse or pattern of abuse of alcohol, may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

  **PHA Policy**

  In determining reasonable cause, the PHA will consider all credible evidence, including but not limited to, any record of convictions, arrests, or evictions of household members related to the use of illegal drugs or the abuse of alcohol. A conviction will be given more weight than an arrest. The PHA will also consider evidence from treatment providers or community-based organizations providing services to household members.

- Any household member has ever been convicted of drug-related criminal activity for the production or manufacture of methamphetamine on the premises of federally assisted housing

- Any household member is subject to a lifetime registration requirement under a state sex offender registration program
3-III.C. OTHER PERMITTED REASONS FOR DENIAL OF ASSISTANCE

HUD permits, but does not require, the PHA to deny assistance for the reasons discussed in this section.

Criminal Activity [24 CFR 982.553]

HUD permits, but does not require, the PHA to deny assistance if the PHA determines that any household member is currently engaged in, or has engaged in during a reasonable time before the family would receive assistance, certain types of criminal activity.

PHA Policy

If any household member is currently engaged in, or has engaged in any of the following criminal activities, within the past five (5) years, the family will be denied assistance.

*Drug-related criminal activity*, defined by HUD as the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute or use the drug [24 CFR 5.100].

*Violent criminal activity*, defined by HUD as any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage [24 CFR 5.100].

Criminal activity that may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or

Criminal activity that may threaten the health or safety of property owners, management staff, and persons performing contract administration functions or other responsibilities on behalf of the PHA (including a PHA employee or a PHA contractor, subcontractor, or agent).

*Immediate vicinity* means within a three-block radius of the premises.

Any household member currently on parole or probation will be denied assistance.

Any household member with outstanding warrants for their arrest will be denied assistance.

Any household member failing to comply with any court demands will be denied assistance.

Evidence of such criminal activity includes, but is not limited to:

Any conviction for drug-related or violent criminal activity within the past five (5) years.

Records of arrests for drug-related or violent criminal activity within the past five (5) years, although a record of arrest(s) will not be used as the basis for the denial or proof that the applicant engaged in disqualifying criminal activity.

Any record of eviction from public or privately-owned housing as a result of criminal activity within the past five (5) years.

A conviction for drug-related or violent criminal activity will be given more weight than an arrest for such activity.
In making its decision to deny assistance, the PHA will consider the factors discussed in Section 3-III.E. Upon consideration of such factors, the PHA may, on a case-by-case basis, decide not to deny assistance.

**Previous Behavior in Assisted Housing [24 CFR 982.552(c)]**

HUD authorizes the PHA to deny assistance based on the family’s previous behavior in assisted housing.

Per the alternative requirements listed in the *Federal Register* notice dated December 29, 2014, PHAs are no longer permitted to deny assistance to a family because the family previously failed to meet its obligations under the Family Self-Sufficiency (FSS) program [FR Notice 12/29/14].

**PHA Policy**

The PHA *will* deny assistance to an applicant family if:

- The family does not provide information that the PHA or HUD determines is necessary in the administration of the program.
- The family does not provide complete and true information to the PHA.
- Any family member has been evicted from federally-assisted housing in the last five (5) years.
- Any family member has committed fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program.
- The family owes rent or other amounts to any PHA in connection with Section 8 or other public housing assistance under the 1937 Act, unless the family repays the full amount of the debt prior to being selected from the waiting list.
- If the family has not reimbursed any PHA for amounts the PHA paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease, unless the family repays the full amount of the debt prior to being selected from the waiting list.
- The family has breached the terms of a repayment agreement entered into with the PHA, unless the family repays the full amount of the debt covered in the repayment agreement prior to being selected from the waiting list.
- A family member has engaged in or threatened violent or abusive behavior toward PHA personnel.

*Abusive or violent behavior towards PHA personnel* includes verbal as well as physical abuse or violence. Use of racial epithets, or other language, written or oral, that is customarily used to intimidate may be considered abusive or violent behavior.

*Threatening* refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence.

In making its decision to deny assistance, the PHA will consider the factors discussed in Section 3-III.E. Upon consideration of such factors, the PHA may, on a case-by-case basis, decide not to deny assistance.
3-III.D. SCREENING

Screening for Eligibility

PHAs are authorized to obtain criminal conviction records from law enforcement agencies to screen applicants for admission to the HCV program. This authority assists the PHA in complying with HUD requirements and PHA policies to deny assistance to applicants who are engaging in or have engaged in certain criminal activities. In order to obtain access to the records the PHA must require every applicant family to submit a consent form signed by each adult household member [24 CFR 5.903].

**PHA Policy**

The PHA will perform a criminal background check through local law enforcement for every adult household member.

PHAs are required to perform criminal background checks necessary to determine whether any household member is subject to a lifetime registration requirement under a state sex offender program in the state where the housing is located, as well as in any other state where a household member is known to have resided [24 CFR 982.553(a)(2)(i)].

**PHA Policy**

The PHA will use the Dru Sjodin National Sex Offender database to screen applicants for admission.

Additionally, PHAs must ask whether the applicant, or any member of the applicant’s household, is subject to a lifetime registered sex offender registration requirement in any state [Notice PIH 2012-28].

If the PHA proposes to deny assistance based on a criminal record or on lifetime sex offender registration information, the PHA must notify the household of the proposed action and must provide the subject of the record and the applicant a copy of the record and an opportunity to dispute the accuracy and relevance of the information prior to a denial of admission. [24 CFR 5.903(f) and 5.905(d)].
Screening for Suitability as a Tenant [24 CFR 982.307]

The PHA has no liability or responsibility to the owner for the family’s behavior or suitability for tenancy. The PHA has the authority to conduct additional screening to determine whether an applicant is likely to be a suitable tenant.

**PHA Policy**

The PHA will not conduct additional screening to determine an applicant family’s suitability for tenancy.

The owner is responsible for screening and selection of the family to occupy the owner’s unit. The PHA must inform the owner that screening and selection for tenancy is the responsibility of the owner. An owner may consider a family’s history with respect to factors such as: payment of rent and utilities, caring for a unit and premises, respecting the rights of other residents to the peaceful enjoyment of their housing, criminal activity that is a threat to the health, safety or property of others, and compliance with other essential conditions of tenancy.

HUD requires the PHA to provide prospective owners with the family's current and prior address (as shown in PHA records) and the name and address (if known) of the owner at the family's current and prior addresses. HUD permits the PHA to provide owners with additional information, as long as families are notified that the information will be provided, and the same type of information is provided to all owners.

The PHA may not disclose to the owner any confidential information provided to the PHA by the family in response to a PHA request for documentation of domestic violence, dating violence, sexual assault, or stalking except at the written request or with the written consent of the individual providing the documentation [24 CFR 5.2007(a)(4)].

**PHA Policy**

The PHA will inform owners of their responsibility to screen prospective tenants, and will provide owners with the required known name and address information, at the time of the initial HQS inspection or before. The PHA will not provide any additional information to the owner, such as tenancy history or criminal history, etc.
3-III.E. CRITERIA FOR DECIDING TO DENY ASSISTANCE

Evidence [24 CFR 982.553(c)]

PHA Policy

The PHA will use the concept of the preponderance of the evidence as the standard for making all admission decisions.

*Preponderance of the evidence* is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

Consideration of Circumstances [24 CFR 982.552(c)(2)]

HUD authorizes the PHA to consider all relevant circumstances when deciding whether to deny assistance based on a family’s past history except in the situations for which denial of assistance is mandatory (see Section 3-III.B).

PHA Policy

The PHA will consider the following facts and circumstances prior to making its decision:

- The seriousness of the case, especially with respect to how it would affect other residents’ safety or property
- The effects that denial of assistance may have on other members of the family who were not involved in the action or failure to act
- The extent of participation or culpability of individual family members, including whether the culpable family member is a minor or a person with disabilities, or (as discussed further in section 3-III.G) a victim of domestic violence, dating violence, sexual assault, or stalking
- The length of time since the violation occurred, including the age of the individual at the time of the conduct, as well as the family’s recent history and the likelihood of favorable conduct in the future
While a record or records of arrest will not be used as the sole basis for denial, an arrest may, however, trigger an investigation to determine whether the applicant actually engaged in disqualifying criminal activity. As part of its investigation, the PHA may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. The PHA may also consider:

- Any statements made by witnesses or the applicant not included in the police report
- Whether criminal charges were filed
- Whether, if filed, criminal charges were abandoned, dismissed, not prosecuted, or ultimately resulted in an acquittal
- Any other evidence relevant to determining whether or not the applicant engaged in disqualifying activity

Evidence of criminal conduct will be considered if it indicates a demonstrable risk to safety and/or property.

In the case of drug or alcohol abuse, whether the culpable household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program or has otherwise been rehabilitated successfully.

The PHA will require the applicant to submit evidence of the household member’s current participation in or successful completion of a supervised drug or alcohol rehabilitation program, or evidence of otherwise having been rehabilitated successfully.
Removal of a Family Member's Name from the Application

Should the PHA’s screening process reveal that an applicant’s household includes an individual subject to state lifetime registered sex offender registration, the PHA must offer the family the opportunity to remove the ineligible family member from the household. If the family is unwilling to remove that individual from the household, the PHA must deny admission to the family [Notice PIH 2012-28].

For other criminal activity, the PHA may permit the family to exclude the culpable family members as a condition of eligibility. [24 CFR 982.552(c)(2)(ii)].

PHA Policy

As a condition of receiving assistance, a family may agree to remove the culpable family member from the application. In such instances, the head of household must certify that the family member will not be permitted to visit, stay as a guest, or reside in the assisted unit.

After admission to the program, the family must present evidence of the former family member’s current address upon PHA request. If the family member is unable to provide proper evidence of the former family member’s current address within thirty (30) days, the Pico Rivera Housing Assistance Agency may deny/propose termination of assistance.

Reasonable Accommodation [24 CFR 982.552(c)(2)(iv)]

If the family includes a person with disabilities, the PHA’s decision concerning denial of admission is subject to consideration of reasonable accommodation in accordance with 24 CFR Part 8.

PHA Policy

If the family indicates that the behavior of a family member with a disability is the reason for the proposed denial of assistance, the PHA will determine whether the behavior is related to the stated disability. If so, upon the family’s request, the PHA will determine whether admitting the family as a reasonable accommodation is appropriate. The PHA will only consider accommodations that can reasonably be expected to address the behavior that is the basis of the proposed denial of assistance. See Chapter 2 for a discussion of reasonable accommodation.
3-III.F. NOTICE OF ELIGIBILITY OR DENIAL

If the family is eligible for assistance, the PHA will notify the family in writing and schedule a tenant briefing, as discussed in Chapter 5.

If the PHA determines that a family is not eligible for the program for any reason, the family must be notified promptly. The notice must describe: (1) the reasons for which assistance has been denied, (2) the family’s right to an informal review, and (3) the process for obtaining the informal review [24 CFR 982.554 (a)]. See Chapter 16, for informal review policies and procedures.

**PHA Policy**

The family will be notified of a decision to deny assistance in writing within 10 business days of the determination.

If a PHA uses a criminal record or sex offender registration information obtained under 24 CFR 5, Subpart J, as the basis of a denial, a copy of the record must precede the notice to deny, with an opportunity for the applicant to dispute the accuracy and relevance of the information before the PHA can move to deny the application. In addition, a copy of the record must be provided to the subject of the record [24 CFR 5.903(f) and 5.905(d)]. The PHA must give the family an opportunity to dispute the accuracy and relevance of that record, in the informal review process in accordance with program requirements [24 CFR 982.553(d)].

**PHA Policy**

If based on a criminal record or sex offender registration information, an applicant family appears to be ineligible the PHA will notify the family in writing of the proposed denial and provide a copy of the record to the applicant and to the subject of the record. The family will be given 10 business days to dispute the accuracy and relevance of the information. If the family does not contact the PHA to dispute the information within that 10-day period, the PHA will proceed with issuing the notice of denial of admission. A family that does not exercise their right to dispute the accuracy of the information prior to issuance of the official denial letter will still be given the opportunity to do so as part of the informal review process.

Notice requirements related to denying assistance to noncitizens are contained in Section 3-II.B.

Notice policies related to denying admission to applicants who may be victims of domestic violence, dating violence, sexual assault or stalking are contained in Section 3-III.G.
3-III.G. PROHIBITION AGAINST DENIAL OF ASSISTANCE TO VICTIMS OF DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING

The Violence against Women Act of 2013 (VAWA) and the HUD regulation at 24 CFR 5.2005(b) prohibit PHAs from denying an applicant admission to the HCV program on the basis or as a direct result of the fact that the applicant is or has been a victim of domestic violence, dating violence, sexual assault or stalking, if the applicant otherwise qualifies for assistance or admission.

Definitions of key terms used in VAWA are provided in section 16-IX of this plan, where general VAWA requirements and policies pertaining to notification, documentation, and confidentiality are also located.

Notification

VAWA 2013 expanded notification requirements to include the obligation for PHAs to provide applicants who are denied assistance with a VAWA Notice of Occupancy Rights (form HUD–5380) and a domestic violence certification form (HUD-5382) at the time the applicant is denied.

PHA Policy

The PHA acknowledges that a victim of domestic violence, dating violence, sexual assault, or stalking may have an unfavorable history (e.g., a poor credit history, poor rental history, a record of previous damage to an apartment, a prior arrest record) due to adverse factors that would warrant denial under the PHA’s policies.

While the PHA is not required to identify whether adverse factors that resulted in the applicant’s denial are a result of domestic violence, dating violence, sexual assault, or stalking, the applicant may inform the PHA that their status as a victim is directly related to the grounds for the denial. The PHA will request that the applicant provide enough information to the PHA to allow the PHA to make an objectively reasonable determination, based on all circumstances, whether the adverse factor is a direct result of their status as a victim.

The PHA will include in its notice of denial the VAWA information described in section 16-IX.C of this plan as well as including a copy of the form HUD-5382. The PHA will request in writing that an applicant wishing to claim protection under VAWA notify the PHA within 14 business days.
Documentation

**Victim Documentation** [24 CFR 5.2007]

**PHA Policy**

If an applicant claims the protection against denial of assistance that VAWA provides to victims of domestic violence, dating violence, sexual assault or stalking, the PHA will request in writing that the applicant provide documentation supporting the claim in accordance with section 16-IX.D of this plan.

**Perpetrator Documentation**

**PHA Policy**

If the perpetrator of the abuse is a member of the applicant family, the applicant must provide additional documentation consisting of one of the following:

- A signed statement (1) requesting that the perpetrator be removed from the application and (2) certifying that the perpetrator will not be permitted to visit or to stay as a guest in the assisted unit

- Documentation that the perpetrator has successfully completed, or is successfully undergoing, rehabilitation or treatment. The documentation must be signed by an employee or agent of a domestic violence service provider or by a medical or other knowledgeable professional from whom the perpetrator has sought or is receiving assistance in addressing the abuse. The signer must attest under penalty of perjury to his or her belief that the rehabilitation was successfully completed or is progressing successfully. The victim and perpetrator must also sign or attest to the documentation.
EXHIBIT 3-1: DETAILED DEFINITIONS RELATED TO DISABILITIES

Person with Disabilities [24 CFR 5.403]

The term *person with disabilities* means a person who has any of the following types of conditions:

- Has a disability, as defined in 42 U.S.C. Section 423(d)(1)(A), which reads:

  Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or

  In the case of an individual who has attained the age of 55 and is blind (within the meaning of “blindness” as defined in section 416(i)(1) of this title), inability by reason of such blindness to engage in substantial gainful activity, requiring skills or ability comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time.

- Has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act of 2000 [42 U.S.C.15002(8)], which defines developmental disability in functional terms as follows:

  **(A) In General**

  The term “developmental disability” means a severe, chronic disability of an individual that:

  (i) is attributable to a mental or physical impairment or combination of mental and physical impairments;

  (ii) is manifested before the individual attains age 22;

  (iii) is likely to continue indefinitely;

  (iv) results in substantial functional limitations in 3 or more of the following areas of major life activity: (I) Self-care, (II) Receptive and expressive language, (III) Learning, (IV) Mobility, (V) Self-direction, (VI) Capacity for independent living, (VII) Economic self-sufficiency; and

  (v) reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.
(B) Infants and Young Children

An individual from birth to age 9, inclusive, who has a substantial developmental delay or specific congenital or acquired condition, may be considered to have a developmental disability without meeting 3 or more of the criteria described in clauses (i) through (v) of subparagraph (A) if the individual, without services and supports, has a high probability of meeting those criteria later in life.

- Has a physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently, and is of such a nature that the ability to live independently could be improved by more suitable housing conditions.

People with the acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for AIDS are not excluded from this definition.

A person whose disability is based solely on any drug or alcohol dependence does not qualify as a person with disabilities for the purposes of this program.

For purposes of reasonable accommodation and program accessibility for persons with disabilities, the term person with disabilities refers to an individual with handicaps.
Individual with Handicaps [24 CFR 8.3]

*Individual with handicaps* means any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such an impairment; or is regarded as having such an impairment. The term does not include any individual who is an alcoholic or drug abuser whose current use of alcohol or drugs prevents the individual from participating in the program or activity in question, or whose participation, by reason of such current alcohol or drug abuse, would constitute a direct threat to property or the safety of others.

As used in this definition, the phrase:

1. **Physical or mental impairment includes:**
   
   a. Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine; or
   
   b. Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term physical or mental impairment includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, drug addiction and alcoholism.

2. **Major life activities** means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

3. Has a record of such an impairment means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

4. **Is regarded as having an impairment** means:
   
   a. Has a physical or mental impairment that does not substantially limit one or more major life activities but that is treated by a recipient as constituting such a limitation;
   
   b. Has a physical or mental impairment that substantially limits one or more major life activities only as a result of the attitudes of others toward such impairment; or
   
   c. Has none of the impairments defined in paragraph (1) of this section but is treated by a recipient as having such an impairment.
EXHIBIT 3-2: DEFINITION OF INSTITUTION OF HIGHER EDUCATION
[20 U.S.C. 1001 and 1002]

Eligibility of Students for Assisted Housing Under Section 8 of the U.S. Housing Act of 1937; Supplementary Guidance; Notice [Federal Register, April 10, 2006]

Institution of Higher Education shall have the meaning given this term in the Higher Education Act of 1965 in 20 U.S.C. 1001 and 1002.

Definition of ‘‘Institution of Higher Education’’ From 20 U.S.C. 1001

(a) Institution of higher education. For purposes of this chapter, other than subchapter IV and part C of subchapter I of chapter 34 of Title 42, the term ‘‘institution of higher education’’ means an educational institution in any State that

(1) Admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

(2) Is legally authorized within such State to provide a program of education beyond secondary education;

(3) Provides an educational program for which the institution awards a bachelor’s degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree;

(4) Is a public or other nonprofit institution; and

(5) Is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.

(b) Additional institutions included. For purposes of this chapter, other than subchapter IV and part C of subchapter I of chapter 34 of Title 42, the term ‘‘institution of higher education’’ also includes—

(1) Any school that provides not less than a 1-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of paragraphs (1), (2), (4), and (5) of subsection (a) of this section; and

(2) A public or nonprofit private educational institution in any State that, in lieu of the requirement in subsection (a)(1) of this section, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

(c) List of accrediting agencies. For purposes of this section and section 1002 of this title, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that the Secretary determines, pursuant to subpart 2 of part G of subchapter IV of this chapter, to be reliable authority as to the quality of the education or training offered.

Definition of ‘‘Institution of Higher Education’’ From 20 U.S.C. 1002

(a) Definition of institution of higher education for purposes of student assistance programs
(1) Inclusion of additional institutions. Subject to paragraphs (2) through (4) of this subsection, the term “institution of higher education” for purposes of subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 includes, in addition to the institutions covered by the definition in section 1001 of this title—

(A) A proprietary institution of higher education (as defined in subsection (b) of this section);

(B) A postsecondary vocational institution (as defined in subsection (c) of this section);

and

(C) Only for the purposes of part B of subchapter IV of this chapter, an institution outside the United States that is comparable to an institution of higher education as defined in section 1001 of this title and that has been approved by the Secretary for the purpose of part B of subchapter IV of this chapter.

(2) Institutions outside the United States

(A) In general. For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 1001 of this title (except that a graduate medical school, or a veterinary school, located outside the United States shall not be required to meet the requirements of section 1001 (a)(4) of this title). Such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B of subchapter IV of this chapter unless—

(i) In the case of a graduate medical school located outside the United States—

(I)(aa) At least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 1091(a)(5) of this title in the year preceding the year for which a student is seeking a loan under part B of subchapter IV of this chapter; and

(bb) At least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of subchapter IV of this chapter; or

(II) The institution has a clinical training program that was approved by a State as of January 1, 1992; or

(ii) In the case of a veterinary school located outside the United States that does not meet the requirements of section 1001(a)(4) of this title, the institution’s students complete their clinical training at an approved veterinary school located in the United States.

(B) Advisory panel
(i) In general. For the purpose of qualifying as an institution under paragraph (1)(C) of this subsection, the Secretary shall establish an advisory panel of medical experts that shall—

(I) Evaluate the standards of accreditation applied to applicant foreign medical schools; and

(II) Determine the comparability of those standards to standards for accreditation applied to United States medical schools.

(ii) Special rule if the accreditation standards described in clause (i) are determined not to be comparable, the foreign medical school shall be required to meet the requirements of section 1001 of this title.

(C) Failure to release information. The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subparagraph (A) shall render such institution ineligible for the purpose of part B of subchapter IV of this chapter.

(D) Special rule. If, pursuant to this paragraph, an institution loses eligibility to participate in the programs under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

(3) Limitations based on course of study or enrollment. An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—

(A) Offers more than 50 percent of such institution’s courses by correspondence, unless
the institution is an institution that meets the definition in section 2471 (4)(C) of this title;

(B) Enrolls 50 percent or more of the institution’s students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2- or 4-year program of instruction (or both) for which the institution awards an associate or baccalaureate degree, respectively;

(C) Has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for a nonprofit institution that provides a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor’s degree, or an associate’s degree or a postsecondary diploma, respectively; or

(D) Has a student enrollment in which more than 50 percent of the students do not have a secondary school diploma or its recognized equivalent, and does not provide a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor’s degree or an associate’s degree, respectively, except that the Secretary may waive the
limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a secondary school diploma or its recognized equivalent.

(4) Limitations based on management. An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if—

(A) The institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy, except that this paragraph shall not apply to a nonprofit institution, the primary function of which is to provide health care educational services (or an affiliate of such an institution that has the power, by contract or ownership interest, to direct or cause the direction of the institution’s management or policies) that files for bankruptcy under chapter 11 of title 11 between July 1, 1998, and December 1, 1998; or

(B) The institution, the institution’s owner, or the institution’s chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, or has been judicially determined to have committed fraud involving funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42.

(5) Certification. The Secretary shall certify an institution’s qualification as an institution of higher education in accordance with the requirements of subpart 3 of part G of subchapter IV of this chapter.

(6) Loss of eligibility. An institution of higher education shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution is removed from eligibility for funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 as a result of an action pursuant to part G of subchapter IV of this chapter.

(b) Proprietary institution of higher education

(1) Principal criteria. For the purpose of this section, the term “proprietary institution of higher education” means a school that—

(A) Provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

(B) Meets the requirements of paragraphs (1) and (2) of section 1001 (a) of this title;

(C) Does not meet the requirement of paragraph (4) of section 1001 (a) of this title;

(D) Is accredited by a nationally recognized accrediting agency or association recognized by the Secretary pursuant to part G of subchapter IV of this chapter;

(E) Has been in existence for at least 2 years; and

(F) Has at least 10 percent of the school’s revenues from sources that are not derived from funds provided under subchapter IV of this chapter and part C of subchapter I of
chapter 34 of title 42, as determined in accordance with regulations prescribed by the
Secretary.

(2) Additional institutions. The term “proprietary institution of higher education” also
includes a proprietary educational institution in any State that, in lieu of the requirement
in paragraph (1) of section 1001 (a) of this title, admits as regular students persons who
are beyond the age of compulsory school attendance in the State in which the institution
is located.

(c) Postsecondary vocational institution.

(1) Principal criteria. For the purpose of this section, the term “postsecondary vocational
institution” means a school that—

(A) Provides an eligible program of training to prepare students for gainful employment
in a recognized occupation;

(B) Meets the requirements of paragraphs (1), (2), (4), and (5) of section 1001 (a) of this
title; and

(C) Has been in existence for at least 2 years.

(2) Additional institutions. The term “postsecondary vocational institution” also includes an
educational institution in any State that, in lieu of the requirement in paragraph (1) of
section 1001 (a) of this title, admits as regular students persons who are beyond the age
of compulsory school attendance in the State in which the institution is located.
Chapter 4
APPLICATIONS, WAITING LIST AND TENANT SELECTION

INTRODUCTION
When a family wishes to receive assistance under the HCV program, the family must submit an application that provides the PHA with the information needed to determine the family’s eligibility. HUD requires the PHA to place all families that apply for assistance on a waiting list. When HCV assistance becomes available, the PHA must select families from the waiting list in accordance with HUD requirements and PHA policies as stated in the administrative plan and the annual plan.

The PHA is required to adopt clear policies and procedures for accepting applications, placing families on the waiting list, and selecting families from the waiting list, and must follow these policies and procedures consistently. The actual order in which families are selected from the waiting list can be affected if a family has certain characteristics designated by HUD or the PHA that justify their selection. Examples of this are the selection of families for income targeting and the selection of families that qualify for targeted funding.

HUD regulations require that all families have an equal opportunity to apply for and receive housing assistance, and that the PHA affirmatively further fair housing goals in the administration of the program [24 CFR 982.53, HCV GB p. 4-1]. Adherence to the selection policies described in this chapter ensures that the PHA will be in compliance with all relevant fair housing requirements, as described in Chapter 2.

This chapter describes HUD and PHA policies for taking applications, managing the waiting list and selecting families for HCV assistance. The policies outlined in this chapter are organized into three sections, as follows:

Part I: The Application Process. This part provides an overview of the application process, and discusses how applicants can obtain and submit applications. It also specifies how the PHA will handle the applications it receives.

Part II: Managing the Waiting List. This part presents the policies that govern how the PHA’s waiting list is structured, when it is opened and closed, and how the public is notified of the opportunity to apply for assistance. It also discusses the process the PHA will use to keep the waiting list current.

Part III: Selection for HCV Assistance. This part describes the policies that guide the PHA in selecting families for HCV assistance as such assistance becomes available. It also specifies how in-person interviews will be used to ensure that the PHA has the information needed to make a final eligibility determination.
PART I: THE APPLICATION PROCESS

4-I.A. OVERVIEW

This part describes the PHA policies for making applications available, accepting applications making preliminary determinations of eligibility, and the placement of applicants on the waiting list. This part also describes the PHA’s obligation to ensure the accessibility of the application process to elderly persons, people with disabilities, and people with limited English proficiency (LEP).

4-I.B. APPLYING FOR ASSISTANCE [HCV GB, pp. 4-11 – 4-16, Notice PIH 2009-36]

Any family that wishes to receive HCV assistance must apply for admission to the program. HUD permits the PHA to determine the format and content of HCV applications, as well how such applications will be made available to interested families and how applications will be accepted by the PHA. The PHA must include Form HUD-92006, Supplement to Application for Federally Assisted Housing, as part of the PHA’s application.

PHA Policy

A two-step process will be used when it is expected that a family will not be selected from the waiting list for at least 60 days from the date of application. Under the two-step application process, the PHA initially will require families to provide only the information needed to make an initial assessment of the family’s eligibility and to determine the family’s placement on the waiting list. The family will be required to provide all of the information necessary to establish family eligibility and level of assistance when the family is selected from the waiting list.

Step one. The Pico Rivera Housing Assistance Agency accepts online pre-applications only. Applicants will provide only the information needed to make an initial assessment of the family’s eligibility and to determine placement on the waiting list. Pre-applications will only be available and accepted during open enrollment through the online electronic process available on the City of Pico Rivera Housing Assistance Agency website. Incomplete or duplicate applications will not be accepted. A P.O. Box or mailing-only address will not be accepted.

If an elderly person or a person with disabilities is unable to complete the online pre-application process due to the nature of their disability, then they may contact the Pico Rivera Housing Assistance Agency during business hours to request a reasonable accommodation for assistance with the online pre-application. Reasonable accommodation requests will only be accepted during the time the application process is open. To prevent delay, reasonable accommodation requests will be accepted without third-party verification.

Step two. The family is selected from the waiting list and is required to provide all of the information necessary to establish family eligibility and level of assistance.
4-I.C. ACCESSIBILITY OF THE APPLICATION PROCESS

Elderly and Disabled Populations [24 CFR 8 and HCV GB, pp. 4-11 – 4-13]

The PHA must take steps to ensure that the application process is accessible to those people who might have difficulty complying with the normal, standard PHA application process. This could include people with disabilities, certain elderly individuals, as well as persons with limited English proficiency (LEP). The PHA must provide reasonable accommodation to the needs of individuals with disabilities. The application-taking facility and the application process must be fully accessible, or the PHA must provide an alternate approach that provides full access to the application process. Chapter 2 provides a full discussion of the PHA’s policies related to providing reasonable accommodations for people with disabilities.

Limited English Proficiency

PHAs are required to take reasonable steps to ensure equal access to their programs and activities by persons with limited English proficiency [24 CFR 1]. Chapter 2 provides a full discussion on the PHA’s policies related to ensuring access to people with limited English proficiency (LEP).
4-I.D. PLACEMENT ON THE WAITING LIST

The PHA must review each complete application received and make a preliminary assessment of the family’s eligibility. The PHA must accept applications from families for whom the list is open unless there is good cause for not accepting the application (such as denial of assistance) for the grounds stated in the regulations [24 CFR 982.206(b)(2)]. Where the family is determined to be ineligible, the PHA must notify the family in writing [24 CFR 982.201(f)]. Where the family is not determined to be ineligible, the family will be placed on a waiting list of applicants.

No applicant has a right or entitlement to be listed on the waiting list, or to any particular position on the waiting list [24 CFR 982.202(c)].

Ineligible for Placement on the Waiting List

**PHA Policy**

If the PHA can determine from the information provided that a family is ineligible, the family will not be placed on the waiting list. Where a family is determined to be ineligible, the PHA will send written notification of the ineligibility determination within 30 business days of receiving a complete application. The notice will specify the reasons for ineligibility and will inform the family of its right to request an informal review and explain the process for doing so (see Chapter 16).

Eligible for Placement on the Waiting List

**PHA Policy**

The PHA will send written notification of the preliminary eligibility determination within 30 business days of receiving a complete application.

Placement on the waiting list does not indicate that the family is, in fact, eligible for assistance. A final determination of eligibility will be made when the family is selected from the waiting list.

Applicants will be placed on the waiting list according to any preference(s) for which they qualify, and the date and time their complete pre-application is received by the PHA.
PART II: MANAGING THE WAITING LIST

4-II.A. OVERVIEW

The PHA must have policies regarding various aspects of organizing and managing the waiting list of applicant families. This includes opening the list to new applicants, closing the list to new applicants, notifying the public of waiting list openings and closings, updating waiting list information, purging the list of families that are no longer interested in or eligible for assistance, as well as conducting outreach to ensure a sufficient number of applicants.

In addition, HUD imposes requirements on how a PHA may structure its waiting list and how families must be treated if they apply for assistance from a PHA that administers more than one assisted housing program.

4-II.B. ORGANIZATION OF THE WAITING LIST [24 CFR 982.204 and 205]

The PHA’s HCV waiting list must be organized in such a manner to allow the PHA to accurately identify and select families for assistance in the proper order, according to the admissions policies described in this plan.

The waiting list must contain the following information for each applicant listed:

- Applicant name;
- Family unit size;
- Date and time of application;
- Qualification for any local preference;
- Racial or ethnic designation of the head of household.

HUD requires the PHA to maintain a single waiting list for the HCV program unless it serves more than one county or municipality. Such PHAs are permitted, but not required, to maintain a separate waiting list for each county or municipality served.

**PHA Policy**

The PHA will maintain a single waiting list for the HCV program.

HUD directs that a family that applies for assistance from the HCV program must be offered the opportunity to be placed on the waiting list for any public housing, project-based voucher or moderate rehabilitation program the PHA operates if 1) the other programs’ waiting lists are open, and 2) the family is qualified for the other programs.

HUD permits, but does not require, that PHAs maintain a single merged waiting list for their public housing, Section 8, and other subsidized housing programs.

A family’s decision to apply for, receive, or refuse other housing assistance must not affect the family’s placement on the HCV waiting list, or any preferences for which the family may qualify.

**PHA Policy**

The PHA will not merge the HCV waiting list with the waiting list for any other program the PHA operates.
4-II.C. OPENING AND CLOSING THE WAITING LIST [24 CFR 982.206]

Closing the Waiting List

A PHA is permitted to close the waiting list if it has an adequate pool of families to use its available HCV assistance. Alternatively, the PHA may elect to continue to accept applications only from certain categories of families that meet particular preferences or funding criteria.

**PHA Policy**

The PHA will close the waiting list when the estimated waiting period for housing assistance for applicants on the list reaches 24 months for the most current applicants. Where the PHA has particular preferences or funding criteria that require a specific category of family, the PHA may elect to continue to accept applications from these applicants while closing the waiting list to others.

Reopening the Waiting List

If the waiting list has been closed, it cannot be reopened until the PHA publishes a notice in local newspapers of general circulation, minority media, and other suitable media outlets. The notice must comply with HUD fair housing requirements and must specify who may apply, and where and when applications will be received.

**PHA Policy**

The PHA will announce the reopening of the waiting list at least 10 business days prior to the date applications will first be accepted. If the list is only being reopened for certain categories of families, this information will be contained in the notice.

The PHA will give public notice by publishing the relevant information in suitable media outlets including, but not limited to:

- Local Media Press Release
- Pico Rivera PROFILE
- City of Pico Rivera Website
- Local Cable Broadcast
4-II.D. FAMILY OUTREACH [HCV GB, pp. 4-2 to 4-4]

The PHA must conduct outreach as necessary to ensure that the PHA has a sufficient number of applicants on the waiting list to use the HCV resources it has been allotted.

Because HUD requires the PHA to admit a specified percentage of extremely low-income families to the program (see Chapter 4, Part III), the PHA may need to conduct special outreach to ensure that an adequate number of such families apply for assistance [HCV GB, p. 4-20 to 4-21].

PHA outreach efforts must comply with fair housing requirements. This includes:

- Analyzing the housing market area and the populations currently being served to identify underserved populations
- Ensuring that outreach efforts are targeted to media outlets that reach eligible populations that are underrepresented in the program
- Avoiding outreach efforts that prefer or exclude people who are members of a protected class

PHA outreach efforts must be designed to inform qualified families about the availability of assistance under the program. These efforts may include, as needed, any of the following activities:

- Submitting press releases to local newspapers, including minority newspapers
- Developing informational materials and flyers to distribute to other agencies
- Providing application forms to other public and private agencies that serve the low income population
- Developing partnerships with other organizations that serve similar populations, including agencies that provide services for persons with disabilities

**PHA Policy**

The PHA will monitor the characteristics of the population being served and the characteristics of the population as a whole in the PHA’s jurisdiction. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are being underserved.
4-II.E. REPORTING CHANGES IN FAMILY CIRCUMSTANCES

PHA Policy

While the family is on the waiting list, the family must immediately inform the PHA of changes in contact information, including current residence, mailing address, and phone number. The changes must be submitted in writing.

4-II.F. UPDATING THE WAITING LIST [24 CFR 982.204]

HUD requires the PHA to establish policies to use when removing applicant names from the waiting list.

Purging the Waiting List

The decision to withdraw an applicant family that includes a person with disabilities from the waiting list is subject to reasonable accommodation. If the applicant did not respond to a PHA request for information or updates, and the PHA determines that the family did not respond because of the family member’s disability, the PHA must reinstate the applicant family to their former position on the waiting list [24 CFR 982.204(c)(2)].

PHA Policy

The waiting list will be updated as needed to ensure that all applicants and applicant information is current and timely.

To update the waiting list, the PHA will send an update request via first class mail to each family on the waiting list to determine whether the family continues to be interested in, and to qualify for, the program. This update request will be sent to the last address that the PHA has on record for the family. The update request will provide a deadline by which the family must respond and will state that failure to respond will result in the applicant’s name being removed from the waiting list.

The family’s response must be by calling the Pico Rivera Housing Assistance Agency, in writing, delivered in person, by mail, by email, or by fax. Responses should be postmarked or received by the PHA not later than 14 business days from the date of the PHA letter.

If the family fails to respond within 14 calendar days, the family will be sent a second written notice and given 14 calendar days to respond to the PHA. If the family fails to respond within the 14 calendar days, then the family will be removed from the waiting list without further notice.

If the notice is returned by the post office with no forwarding address, the applicant will be removed from the waiting list without further notice.

If the notice is returned by the post office with a forwarding address, the notice will be re-sent to the address indicated. The family will have 14 calendar days to respond from the date the letter was re-sent.
If a family is removed from the waiting list for failure to respond, the PHA may reinstate the family if it is determined that the lack of response was due to PHA error, or to circumstances beyond the family’s control, such as the following:

- Hospitalization.
- Out of town due to death in the immediate family.
- Proof of non-delivery of mail by the local U.S. Postmaster.

**Removal from the Waiting List**

**PHA Policy**

If at any time an applicant family is on the waiting list, the PHA determines that the family is not eligible for assistance (see Chapter 3), the family will be removed from the waiting list.

If a family is removed from the waiting list because the PHA has determined the family is not eligible for assistance, a notice will be sent to the family’s address of record as well as to any alternate address provided on the initial application. The notice will state the reasons the family was removed from the waiting list and will inform the family how to request an informal review regarding the PHA’s decision (see Chapter 16) [24 CFR 982.201(f)].
PART III: SELECTION FOR HCV ASSISTANCE

4-III.A. OVERVIEW

As vouchers become available, families on the waiting list must be selected for assistance in accordance with the policies described in this part.

The order in which families are selected from the waiting list depends on the selection method chosen by the PHA and is impacted in part by any selection preferences for which the family qualifies. The availability of targeted funding also may affect the order in which families are selected from the waiting list.

The PHA must maintain a clear record of all information required to verify that the family is selected from the waiting list according to the PHA’s selection policies [24 CFR 982.204(b) and 982.207(e)].

4-III.B. SELECTION AND HCV FUNDING SOURCES

Special Admissions [24 CFR 982.203]

HUD may award funding for specifically-named families living in specified types of units (e.g., a family that is displaced by demolition of public housing; a non-purchasing family residing in a HOPE 1 or 2 projects). In these cases, the PHA may admit such families whether or not they are on the waiting list, and, if they are on the waiting list, without considering the family’s position on the waiting list. These families are considered non-waiting list selections. The PHA must maintain records showing that such families were admitted with special program funding.

Targeted Funding [24 CFR 982.204(e)]

HUD may award a PHA funding for a specified category of families on the waiting list. The PHA must use this funding only to assist the families within the specified category. In order to assist families within a targeted funding category, the PHA may skip families that do not qualify within the targeted funding category. Within this category of families, the order in which such families are assisted is determined according to the policies provided in Section 4-III.C.

PHA Policy

The PHA administers the following types of targeted funding:

None

Regular HCV Funding

Regular HCV funding may be used to assist any eligible family on the waiting list. Families are selected from the waiting list according to the policies provided in Section 4-III.C.
4-III.C. SELECTION METHOD

PHAs must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use [24 CFR 982.202(d)].

Local Preferences [24 CFR 982.207; HCV p. 4-16]

PHAs are permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

PHA Policy

The PHA will use the following local preferences in the following order:

1. The Pico Rivera Housing Assistance Agency will offer a preference to any family that has been terminated from its HCV program due to insufficient program funding.

2. DISPLACED RESIDENTS. Involuntary displacement within the Pico Rivera Housing Assistance Agency’s jurisdiction due to federal, state, or local government action related to the Community Development Department, public improvements, or development.

3. VETERAN RESIDENTS. Veterans, surviving spouses (widow/widower not remarried) of veterans, or minor children of a veteran parent who live, work, or have been hired to work within the PHA’s jurisdiction. A P.O. Box or a mailing-only address will not be accepted. A DD-214 form indicating HONORABLE discharge status must be presented.

*A veteran is a person who honorably serves or served in the armed forces of the United States (38 U.S.C. 101). The veteran must have served a minimum of ninety (90) days for this preference.

4. ELDERLY RESIDENTS. Head of household, spouse, or co-head must be 62 years of age or older and live, work, or have been hired to work in the City of Pico Rivera. A P.O. Box or a mailing-only address will not be accepted. Veterans will have priority within this preference.

5. RESIDENTS. People who live, work, or have been hired to work in the City of Pico Rivera. A P.O. Box or a mailing-only address will not be accepted. Veterans will have priority within this preference.

6. NONRESIDENTS. People who do not live or work within the PHA’s jurisdiction. Veterans will have priority within this preference.
**Income Targeting Requirement [24 CFR 982.201(b)(2)]**

HUD requires that extremely low-income (ELI) families make up at least 75 percent of the families admitted to the HCV program during the PHA’s fiscal year. ELI families are those with annual incomes at or below the federal poverty level or 30 percent of the area median income, whichever number is higher. To ensure this requirement is met, a PHA may skip non-ELI families on the waiting list in order to select an ELI family.

Low-income families admitted to the program that are “continuously assisted” under the 1937 Housing Act [24 CFR 982.4(b)], as well as low-income or moderate-income families admitted to the program that are displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes [24 CFR 982.201(b)(2)(v)].

**PHA Policy**

The PHA will monitor progress in meeting the income targeting requirement throughout the fiscal year. Extremely low-income families will be selected ahead of other eligible families on an as-needed basis to ensure the income targeting requirement is met.

**Order of Selection**

The PHA system of preferences may select families based on local preferences according to the date and time of application or by a random selection process (lottery) [24 CFR 982.207(c)]. If a PHA does not have enough funding to assist the family at the top of the waiting list, it is not permitted to skip down the waiting list to a family that it can afford to subsidize when there are not sufficient funds to subsidize the family at the top of the waiting list [24 CFR 982.204(d) and (e)].

**PHA Policy**

Families will be selected from the waiting list based on the targeted funding or selection preference(s) for which they qualify, and in accordance with the PHA’s hierarchy of preferences, if applicable. Within each targeted funding or preference category, families will be selected on a first-come, first-served basis according to the date and time their complete application is received by the PHA. Documentation will be maintained by the PHA as to whether families on the list qualify for and are interested in targeted funding. If a higher placed family on the waiting list is not qualified or not interested in targeted funding, there will be a notation maintained so that the PHA does not have to ask higher placed families each time targeted selections are made.
4-III.D. NOTIFICATION OF SELECTION

When a family has been selected from the waiting list, the PHA must notify the family [24 CFR 982.554(a)].

PHA Policy

The PHA will notify the family by first class mail when it is selected from the waiting list. The notice will inform the family of the following:

- Date, time, and location of the scheduled application interview, including any procedures for rescheduling the interview.
- Who is required to attend the interview.
- All documents that must be provided at the interview, including information about what constitutes acceptable documentation.

If a notification letter is returned to the PHA with no forwarding address, it will be mailed to the forwarding address. If the second letter is returned with another forwarding address, it will not be mailed to the second forwarding address. The family will be removed from the waiting list without further notice.

4-III.E. THE APPLICATION INTERVIEW

HUD recommends that the PHA obtain the information and documentation needed to make an eligibility determination though a face-to-face interview with a PHA representative [HCV GB, pg. 4-16]. Being invited to attend an interview does not constitute admission to the program.

Assistance cannot be provided to the family until all SSN documentation requirements are met. However, if the PHA determines that an applicant family is otherwise eligible to participate in the program, the family may retain its place on the waiting list for a period of time determined by the PHA [Notice PIH 2018-24].

Reasonable accommodation must be made for persons with disabilities who are unable to attend an interview due to their disability.

PHA Policy

Families selected from the waiting list are required to participate in an eligibility interview. The head of household and all adult household members must attend the interview together. The interview will be conducted only if the head of household and all adult household members provide appropriate documentation of legal identity for all household members (Chapter 7 provides a discussion of proper documentation of legal identity). If the family does not provide the required documentation, the appointment may be rescheduled when the proper documents have been obtained.
Pending disclosure and documentation of social security numbers, the PHA will allow the family to retain its place on the waiting list for thirty (30) days. If not all household members have disclosed their SSNs within thirty (30) days, the PHA will issue a voucher to the next eligible applicant family on the waiting list.

The family must provide the information necessary to establish the family’s eligibility and determine the appropriate level of assistance, and must complete required forms, provide required signatures, and submit required documentation. If any materials are missing, the PHA will provide the family with a written list of items that must be submitted.

Any required documents or information that the family is unable to provide at the interview must be provided within 14 calendar days of the interview (Chapter 7 provides details about longer submission deadlines for particular items, including documentation of eligible noncitizen status). If the family is unable to obtain the information or materials within the required time frame, the family may request an extension. If the required documents and information are not provided within the required time frame (plus any extensions), the family will be sent a notice of denial (See Chapter 3).

An advocate, interpreter, or other assistant may assist the family with the application and the interview process.

Interviews will be conducted in English. For limited English proficient (LEP) applicants, the PHA will provide translation services in accordance with the PHA’s LEP plan.

If the family is unable to attend a scheduled interview, the family should contact the PHA at least 48 hours in advance of the interview to schedule a new appointment. In all circumstances, if a family does not attend a scheduled interview, the PHA will send another notification letter with a new interview appointment time. Applicants who fail to attend two scheduled interviews without PHA approval will be denied assistance based on the family’s failure to attend the scheduled interview appointments and failure to supply documentation needed to determine eligibility. A notice of denial will be issued in accordance with policies contained in Chapter 3.
4-III.F. COMPLETING THE APPLICATION PROCESS

The PHA must verify all information provided by the family (see Chapter 7). Based on verified information, the PHA must make a final determination of eligibility (see Chapter 3) and must confirm that the family qualified for any special admission, targeted funding admission, or selection preference that affected the order in which the family was selected from the waiting list.

**PHA Policy**

If the PHA determines that the family is ineligible, the PHA will send written notification of the ineligibility determination within 10 business days of the determination. The notice will specify the reasons for ineligibility, and will inform the family of its right to request an informal review (Chapter 16).

If a family fails to qualify for any criteria that affected the order in which it was selected from the waiting list (e.g. targeted funding, extremely low-income), the family will be returned to its original position on the waiting list. The PHA will notify the family in writing that it has been returned to the waiting list, and will specify the reasons for it.

If the PHA determines that the family is eligible to receive assistance, the PHA will invite the family to attend a briefing in accordance with the policies in Chapter 5.
Chapter 5
BRIEFINGS AND VOUCHER ISSUANCE

INTRODUCTION
This chapter explains the briefing and voucher issuance process. When a family is determined to be eligible for the Housing Choice Voucher (HCV) program, the PHA must ensure that the family fully understands the way the program operates and the family’s obligations under the program. This is accomplished through both an oral briefing and provision of a briefing packet containing the HUD-required documents and other information the family needs to know in order to lease a unit under the program. Once the family is fully informed of the program’s requirements, the PHA issues the family a voucher. The voucher includes the unit size for which the family qualifies based on the PHA’s subsidy standards, as well as the issue and expiration date of the voucher. The voucher is the document that authorizes the family to begin its search for a unit, and limits the amount of time the family has to successfully locate an acceptable unit.

This chapter describes HUD regulations and PHA policies related to these topics in two parts:

   Part I: Briefings and Family Obligations. This part details the program’s requirements for briefing families orally, and for providing written materials describing the program and its requirements. It includes a particular focus on the family’s obligations under the program.

   Part II: Subsidy Standards and Voucher Issuance. This part discusses the PHA’s standards for determining how many bedrooms a family of a given composition qualifies for, which in turn affects the amount of subsidy the family can receive. It also discusses the policies that dictate how vouchers are issued, and how long families have to locate a unit.

PART I: BRIEFINGS AND FAMILY OBLIGATIONS

5-I.A. OVERVIEW
HUD regulations require the PHA to conduct mandatory briefings for applicant families who qualify for a voucher. The briefing provides a broad description of owner and family responsibilities, explains the PHA’s procedures, and includes instructions on how to lease a unit. This part describes how oral briefings will be conducted, specifies what written information will be provided to families, and lists the family’s obligations under the program.
5-I.B. BRIEFING [24 CFR 982.301]

The PHA must give the family an oral briefing and provide the family with a briefing packet containing written information about the program. Families may be briefed individually or in groups. At the briefing, the PHA must ensure effective communication in accordance with Section 504 requirements (Section 504 of the Rehabilitation Act of 1973), and ensure that the briefing site is accessible to individuals with disabilities. For a more thorough discussion of accessibility requirements, refer to Chapter 2.

**PHA Policy**

Briefings will be conducted in group meetings.

Generally, the head of household along with all adult household members are required to attend the briefing. If the head of household is unable to attend, the PHA will reschedule the family for another briefing.

Families that attend group briefings and still need individual assistance will be referred to an appropriate PHA staff person.

Briefings will be conducted in English. For limited English proficient (LEP) applicants, the PHA will provide translation services in accordance with the PHA’s LEP plan (See Chapter 2).

**Notification and Attendance**

**PHA Policy**

Families will be notified of their eligibility for assistance at the time they are invited to attend a briefing. The notice will identify who is required to attend the briefing, as well as the date and time of the scheduled briefing.

If the notice is returned by the post office with no forwarding address, the applicant will be denied and their name will not be placed back on the waiting list. If the notice is returned by the post office with a forwarding address, the notice will be re-sent to the address indicated.

Applicants who fail to attend a scheduled briefing will be scheduled for another briefing automatically. The PHA will notify the family of the date and time of the second scheduled briefing. Applicants who fail to attend two scheduled briefings, without prior PHA approval, will be denied assistance (see Chapter 3).
Oral Briefing [24 CFR 982.301(a)]

Each briefing must provide information on the following subjects:

- How the Housing Choice Voucher program works;
- Family and owner responsibilities;
- Where the family can lease a unit, including renting a unit inside or outside the PHA’s jurisdiction;
- An explanation of how portability works. The PHA may not discourage the family from choosing to live anywhere in the PHA jurisdiction or outside the PHA jurisdiction under portability, unless otherwise expressly authorized by statute, regulation, PIH Notice, or court order;
- The PHA must inform the family of how portability may affect the family’s assistance through screening, subsidy standards, payment standards, and any other elements of the portability process which may affect the family’s assistance;
- The advantages of areas that do not have a high concentration of low-income families; and
- For families receiving welfare-to-work vouchers, a description of any local obligations of a welfare-to-work family and an explanation that failure to meet the obligations is grounds for denial of admission or termination of assistance.
Briefing Packet [24 CFR 982.301(b)]

Documents and information provided in the briefing packet must include the following:

- The term of the voucher, voucher suspensions, and the PHA’s policies on any extensions of the term. If the PHA allows extensions, the packet must explain how the family can request an extension.

- A description of the method used to calculate the housing assistance payment for a family, including how the PHA determines the payment standard for a family, how the PHA determines total tenant payment for a family, and information on the payment standard and utility allowance schedule.

- An explanation of how the PHA determines the maximum allowable rent for an assisted unit.

- Where the family may lease a unit and an explanation of how portability works, including information on how portability may affect the family’s assistance through screening, subsidy standards, payment standards, and any other elements of the portability process that may affect the family’s assistance.

- The HUD-required tenancy addendum, which must be included in the lease.

- The form the family must use to request approval of tenancy, and a description of the procedure for requesting approval for a tenancy.

- A statement of the PHA policy on providing information about families to prospective owners.

- The PHA subsidy standards including when and how exceptions are made.

- Materials (e.g., brochures) on how to select a unit and any additional information on selecting a unit that HUD provides.

- Information on federal, state and local equal opportunity laws and a copy of the housing discrimination complaint form.

- A list of landlords known to the PHA who may be willing to lease a unit to the family or other resources (e.g., newspapers, organizations, online search tools) known to the PHA that may assist the family in locating a unit. PHAs must ensure that the list of landlords or other resources covers areas outside of poverty or minority concentration.

- Notice that if the family includes a person with disabilities, the family may request a list of available accessible units known to the PHA.

- The family obligations under the program, including any obligations of a welfare-to-work family.

- The grounds on which the PHA may terminate assistance for a participant family because of family action or failure to act.

- PHA informal hearing procedures including when the PHA is required to offer a participant family the opportunity for an informal hearing, and how to request the hearing.

- An explanation of the advantages of moving to an area that does not have a high concentration of low-income families.
If the PHA is located in a metropolitan area, the following additional information must be included in the briefing packet in order to receive full points under SEMAP Indicator 7, Expanding Housing Opportunities [24 CFR 985.3(g)]:

- Maps showing areas with housing opportunities outside areas of poverty or minority concentration, both within its jurisdiction and its neighboring jurisdiction
- Information about the characteristics of these areas including job opportunities, schools, transportation, and other services
- An explanation of how portability works, including a list of portability contact persons for neighboring PHAs with names, addresses, and telephone numbers

**Additional Items to Be Included in the Briefing Packet**

In addition to items required by the regulations, PHAs may wish to include supplemental materials to help explain the program to both participants and owners [HCV GB p. 8-7, Notice PIH 2017-12].

**PHA Policy**

The PHA will provide the following additional materials in the briefing packet:

- The HUD pamphlet on lead-based paint entitled *Protect Your Family from Lead in Your Home*
- Information on how to fill out and file a housing discrimination complaint form
- The form HUD-5380 domestic violence certification form and the form HUD-5382 notice of occupancy rights, which contains information on VAWA protections for victims of domestic violence, dating violence, sexual assault, and stalking.
- “Is Fraud Worth It?” (form HUD-1141-OIG), which explains the types of actions a family must avoid and the penalties for program abuse
- “What You Should Know about EIV,” a guide to the Enterprise Income Verification (EIV) system published by HUD as an attachment to Notice PIH 2017-12
5-L.C. FAMILY OBLIGATIONS

Obligations of the family are described in the housing choice voucher (HCV) regulations and on the voucher itself. These obligations include responsibilities the family is required to fulfill, as well as prohibited actions. The PHA must inform families of these obligations during the oral briefing, and the same information must be included in the briefing packet. When the family’s unit is approved and the HAP contract is executed, the family must meet those obligations in order to continue participating in the program. Violation of any family obligation may result in termination of assistance, as described in Chapter 12.

Time Frames for Reporting Changes Required By Family Obligations

PHA Policy

Unless otherwise noted below, when family obligations require the family to respond to a request or notify the PHA of a change, notifying the PHA of the request or change within five (5) business days is considered prompt notice.

When a family is required to provide notice to the PHA, the notice must be in writing within five (5) days.

Family Obligations [24 CFR 982.551]

The family obligations of the voucher are listed as follows:

- The family must supply any information that the PHA or HUD determines to be necessary, including submission of required evidence of citizenship or eligible immigration status.

- The family must supply any information requested by the PHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition.

- The family must disclose and verify social security numbers and sign and submit consent forms for obtaining information.

- Any information supplied by the family must be true and complete.

- The family is responsible for any Housing Quality Standards (HQS) breach by the family caused by failure to pay tenant-provided utilities or appliances, or damages to the dwelling unit or premises beyond normal wear and tear caused by any member of the household or guest.

PHA Policy

Damages beyond normal wear and tear will be considered to be damages which could be assessed against the security deposit.

- The family must allow the PHA to inspect the unit at reasonable times and after reasonable notice, as described in Chapter 8 of this plan.
• The family must not commit any serious or repeated violation of the lease.

**PHA Policy**

The PHA will determine if a family has committed serious or repeated violations of the lease based on available evidence, including but not limited to, a court-ordered eviction or an owner’s notice to evict, police reports, and affidavits from the owner, neighbors, or other credible parties with direct knowledge.

*Serious and repeated lease violations* will include, but not be limited to, nonpayment of rent, disturbance of neighbors, destruction of property, living or housekeeping habits that cause damage to the unit or premises, and criminal activity. Generally, the criterion to be used will be whether or not the reason for the eviction was the fault of the tenant or guests. Any incidents of, or criminal activity related to, domestic violence, dating violence, sexual assault, or stalking will not be construed as serious or repeated lease violations by the victim [24 CFR 5.2005(c)(1)].

• The family must notify the PHA and the owner before moving out of the unit or terminating the lease.

**PHA Policy**

The family must comply with lease requirements regarding written notice to the owner. The family must provide a thirty (30) day written notice to the PHA at the same time the owner is notified.

• The family must promptly give the PHA a copy of any owner eviction notice.

• The family must use the assisted unit for residence by the family. The unit must be the family’s only residence.

• The composition of the assisted family residing in the unit must be approved by the PHA. The family must promptly notify the PHA in writing of the birth, adoption, or court-awarded custody of a child. The family must request PHA approval to add any other family member as an occupant of the unit.

**PHA Policy**

The request to add a family member must be submitted in writing and approved prior to the person moving into the unit. The PHA will determine eligibility of the new member in accordance with the policies in Chapter 3. The new member is not to move in prior to the PHA’s approval.

• The family must promptly (unit within five business days) notify the PHA in writing if any family member no longer lives in the unit and provide proof of new address.

• If the PHA has given approval, a foster child or a live-in aide may reside in the unit. The PHA has the discretion to adopt reasonable policies concerning residency by a foster child or a live-in aide, and to define when PHA consent may be given or denied. For policies related to the request and approval/disapproval of foster children, foster adults, and live-in aides, see Chapter 3 (sections I.K and I.M), and Chapter 11 (section II.B). The family must not sublease the unit, assign the lease, or transfer the unit.
**PHA Policy**

Subleasing includes receiving payment to cover rent and utility costs by a person living in the unit who is not listed as a family member. Subleasing is grounds for termination of assistance.

- The family must supply any information requested by the PHA to verify that the family is living in the unit or information related to family absence from the unit.
• The family must promptly notify the PHA when the family is absent from the unit.

**PHA Policy**

Notice is required under this provision only when all family members will be absent from the unit for an extended period. An extended period is defined as any period greater than 30 calendar days. Written notice must be provided to the PHA at the start of the extended absence.

• The family must pay utility bills and provide and maintain any appliances that the owner is not required to provide under the lease [Form HUD-52646, Voucher].

• The family must not own or have any interest in the unit, (other than in a cooperative and owners of a manufactured home leasing a manufactured home space).

• Family members must not commit fraud, bribery, or any other corrupt or criminal act in connection with the program. (See Chapter 14, Program Integrity for additional information).
  
  - Family members must not engage in drug-related criminal activity or violent criminal activity or other criminal activity that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises. See Chapter 12 for HUD and PHA policies related to drug-related and violent criminal activity.
  
  - Members of the household must not engage in abuse of alcohol in a way that threatens the health, safety or right to peaceful enjoyment of the other residents and persons residing in the immediate vicinity of the premises. See Chapter 12 for a discussion of HUD and PHA policies related to alcohol abuse.

• An assisted family or member of the family must not receive HCV program assistance while receiving another housing subsidy, for the same unit or a different unit under any other federal, state or local housing assistance program.

• A family must not receive HCV program assistance while residing in a unit owned by a parent, child, grandparent, grandchild, sister or brother of any member of the family, unless the PHA has determined (and has notified the owner and the family of such determination) that approving rental of the unit, notwithstanding such relationship, would provide reasonable accommodation for a family member who is a person with disabilities. [Form HUD-52646, Voucher]
PART II: SUBSIDY STANDARDS AND VOUCHER ISSUANCE

5-II.A. OVERVIEW

The PHA must establish subsidy standards that determine the number of bedrooms needed for families of different sizes and compositions. This part presents the policies that will be used to determine the family unit size (also known as the voucher size) a particular family should receive, and the policies that govern making exceptions to those standards. The PHA must also establish policies related to the issuance of the voucher, to the voucher term, and to any extensions of the voucher term.

5-II.B. DETERMINING FAMILY UNIT (VOUCHER) SIZE [24 CFR 982.402]

For each family, the PHA determines the appropriate number of bedrooms under the PHA subsidy standards and enters the family unit size on the voucher that is issued to the family. The family unit size does not dictate the size of unit the family must actually lease, nor does it determine who within a household will share a bedroom/sleeping room.

The following requirements apply when the PHA determines family unit size:

- The subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding.
- The subsidy standards must be consistent with space requirements under the housing quality standards.
- The subsidy standards must be applied consistently for all families of like size and composition.
- A child who is temporarily away from the home because of placement in foster care is considered a member of the family in determining the family unit size.
- A family that consists of a pregnant woman (with no other persons) must be treated as a two-person family.
- Any live-in aide (approved by the PHA to reside in the unit to care for a family member who is disabled or is at least 50 years of age) must be counted in determining the family unit size;
• Unless a live-in-aide resides with a family, the family unit size for any family consisting of a single person must be either a zero- or one-bedroom unit, as determined under the PHA subsidy standards.

**PHA Policy**

The PHA will assign one bedroom for each two persons within the household.

The PHA will reference the following chart in determining the appropriate voucher size for a family:

<table>
<thead>
<tr>
<th>Voucher Size</th>
<th>Persons in Household (Minimum – Maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedroom</td>
<td>1-2</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>1-4</td>
</tr>
<tr>
<td>2 Bedrooms</td>
<td>3-6</td>
</tr>
<tr>
<td>3 Bedrooms</td>
<td>5-8</td>
</tr>
<tr>
<td>4 Bedrooms</td>
<td>7-10</td>
</tr>
<tr>
<td>5 Bedrooms</td>
<td>9-12</td>
</tr>
</tbody>
</table>
5-II.C. EXCEPTIONS TO SUBSIDY STANDARDS

In determining family unit size for a particular family, the PHA may grant an exception to its established subsidy standards if the PHA determines that the exception is justified by the age, sex, health, handicap, or relationship of family members or other personal circumstances [24 CFR 982.402(b)(8)]. Reasons may include, but are not limited to:

- A need for an additional bedroom for medical equipment
- A need for a separate bedroom for reasons related to a family member’s disability, medical or health condition

For a single person who is not elderly, disabled, or a remaining family member, an exception cannot override the regulatory limit of a zero or one bedroom [24 CFR 982.402(b)(8)].

PHA Policy

The family must request any exception to the subsidy standards in writing. The request must explain the need or justification for a larger family unit size, and must include appropriate documentation. Requests based on health-related reasons must be verified by a knowledgeable professional source (e.g., doctor or health professional), unless the disability and the disability–related request for accommodation is readily apparent or otherwise known. The family’s continued need for an additional bedroom due to special medical equipment must be re-verified at annual reexamination.

The PHA will notify the family of its determination within 10 business days of receiving the family’s request. If a participant family’s request is denied, the notice will inform the family of their right to request an informal hearing.
5-II.D. VOUCHER ISSUANCE [24 CFR 982.302]

When a family is selected from the waiting list (or as a special admission as described in Chapter 4), or when a participant family wants to move to another unit, the PHA issues a Housing Choice Voucher, form HUD-52646. This chapter deals only with voucher issuance for applicants. For voucher issuance associated with moves of program participants, please refer to Chapter 10.

The voucher is the family’s authorization to search for housing. It specifies the unit size for which the family qualifies, and includes both the date of voucher issuance and date of expiration. It contains a brief description of how the program works and explains the family obligations under the program. The voucher is evidence that the PHA has determined the family to be eligible for the program, and that the PHA expects to have money available to subsidize the family if the family finds an approvable unit. However, the PHA does not have any liability to any party by the issuance of the voucher, and the voucher does not give the family any right to participate in the PHA’s housing choice voucher program [Voucher, form HUD-52646]

A voucher can be issued to an applicant family only after the PHA has determined that the family is eligible for the program based on verification of information received within the 60 days prior to issuance [24 CFR 982.201(e)] and after the family has attended an oral briefing [HCV 8-1].

**PHA Policy**

Vouchers will be issued to eligible applicants immediately following the mandatory briefing.

The PHA should have sufficient funds to house an applicant before issuing a voucher. If funds are insufficient to house the family at the top of the waiting list, the PHA must wait until it has adequate funds before it calls another family from the list [HCV GB p. 8-10].

**PHA Policy**

Prior to issuing any vouchers, the PHA will determine whether it has sufficient funding in accordance with the policies in Part VIII of Chapter 16.

If the PHA determines that there is insufficient funding after a voucher has been issued, the PHA may rescind the voucher and place the affected family back on the waiting list.
5-II.E. VOUCHER TERM AND EXTENSIONS

Voucher Term [24 CFR 982.303]

The initial term of a voucher must be at least 60 calendar days. The initial term must be stated on the voucher [24 CFR 982.303(a)].

PHA Policy

The initial voucher term will be 60 calendar days, but no more than 120 days, unless determined by the Housing Supervisor due to unforeseen circumstances.

The family must submit a Request for Tenancy Approval and proposed lease within the 60-day period unless the PHA grants an extension.

Extensions of Voucher Term [24 CFR 982.303(b)]

The PHA has the authority to grant extensions of search time, to specify the length of an extension, and to determine the circumstances under which extensions will be granted. There is no limit on the number of extensions that the PHA can approve. Discretionary policies related to extension and expiration of search time must be described in the PHA’s administrative plan [24 CFR 982.54].

PHAs must approve additional search time if needed as a reasonable accommodation to make the program accessible to and usable by a person with disabilities. The extension period must be reasonable for the purpose.
The family must be notified in writing of the PHA’s decision to approve or deny an extension. The PHA’s decision to deny a request for an extension of the voucher term is not subject to informal review [24 CFR 982.554(c)(4)].

**PHA Policy**

The PHA will approve additional extensions for persons with disabilities in need of reasonable accommodations.

The Pico Rivera Housing Agency may grant an extension due to the following extenuating circumstances:

It is necessary due to reasons beyond the family’s control, as determined by the PHA. Following is a list of extenuating circumstances that the PHA may consider in making its decision. The presence of these circumstances does not guarantee that an extension will be granted:

- Serious illness and/or hospitalization of an immediate family member.
- Death of an immediate family member.
- Other extenuating circumstances.

Any request for an additional extension must include the reason(s) an additional extension is necessary. The PHA may require the family to provide documentation to support the request or obtain verification from a qualified third party.

All requests for extensions to the voucher term must be made in writing and submitted to the PHA prior to the expiration date of the voucher (or extended term of the voucher).

The PHA will decide whether to approve or deny an extension request within 10 business days of the date the request is received, and will immediately provide the family written notice of its decision.
Suspensions of Voucher Term [24 CFR 982.303(c)]

The PHA must provide for suspension of the initial or any extended term of the voucher from the date the family submits a request for PHA approval of the tenancy until the date the PHA notifies the family in writing whether the request has been approved or denied.

Expiration of Voucher Term

Once a family’s housing choice voucher term (including any extensions) expires, the family is no longer eligible to search for housing under the program. If the family still wishes to receive assistance, the PHA may require that the family reapply.

PHA Policy

If an applicant family’s voucher term or extension expires before the PHA has approved a tenancy, the PHA will require the family to reapply for assistance.
Chapter 6

INCOME AND SUBSIDY DETERMINATIONS
[24 CFR Part 5, Subparts E and F; 24 CFR 982]

INTRODUCTION

A family’s income determines eligibility for assistance and is also used to calculate the family’s payment and the PHA’s subsidy. The PHA will use the policies and methods described in this chapter to ensure that only eligible families receive assistance and that no family pays more or less than its obligation under the regulations. This chapter describes HUD regulations and PHA policies related to these topics in three parts as follows:

- **Part I: Annual Income.** HUD regulations specify the sources of income to include and exclude to arrive at a family’s annual income. These requirements and PHA policies for calculating annual income are found in Part I.

- **Part II: Adjusted Income.** Once annual income has been established HUD regulations require the PHA to subtract from annual income any of five mandatory deductions for which a family qualifies. These requirements and PHA policies for calculating adjusted income are found in Part II.

- **Part III: Calculating Family Share and PHA Subsidy.** This part describes the statutory formula for calculating total tenant payment (TTP), the use of utility allowances, and the methodology for determining PHA subsidy and required family payment.
PART I: ANNUAL INCOME

6-I.A. OVERVIEW

The general regulatory definition of annual income shown below is from 24 CFR 5.609.

5.609 Annual income.

(a) Annual income means all amounts, monetary or not, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or

(2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph [5.609(c)].

(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

In addition to this general definition, HUD regulations establish policies for treating specific types of income and assets. The full texts of those portions of the regulations are provided in exhibits at the end of this chapter as follows:

- Annual Income Inclusions (Exhibit 6-1)
- Annual Income Exclusions (Exhibit 6-2)
- Treatment of Family Assets (Exhibit 6-3)
- Earned Income Disallowance for Persons with Disabilities (Exhibit 6-4)
- The Effect of Welfare Benefit Reduction (Exhibit 6-5)

Sections 6-I.B and 6-I.C discuss general requirements and methods for calculating annual income. The rest of this section describes how each source of income is treated for the purposes of determining annual income. HUD regulations present income inclusions and exclusions separately [24 CFR 5.609(b) and 24 CFR 5.609(c)]. In this plan, however, the discussions of income inclusions and exclusions are integrated by topic (e.g., all policies affecting earned income are discussed together in section 6-I.D). Verification requirements for annual income are discussed in Chapter 7.
6-I.B. HOUSEHOLD COMPOSITION AND INCOME

Income received by all family members must be counted unless specifically excluded by the regulations. It is the responsibility of the head of household to report changes in family composition. The rules on which sources of income are counted vary somewhat by family member. The chart below summarizes how family composition affects income determinations.

<table>
<thead>
<tr>
<th>Summary of Income Included and Excluded by Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live-in aides</td>
</tr>
<tr>
<td>Foster child or foster adult</td>
</tr>
<tr>
<td>Head, spouse, or cohead Other adult family members</td>
</tr>
<tr>
<td>Children under 18 years of age</td>
</tr>
<tr>
<td>Full-time students 18 years of age or older (not head, spouse, or cohead)</td>
</tr>
</tbody>
</table>
**Temporarily Absent Family Members**

The income of family members approved to live in the unit will be counted, even if the family member is temporarily absent from the unit [HCV GB, p. 5-18].

**PHA Policy**

Generally an individual who is or is expected to be absent from the assisted unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a family member. Generally an individual who is or is expected to be absent from the assisted unit for more than 180 consecutive days is considered permanently absent and no longer a family member. Exceptions to this general policy are discussed below.

**Absent Students**

**PHA Policy**

When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to the PHA indicating that the student has established a separate household or the family declares that the student has established a separate household.

**Absences Due to Placement in Foster Care**

Children temporarily absent from the home as a result of placement in foster care are considered members of the family [24 CFR 5.403].

**PHA Policy**

If a child has been placed in foster care, the PHA will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.

**Absent Head, Spouse, or Cohead**

**PHA Policy**

An employed head, spouse, or cohead absent from the unit more than 180 consecutive days due to employment will continue to be considered a family member.
Family Members Permanently Confined for Medical Reasons

If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted [HCV GB, p. 5-22].

PHA Policy

The PHA will request verification from a responsible medical professional and will use this determination. If the responsible medical professional cannot provide a determination, the person generally will be considered temporarily absent. The family may present evidence that the family member is confined on a permanent basis and request that the person not be considered a family member.

When an individual who has been counted as a family member is determined permanently absent, the family is eligible for the medical expense deduction only if the remaining head, spouse, or cohead qualifies as an elderly person or a person with disabilities.

Joint Custody of Dependents

PHA Policy

Dependents that are subject to a joint custody arrangement will be considered a member of the family, if they live with the applicant or participant family 50 percent or more of the time.

When more than one applicant or participant family is claiming the same dependents as family members, the family with primary custody at the time of the initial examination or reexamination will be able to claim the dependents. If there is a dispute about which family should claim them, the PHA will make the determination based on available documents such as court orders, school records, or an IRS return showing which family has claimed the child for income tax purposes.
Caretakers for a Child

PHA Policy

The approval of a caretaker is at the owner and PHA’s discretion and subject to the owner and PHA’s screening criteria. If neither a parent nor a designated guardian remains in a household receiving HCV assistance, the PHA will take the following actions.

(1) If a responsible agency has determined that another adult is to be brought into the assisted unit to care for a child for an indefinite period, the designated caretaker will not be considered a family member until a determination of custody or legal guardianship is made.

(2) If a caretaker has assumed responsibility for a child without the involvement of a responsible agency or formal assignment of custody or legal guardianship, the caretaker will be treated as a visitor for 90 days. After the 90 days has elapsed, the caretaker will be considered a family member unless information is provided that would confirm that the caretaker’s role is temporary. In such cases the PHA will extend the caretaker’s status as an eligible visitor.

(3) At any time that custody or guardianship legally has been awarded to a caretaker, the housing choice voucher will be transferred to the caretaker and new admissions eligibility criteria will be applied.

(4) During any period that a caretaker is considered a visitor, the income of the caretaker is not counted in annual income and the caretaker does not qualify the family for any deductions from income.
6-I.C. ANTICIPATING ANNUAL INCOME

The PHA is required to count all income “anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date” [24 CFR 5.609(a)(2)]. Policies related to anticipating annual income are provided below.

Basis of Annual Income Projection

The PHA generally will use current circumstances to determine anticipated income for the coming 12-month period. HUD authorizes the PHA to use other than current circumstances to anticipate income when:

- An imminent change in circumstances is expected [HCV GB, p. 5-17]
- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [24 CFR 5.609(d)]
- The PHA believes that past income is the best available indicator of expected future income [24 CFR 5.609(d)]

PHAs are required to use HUD’s Enterprise Income Verification (EIV) system in its entirety as a third party source to verify employment and income information, and to reduce administrative subsidy payment errors in accordance with HUD administrative guidance [24 CFR 5.233(a)(2)]. HUD allows PHAs to use tenant-provided documents (pay stubs) to project income once EIV data has been received in such cases where the family does not dispute the EIV employer data and where the PHA does not determine it is necessary to obtain additional third-party data.

PHA Policy

When EIV is obtained and the family does not dispute the EIV employer data, the PHA will use current tenant-provided documents to project annual income. When the tenant-provided documents are pay stubs, the PHA will make every effort to obtain current and consecutive pay stubs dated within the last 60 days.

The PHA will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in Chapter 7 in the following cases:

- If EIV or other UIV data is not available,
- If the family disputes the accuracy of the EIV employer data, and/or
- If the PHA determines additional information is needed.

In such cases, the PHA will review and analyze current data to anticipate annual income. In all cases, the family file will be documented with a clear record of the reason for the decision, and a clear audit trail will be left as to how the PHA annualized projected income.

When the PHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the PHA will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income.
Any time current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases the family may present information and documentation to the PHA to show why the historic pattern does not represent the family’s anticipated income.

**Known Changes in Income**

If the PHA verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period.

**Example:** An employer reports that a full-time employee who has been receiving $8/hour will begin to receive $8.25/hour in the eighth week after the effective date of the reexamination. In such a case the PHA would calculate annual income as follows: 

\[
(8/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) + (8.25 \times 40 \text{ hours} \times 45 \text{ weeks}).
\]

The family may present information that demonstrates that implementing a change before its effective date would create a hardship for the family. In such cases the PHA will calculate annual income using current circumstances and then require an interim reexamination when the change actually occurs. This requirement will be imposed even if the PHA’s policy on reexaminations does not require interim reexaminations for other types of changes.

When tenant-provided third-party documents are used to anticipate annual income, they will be dated within the last 60 days of the reexamination interview date.

**Projecting Income**

In HUD’s EIV webcast of January 2008, HUD made clear that PHAs are not to use EIV quarterly wages to project annual income.
6-I.D. EARNED INCOME

Types of Earned Income Included in Annual Income

Wages and Related Compensation

The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services is included in annual income [24 CFR 5.609(b)(1)].

PHA Policy

For persons who regularly receive bonuses or commissions, the PHA will verify and then average amounts received for the two years preceding admission or reexamination. If only a one-year history is available, the PHA will use the prior year amounts. In either case the family may provide, and the PHA will consider, a credible justification for not using this history to anticipate future bonuses or commissions. If a new employee has not yet received any bonuses or commissions, the PHA will count only the amount estimated by the employer. The file will be documented appropriately.

Some Types of Military Pay

All regular pay, special pay and allowances of a member of the Armed Forces are counted [24 CFR 5.609(b)(8)] except for the special pay to a family member serving in the Armed Forces who is exposed to hostile fire [24 CFR 5.609(c)(7)].

Types of Earned Income Not Counted in Annual Income

Temporary, Nonrecurring, or Sporadic Income [24 CFR 5.609(c)(9)]

This type of income (including gifts) is not included in annual income. Sporadic income includes temporary payments from the U.S. Census Bureau for employment lasting no longer than 180 days [Notice PIH 2009-19].

PHA Policy

Sporadic income is income that is not received periodically and cannot be reliably predicted. For example, the income of an individual who works occasionally as a handyman would be considered sporadic if future work could not be anticipated and no historic, stable pattern of income existed.

Children’s Earnings

Employment income earned by children (including foster children) under the age of 18 years is not included in annual income [24 CFR 5.609(c)(1)]. (See Eligibility chapter for a definition of foster children.)

Certain Earned Income of Full-Time Students

Earnings in excess of $480 for each full-time student 18 years old or older (except for the head, spouse, or cohead) are not counted [24 CFR 5.609(c)(11)]. To be considered “full-time,” a student must be considered “full-time” by an educational institution with a degree or certificate program [HCV GB, p. 5-29].
Income of a Live-in Aide

Income earned by a live-in aide, as defined in [24 CFR 5.403], is not included in annual income [24 CFR 5.609(c)(5)]. (See Eligibility chapter for a full discussion of live-in aides.)

Income Earned under Certain Federal Programs

Income from some federal programs is specifically excluded from consideration as income [24 CFR 5.609(c)(17)], including:

- Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)
- Awards under the federal work-study program (20 U.S.C. 1087 uu)
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
- Allowances, earnings, and payments to participants in programs funded under the Workforce Investment Act of 1998 (29 U.S.C. 2931)

Resident Service Stipend

Amounts received under a resident service stipend are not included in annual income. A resident service stipend is a modest amount (not to exceed $200 per individual per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA’s governing board. No resident may receive more than one such stipend during the same period of time [24 CFR 5.600(c)(8)(iv)].
**State and Local Employment Training Programs**

Incremental earnings and benefits to any family member resulting from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff are excluded from annual income. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the training program [24 CFR 5.609(c)(8)(v)].

**PHA Policy**

The PHA defines *training program* as “a learning process with goals and objectives, generally having a variety of components, and taking place in a series of sessions over a period to time. It is designed to lead to a higher level of proficiency, and it enhances the individual’s ability to obtain employment. It may have performance standards to measure proficiency. Training may include, but is not limited to: (1) classroom training in a specific occupational skill, (2) on-the-job training with wages subsidized by the program, or (3) basic education” [expired Notice PIH 98-2, p. 3].

The PHA defines *incremental earnings and benefits* as the difference between: (1) the total amount of welfare assistance and earnings of a family member prior to enrollment in a training program, and (2) the total amount of welfare assistance and earnings of the family member after enrollment in the program [expired Notice PIH 98-2, pp. 3–4].

In calculating the incremental difference, the PHA will use as the pre-enrollment income the total annualized amount of the family member’s welfare assistance and earnings reported on the family’s most recently completed HUD-50058.

End of participation in a training program must be reported in accordance with the PHA's interim reporting requirements.
**HUD-Funded Training Programs**

Amounts received under training programs funded in whole or in part by HUD [24 CFR 5.609(c)(8)(i)] are excluded from annual income. Eligible sources of funding for the training include operating subsidy, Section 8 administrative fees, and modernization, Community Development Block Grant (CDBG), HOME program, and other grant funds received from HUD.

**PHA Policy**

To qualify as a training program, the program must meet the definition of *training program* provided above for state and local employment training programs.

**Earned Income Tax Credit**

Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j)), are excluded from annual income [24 CFR 5.609(c)(17)]. Although many families receive the EITC annually when they file taxes, an EITC can also be received throughout the year. The prorated share of the annual EITC is included in the employee’s payroll check.

**Earned Income Disallowance**

The earned income disallowance for persons with disabilities is discussed in section 6-I.E below.
6-I.E. EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

The earned income disallowance (EID) encourages people with disabilities to enter the work force by not including the full value of increases in earned income for a period of time. The full text of 24 CFR 5.617 is included as Exhibit 6-4 at the end of this chapter. Eligibility criteria and limitations on the disallowance are summarized below.

Eligibility

This disallowance applies only to individuals in families already participating in the HCV program (not at initial examination). To qualify, the family must experience an increase in annual income that is the result of one of the following events:

- Employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment. *Previously unemployed* includes a person who annually has earned not more than the minimum wage applicable to the community multiplied by 500 hours. The applicable minimum wage is the federal minimum wage unless there is a higher state or local minimum wage.

- Increased earnings by a family member who is a person with disabilities and whose earnings increase during participation in an economic self-sufficiency or job-training program. A self-sufficiency program includes a program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work to such families [24 CFR 5.603(b)].

- New employment or increased earnings by a family member who is a person with disabilities and who has received benefits or services under Temporary Assistance for Needy Families (TANF) or any other state program funded under Part A of Title IV of the Social Security Act within the past six months. If the benefits are received in the form of monthly maintenance, there is no minimum amount. If the benefits or services are received in a form other than monthly maintenance, such as one-time payments, wage subsidies, or transportation assistance, the total amount received over the six-month period must be at least $500.
Calculation of the Disallowance

Calculation of the earned income disallowance for an eligible member of a qualified family begins with a comparison of the member’s current income with his or her “baseline income.” The family member’s baseline income is his or her income immediately prior to qualifying for the EID. The family member’s baseline income remains constant throughout the period that he or she is participating in the EID.

Calculation Method

Initial 12-Month Exclusion

During the initial exclusion period of 12 consecutive months, the full amount (100 percent) of any increase in income attributable to new employment or increased earnings is excluded.

PHA Policy

The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings.

Second 12-Month Exclusion

During the second exclusion period of 12 consecutive months, the PHA must exclude at least 50 percent of any increase in income attributable to employment or increased earnings.

PHA Policy

During the second 12-month exclusion period, the PHA will exclude 50 percent of any increase in income attributable to new employment or increased earnings.

Lifetime Limitation

The EID has a two-year (24-month) lifetime maximum. The two-year eligibility period begins at the same time that the initial exclusion period begins and ends 24 months later. During the 24-month period, an individual remains eligible for EID even if they begin to receive assistance from a different housing agency, move between public housing and Section 8 assistance, or have breaks in assistance.
6-I.F. BUSINESS INCOME [24 CFR 5.609(b)(2)]

Annual income includes “the net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family” [24 CFR 5.609(b)(2)].

Business Expenses

Net income is “gross income less business expense” [HCV GB, p. 5-19].

**PHA Policy**

To determine business expenses that may be deducted from gross income, the PHA will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance as described below.

Business Expansion

HUD regulations do not permit the PHA to deduct from gross income expenses for business expansion.

**PHA Policy**

*Business expansion* is defined as any capital expenditures made to add new business activities, to expand current facilities, or to operate the business in additional locations. For example, purchase of a street sweeper by a construction business for the purpose of adding street cleaning to the services offered by the business would be considered a business expansion. Similarly, the purchase of a property by a hair care business to open at a second location would be considered a business expansion.

Capital Indebtedness

HUD regulations do not permit the PHA to deduct from gross income the amortization of capital indebtedness.

**PHA Policy**

*Capital indebtedness* is defined as the principal portion of the payment on a capital asset such as land, buildings, and machinery. This means the PHA will allow as a business expense interest, but not principal, paid on capital indebtedness.
**Negative Business Income**

If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

**Withdrawal of Cash or Assets from a Business**

HUD regulations require the PHA to include in annual income the withdrawal of cash or assets from the operation of a business or profession unless the withdrawal reimburses a family member for cash or assets invested in the business by the family.

**PHA Policy**

Acceptable investments in a business include cash loans and contributions of assets or equipment. For example, if a member of an assisted family provided an up-front loan of $2,000 to help a business get started, the PHA will not count as income any withdrawals from the business up to the amount of this loan until the loan has been repaid. Investments do not include the value of labor contributed to the business without compensation.

**Co-owned Businesses**

**PHA Policy**

If a business is co-owned with someone outside the family, the family must document the share of the business it owns. If the family’s share of the income is lower than its share of ownership, the family must document the reasons for the difference.
6-I.G. ASSETS [24 CFR 5.609(b)(3); 24 CFR 5.603(b)]

Overview
There is no asset limitation for participation in the HCV program. However, HUD requires that the PHA include in annual income the anticipated “interest, dividends, and other net income of any kind from real or personal property” [24 CFR 5.609(b)(3)]. This section discusses how the income from various types of assets is determined. For most types of assets, the PHA must determine the value of the asset in order to compute income from the asset. Therefore, for each asset type, this section discusses:

- How the value of the asset will be determined
- How income from the asset will be calculated

Exhibit 6-1 provides the regulatory requirements for calculating income from assets [24 CFR 5.609(b)(3)], and Exhibit 6-3 provides the regulatory definition of net family assets. This section begins with a discussion of general policies related to assets and then provides HUD rules and PHA policies related to each type of asset.

Optional policies for family self-certification of assets are found in Chapter 7.

General Policies

Income from Assets

The PHA generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes the PHA to use other than current circumstances to anticipate income when (1) an imminent change in circumstances is expected (2) it is not feasible to anticipate a level of income over 12 months or (3) the PHA believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the property is currently vacant, the PHA can take into consideration past rental income along with the prospects of obtaining a new tenant.

PHA Policy
Anytime current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file. In such cases the family may present information and documentation to the PHA to show why the asset income determination does not represent the family’s anticipated asset income.
Valuing Assets

The calculation of asset income sometimes requires the PHA to make a distinction between an asset’s market value and its cash value.

- The market value of an asset is its worth in the market (e.g., the amount a buyer would pay for real estate or the total value of an investment account).
- The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

**PHA Policy**

Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions [HCV GB, p. 5-28].

Lump-Sum Receipts

Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income. However, such lump-sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account) [RHIIP FAQs]. (For a discussion of lump-sum payments that represent the delayed start of a periodic payment, most of which are counted as income, see sections 6-I.H and 6-I.I.)

**Imputing Income from Assets [24 CFR 5.609(b)(3), Notice PIH 2012-29]**

When net family assets are $5,000 or less, the PHA will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of $5,000, the PHA will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by an average passbook savings rate as determined by the PHA.

- Note: The HUD field office no longer provides an interest rate for imputed asset income. The “safe harbor” is now for the PHA to establish a passbook rate within 0.75 percent of a national average.
- The PHA must review its passbook rate annually to ensure that it remains within 0.75 percent of the national average.

**PHA Policy**

The PHA initially set the imputed asset passbook rate at the national rate established by the Federal Deposit Insurance Corporation (FDIC).

The PHA will review the passbook rate annually, in December of each year. The rate will not be adjusted unless the current PHA rate is no longer within 0.75 percent of the national rate. If it is no longer within 0.75 percent of the national rate, the passbook rate will be set at the current national rate.

Changes to the passbook rate will take effect on January 1 following the November review.
Determining Actual Anticipated Income from Assets

It may or may not be necessary for the PHA to use the value of an asset to compute the actual anticipated income from the asset. When the value is required to compute the anticipated income from an asset, the market value of the asset is used. For example, if the asset is a property for which a family receives rental income, the anticipated income is determined by annualizing the actual monthly rental amount received for the property; it is not based on the property’s market value. However, if the asset is a savings account, the anticipated income is determined by multiplying the market value of the account by the interest rate on the account.

Withdrawal of Cash or Liquidation of Investments

Any withdrawal of cash or assets from an investment will be included in income except to the extent that the withdrawal reimburses amounts invested by the family. For example, when a family member retires, the amount received by the family from a retirement investment plan is not counted as income until the family has received payments equal to the amount the family member deposited into the retirement investment plan.

Jointly Owned Assets

The regulation at 24 CFR 5.609(a)(4) specifies that annual income includes “amounts derived (during the 12-month period) from assets to which any member of the family has access.”

PHA Policy

If an asset is owned by more than one person and any family member has unrestricted access to the asset, the PHA will count the full value of the asset. A family member has unrestricted access to an asset when he or she can legally dispose of the asset without the consent of any of the other owners.

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, the PHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the PHA will prorate the asset evenly among all owners.

Assets Disposed of for Less than Fair Market Value [24 CFR 5.603(b)]

HUD regulations require the PHA to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below.
Minimum Threshold

The *HCV Guidebook* permits the PHA to set a threshold below which assets disposed of for less than fair market value will not be counted [HCV GB, p. 5-27].

**PHA Policy**

The PHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than $1,000.

When the two-year period expires, the income assigned to the disposed asset(s) also expires. If the two-year period ends between annual recertifications, the family may request an interim recertification to eliminate consideration of the asset(s).

Assets placed by the family in nonrevocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

Separation or Divorce

The regulation also specifies that assets are not considered disposed of for less than fair market value if they are disposed of as part of a separation or divorce settlement and the applicant or tenant receives important consideration not measurable in dollar terms.

**PHA Policy**

All assets disposed of as part of a separation or divorce settlement will be considered assets for which important consideration not measurable in monetary terms has been received. In order to qualify for this exemption, a family member must be subject to a formal separation or divorce settlement agreement established through arbitration, mediation, or court order.

Foreclosure or Bankruptcy

Assets are not considered disposed of for less than fair market value when the disposition is the result of a foreclosure or bankruptcy sale.

Family Declaration

**PHA Policy**

Families must sign a declaration form at initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. The PHA may verify the value of the assets disposed of if other information available to the PHA does not appear to agree with the information reported by the family.
Types of Assets

Checking and Savings Accounts
For regular checking accounts and savings accounts, cash value has the same meaning as market value. If a checking account does not bear interest, the anticipated income from the account is zero.

PHA Policy
In determining the value of checking account and savings accounts, the PHA will use the current balance.

In determining the anticipated income from an interest-bearing checking or savings account, the PHA will multiply the value of the account by the current rate of interest paid on the account.

Investment Accounts Such as Stocks, Bonds, Saving Certificates, and Money Market Funds
Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested. The cash value of such an asset is determined by deducting from the market value any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash.

PHA Policy
In determining the market value of an investment account, the PHA will use the value of the account on the most recent investment report.

How anticipated income from an investment account will be calculated depends on whether the rate of return is known.

For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on that known rate (market value multiplied by rate of earnings).

When the anticipated rate of return is not known (e.g., stocks), the PHA will calculate asset income based on the earnings for the most recent reporting period.
Equity in Real Property or Other Capital Investments

Equity (cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset [HCV GB, p. 5-25].

PHA Policy

In determining the equity, the PHA will determine market value by examining recent sales of at least three properties in the surrounding or similar neighborhood that possess comparable factors that affect market value.

The PHA will first use the payoff amount for the loan (mortgage) as the unpaid balance to calculate equity. If the payoff amount is not available, the PHA will use the basic loan balance information to deduct from the market value in the equity calculation.

Equity in real property and other capital investments is considered in the calculation of asset income except for the following types of assets:

- Equity accounts in HUD homeownership programs [24 CFR 5.603(b)]
- The value of a home currently being purchased with assistance under the HCV program Homeownership Option for the first 10 years after the purchase date of the home [24 CFR 5.603(b), Notice PIH 2012-3]
- Equity in owner-occupied cooperatives and manufactured homes in which the family lives [HCV GB, p. 5-25]
- Equity in real property when a family member’s main occupation is real estate [HCV GB, p. 5-25]. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 6-I.F.
- Interests in Indian Trust lands [24 CFR 5.603(b)]
- Real property and capital assets that are part of an active business or farming operation [HCV GB, p. 5-25]

The PHA must also deduct from the equity the reasonable costs for converting the asset to cash. Using the formula for calculating equity specified above, the net cash value of real property is the market value minus the balance of the loan (mortgage) minus the expenses to convert to cash [Notice PIH 2012-3].

PHA Policy

For the purposes of calculating expenses to convert to cash for real property, the PHA will use ten percent of the market value of the home.

A family may have real property as an asset in two ways: (1) owning the property itself and (2) holding a mortgage or deed of trust on the property. In the case of a property owned by a family member, the anticipated asset income generally will be in the form of rent or other payment for the use of the property. If the property generates no income, actual anticipated income from the asset will be zero.
In the case of a mortgage or deed of trust held by a family member, the outstanding balance (unpaid principal) is the cash value of the asset. The interest portion only of payments made to the family in accordance with the terms of the mortgage or deed of trust is counted as anticipated asset income.

**PHA Policy**

In the case of capital investments owned jointly with others not living in a family’s unit, a prorated share of the property’s cash value will be counted as an asset unless the PHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.

**Trusts**

A *trust* is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

**Revocable Trusts**

If any member of a family has the right to withdraw the funds in a trust, the value of the trust is considered an asset [HCV GB, p. 5-25]. Any income earned as a result of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust.

**Nonrevocable Trusts**

In cases where a trust is not revocable by, or under the control of, any member of a family, the value of the trust fund is not considered an asset. However, any income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, as appropriate [24 CFR 5.603(b)]. (Periodic payments are covered in section 6-I.H. Lump-sum receipts are discussed earlier in this section.)

**Retirement Accounts**

**Company Retirement/Pension Accounts**

In order to correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, the PHA must know whether the money is accessible before retirement [HCV GB, p. 5-26].

While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset [HCV GB, p. 5-26].

After a family member retires or terminates employment, any amount distributed to the family member is counted as a periodic payment or a lump-sum receipt, as appropriate [HCV GB, p. 5-26], except to the extent that it represents funds invested in the account by the family member. (For more on periodic payments, see section 6-I.H.) The balance in the account is counted as an asset only if it remains accessible to the family member.

**IRA, Keogh, and Similar Retirement Savings Accounts**

IRA, Keogh, and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty [HCV GB, p. 5-25].
**Personal Property**

Personal property held as an investment, such as gems, jewelry, coin collections, antique cars, etc., is considered an asset [HCV GB, p. 5-25].

**PHA Policy**

In determining the value of personal property held as an investment, the PHA will use the family’s estimate of the value. The PHA may obtain an appraisal to confirm the value of the asset if there is reason to believe that the family’s estimated value is off by $50 or more. The family must cooperate with the appraiser, but cannot be charged any costs related to the appraisal.

Generally, personal property held as an investment generates no income until it is disposed of. If regular income is generated (e.g., income from renting the personal property), the amount that is expected to be earned in the coming year is counted as actual income from the asset.

Necessary items of personal property are not considered assets [24 CFR 5.603(b)].

**PHA Policy**

Necessary personal property consists of only those items not held as an investment, and may include clothing, furniture, household furnishings, jewelry, and vehicles, including those specially equipped for persons with disabilities.

**Life Insurance**

The cash value of a life insurance policy available to a family member before death, such as a whole life or universal life policy, is included in the calculation of the value of the family’s assets [HCV GB 5-25]. The cash value is the surrender value. If such a policy earns dividends or interest that the family could elect to receive, the anticipated amount of dividends or interest is counted as income from the asset whether or not the family actually receives it.
6-I.H. PERIODIC PAYMENTS

Periodic payments are forms of income received on a regular basis. HUD regulations specify periodic payments that are and are not included in annual income.

Periodic Payments Included in Annual Income

- Periodic payments from sources such as social security, unemployment and welfare assistance, annuities, insurance policies, retirement funds, and pensions. However, periodic payments from retirement accounts, annuities, and similar forms of investments are counted only after they exceed the amount contributed by the family [24 CFR 5.609(b)(4) and (b)(3)].

- Disability or death benefits and lottery receipts paid periodically, rather than in a single lump sum [24 CFR 5.609(b)(4) and HCV, p. 5-14].

Lump-Sum Payments for the Delayed Start of a Periodic Payment

Most lump-sums received as a result of delays in processing periodic payments, such as unemployment or welfare assistance, are counted as income. However, lump-sum receipts for the delayed start of periodic social security or supplemental security income (SSI) payments are not counted as income. Additionally, any deferred disability benefits that are received in a lump-sum or in prospective monthly amounts from the Department of Veterans Affairs are to be excluded from annual income [24 CFR 5.609(c)(14)].

PHA Policy

When a delayed-start payment is received and reported during the period in which the PHA is processing an annual reexamination, the PHA will adjust the family share and PHA subsidy retroactively for the period the payment was intended to cover. The family may pay in full any amount due or request to enter into a repayment agreement with the PHA.

Treatment of Overpayment Deductions from Social Security Benefits

The PHA must make a special calculation of annual income when the Social Security Administration (SSA) overpays an individual, resulting in a withholding or deduction from his or her benefit amount until the overpayment is paid in full. The amount and duration of the withholding will vary depending on the amount of the overpayment and the percent of the benefit rate withheld. Regardless of the amount withheld or the length of the withholding period, the PHA must use the reduced benefit amount after deducting only the amount of the overpayment withholding from the gross benefit amount [Notice PIH 2018-24].
Periodic Payments Excluded from Annual Income

- Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the assisted family, who are unable to live alone) [24 CFR 5.609(c)(2)]. Kinship guardianship assistance payments (Kin-GAP) and other similar guardianship payments are treated the same as foster care payments and are likewise excluded from annual income [Notice PIH 2012-1].

  PHA Policy

  The PHA will exclude payments for the care of foster children and foster adults only if the care is provided through an official arrangement with a local welfare agency [HCV GB, p. 5-18].

- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(c)(16)].

- Amounts received under the Low-Income Home Energy Assistance Program (42 U.S.C. 1626(c)) [24 CFR 5.609(c)(17)].

- Amounts received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q) [24 CFR 5.609(c)(17)].

- Earned Income Tax Credit (EITC) refund payments (26 U.S.C. 32(j)) [24 CFR 5.609(c)(17)]. **Note:** EITC may be paid periodically if the family elects to receive the amount due as part of payroll payments from an employer.

- Lump-sums received as a result of delays in processing Social Security and SSI payments (see section 6-I.H.) [24 CFR 5.609(c)(14)].

- Lump-sums or prospective monthly amounts received as deferred disability benefits from the Department of Veterans Affairs (VA) [24 CFR 5.609(c)(14)].
6-I.I. PAYMENTS IN LIEU OF EARNINGS

Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation, and severance pay, are counted as income [24 CFR 5.609(b)(5)] if they are received either in the form of periodic payments or in the form of a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment. If they are received in a one-time lump sum (as a settlement, for instance), they are treated as lump-sum receipts [24 CFR 5.609(c)(3)]. (See also the discussion of periodic payments in section 6-I.H and the discussion of lump-sum receipts in section 6-I.G.)
6-I.J. WELFARE ASSISTANCE

Overview

Welfare assistance is counted in annual income. Welfare assistance includes Temporary Assistance for Needy Families (TANF) and any payments to individuals or families based on need that are made under programs funded separately or jointly by federal, state, or local governments [24 CFR 5.603(b)].

Sanctions Resulting in the Reduction of Welfare Benefits [24 CFR 5.615]

The PHA must make a special calculation of annual income when the welfare agency imposes certain sanctions on certain families. The full text of the regulation at 24 CFR 5.615 is provided as Exhibit 6-5. The requirements are summarized below. This rule applies only if a family was receiving HCV assistance at the time the sanction was imposed.

Covered Families

The families covered by 24 CFR 5.615 are those “who receive welfare assistance or other public assistance benefits (‘welfare benefits’) from a State or other public agency (‘welfare agency’) under a program for which Federal, State or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance” [24 CFR 5.615(b)]

Imputed Income

When a welfare agency imposes a sanction that reduces a family’s welfare income because the family commits fraud or fails to comply with the agency’s economic self-sufficiency program or work activities requirement, the PHA must include in annual income “imputed” welfare income. The PHA must request that the welfare agency provide the reason for the reduction of benefits and the amount of the reduction of benefits. The imputed welfare income is the amount that the benefits were reduced as a result of the sanction.

This requirement does not apply to reductions in welfare benefits: (1) at the expiration of the lifetime or other time limit on the payment of welfare benefits, (2) if a family member is unable to find employment even though the family member has complied with the welfare agency economic self-sufficiency or work activities requirements, or (3) because a family member has not complied with other welfare agency requirements [24 CFR 5.615(b)(2)].

Offsets

The amount of the imputed welfare income is offset by the amount of additional income the family begins to receive after the sanction is imposed. When the additional income equals or exceeds the imputed welfare income, the imputed income is reduced to zero [24 CFR 5.615(c)(4)].
6-I.K. PERIODIC AND DETERMINABLE ALLOWANCES [24 CFR 5.609(b)(7)]

Annual income includes periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing with an assisted family.

Alimony and Child Support

The PHA must count alimony or child support amounts awarded as part of a divorce or separation agreement.

**PHA Policy**

The PHA will count court-awarded amounts for alimony and child support unless the PHA verifies that: (1) the payments are not being made, and (2) the family has made reasonable efforts to collect amounts due, including filing with courts or agencies responsible for enforcing payments [HCV GB, pp. 5-23 and 5-47].

Families who do not have court-awarded alimony and child support awards are not required to seek a court award and are not required to take independent legal action to obtain collection.

Regular Contributions or Gifts

The PHA must count as income regular monetary and nonmonetary contributions or gifts from persons not residing with an assisted family [24 CFR 5.609(b)(7)]. Temporary, nonrecurring, or sporadic income and gifts are not counted [24 CFR 5.609(c)(9)].

**PHA Policy**

Examples of regular contributions include: (1) regular payment of a family’s bills (e.g., utilities, telephone, rent, credit cards, and car payments), (2) cash or other liquid assets provided to any family member on a regular basis, and (3) “in-kind” contributions such as groceries and clothing provided to a family on a regular basis.

Nonmonetary contributions will be valued at the cost of purchasing the items, as determined by the PHA. For contributions that may vary from month to month (e.g., utility payments), the PHA will include an average amount based upon past history.
6-I.I. STUDENT FINANCIAL ASSISTANCE [24 CFR 5.609(b)(9); Notice PIH 2015-21]

In 2005, Congress passed a law (for Section 8 programs only) requiring that certain student financial assistance be included in annual income. Prior to that, the full amount of student financial assistance was excluded. For some students, the full exclusion still applies.

Student Financial Assistance Included in Annual Income [24 CFR 5.609(b)(9); FR 4/10/06; Notice PIH 2015-21]

The regulation requiring the inclusion of certain student financial assistance applies only to students who satisfy all of the following conditions:

- They are enrolled in an institution of higher education, as defined under the Higher Education Act (HEA) of 1965.
- They are seeking or receiving Section 8 assistance on their own—that is, apart from their parents—through the HCV program, the project-based voucher program, or the moderate rehabilitation program.
- They are under 24 years of age OR they have no dependent children.

For students who satisfy these three conditions, any financial assistance in excess of tuition and any other required fees and charges received: (1) under the 1965 HEA, (2) from a private source, or (3) from an institution of higher education, as defined under the 1965 HEA, must be included in annual income.
To determine annual income in accordance with the above requirements, the PHA will use the definitions of dependent child, institution of higher education, and parents in section 3-II.E, along with the following definitions [FR 4/10/06, pp. 18148-18150]:


- **Assistance from private sources** means assistance from nongovernmental sources, including parents, guardians, and other persons not residing with the student in an HCV assisted unit.

- **Tuition and fees** are defined in the same manner in which the Department of Education defines tuition and fees [Notice PIH 2015-21].
  - This is the amount of tuition and required fees covering a full academic year most frequently charged to students.
  - The amount represents what a typical student would be charged and may not be the same for all students at an institution.
  - If tuition is charged on a per-credit-hour basis, the average full-time credit hour load for an academic year is used to estimate average tuition.
  - Required fees include all fixed-sum charges that are required of a large proportion of all students. Examples include, but are not limited to, writing and science lab fees and fees specific to the student’s major or program (i.e., nursing program).
  - Expenses related to attending an institution of higher education must **not** be included as tuition. Examples include, but are not limited to, room and board, books, supplies, meal plans, transportation and parking, student health insurance plans, and other non-fixed-sum charges.

**Student Financial Assistance Excluded from Annual Income** [24 CFR 5.609(c)(6)]

Any student financial assistance not subject to inclusion under 24 CFR 5.609(b)(9) is fully excluded from annual income under 24 CFR 5.609(c)(6), whether it is paid directly to the student or to the educational institution the student is attending. This includes any financial assistance received by:

- Students residing with parents who are seeking or receiving Section 8 assistance
- Students who are enrolled in an educational institution that does **not** meet the 1965 HEA definition of institution of higher education
- Students who are over 23 **AND** have at least one dependent child, as defined in section 3-II.E
- Students who are receiving financial assistance through a governmental program not authorized under the 1965 HEA.
6-I.M. ADDITIONAL EXCLUSIONS FROM ANNUAL INCOME

Other exclusions contained in 24 CFR 5.609(c) that have not been discussed earlier in this chapter include the following:

- Reimbursement of medical expenses [24 CFR 5.609(c)(4)]
- Amounts received by participants in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred and which are made solely to allow participation in a specific program [24 CFR 5.609(c)(8)(iii)]
- Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS) [(24 CFR 5.609(c)(8)(ii)]
- Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era [24 CFR 5.609(c)(10)]
- Adoption assistance payments in excess of $480 per adopted child [24 CFR 5.609(c)(12)]
- Refunds or rebates on property taxes paid on the dwelling unit [24 CFR 5.609(c)(15)]
- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(c)(16)]
- Amounts specifically excluded by any other federal statute [24 CFR 5.609(c)(17), FR Notice 5/20/14]. HUD publishes an updated list of these exclusions periodically. It includes:
  - The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 (b))
  - Benefits under Section 1780 of the School Lunch Act and Child Nutrition Act of 1966, including WIC
  - Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)
  - Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c))
  - Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e)
  - Payments or allowances made under the Department of Health and Human Services’ Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f))
  - Payments received under programs funded in whole or in part under the Workforce Investment Act of 1998 (29 U.S.C. 2931)
  - Deferred disability benefits from the Department of Veterans Affairs, whether received as a lump sum or in monthly prospective amounts
(j) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b))

(k) A lump sum or periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled Elouise Cobell et al. v. Ken Salazar et al., for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010

(l) The first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first $2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408)

(m) Benefits under the Indian Veterans Housing Opportunity Act of 2010 (only applies to Native American housing programs)

(n) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))

(o) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.)

(p) Payments received under 38 U.S.C. 1833(c) to children of Vietnam veterans born with spinal bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean service veterans born with spinal bifida

(q) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721)

(r) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q)

(s) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j))

(t) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433)

(u) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For Section 8 programs, the exception found in § 237 of Public Law 109–249 applies and requires that the amount of financial assistance in excess of tuition and mandatory fees shall be considered income in accordance with the provisions codified at 24 CFR 5.609(b)(9), except for those persons with disabilities as defined by 42 U.S.C. 1437a(b)(3)(E) (Pub. L. 109–249) (See Section 6-I.L. for exceptions.)

(v) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
(w) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602)

(x) Any amounts in an "individual development account" as provided by the Assets for Independence Act, as amended in 2002

(y) Payments made from the proceeds of Indian tribal trust cases as described in Notice PIH 2013–30, "Exclusion from Income of Payments under Recent Tribal Trust Settlements" (25 U.S.C. 117b(a))

(z) Major disaster and emergency assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and comparable disaster assistance provided by states, local governments, and disaster assistance organizations

(aa) Distributions from an ABLE account, and actual or imputed interest on the ABLE account balance
PART II: ADJUSTED INCOME

6-II.A. INTRODUCTION

Overview

HUD regulations require PHAs to deduct from annual income any of five mandatory deductions for which a family qualifies. The resulting amount is the family’s adjusted income. Mandatory deductions are found in 24 CFR 5.611.

5.611(a) Mandatory deductions. In determining adjusted income, the responsible entity [PHA] must deduct the following amounts from annual income:

1. $480 for each dependent;
2. $400 for any elderly family or disabled family;
3. The sum of the following, to the extent the sum exceeds three percent of annual income:
   i. Unreimbursed medical expenses of any elderly family or disabled family;
   ii. Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
4. Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

This part covers policies related to these mandatory deductions. Verification requirements related to these deductions are found in Chapter 7.

Anticipating Expenses

PHA Policy

Generally, the PHA will use current circumstances to anticipate expenses. When possible, for costs that are expected to fluctuate during the year (e.g., child care during school and nonschool periods and cyclical medical expenses), the PHA will estimate costs based on historic data and known future costs.

If a family has an accumulated debt for medical or disability assistance expenses, the PHA will include as an eligible expense the portion of the debt that the family expects to pay during the period for which the income determination is being made. However, amounts previously deducted will not be allowed even if the amounts were not paid as expected in a preceding period. The PHA may require the family to provide documentation of payments made in the preceding year.
6-II.B. DEPENDENT DEDUCTION

An allowance of $480 is deducted from annual income for each dependent [24 CFR 5.611(a)(1)]. Dependent is defined as any family member other than the head, spouse, or cohead who is under the age of 18 or who is 18 or older and is a person with disabilities or a full-time student. Foster children, foster adults, and live-in aides are never considered dependents [24 CFR 5.603(b)].

6-II.C. ELDERLY OR DISABLED FAMILY DEDUCTION

A single deduction of $400 is taken for any elderly or disabled family [24 CFR 5.611(a)(2)]. An elderly family is a family whose head, spouse, cohead, or sole member is 62 years of age or older, and a disabled family is a family whose head, spouse, cohead, or sole member is a person with disabilities [24 CFR 5.403].
6-II.D. MEDICAL EXPENSES DEDUCTION [24 CFR 5.611(a)(3)(i)]

Unreimbursed medical expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed three percent of annual income.

The medical expense deduction is permitted only for families in which the head, spouse, or cohead is at least 62 or is a person with disabilities. If a family is eligible for a medical expense deduction, the medical expenses of all family members are counted [VG, p. 28].

**Definition of Medical Expenses**

HUD regulations define *medical expenses* at 24 CFR 5.603(b) to mean “medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance.”

**PHA Policy**

The most current IRS Publication 502, *Medical and Dental Expenses*, will be used as a reference to determine the costs that qualify as medical expenses.

<table>
<thead>
<tr>
<th>Summary of Allowable Medical Expenses from IRS Publication 502</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services of medical professionals</td>
</tr>
<tr>
<td>Surgery and medical procedures that are necessary, legal, noncosmetic</td>
</tr>
<tr>
<td>Services of medical facilities</td>
</tr>
<tr>
<td>Hospitalization, long-term care, and in-home nursing services</td>
</tr>
<tr>
<td>Prescription medicines and insulin, but not nonprescription medicines even if recommended by a doctor</td>
</tr>
<tr>
<td>Improvements to housing directly related to medical needs (e.g., ramps for a wheelchair, handrails)</td>
</tr>
<tr>
<td>Substance abuse treatment programs</td>
</tr>
<tr>
<td>Psychiatric treatment</td>
</tr>
<tr>
<td>Ambulance services and some costs of transportation related to medical expenses</td>
</tr>
<tr>
<td>The cost and care of necessary equipment related to a medical condition (e.g., eyeglasses/lenses, hearing aids, crutches, and artificial teeth)</td>
</tr>
<tr>
<td>Cost and continuing care of necessary service animals</td>
</tr>
<tr>
<td>Medical insurance premiums or the cost of a health maintenance organization (HMO)</td>
</tr>
</tbody>
</table>

**Note:** This chart provides a summary of eligible medical expenses only. Detailed information is provided in IRS Publication 502. Medical expenses are considered only to the extent they are not reimbursed by insurance or some other source.
Families That Qualify for Both Medical and Disability Assistance Expenses

PHA Policy

This policy applies only to families in which the head, spouse, or cohead is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the PHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.
6-II.E. DISABILITY ASSISTANCE EXPENSES DEDUCTION [24 CFR 5.603(b) and 24 CFR 5.611(a)(3)(ii)]

Reasonable expenses for attendant care and auxiliary apparatus for a disabled family member may be deducted if they: (1) are necessary to enable a family member 18 years or older to work, (2) are not paid to a family member or reimbursed by an outside source, (3) in combination with any medical expenses, exceed three percent of annual income, and (4) do not exceed the earned income received by the family member who is enabled to work.

Earned Income Limit on the Disability Assistance Expense Deduction

A family can qualify for the disability assistance expense deduction only if at least one family member (who may be the person with disabilities) is enabled to work [24 CFR 5.603(b)]. The disability expense deduction is capped by the amount of “earned income received by family members who are 18 years of age or older and who are able to work” because of the expense [24 CFR 5.611(a)(3)(ii)]. The earned income used for this purpose is the amount verified before any earned income disallowances or income exclusions are applied.

PHA Policy

The family must identify the family members enabled to work as a result of the disability assistance expenses. In evaluating the family’s request, the PHA will consider factors such as how the work schedule of the relevant family members relates to the hours of care provided, the time required for transportation, the relationship of the family members to the person with disabilities, and any special needs of the person with disabilities that might determine which family members are enabled to work.

When the PHA determines that the disability assistance expenses enable more than one family member to work, the expenses will be capped by the sum of the family members’ incomes.
Eligible Disability Expenses

Examples of auxiliary apparatus are provided in the HCV Guidebook as follows: “Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, or special equipment to enable a blind person to read or type, but only if these items are directly related to permitting the disabled person or other family member to work” [HCV GB, p. 5-30].

HUD advises PHAs to further define and describe auxiliary apparatus [VG, p. 30].

Eligible Auxiliary Apparatus

PHA Policy

Expenses incurred for maintaining or repairing an auxiliary apparatus are eligible. In the case of an apparatus that is specially adapted to accommodate a person with disabilities (e.g., a vehicle or computer), the cost to maintain the special adaptations (but not maintenance of the apparatus itself) is an eligible expense. The cost of service animals trained to give assistance to persons with disabilities, including the cost of acquiring the animal, veterinary care, food, grooming, and other continuing costs of care, will be included.

Eligible Attendant Care

The family determines the type of attendant care that is appropriate for the person with disabilities.

PHA Policy

Attendant care includes, but is not limited to, reasonable costs for home medical care, nursing services, in-home or center-based care services, interpreters for persons with hearing impairments, and readers for persons with visual disabilities.

Attendant care expenses will be included for the period that the person enabled to work is employed plus reasonable transportation time. The cost of general housekeeping and personal services is not an eligible attendant care expense. However, if the person enabled to work is the person with disabilities, personal services necessary to enable the person with disabilities to work are eligible.

If the care attendant also provides other services to the family, the PHA will prorate the cost and allow only that portion of the expenses attributable to attendant care that enables a family member to work. For example, if the care provider also cares for a child who is not the person with disabilities, the cost of care must be prorated. Unless otherwise specified by the care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.
**Payments to Family Members**

No disability assistance expenses may be deducted for payments to a member of an assisted family [24 CFR 5.603(b)]. However, expenses paid to a relative who is not a member of the assisted family may be deducted if they are not reimbursed by an outside source.

**Necessary and Reasonable Expenses**

The family determines the type of care or auxiliary apparatus to be provided and must describe how the expenses enable a family member to work. The family must certify that the disability assistance expenses are necessary and are not paid or reimbursed by any other source.

**PHA Policy**

The PHA determines the reasonableness of the expenses based on typical costs of care or apparatus in the locality. To establish typical costs, the PHA will collect information from organizations that provide services and support to persons with disabilities. A family may present, and the PHA will consider, the family’s justification for costs that exceed typical costs in the area.

**Families That Qualify for Both Medical and Disability Assistance Expenses**

**PHA Policy**

This policy applies only to families in which the head or spouse is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the PHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.
6-II.F. CHILD CARE EXPENSE DEDUCTION

HUD defines child care expenses at 24 CFR 5.603(b) as “amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.”

Clarifying the Meaning of Child for This Deduction

Child care expenses do not include child support payments made to another on behalf of a minor who is not living in an assisted family’s household [VG, p. 26]. However, child care expenses for foster children that are living in the assisted family’s household are included when determining the family’s child care expenses [HCV GB, p. 5-29].

Qualifying for the Deduction

Determining Who Is Enabled to Pursue an Eligible Activity

PHA Policy

The family must identify the family member(s) enabled to pursue an eligible activity. The term eligible activity in this section means any of the activities that may make the family eligible for a child care deduction (seeking work, pursuing an education, or being gainfully employed).

In evaluating the family’s request, the PHA will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

PHA Policy

If the child care expense being claimed is to enable a family member to seek employment, the family must provide evidence of the family member’s efforts to obtain employment at each reexamination. The deduction may be reduced or denied if the family member’s job search efforts are not commensurate with the child care expense being allowed by the PHA.
**Furthering Education**

**PHA Policy**

If the child care expense being claimed is to enable a family member to further his or her education, the member must be enrolled in school (academic or vocational) or participating in a formal training program. The family member is not required to be a full-time student, but the time spent in educational activities must be commensurate with the child care claimed.

**Being Gainfully Employed**

**PHA Policy**

If the child care expense being claimed is to enable a family member to be gainfully employed, the family must provide evidence of the family member’s employment during the time that child care is being provided. Gainful employment is any legal work activity (full- or part-time) for which a family member is compensated.

**Earned Income Limit on Child Care Expense Deduction**

When a family member looks for work or furthers his or her education, there is no cap on the amount that may be deducted for child care – although the care must still be necessary and reasonable. However, when child care enables a family member to work, the deduction is capped by “the amount of employment income that is included in annual income” [24 CFR 5.603(b)].

The earned income used for this purpose is the amount of earned income verified after any earned income disallowances or income exclusions are applied.

When the person who is enabled to work is a person with disabilities who receives the earned income disallowance (EID) or a full-time student whose earned income above $480 is excluded, child care costs related to enabling a family member to work may not exceed the portion of the person’s earned income that actually is included in annual income. For example, if a family member who qualifies for the EID makes $15,000 but because of the EID only $5,000 is included in annual income, child care expenses are limited to $5,000.

The PHA must not limit the deduction to the least expensive type of child care. If the care allows the family to pursue more than one eligible activity, including work, the cap is calculated in proportion to the amount of time spent working [HCV GB, p. 5-30].

**PHA Policy**

When the child care expense being claimed is to enable a family member to work, only one family member’s income will be considered for a given period of time. When more than one family member works during a given period, the PHA generally will limit allowable child care expenses to the earned income of the lowest-paid member. The family may provide information that supports a request to designate another family member as the person enabled to work.

The Pico Rivera Housing Assistance Agency will not allow child care expenses exceeding the amount reported for child care expenses on income tax returns for current year.
Eligible Child Care Expenses

The type of care to be provided is determined by the assisted family. The PHA may not refuse to give a family the child care expense deduction because there is an adult family member in the household that may be available to provide child care [VG, p. 26].

Allowable Child Care Activities

PHA Policy

For school-age children, costs attributable to public or private school activities during standard school hours are not considered. Expenses incurred for supervised activities after school or during school holidays (e.g., summer day camp, after-school sports league) are allowable forms of child care.

The costs of general housekeeping and personal services are not eligible. Likewise, child care expenses paid to a family member who lives in the family’s unit are not eligible; however, payments for child care to relatives who do not live in the unit are eligible.

If a child care provider also renders other services to a family or child care is used to enable a family member to conduct activities that are not eligible for consideration, the PHA will prorate the costs and allow only that portion of the expenses that is attributable to child care for eligible activities. For example, if the care provider also cares for a child with disabilities who is 13 or older, the cost of care will be prorated. Unless otherwise specified by the child care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

The Pico Rivera Housing Assistance Agency will not allow child care expenses exceeding the amount reported for child care expenses on income tax returns for current year.

Necessary and Reasonable Costs

Child care expenses will be considered necessary if: (1) a family adequately explains how the care enables a family member to work, actively seek employment, or further his or her education, and (2) the family certifies, and the child care provider verifies, that the expenses are not paid or reimbursed by any other source.

PHA Policy

Child care expenses will be considered for the time required for the eligible activity plus reasonable transportation time. For child care that enables a family member to go to school, the time allowed may include not more than one study hour for each hour spent in class.

To establish the reasonableness of child care costs, the PHA will use the schedule of child care costs from a qualified local entity that either subsidizes child care costs or licenses child care providers. Families may present, and the PHA will consider, justification for costs that exceed typical costs in the area.

The Pico Rivera Housing Assistance Agency will not allow child care expenses exceeding the amount reported for child care expenses on income tax returns for current year.
PART III: CALCULATING FAMILY SHARE AND PHA SUBSIDY

6-III.A. OVERVIEW OF RENT AND SUBSIDY CALCULATIONS

TTP Formula [24 CFR 5.628]

HUD regulations specify the formula for calculating the total tenant payment (TTP) for an assisted family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family’s monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family’s monthly gross income (annual income, as defined in Part I, divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent between $0 and $50 that is established by the PHA

The PHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in section 6-III.B.

The amount that a family pays for rent and utilities (the family share) will never be less than the family’s TTP but may be greater than the TTP depending on the rent charged for the unit the family selects.

Welfare Rent [24 CFR 5.628]

PHA Policy

Welfare rent does not apply in this locality.

Minimum Rent [24 CFR 5.630]

PHA Policy

The minimum rent for this locality is $0.

Family Share [24 CFR 982.305(a)(5)]

If a family chooses a unit with a gross rent (rent to owner plus an allowance for tenant-paid utilities) that exceeds the PHA’s applicable payment standard: (1) the family will pay more than the TTP, and (2) at initial occupancy the PHA may not approve the tenancy if it would require the family share to exceed 40 percent of the family’s monthly adjusted income. The income used for this determination must have been verified no earlier than 60 days before the family’s voucher was issued. (For a discussion of the application of payment standards, see section 6-III.C.)
PHA Subsidy [24 CFR 982.505(b)]

The PHA will pay a monthly housing assistance payment (HAP) for a family that is equal to the lower of (1) the applicable payment standard for the family minus the family’s TTP or (2) the gross rent for the family’s unit minus the TTP. (For a discussion of the application of payment standards, see section 6-III.C.)

Utility Reimbursement [24 CFR 982.514(b); 982.514(c)]

When the PHA subsidy for a family exceeds the rent to owner, the family is due a utility reimbursement. HUD permits the PHA to pay the reimbursement to the family or directly to the utility provider.

**PHA Policy**

The PHA will make utility reimbursements to the family.

The PHA may make all utility reimbursement payments to qualifying families on a monthly basis or may make quarterly payments when the monthly reimbursement amount is $15.00 or less. Reimbursements must be made once per calendar-year quarter and must be prorated if the family leaves the program in advance of its next quarterly reimbursement. The PHA must also adopt hardship policies for families for whom receiving quarterly reimbursement would create a financial hardship.

**PHA Policy**

The PHA will issue all utility reimbursements monthly.
6-III.B. FINANCIAL HARDSHIPS AFFECTING MINIMUM RENT [24 CFR 5.630]

PHA Policy

The financial hardship rules described below do not apply in this jurisdiction because the PHA has established a minimum rent of $0.

Overview

If the PHA establishes a minimum rent greater than zero, the PHA must grant an exemption from the minimum rent if a family is unable to pay the minimum rent because of financial hardship.

The financial hardship exemption applies only to families required to pay the minimum rent. If a family’s TTP is higher than the minimum rent, the family is not eligible for a hardship exemption. If the PHA determines that a hardship exists, the family share is the highest of the remaining components of the family’s calculated TTP.

HUD-Defined Financial Hardship

Financial hardship includes the following situations:

(1) The family has lost eligibility for or is awaiting an eligibility determination for a federal, state, or local assistance program. This includes a family member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

   PHA Policy

   A hardship will be considered to exist only if the loss of eligibility has an impact on the family’s ability to pay the minimum rent.

   For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following: (1) implementation of assistance, if approved, or (2) the decision to deny assistance. A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

(2) The family would be evicted because it is unable to pay the minimum rent.

   PHA Policy

   For a family to qualify under this provision, the cause of the potential eviction must be the family’s failure to pay rent to the owner or tenant-paid utilities.

(3) Family income has decreased because of changed family circumstances, including the loss of employment.
(4) A death has occurred in the family.

**PHA Policy**

In order to qualify under this provision, a family must describe how the death has created a financial hardship (e.g., because of funeral-related expenses or the loss of the family member’s income).

(5) The family has experienced other circumstances determined by the PHA.

**PHA Policy**

The PHA has not established any additional hardship criteria.

**Implementation of Hardship Exemption**

**Determination of Hardship**

When a family requests a financial hardship exemption, the PHA must suspend the minimum rent requirement beginning the first of the month following the family’s request.

The PHA then determines whether the financial hardship exists and whether the hardship is temporary or long-term.

**PHA Policy**

The PHA defines temporary hardship as a hardship expected to last 90 days or less. Long-term hardship is defined as a hardship expected to last more than 90 days.

When the minimum rent is suspended, the family share reverts to the highest of the remaining components of the calculated TTP. The example below demonstrates the effect of the minimum rent exemption.

<table>
<thead>
<tr>
<th>Example: Impact of Minimum Rent Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assume the PHA has established a minimum rent of $50.</td>
</tr>
<tr>
<td><strong>Family Share – No Hardship</strong></td>
</tr>
<tr>
<td>$0  30% of monthly adjusted income</td>
</tr>
<tr>
<td>$15 10% of monthly gross income</td>
</tr>
<tr>
<td>N/A Welfare rent</td>
</tr>
<tr>
<td>$50 Minimum rent</td>
</tr>
<tr>
<td>Minimum rent applies.</td>
</tr>
<tr>
<td>TTP = $50</td>
</tr>
</tbody>
</table>

**PHA Policy**

To qualify for a hardship exemption, a family must submit a request for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family’s ability to pay the minimum rent.

The PHA will make the determination of hardship within 30 calendar days.
**No Financial Hardship**

If the PHA determines there is no financial hardship, the PHA will reinstate the minimum rent and require the family to repay the amounts suspended.

**PHA Policy**

The PHA will require the family to repay the suspended amount within 30 calendar days of the PHA’s notice that a hardship exemption has not been granted.

**Temporary Hardship**

If the PHA determines that a qualifying financial hardship is temporary, the PHA must suspend the minimum rent for the 90-day period beginning the first of the month following the date of the family’s request for a hardship exemption.

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay the PHA the amounts suspended. HUD requires the PHA to offer a reasonable repayment agreement, on terms and conditions established by the PHA. The PHA also may determine that circumstances have changed and the hardship is now a long-term hardship.

**PHA Policy**

The PHA will enter into a repayment agreement in accordance with the procedures found in Chapter 16 of this plan.

**Long-Term Hardship**

If the PHA determines that the financial hardship is long-term, the PHA must exempt the family from the minimum rent requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family’s request until the end of the qualifying hardship. When the financial hardship has been determined to be long-term, the family is not required to repay the minimum rent.

**PHA Policy**

The hardship period ends when any of the following circumstances apply:

1. At an interim or annual reexamination, the family’s calculated TTP is greater than the minimum rent.

2. For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost. For example, if a hardship is approved because a family no longer receives a $60/month child support payment, the hardship will continue to exist until the family receives at least $60/month in income from another source or once again begins to receive the child support.

3. For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.
6-III.C. APPLYING PAYMENT STANDARDS [24 CFR 982.505; 982.503(b)]

Overview
The PHA’s schedule of payment standards is used to calculate housing assistance payments for HCV families. This section covers the application of the PHA’s payment standards. The establishment and revision of the PHA’s payment standard schedule are covered in Chapter 16.

Payment standard is defined as “the maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family)” [24 CFR 982.4(b)].

The payment standard for a family is the lower of (1) the payment standard for the family unit size, which is defined as the appropriate number of bedrooms for the family under the PHA’s subsidy standards [24 CFR 982.4(b)], or (2) the payment standard for the size of the dwelling unit rented by the family.

If the PHA has established an exception payment standard for a designated part of a zip code area or FMR area and a family’s unit is located in the exception area, the PHA must use the appropriate payment standard for the exception area.

The PHA is required to pay a monthly housing assistance payment (HAP) for a family that is the lower of (1) the payment standard for the family minus the family’s TTP or (2) the gross rent for the family’s unit minus the TTP.

If during the term of the HAP contract for a family’s unit, the owner lowers the rent, the PHA will recalculate the HAP using the lower of the initial payment standard or the gross rent for the unit [HCV GB, p. 7-8].

Changes in Payment Standards
When the PHA revises its payment standards during the term of the HAP contract for a family’s unit, it will apply the new payment standards in accordance with HUD regulations.

Decreases
If a PHA changes its payment standard schedule, resulting in a lower payment standard amount, during the term of a HAP contract, the PHA is not required to reduce the payment standard used to calculate subsidy for families under HAP contract as long as the HAP contract remains in effect [FR Notice 11/16/16].

However, if the PHA does choose to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than the effective date of the family’s second regular reexamination following the effective date of the decrease in the payment standard amount. At that point, the PHA may either reduce the payment standard to the current amount in effect on the PHA’s payment standard schedule, or may reduce the payment standard to another amount that is higher than the normally applicable amount on the schedule. The PHA may also establish different policies for designated areas within their jurisdiction (e.g., different zip code areas).
In any case, the PHA must provide the family with at least 12 months’ notice that the payment standard is being reduced before the effective date of the change. The PHA’s policy on decreases in the payment standard during the term of the HAP contract apply to all families under HAP contract at the time of the effective date of the decrease in the payment standard within the designated area.

**PHA Policy**

If a PHA changes its payment standard schedule resulting in a lower payment standard amount, during the term of a HAP contract, the PHA will not reduce the payment standard used to calculate subsidy for families under HAP contract as long as the HAP contract remains in effect.

The PHA will not establish different policies for decreases in the payment standard for designated areas within their jurisdiction.

**Increases**

If the payment standard is increased during the term of the HAP contract, the increased payment standard will be used to calculate the monthly housing assistance payment for the family beginning on the effective date of the family’s first regular reexamination on or after the effective date of the increase in the payment standard.

Families requiring or requesting interim reexaminations will not have their HAP payments calculated using the higher payment standard until their next annual reexamination [HCV GB, p. 7-8].

**Changes in Family Unit Size**

Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard for the family beginning at the family’s first regular reexamination following the change in family unit size.

**Reasonable Accommodation**

If a family requires a higher payment standard as a reasonable accommodation for a family member who is a person with disabilities, the PHA is allowed to establish a higher payment standard for the family of not more than 120 percent of the published FMR.
6-III.D. APPLYING UTILITY ALLOWANCES [24 CFR 982.517]

Overview

A PHA-established utility allowance schedule is used in determining family share and PHA subsidy. A family's utility allowance is determined by the size of dwelling unit leased by a family or the voucher unit size for which the family qualifies using PHA subsidy standards, whichever is the lowest of the two. See Chapter 5 for information on the PHA’s subsidy standards.

For policies on establishing and updating utility allowances, see Chapter 16.

Reasonable Accommodation

HCV program regulations require a PHA to approve a utility allowance amount higher than shown on the PHA’s schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the PHA will approve an allowance for air-conditioning, even if the PHA has determined that an allowance for air-conditioning generally is not needed.

The family must request the higher allowance and provide the PHA with an explanation of the need for the reasonable accommodation and information about the amount of additional allowance required [HCV GB, p. 18-8].

Utility Allowance Revisions

At reexamination, the PHA must use the current utility allowance schedule [HCV GB, p. 18-8].

PHA Policy

Revised utility allowances will be applied to a family’s rent and subsidy calculations at the first annual reexamination that is effective after the allowance is adopted.
6-III.E. PRORATED ASSISTANCE FOR MIXED FAMILIES [24 CFR 5.520]

HUD regulations prohibit assistance to ineligible family members. A **mixed family** is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible family members. The PHA must prorate the assistance provided to a mixed family. The PHA will first determine assistance as if all family members were eligible and then prorate the assistance based upon the percentage of family members that actually are eligible. For example, if the PHA subsidy for a family is calculated at $500 and two of four family members are ineligible, the PHA subsidy would be reduced to $250.
EXHIBIT 6-1: ANNUAL INCOME INCLUSIONS

24 CFR 5.609

(a) Annual income means all amounts, monetary or not, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or

(2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph (c) of this section.

(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay (except as provided in paragraph (c)(3) of this section);
(6) Welfare assistance payments.

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:
(A) Qualify as assistance under the TANF program definition at 45 CFR 260.311; and
(B) Are not otherwise excluded under paragraph (c) of this section.
(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section)

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, “financial assistance” does not include loan proceeds for the purpose of determining income.

HHS DEFINITION OF "ASSISTANCE"

45 CFR: General Temporary Assistance for Needy Families

260.31 What does the term “assistance” mean?

(a) (1) The term “assistance” includes cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

(ii) It includes such benefits even when they are:
(i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and
(ii) Conditioned on participation in work experience or community service (or any other work activity under 261.30 of this chapter).

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1 Text of 45 CFR 260.31 follows.
Except where excluded under paragraph (b) of this section, it also includes supportive services such as transportation and child care provided to families who are not employed.

(b) [The definition of “assistance”] excludes: (1) Nonrecurrent, short-term benefits that:
   (i) Are designed to deal with a specific crisis situation or episode of need;
   (ii) Are not intended to meet recurrent or ongoing needs; and
   (iii) Will not extend beyond four months.

(2) Work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training);

(3) Supportive services such as child care and transportation provided to families who are employed;

(4) Refundable earned income tax credits;

(5) Contributions to, and distributions from, Individual Development Accounts;

(6) Services such as counseling, case management, peer support, child care information and referral, transitional services, job retention, job advancement, and other employment-related services that do not provide basic income support; and

(7) Transportation benefits provided under a Job Access or Reverse Commute project, pursuant to section 404(k) of [the Social Security] Act, to an individual who is not otherwise receiving assistance.
EXHIBIT 6-2: ANNUAL INCOME EXCLUSIONS

24 CFR 5.609

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide, as defined in Sec. 5.403;

(6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8) (i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;

(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
(11) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of $480 per adopted child;

(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See Section 6-I.M. for a list of benefits that qualify for this exclusion.]
EXHIBIT 6-3: TREATMENT OF FAMILY ASSETS

24 CFR 5.603(b) Net Family Assets

(1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

(2) In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under Sec. 5.609.

(3) In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

(4) For purposes of determining annual income under Sec. 5.609, the term "net family assets" does not include the value of a home currently being purchased with assistance under part 982, subpart M of this title. This exclusion is limited to the first 10 years after the purchase date of the home.
### EXHIBIT 6-4: EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

24 CFR 5.617 Self-sufficiency incentives for persons with disabilities—Disallowance of increase in annual income.

(a) Applicable programs. The disallowance of earned income provided by this section is applicable only to the following programs:
- HOME Investment Partnerships Program (24 CFR part 92);
- Housing Opportunities for Persons with AIDS (24 CFR part 574);
- Supportive Housing Program (24 CFR part 583); and
- the Housing Choice Voucher Program (24 CFR part 982).

(b) Definitions. The following definitions apply for purposes of this section.

**Baseline income.** The annual income immediately prior to implementation of the disallowance described in paragraph (c)(1) of this section of a person with disabilities (who is a member of a qualified family).

**Disallowance.** Exclusion from annual income.

Previously unemployed includes a person with disabilities who has earned, in the twelve months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.

**Qualified family.** A family residing in housing assisted under one of the programs listed in paragraph (a) of this section or receiving tenant-based rental assistance under one of the programs listed in paragraph (a) of this section.

1. Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment;
2. Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or
3. Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance—provided that the total amount over a six-month period is at least $500.
(c) Disallowance of increase in annual income—

(1) Initial twelve month exclusion. During the 12-month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income (as defined in the regulations governing the applicable program listed in paragraph (a) of this section) of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over prior income of that family member.

(2) Second twelve month exclusion and phase-in. Upon expiration of the 12-month period defined in paragraph (c)(1) of this section and for the subsequent 12-month period, the responsible entity must exclude from annual income of a qualified family at least 50 percent of any increase in income of such family member as a result of employment over the family member’s baseline income.

(3) Maximum 2-year disallowance. The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (c)(1) or (c)(2) of this section is limited to a lifetime 24-month period. The disallowance applies for a maximum of 12 months for disallowance under paragraph (c)(1) of this section and a maximum of 12 months for disallowance under paragraph (c)(2) of this section, during the 24-month period starting from the initial exclusion under paragraph (c)(1) of this section.

(4) Effect of changes on currently participating families. Families eligible for and participating in the disallowance of earned income under this section prior to May 9, 2016 will continue to be governed by this section in effect as it existed immediately prior to that date (see 24 CFR parts 0 to 199, revised as of April 1, 2016).

(d) Inapplicability to admission. The disallowance of increases in income as a result of employment of persons with disabilities under this section does not apply for purposes of admission to the program (including the determination of income eligibility or any income targeting that may be applicable).
EXHIBIT 6-5: THE EFFECT OF WELFARE BENEFIT REDUCTION

24 CFR 5.615

Public housing program and Section 8 tenant-based assistance program: How welfare benefit reduction affects family income.

(a) Applicability. This section applies to covered families who reside in public housing (part 960 of this title) or receive Section 8 tenant-based assistance (part 982 of this title).

(b) Definitions. The following definitions apply for purposes of this section:

Covered families. Families who receive welfare assistance or other public assistance benefits ("welfare benefits") from a State or other public agency ("welfare agency") under a program for which Federal, State, or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance.

Economic self-sufficiency program. See definition at Sec. 5.603.

Imputed welfare income. The amount of annual income not actually received by a family, as a result of a specified welfare benefit reduction, that is nonetheless included in the family's annual income for purposes of determining rent.

Specified welfare benefit reduction.

(1) A reduction of welfare benefits by the welfare agency, in whole or in part, for a family member, as determined by the welfare agency, because of fraud by a family member in connection with the welfare program; or because of welfare agency sanction against a family member for noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.

(2) "Specified welfare benefit reduction" does not include a reduction or termination of welfare benefits by the welfare agency:

(i) at expiration of a lifetime or other time limit on the payment of welfare benefits;

(ii) because a family member is not able to obtain employment, even though the family member has complied with welfare agency economic self-sufficiency or work activities requirements; or

(iii) because a family member has not complied with other welfare agency requirements.

(c) Imputed welfare income.

(1) A family's annual income includes the amount of imputed welfare income (because of a specified welfare benefits reduction, as specified in notice to the PHA by the welfare agency), plus the total amount of other annual income as determined in accordance with Sec. 5.609.

(2) At the request of the PHA, the welfare agency will inform the PHA in writing of the amount and term of any specified welfare benefit reduction for a family member, and the reason for such reduction, and will also inform the PHA of any subsequent changes in the term or amount of such specified welfare benefit reduction. The PHA will use this information to determine the amount of imputed welfare income for a family.

(3) A family's annual income includes imputed welfare income in family annual income, as determined at the PHA's interim or regular reexamination of family income and composition, during the term of the welfare benefits reduction (as specified in information provided to the PHA by the welfare agency).

(4) The amount of the imputed welfare income is offset by the amount of additional income a family receives that commences after the time the sanction was imposed. When such additional income from other sources is at least equal to the imputed
(5) The PHA may not include imputed welfare income in annual income if the family was not an assisted resident at the time of sanction.

(d) Review of PHA decision.

(1) Public housing. If a public housing tenant claims that the PHA has not correctly calculated the amount of imputed welfare income in accordance with HUD requirements, and if the PHA denies the family's request to modify such amount, the PHA shall give the tenant written notice of such denial, with a brief explanation of the basis for the PHA determination of the amount of imputed welfare income. The PHA notice shall also state that if the tenant does not agree with the PHA determination, the tenant may request a grievance hearing in accordance with part 966, subpart B of this title to review the PHA determination. The tenant is not required to pay an escrow deposit pursuant to Sec. 966.55(e) for the portion of tenant rent attributable to the imputed welfare income in order to obtain a grievance hearing on the PHA determination.

(2) Section 8 participant. A participant in the Section 8 tenant-based assistance program may request an informal hearing, in accordance with Sec. 982.555 of this title, to review the PHA determination. The tenant is not required to pay an escrow deposit pursuant to Sec. 966.55(e) for the portion of tenant rent attributable to the imputed welfare income in order to obtain a grievance hearing on the PHA determination.

(e) PHA relation with welfare agency.

(1) The PHA must ask welfare agencies to inform the PHA of any specified welfare benefits reduction for a family member, the reason for such reduction, the term of any such reduction, and any subsequent welfare agency determination affecting the amount or term of a specified welfare benefits reduction. If the welfare agency determines a specified welfare benefits reduction for a family member, and gives the PHA written notice of such reduction, the family's annual incomes shall include the imputed welfare income because of the specified welfare benefits reduction.

(2) The PHA is responsible for determining the amount of imputed welfare income that is included in the family's annual income as a result of a specified welfare benefits reduction as determined by the welfare agency, and specified in the notice by the welfare agency to the PHA. However, the PHA is not responsible for determining whether a reduction of welfare benefits by the welfare agency was correctly determined by the welfare agency in accordance with welfare program requirements and procedures, nor for providing the opportunity for review or hearing on such welfare agency determinations.

(3) Such welfare agency determinations are the responsibility of the welfare agency, and the family may seek appeal of such determinations through the welfare agency's normal due process procedures. The PHA shall be entitled to rely on the welfare agency notice to the PHA of the welfare agency's determination of a specified welfare benefits reduction.
Chapter 7

VERIFICATION

INTRODUCTION
The PHA must verify all information that is used to establish the family’s eligibility and level of assistance and is required to obtain written authorization from the family in order to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. The PHA must not pass on the cost of verification to the family.

The PHA will follow the verification guidance provided by HUD in Notice PIH 2018-18 and any subsequent guidance issued by HUD. This chapter summarizes those requirements and provides supplementary PHA policies.

Part I describes the general verification process. Part II provides more detailed requirements related to family information. Part III provides information on income and assets, and Part IV covers mandatory deductions.

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of the PHA.

PART I: GENERAL VERIFICATION REQUIREMENTS

7-I.A. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 982.516 AND 982.551, 24 CFR 5.230]

The family must supply any information that the PHA or HUD determines is necessary to the administration of the program and must consent to PHA verification of that information [24 CFR 982.551].

Consent Forms
It is required that all adult applicants and participants sign form HUD-9886, Authorization for Release of Information. The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the PHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA). Adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.

Penalties for Failing to Consent [24 CFR 5.232]
If any family member who is required to sign a consent form fails to do so, the PHA will deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with PHA procedures.
7-I.B. OVERVIEW OF VERIFICATION REQUIREMENTS

HUD’s Verification Hierarchy [Notice PIH 2018-18]

HUD mandates the use of the EIV system and offers administrative guidance on the use of other methods to verify family information and specifies the circumstances in which each method will be used. In general HUD requires the PHA to use the most reliable form of verification that is available and to document the reasons when the PHA uses a lesser form of verification.

In order of priority, the forms of verification that the PHA will use are:

- Up-front Income Verification (UIV) using HUD’s Enterprise Income Verification (EIV) system
- Up-front Income Verification (UIV) using a non-HUD system
- Written Third-Party Verification (may be provided by applicant or participant)
- Written Third-party Verification Form
- Oral Third-party Verification
- Self-Certification

Each of the verification methods is discussed in subsequent sections below.

Requirements for Acceptable Documents

PHA Policy

Any documents used for verification must be the original (not photocopies) and generally must be dated within 60 days of the PHA request. The documents must not be damaged, altered or in any way illegible.

Print-outs from Web pages are considered original documents.

The PHA staff member who views the original document must make a photocopy, annotate the copy with the name of the person who provided the document and the date the original was viewed.

Any family self-certifications must be made in a format acceptable to the PHA and must be signed in the presence of a PHA representative or PHA notary public.
File Documentation

The PHA must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family’s file in sufficient detail to demonstrate that the PHA has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

PHA Policy

The PHA will document, in the family file, the following:

- Reported family annual income
- Value of assets
- Expenses related to deductions from annual income
- Other factors influencing adjusted income

When the PHA is unable to obtain third-party verification, the PHA will document in the family file the reason that third-party verification was not available [24 CFR 982.516(a)(2); Notice PIH 2018-18].
7-I.C. UP-FRONT INCOME VERIFICATION (UIV)

Up-front income verification (UIV) refers to the PHA’s use of the verification tools available from independent sources that maintain computerized information about earnings and benefits. UIV will be used to the extent that these systems are available to the PHA.

There may be legitimate differences between the information provided by the family and UIV-generated information. If the family disputes the accuracy of UIV data, no adverse action can be taken until the PHA has independently verified the UIV information and the family has been granted an opportunity to contest any adverse findings through the informal review/hearing process of the PHA.

See Chapter 6 for the PHA’s policy on the use of UIV/EIV to project annual income.

**Upfront Income Verification Using HUD’s Enterprise Income Verification (EIV) System (Mandatory)**

PHAs must use HUD’s EIV system in its entirety as a third-party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income in accordance with 24 CFR 5.236 and administrative guidance issued by HUD. The EIV system contains data showing earned income, unemployment benefits, social security benefits, and SSI benefits for participant families. The following policies apply to the use of HUD’s EIV system.

**EIV Income and IVT Reports**

The data shown on income and income validation tool (IVT) reports is updated quarterly. Data may be between 3 and 6 months old at the time reports are generated.

**PHA Policy**

The PHA will obtain income and IVT reports for annual reexaminations on a monthly basis. Reports will be generated as part of the regular reexamination process.

Income and IVT reports will be compared to family-provided information as part of the annual reexamination process. Income reports may be used in the calculation of annual income, as described in Chapter 6-I.C. Income reports may also be used to meet the regulatory requirement for third party verification, as described above. Policies for resolving discrepancies between income reports and family-provided information will be resolved as described in Chapter 6-I.C. and in this chapter.

Income and IVT reports will be used in interim reexaminations to identify any discrepancies between reported income and income shown in the EIV system, and as necessary to verify earned income, and to verify and calculate unemployment benefits, Social Security and/or SSI benefits. EIV will also be used to verify that families claiming zero income are not receiving income from any of these sources.

Income and IVT reports will be retained in participant files with the applicable annual or interim reexamination documents.

When the PHA determines through EIV reports and third-party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 14, Program Integrity.
EIV Identity Verification

The EIV system verifies tenant identities against SSA records. These records are compared to PIC data for a match on social security number, name, and date of birth.

PHAs are required to use EIV’s Identity Verification Report on a monthly basis to improve the availability of income information in EIV [Notice PIH 2018-18].

When identity verification for a participant fails, a message will be displayed within the EIV system and no income information will be displayed.

**PHA Policy**

The PHA will identify participants whose identity verification has failed by reviewing EIV’s Identity Verification Report on a monthly basis.

The PHA will attempt to resolve PIC/SSA discrepancies by obtaining appropriate documentation from the participant. When the PHA determines that discrepancies exist due to PHA errors such as spelling errors or incorrect birth dates, the errors will be corrected promptly.

Upfront Income Verification Using Non-HUD Systems (Optional)

In addition to mandatory use of the EIV system, HUD encourages PHAs to utilize other upfront verification sources.

**PHA Policy**

The PHA will inform all applicants and participants of its use of the following UIV resources during the admission and reexamination process:

- HUD’s EIV system
- theworknumber.com by Equifax
- Employment Development Department
7-I.D. THIRD-PARTY WRITTEN AND ORAL VERIFICATION

HUD’s current verification hierarchy defines two types of written third-party verification. The more preferable form, “written third-party verification,” consists of an original document generated by a third-party source, which may be received directly from a third-party source or provided to the PHA by the family. If written third-party verification is not available, the PHA must attempt to obtain a “written third-party verification form.” This is a standardized form used to collect information from a third party.

Written Third-Party Verification [Notice PIH 2018-18]

Written third-party verification documents must be original and authentic and may be supplied by the family or received from a third-party source.

Examples of acceptable tenant-provided documents include, but are not limited to: pay stubs, payroll summary reports, employer notice or letters of hire and termination, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

The PHA is required to obtain, at minimum, two current and consecutive pay stubs for determining annual income from wages.

The PHA may reject documentation provided by the family if the document is not an original, if the document appears to be forged, or if the document is altered, mutilated, or illegible.

PHA Policy

Third-party documents provided by the family must be dated within 60 days of the PHA request date.

If the PHA determines that third-party documents provided by the family are not acceptable, the PHA will explain the reason to the family and request additional documentation.

As verification of earned income, the PHA will require the family to provide the two most current, consecutive pay stubs. At the PHA’s discretion, if additional paystubs are needed due to the family’s circumstances (e.g., sporadic income, fluctuating schedule, etc.), the PHA may request additional paystubs or a payroll record.
Written Third-Party Verification Form

When upfront verification is not available and the family is unable to provide written third-party documents, the PHA must request a written third-party verification form. HUD’s position is that this traditional third-party verification method presents administrative burdens and risks which may be reduced through the use of family-provided third-party documents.

PHAs may mail, fax, or email third-party written verification form requests to third-party sources.

PHA Policy

The PHA will send third-party verification forms directly to the third party.

Third-party verification forms will be sent when third-party verification documents are unavailable or are rejected by the PHA.

Oral Third-Party Verification [Notice PIH 2018-18]

For third-party oral verification, PHAs contact sources, identified by UIV techniques or by the family, by telephone or in person.

Oral third-party verification is mandatory if neither form of written third-party verification is available.

Third-party oral verification may be used when requests for written third-party verification forms have not been returned within a reasonable time—e.g., 10 business days.

PHAs should document in the file the date and time of the telephone call or visit, the name of the person contacted, the telephone number, as well as the information confirmed.

PHA Policy

In collecting third-party oral verification, PHA staff will record in the family’s file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.

When any source responds verbally to the initial written request for verification the PHA will accept the verbal response as oral verification but will also request that the source complete and return any verification forms that were provided.
**When Third-Party Verification is Not Required [Notice PIH 2018-18]**

Third-party verification may not be available in all situations. HUD has acknowledged that it may not be cost-effective or reasonable to obtain third-party verification of income, assets, or expenses when these items would have a minimal impact on the family’s total tenant payment.

**PHA Policy**

If the family cannot provide original documents, the PHA will pay the service charge required to obtain third-party verification, unless it is not cost effective in which case a self-certification will be acceptable as the only means of verification. The cost of verification will not be passed on to the family.

The cost of postage and envelopes to obtain third-party verification of income, assets, and expenses is not an unreasonable cost [VG, p. 18].

**Primary Documents**

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

**Imputed Assets**

HUD permits PHAs to accept a self-certification from a family as verification of assets disposed of for less than fair market value [HCV GB, p. 5-28].

**PHA Policy**

The PHA will accept a self-certification from a family as verification of assets disposed of for less than fair market value.

**Value of Assets and Asset Income [24 CFR 982.516(a)]**

For families with net assets totaling $5,000 or less, the PHA may accept the family’s declaration of asset value and anticipated asset income. However, the PHA is required to obtain third-party verification of all assets regardless of the amount during the intake process and at least every three years thereafter.

**PHA Policy**

For families with net assets totaling $5,000 or less, the PHA will accept the family’s self-certification of the value of family assets and anticipated asset income when applicable. The family’s declaration must show each asset and the amount of income expected from that asset. All family members 18 years of age and older must sign the family’s declaration.

The PHA will use third-party documentation for assets as part of the intake process, whenever a family member is added to verify the individual’s assets, and every three years thereafter.
7-I.E. SELF-CERTIFICATION

When HUD requires third-party verification, self-certification or “tenant declaration,” is used as a last resort when the PHA is unable to obtain third-party verification.

Self-certification, however, is an acceptable form of verification when:

- A source of income is fully excluded
- Net family assets total $5,000 or less and the PHA has adopted a policy to accept self-certification at annual recertification, when applicable
- The PHA has adopted a policy to implement streamlined annual recertifications for fixed sources of income (See Chapter 11)

When the PHA was required to obtain third-party verification but instead relies on a tenant declaration for verification of income, assets, or expenses, the family’s file must be documented to explain why third-party verification was not available.

**PHA Policy**

When information cannot be verified by a third party or by review of documents, family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to the PHA.

The PHA may require a family to certify that a family member does not receive a particular type of income or benefit.

The self-certification must be made in a format acceptable to the PHA and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a PHA representative or PHA notary public.
PART II: VERIFYING FAMILY INFORMATION

7-II.A. VERIFICATION OF LEGAL IDENTITY

PHA Policy

The PHA will require families to furnish verification of legal identity for each household member.

<table>
<thead>
<tr>
<th>Verification of Legal Identity for Adults</th>
<th>Verification of Legal Identity for Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of birth, naturalization papers</td>
<td>Certificate of birth</td>
</tr>
<tr>
<td>Church issued baptismal certificate</td>
<td>Adoption papers</td>
</tr>
<tr>
<td>Current, valid driver's license or Department of Motor Vehicles identification card</td>
<td>Custody agreement</td>
</tr>
<tr>
<td>U.S. military discharge (DD 214)</td>
<td>Health and Human Services ID</td>
</tr>
<tr>
<td>Current U.S. passport</td>
<td>Certified school records</td>
</tr>
<tr>
<td>Current employer identification card</td>
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</tbody>
</table>

If a document submitted by a family is illegible for any reason or otherwise questionable, more than one of these documents may be required.

If none of these documents can be provided and at the PHA’s discretion, a third party who knows the person may attest to the person’s identity. The certification must be provided in a format acceptable to the PHA and be signed in the presence of a PHA representative or PHA notary public.

Legal identity will be verified for all applicants at the time of eligibility determination and in cases where the PHA has reason to doubt the identity of a person representing him or herself to be a participant.

The family must provide documentation of a valid social security number (SSN) for each member of the household, with the exception of individuals who do not contend eligible immigration status. Exemptions also include, existing program participants who were at least 62 years of age as of January 31, 2010, and had not previously disclosed an SSN.

Note that an individual who previously declared to have eligible immigration status may not change his or her declaration for the purpose of avoiding compliance with the SSN disclosure and documentation requirements or penalties associated with noncompliance with these requirements. Nor may the head of household opt to remove a household member from the family composition for this purpose.

The PHA must accept the following documentation as acceptable evidence of the social security number:

- An original SSN card issued by the Social Security Administration (SSA)
- An original SSA-issued document, which contains the name and SSN of the individual
- An original document issued by a federal, state, or local government agency, which contains the name and SSN of the individual

The PHA may only reject documentation of an SSN provided by an applicant or participant if the document is not an original document or if the original document has been altered, mutilated, is illegible, or appears to be forged.

**PHA Policy**

The PHA will explain to the applicant or participant the reason the document is not acceptable and request that the individual obtain and submit acceptable documentation of the SSN to the PHA within 90 days.

In the case of Moderate Rehabilitation Single Room Occupancy (SRO) individuals, the required documentation must be provided within 90 calendar days from the date of admission into the program. The PHA must grant one additional 90-day extension if it determines that the applicant’s failure to comply was due to circumstances that were beyond the applicant’s control and could not have been reasonably foreseen.

**PHA Policy**

The PHA will grant one additional 90-day extension if needed for reasons beyond the participant’s control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency. If the individual fails to comply with SSN disclosure and documentation requirements upon expiration of the provided time period, the PHA will terminate the individual’s assistance.
If an applicant family includes a child under 6 years of age who joined the household within the 6 months prior to the date of voucher issuance, an otherwise eligible family may be admitted to the program and the family must provide documentation of the child’s SSN within 90 days of the effective date of the initial HAP contract. A 90-day extension will be granted if the PHA determines that the participant’s failure to comply was due to unforeseen circumstances and was outside of the participant’s control.

**PHA Policy**

The PHA will grant one additional 90-day extension if needed for reasons beyond the applicant’s control, such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency.

When a participant requests to add a new household member who is at least 6 years of age, or who is under the age of 6 and has an SSN, the participant must provide the complete and accurate SSN assigned to each new member at the time of reexamination or recertification, in addition to the documentation required to verify it. The PHA may not add the new household member until such documentation is provided.

When a participant requests to add a new household member who is under the age of 6 and has not been assigned an SSN, the participant must provide the SSN assigned to each new child and the required documentation within 90 calendar days of the child being added to the household. A 90-day extension will be granted if the PHA determines that the participant’s failure to comply was due to unforeseen circumstances and was outside of the participant’s control. During the period the PHA is awaiting documentation of the SSN, the child will be counted as part of the assisted household.

**PHA Policy**

The PHA will grant one additional 90-day extension if needed for reasons beyond the participant’s control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency.

Social security numbers must be verified only once during continuously-assisted occupancy.

**PHA Policy**

The PHA will verify each disclosed SSN by:

- Obtaining documentation from applicants and participants that is acceptable as evidence of social security numbers
- Making a copy of the original documentation submitted, returning it to the individual, and retaining a copy in the file folder
Once the individual’s verification status is classified as “verified,” the PHA may, at its discretion, remove and destroy copies of documentation accepted as evidence of social security numbers. The retention of the EIV Summary Report or Income Report is adequate documentation of an individual’s SSN.

**PHA Policy**

The PHA will keep the copies of documentation accepted as evidence of social security numbers in the corresponding participant file.

### 7-II.C. DOCUMENTATION OF AGE

A birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members an original document that provides evidence of the receipt of social security retirement benefits is acceptable.

**PHA Policy**

If an official record of birth or evidence of social security retirement benefits cannot be provided, the PHA will require the family to submit other documents that support the reported age of the family member (e.g., school records, driver's license if birth year is recorded) and to provide a self-certification of the reason why a birth certificate cannot be obtained.

Age must be verified only once during continuously-assisted occupancy.

### 7-II.D. FAMILY RELATIONSHIPS

Applicants and program participants are required to identify the relationship of each household member to the head of household. Definitions of the primary household relationships are provided in the Eligibility chapter.

**PHA Policy**

Family relationships are verified only to the extent necessary to determine a family’s eligibility and level of assistance. Certification by the head of household normally is sufficient verification of family relationships.

**Marriage**

**PHA Policy**

Certification by the head of household is normally sufficient verification. If the PHA has reasonable doubts about a marital relationship, the PHA will require the family to document the marriage.

A marriage certificate generally is required to verify that a couple is married.

In the case of a common law marriage, the couple must demonstrate that they hold themselves to be married (e.g., by telling the community they are married, calling each other husband and wife, using the same last name, filing joint income tax returns).
Separation or Divorce

PHA Policy
Certification by the head of household is normally sufficient verification. If the PHA has reasonable doubts about a separation or divorce, the PHA will require the family to provide documentation of the divorce or separation.

A certified copy of a divorce decree, signed by a court officer, is required to document that a couple is divorced.

A copy of a court-ordered maintenance or other court record is required to document a separation.

If no court document is available, documentation from a community-based agency will be accepted.

Absence of Adult Member

PHA Policy
If an adult member who was formerly a member of the household is reported to be permanently absent, the family must provide evidence to support that the person is no longer a member of the family (e.g. utility bill, bank statement, or other bill).

Foster Children and Foster Adults

PHA Policy
Third-party verification from the state or local government agency responsible for the placement of the individual with the family is required.
7-II.E. VERIFICATION OF STUDENT STATUS

General Requirements

PHA Policy

The PHA requires families to provide information about the student status of all students who are 18 years of age or older. This information will be verified only if:

- The family reports full-time student status for an adult other than the head, spouse, or cohead.
- The family reports child care expenses to enable a family member to further his or her education.
- The family includes a student enrolled in an institution of higher education.

Restrictions on Assistance to Students Enrolled in Institutions of Higher Education

This section applies only to students who are seeking assistance on their own, separately from their parents. It does not apply to students residing with parents who are seeking or receiving HCV assistance.

PHA Policy

In accordance with the verification hierarchy described in section 7-1.B, the PHA will determine whether the student is exempt from the restrictions in 24 CFR 5.612 by verifying any one of the following exemption criteria:

- The student is enrolled at an educational institution that does not meet the definition of institution of higher education in the Higher Education Act of 1965 (see section Exhibit 3-2).
- The student is at least 24 years old.
- The student is a veteran, as defined in section 3-II.E.
- The student is married.
- The student has at least one dependent child, as defined in section 3-II.E.
- The student is a person with disabilities, as defined in section 3-II.E, and was receiving assistance prior to November 30, 2005.

If the PHA cannot verify at least one of these exemption criteria, the PHA will conclude that the student is subject to the restrictions on assistance at 24 CFR 5.612. In addition to verifying the student’s income eligibility, the PHA will then proceed to verify either the student’s parents’ income eligibility (see section 7-III.J) or the student’s independence from his/her parents (see below).
Independent Student

PHA Policy

The PHA will verify a student’s independence from his/her parents to determine that the student’s parents’ income is not relevant for determining the student’s eligibility by doing all of the following:

Either reviewing and verifying previous address information to determine whether the student has established a household separate from his/her parents for at least one year, or reviewing and verifying documentation relevant to determining whether the student meets the U.S. Department of Education’s definition of independent student (see section 3-II.E)

Reviewing the student’s prior year income tax returns to verify the student is independent or verifying the student meets the U.S. Department of Education’s definition of independent student (see section 3-II.E)

Requesting and obtaining written certification directly from the student’s parents identifying the amount of support they will be providing to the student, even if the amount of support is $0, except in cases in which the PHA determines that the student is a vulnerable youth (see section 3-II.E)

7-II.F. DOCUMENTATION OF DISABILITY

The PHA must verify the existence of a disability in order to allow certain income disallowances and deductions from income. The PHA is not permitted to inquire about the nature or extent of a person’s disability [24 CFR 100.202(c)]. The PHA may not inquire about a person’s diagnosis or details of treatment for a disability or medical condition. If the PHA receives a verification document that provides such information, the PHA will not place this information in the tenant file. Under no circumstances will the PHA request a participant’s medical record(s). For more information on health care privacy laws, see the Department of Health and Human Services’ website at http://www.hhs.gov/ocr/privacy/.

The above cited regulation does not prohibit the following inquiries, provided these inquiries are made of all applicants, whether or not they are persons with disabilities [VG, p. 24]:

- Inquiry into an applicant’s ability to meet the requirements of ownership or tenancy
- Inquiry to determine whether an applicant is qualified for a dwelling available only to persons with disabilities or to persons with a particular type of disability
- Inquiry to determine whether an applicant for a dwelling is qualified for a priority available to persons with disabilities or to persons with a particular type of disability
- Inquiring whether an applicant for a dwelling is a current illegal abuser or addict of a controlled substance
- Inquiring whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance
Family Members Receiving SSA Disability Benefits

Verification of the receipt of disability benefits from the Social Security Administration (SSA) is sufficient verification of disability for the purpose of qualifying for waiting list preferences (if applicable) or certain income disallowances and deductions [VG, p. 23].

PHA Policy

For family members claiming disability who receive disability benefits from the SSA, the PHA will attempt to obtain information about disability benefits through the HUD Enterprise Income Verification (EIV) system. If documentation from HUD’s EIV System is not available, the PHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member claiming disability status. If the family is unable to provide the document(s), the PHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the applicant or participant receives the benefit verification letter they will be required to provide it to the PHA.

Family Members Not Receiving SSA Disability Benefits

Receipt of veteran’s disability benefits, worker’s compensation, or other non-SSA benefits based on the individual’s claimed disability are not sufficient verification that the individual meets HUD’s definition of disability in 24 CFR 5.403.

PHA Policy

For family members claiming disability who do not receive disability benefits from the SSA, a knowledgeable professional must provide third-party verification that the family member meets the HUD definition of disability. See the Eligibility chapter for the HUD definition of disability. The knowledgeable professional will verify whether the family member does or does not meet the HUD definition.
7-II.G. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5.508]

Overview

Housing assistance is not available to persons who are not citizens, nationals, or eligible immigrants. Prorated assistance is provided for "mixed families" containing both eligible and ineligible persons. A detailed discussion of eligibility requirements is in the Eligibility chapter. This verifications chapter discusses HUD and PHA verification requirements related to citizenship status.

The family must provide a certification that identifies each family member as a U.S. citizen, a U.S. national, an eligible noncitizen or an ineligible noncitizen and submit the documents discussed below for each family member. Once eligibility to receive assistance has been verified for an individual it need not be collected or verified again during continuously-assisted occupancy. [24 CFR 5.508(g)(5)]

U.S. Citizens and Nationals

HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

The PHA may request verification of the declaration by requiring presentation of a birth certificate, United States passport or other appropriate documentation.

PHA Policy

Family members who claim U.S. citizenship or national status will not be required to provide additional documentation unless the PHA receives information indicating that an individual’s declaration may not be accurate.
Eligible Immigrants

Documents Required

All family members claiming eligible immigration status must declare their status in the same manner as U.S. citizens and nationals.

The documentation required for eligible noncitizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance. Exhibit 7-1 at the end of this chapter summarizes documents family members must provide.

PHA Verification [HCV GB, pp. 5-3 and 5-7]

For family members age 62 or older who claim to be eligible immigrants, proof of age is required in the manner described in 7-II.C. of this plan. No further verification of eligible immigration status is required.

For family members under the age of 62 who claim to be eligible immigrants, the PHA must verify immigration status with the United States Citizenship and Immigration Services (USCIS).

The PHA will follow all USCIS protocols for verification of eligible immigration status.

7-II.H. VERIFICATION OF PREFERENCE STATUS

The PHA must verify any preferences claimed by an applicant that determined placement on the waiting list.

PHA Policy

The PHA will offer a preference to any family that has been terminated from its HCV program due to insufficient program funding. The PHA will verify this preference using the PHA’s termination records.
PART III: VERIFYING INCOME AND ASSETS

Chapter 6, Part I of this plan describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides PHA policies that supplement the general verification procedures specified in Part I of this chapter.

7-III.A. EARNED INCOME

Tips

PHA Policy

Unless tip income is included in a family member’s W-2 by the employer, persons who work in industries where tips are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year.

Wages

PHA Policy

For wages other than tips, the family must provide originals of the two most current, consecutive pay stubs.

7-III.B. BUSINESS AND SELF EMPLOYMENT INCOME

PHA Policy

Business owners and self-employed persons will be required to provide:

- An audited financial statement for the previous fiscal year if an audit was conducted. If an audit was not conducted, a statement of income and expenses must be submitted and the business owner or self-employed person must certify to its accuracy.

- All schedules completed for filing federal and local taxes in the preceding year.

- If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules.

The PHA will provide a format for any person who is unable to provide such a statement to record income and expenses for the coming year. The business owner/self-employed person will be required to submit the information requested and to certify to its accuracy at all future reexaminations.

At any reexamination the PHA may request documents that support submitted financial statements such as manifests, appointment books, cash books, or bank statements.

If a family member has been self-employed less than three (3) months, the PHA will accept the family member's certified estimate of income and schedule an interim reexamination in three (3) months. If the family member has been self-employed for three (3) to twelve (12) months the PHA will require the family to provide documentation of income and expenses for this period and use that information to project income.
7-III.C. PERIODIC PAYMENTS AND PAYMENTS IN LIEU OF EARNINGS

For policies governing streamlined income determinations for fixed sources of income, please see Chapter 11.

Social Security/SSI Benefits

PHA Policy

To verify the SS/SSI benefits of applicants, the PHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s), the PHA will help the applicant request a benefit verification letter from SSA’s Web site at www.ssa.gov or ask the family to request one by calling SSA at 1-800-772-1213. Once the applicant has received the benefit verification letter they will be required to provide it to the PHA.

To verify the SS/SSI benefits of participants, the PHA will obtain information about social security/SSI benefits through the HUD EIV System, and confirm with the participant(s) that the current listed benefit amount is correct. If the participant disputes the EIV-reported benefit amount, or if benefit information is not available in HUD systems, the PHA will request a current SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s) the PHA will help the participant request a benefit verification letter from SSA’s Web site at www.ssa.gov or ask the family to request one by calling SSA at 1-800-772-1213. Once the participant has received the benefit verification letter they will be required to provide it to the PHA.
7-III.D. ALIMONY OR CHILD SUPPORT

PHA Policy

The methods the PHA will use to verify alimony and child support payments differ depending on whether the family declares that it receives regular payments.

If the family declares that it receives **regular payments**, verification will be obtained in the following order of priority:

- Copies of the receipts and/or payment stubs for the 60 days prior to PHA request
- Third-party verification form from the state or local child support enforcement agency
- Third-party verification form from the person paying the support
- Copy of a separation or settlement agreement or a divorce decree stating the amount and type of support and payment schedule.
- Copy of the latest check and/or payment stub.
- Family's self-certification of amount received.

If the family declares that it receives **irregular or no payments**, in addition to the verification process listed above, the family must provide evidence that it has taken all reasonable efforts to collect amounts due. This may include:

- A statement from any agency responsible for enforcing payment that shows the family has requested enforcement and is cooperating with all enforcement efforts
- If the family has made independent efforts at collection, a written statement from the attorney or other collection entity that has assisted the family in these efforts

*Note:* Families are not required to undertake independent enforcement action.
7-III.E. ASSETS AND INCOME FROM ASSETS

Assets Disposed of for Less than Fair Market Value

The family must certify whether any assets have been disposed of for less than fair market value in the preceding two years. The PHA needs to verify only those certifications that warrant documentation [HCV GB, p. 5-28].

PHA Policy

The PHA will verify the value of assets disposed of only if:

- The PHA does not already have a reasonable estimation of its value from previously collected information, or
- The amount reported by the family in the certification appears obviously in error.

| Example 1: An elderly participant reported a $10,000 certificate of deposit at the last annual reexamination and the PHA verified this amount. Now the person reports that she has given this $10,000 to her son. The PHA has a reasonable estimate of the value of the asset; therefore, reverification of the value of the asset is not necessary. |
| Example 2: A family member has disposed of its 1/4 share of real property located in a desirable area and has valued her share at approximately $5,000. Based upon market conditions, this declaration does not seem realistic. Therefore, the PHA will verify the value of this asset. |

7-III.F. NET INCOME FROM RENTAL PROPERTY

PHA Policy

The family must provide:

- A current executed lease for the property that shows the rental amount or certification from the current tenant
- A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income). If schedule E was not prepared, the PHA will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.
7-III.G. RETIREMENT ACCOUNTS

PHA Policy

The PHA will accept written third-party documents supplied by the family as evidence of the status of retirement accounts.

The type of original document that will be accepted depends upon the family member’s retirement status.

Before retirement, the PHA will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than 6 months from the effective date of the examination.

Upon retirement, the PHA will accept an original document from the entity holding the account that reflects any distributions of the account balance, any lump sums taken and any regular payments.

After retirement, the PHA will accept an original document from the entity holding the account dated no earlier than 12 months before that reflects any distributions of the account balance, any lump sums taken and any regular payments.
7-III.H. INCOME FROM EXCLUDED SOURCES

A detailed discussion of excluded income is provided in Chapter 6, Part I.

HUD guidance on verification of excluded income draws a distinction between income which is fully excluded and income which is only partially excluded.

For fully excluded income, the PHA is not required to follow the verification hierarchy, document why third-party verification is not available, or report the income on the 50058. Fully excluded income is defined as income that is entirely excluded from the annual income determination (for example, food stamps, earned income of a minor, or foster care funds) [Notice PIH 2013-04].

PHAs may accept a family’s signed application or reexamination form as self-certification of fully excluded income. They do not have to require additional documentation. However, if there is any doubt that a source of income qualifies for full exclusion, PHAs have the option of requiring additional verification.

For partially excluded income, the PHA is required to follow the verification hierarchy and all applicable regulations, and to report the income on the 50058. Partially excluded income is defined as income where only a certain portion of what is reported by the family qualifies to be excluded and the remainder is included in annual income (for example, the income of an adult full-time student, or income excluded under the earned income disallowance).

**PHA Policy**

The PHA will reconcile differences in amounts reported by the third party and the family only when the excluded amount is used to calculate the family share (as is the case with the earned income disallowance). In all other cases, the Pico Rivera Housing Assistance Agency will report the amount to be excluded as indicated on the documents provided by the family.

The PHA will verify the source and amount of partially excluded income as described in Part 1 of this chapter.

7-III.I. ZERO ANNUAL INCOME STATUS

**PHA Policy**

The PHA will check UIV sources and/or request information from third-party sources to verify that certain forms of income such as unemployment benefits, TANF, SS, SSI, and earnings are not being received by families claiming to have zero annual income.

The Pico Rivera Housing Assistance Agency will schedule an interim reexamination for families with zero income every 60 days.
7-III.J. STUDENT FINANCIAL ASSISTANCE [Notice PIH 2015-21]

Any financial assistance, in excess of amounts received for tuition, fees, and other required charges that a person attending an institution of higher education receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education must be considered income unless the student is over the age of 23 with dependent children or is residing with parents who are seeking or receiving HCV assistance [24 CFR 5.609(b)(9) and FR 4/10/06].

For students over the age of 23 with dependent children or students residing with parents who are seeking or receiving HCV assistance, the full amount of student financial assistance is excluded from annual income [24 CFR 5.609(c)(6)]. The full amount of student financial assistance is also excluded for students attending schools that do not qualify as institutions of higher education (as defined in Exhibit 3-2). Excluded amounts are verified only if, without verification, the PHA would not be able to determine whether or to what extent the income is to be excluded (see section 7-III.H).

PHA Policy

For a student subject to having a portion of his/her student financial assistance included in annual income in accordance with 24 CFR 5.609(b)(9), the PHA will request written third-party verification of both the source and the amount. Family-provided documents from the educational institution attended by the student will be requested, as well as documents generated by any other person or entity providing such assistance, as reported by the student.

In addition, the PHA will request written verification of the student’s tuition, fees, and other required charges.

If the PHA is unable to obtain third-party written verification of the requested information, the PHA will pursue other forms of verification following the verification hierarchy in section 7-I.B.
7-III.K. PARENTAL INCOME OF STUDENTS SUBJECT TO ELIGIBILITY RESTRICTIONS

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the income of the student’s parents must be considered when determining income eligibility, unless the student is determined independent from his or her parents or a vulnerable youth in accordance with PHA policy [24 CFR 5.612, FR Notice 4/10/06, p. 18146, and FR Notice 9/21/16].

This provision does not apply to students residing with parents who are seeking or receiving HCV assistance. It is limited to students who are seeking or receiving assistance on their own, separately from their parents.

PHA Policy

If the PHA is required to determine the income eligibility of a student’s parents, the PHA will request an income declaration and certification of income from the appropriate parent(s) (as determined in section 3-II.E). The PHA will send the request directly to the parents, who will be required to certify to their income under penalty of perjury. The parents will be required to submit the information directly to the PHA. The required information must be submitted (postmarked) within 10 business days of the date of the PHA’s request or within any extended timeframe approved by the PHA.

The PHA reserves the right to request and review supporting documentation at any time if it questions the declaration or certification. Supporting documentation may include, but is not limited to, Internal Revenue Service (IRS) tax returns, consecutive and original pay stubs, bank statements, pension benefit statements, benefit award letters, and other official and authentic documents from a federal, state, or local agency.
PART IV: VERIFYING MANDATORY DEDUCTIONS

7-IV.A. DEPENDENT AND ELDERLY/DISABLED HOUSEHOLD DEDUCTIONS

The dependent and elderly/disabled family deductions require only that the PHA verify that the family members identified as dependents or elderly/disabled persons meet the statutory definitions. No further verifications are required.

**Dependent Deduction**

See Chapter 6 (6-II.B.) for a full discussion of this deduction. The PHA must verify that:

- Any person under the age of 18 for whom the dependent deduction is claimed is not the head, spouse, or cohead of the family and is not a foster child
- Any person age 18 or older for whom the dependent deduction is claimed is not a foster adult or live-in aide, and is a person with a disability or a full time student

**Elderly/Disabled Family Deduction**

See Eligibility chapter for a definition of elderly and disabled families and Chapter 6 (6-II.C.) for a discussion of the deduction. The PHA must verify that the head, spouse, or cohead is 62 years of age or older or a person with disabilities.
7-IV.B. MEDICAL EXPENSE DEDUCTION

Policies related to medical expenses are found in 6-II.D. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

PHA Policy

Medical expenses will be verified through:

- Written third-party documents provided by the family, such as pharmacy printouts or receipts.
- The PHA will make a best effort to determine what expenses from the past are likely to continue to occur in the future. The PHA will also accept evidence of monthly payments or total payments that will be due for medical expenses during the upcoming 12 months.
- Written third-party verification forms, if the family is unable to provide acceptable documentation.
- If third-party or document review is not possible, written family certification as to costs anticipated to be incurred during the upcoming 12 months.

In addition, the PHA must verify that:

- The household is eligible for the deduction.
- The costs to be deducted are qualified medical expenses.
- The expenses are not paid for or reimbursed by any other source.
- Costs incurred in past years are counted only once.
Eligible Household

The medical expense deduction is permitted only for households in which the head, spouse, or cohead is at least 62, or a person with disabilities. The PHA must verify that the family meets the definition of an elderly or disabled family provided in the Eligibility chapter and as described in Chapter 7 (7-IV.A.) of this plan.

Qualified Expenses

To be eligible for the medical expenses deduction, the costs must qualify as medical expenses. See Chapter 6 (6-II.D.) for the PHA’s policy on what counts as a medical expense.

Unreimbursed Expenses

To be eligible for the medical expenses deduction, the costs must not be reimbursed by another source.

PHA Policy

The family will be required to certify that the medical expenses are not paid or reimbursed to the family from any source. If expenses are verified through a third party, the third party must certify that the expenses are not paid or reimbursed from any other source.

Expenses Incurred in Past Years

PHA Policy

When anticipated costs are related to on-going payment of medical bills incurred in past years, the PHA will verify:

The anticipated repayment schedule

The amounts paid in the past, and

Whether the amounts to be repaid have been deducted from the family’s annual income in past years
7-IV.C. DISABILITY ASSISTANCE EXPENSES

Policies related to disability assistance expenses are found in 6-II.E. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

Attendant Care

PHA Policy

The PHA will accept written third-party documents provided by the family.

If family-provided documents are not available, the PHA will provide a third-party verification form directly to the care provider requesting the needed information.

Expenses for attendant care will be verified through:

- Written third-party documents provided by the family, such as receipts or cancelled checks.
- Third-party verification form signed by the provider, if family-provided documents are not available.
- If third-party verification is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months.

Auxiliary Apparatus

PHA Policy

Expenses for auxiliary apparatus will be verified through:

- Written third-party documents provided by the family, such as billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months.
- Third-party verification form signed by the provider, if family-provided documents are not available.
- If third-party verification is not possible, written family certification of estimated apparatus costs for the upcoming 12 months.

In addition, the PHA must verify that:

- The family member for whom the expense is incurred is a person with disabilities (as described in 7-II.F above).
- The expense permits a family member, or members, to work (as described in 6-II.E.).
- The expense is not reimbursed from another source (as described in 6-II.E.).
Family Member is a Person with Disabilities

To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. The PHA will verify that the expense is incurred for a person with disabilities (See 7-II.F.).

Family Member(s) Permitted to Work

The PHA must verify that the expenses claimed actually enable a family member, or members, (including the person with disabilities) to work.

PHA Policy

The PHA will request third-party verification from a rehabilitation agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work (See 6-II.E.). This documentation may be provided by the family.

If third-party verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense frees a family member, or members (possibly including the family member receiving the assistance), to work.

Unreimbursed Expenses

To be eligible for the disability expenses deduction, the costs must not be reimbursed by another source.

PHA Policy

The family will be required to certify that attendant care or auxiliary apparatus expenses are not paid by or reimbursed to the family from any source.
7-IV.D. CHILD CARE EXPENSES

Policies related to child care expenses are found in Chapter 6 (6-II.F). The amount of the deduction will be verified following the standard verification procedures described in Part I of this chapter. In addition, the PHA must verify that:

- The child is eligible for care (12 or younger).
- The costs claimed are not reimbursed.
- The costs enable a family member to work, actively seek work, or further their education.
- The costs are for an allowable type of child care.
- The costs are reasonable.

**Eligible Child**

To be eligible for the child care deduction, the costs must be incurred for the care of a child under the age of 13. The PHA will verify that the child being cared for (including foster children) is under the age of 13 (See 7-II.C.).

**Unreimbursed Expense**

To be eligible for the child care deduction, the costs must not be reimbursed by another source.

**PHA Policy**

The family (and the care provider) will be required to certify that the child care expenses are not paid or reimbursed to the family from any source.
Pursuing an Eligible Activity

The PHA must verify that the family member(s) that the family has identified as being enabled to seek work, pursue education, or be gainfully employed, are actually pursuing those activities.

**PHA Policy**

*Information to be Gathered*

The PHA will verify information about how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the time required for study (for students), the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

*Seeking Work*

Whenever possible the PHA will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases the PHA will request family-provided verification from the agency of the member’s job seeking efforts to date, and require the family to submit to the PHA any reports provided to the other agency.

In the event third-party verification is not available, the PHA will provide the family with a form on which the family member must record job search efforts. The PHA will review this information at each subsequent reexamination for which this deduction is claimed.

*Furthering Education*

The PHA will request third-party documentation to verify that the person permitted to further his or her education by the child care is enrolled and provide information about the timing of classes for which the person is registered. The documentation may be provided by the family.

*Gainful Employment*

The PHA will seek third-party verification of the work schedule of the person who is permitted to work by the child care. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified. The documentation may be provided by the family.
Allowable Type of Child Care

The type of care to be provided is determined by the family, but must fall within certain guidelines, as discussed in Chapter 6.

**PHA Policy**

The PHA will verify that the type of child care selected by the family is allowable, as described in Chapter 6 (6-II.F).

The PHA will verify that the fees paid to the child care provider cover only child care costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).

The PHA will verify that the child care provider is not an assisted family member. Verification will be made through the head of household’s declaration of family members who are expected to reside in the unit.

**Reasonableness of Expenses**

Only reasonable child care costs can be deducted.

**PHA Policy**

The actual costs the family incurs will be compared with the PHA’s established standards of reasonableness for the type of care in the locality to ensure that the costs are reasonable.

If the family presents a justification for costs that exceed typical costs in the area, the PHA will request additional documentation, as required, to support a determination that the higher cost is appropriate.
### EXHIBIT 7-1: SUMMARY OF DOCUMENTATION REQUIREMENTS FOR NONCITIZENS [HCV GB, pp. 5-9 and 5-10]

- **All** noncitizens claiming eligible status must sign a declaration of eligible immigrant status on a form acceptable to the PHA.
- Except for persons 62 or older, all noncitizens must sign a verification consent form.
- Additional documents are required based upon the person's status.

#### Elderly Noncitizens
- A person 62 years of age or older who claims eligible immigration status also must provide proof of age such as birth certificate, passport, or documents showing receipt of SS old-age benefits.

#### All other Noncitizens
- Noncitizens that claim eligible immigration status also must present the applicable USCIS document. Acceptable USCIS documents are listed below.

<table>
<thead>
<tr>
<th>Form I-551 Alien Registration Receipt Card (for permanent resident aliens)</th>
<th>Form I-94 Arrival-Departure Record with no annotation accompanied by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form I-94 Arrival-Departure Record annotated with one of the following:</td>
<td>- A final court decision granting asylum (but only if no appeal is taken);</td>
</tr>
<tr>
<td>- “Admitted as a Refugee Pursuant to Section 207”</td>
<td>- A letter from a USCIS asylum officer granting asylum (if application is filed on or after 10/1/90) or from a USCIS district director granting asylum (application filed before 10/1/90);</td>
</tr>
<tr>
<td>- “Section 208” or “Asylum”</td>
<td>- A court decision granting withholding of deportation; or</td>
</tr>
<tr>
<td>- “Section 243(h)” or “Deportation stayed by Attorney General”</td>
<td>- A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/90).</td>
</tr>
<tr>
<td>- “Paroled Pursuant to Section 221 (d)(5) of the USCIS”</td>
<td></td>
</tr>
</tbody>
</table>

| Form I-688 Temporary Resident Card annotated “Section 245A” or Section 210” | Form I-688B Employment Authorization Card annotated “Provision of Law 274a. 12(11)” or “Provision of Law 274a.12”.
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant’s entitlement to the document has been verified; or</td>
<td></td>
</tr>
<tr>
<td>- Other acceptable evidence. If other documents are determined by the USCIS to constitute acceptable evidence of eligible immigration status, they will be announced by notice published in the <em>Federal Register</em>.</td>
<td></td>
</tr>
</tbody>
</table>
Chapter 8

HOUSING QUALITY STANDARDS AND RENT REASONABLENESS DETERMINATIONS
[24 CFR 982 Subpart I and 24 CFR 982.507]

INTRODUCTION

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) assistance meet HUD's Housing Quality Standards (HQS) and permits the PHA to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD and PHA-established requirements.

All units must pass an HQS inspection prior to the approval of a lease and at least once every 24 months during the term of the contract, and at other times as needed, to determine that the unit meets HQS. HUD also requires PHAs to determine that rents for units under the program are reasonable when compared to comparable unassisted units in the market area.

This chapter explains HUD and PHA requirements related to housing quality and rent reasonableness as follows:

Part I. Physical Standards. This part discusses the physical standards required of units occupied by HCV-assisted families and identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference. It also identifies life-threatening conditions that must be addressed on an expedited basis.

Part II. The Inspection Process. This part describes the types of inspections the PHA will make and the steps that will be taken when units do not meet HQS.

Part III. Rent Reasonableness Determinations. This part discusses the policies the PHA will use to make rent reasonableness determinations.

Special HQS requirements for homeownership, manufactured homes, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction.
PART I: PHYSICAL STANDARDS

8-I.A. GENERAL HUD REQUIREMENTS

HUD Performance and Acceptability Standards

HUD's performance and acceptability standards for HCV-assisted housing are provided in 24 CFR 982.401. These standards cover the following areas:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and Security
- Thermal Environment
- Illumination and electricity
- Structure and materials
- Interior Air Quality
- Water Supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke Detectors

A summary of HUD performance criteria is provided in Exhibit 8-1. Additional guidance on these requirements is found in the following HUD resources:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Tenant Preference Items

HUD requires the PHA to enforce minimum HQS but also recognizes that certain judgments about the acceptability of the unit are left to the family. For example, the PHA must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic appearance of the facilities is acceptable. Exhibit 8-2 summarizes those items that are considered tenant preferences.
Modifications to Provide Accessibility

Under the Fair Housing Act of 1988 an owner must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit. Such modifications are at the family's expense. The owner may require restoration of the unit to its original condition if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit. However, the landlord may negotiate a restoration agreement that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant. The owner may also require reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained. [24 CFR 100.203; Notice 2003-31].

Modifications to units to provide access for a person with a disability must meet all applicable HQS requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAG) [28 CFR 35.151(c) and Notice 2003-31] See Chapter 2 of this plan for additional information on reasonable accommodations for persons with disabilities.

PHA Policy

Any owner that intends to negotiate a restoration agreement or require an escrow account must submit the agreement(s) to the PHA for review.
8-I.B. ADDITIONAL LOCAL REQUIREMENTS

The PHA may impose variations to the HQS as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choices for families. HUD approval is required for variations to the HQS. HUD approval is not required if the variations are clarifications of HUD's acceptability criteria or performance standards [24 CFR 982.401(a)(4)].

Local Building Codes

PHA Policy

The Pico Rivera Housing Assistance Agency will apply the following HUD approved acceptability criteria variation in addition to the HQS during inspections:

Pico Rivera Municipal Code,

b. Section 15.08.020 Subsection 105.1 (Permits – Required).
c. Section 15.08.040 (Garage floor surface – Concrete required).
d. Section 15.08.020 Subsection 113 (Violation and Penalties).
e. Section 18.04.308 (Defines Single-Family Dwellings).
f. Section 18.04.404 (Defines Garage).
g. Section 18.06.050 A (Planning Approval Required).

Thermal Environment [HCV GB p.10-7]

The PHA must define a “healthy living environment” for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate.

PHA Policy

The heating system must be capable of maintaining an interior temperature of 65 degrees Fahrenheit between December 1 and April 1.
Clarifications of HUD Requirements

PHA Policy
As permitted by HUD, the PHA has adopted the following specific requirements that elaborate on HUD standards.

Walls
In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced.

Windows
Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced.
Windows must be weather-stripped as needed to ensure a weather-tight seal.
Window screens must be in good condition (applies only if screens are present).

Doors
All exterior doors must be weather-tight to avoid any air or water infiltration, be lockable, have no holes, have all trim intact, and have a threshold.
All interior doors must have no holes, have all trim intact, and be openable without the use of a key.

Floors
All wood floors must be sanded to a smooth surface and sealed. Any loose or warped boards must be resecured and made level. If they cannot be leveled, they must be replaced.
All floors must be in a finished state. Raw wood or unsealed concrete is not permitted.
All floors should have some type of base shoe, trim, or sealing for a "finished look." Vinyl base shoe is permitted.

Sinks
All sinks and commode water lines must have shut off valves, unless faucets are wall mounted.
All sinks must have functioning stoppers.

Toilets
All worn or cracked toilet seats and tank lids must be replaced and toilet tank lid must fit properly.
**Security**

If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick release system. The owner is responsible for ensuring that the family is instructed on the use of the quick release system.

8-I.C. LIFE-THREATENING CONDITIONS [24 CFR 982.404(a); FR Notice 1/18/17]

HUD requires the PHA to define life-threatening conditions and to notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life-threatening conditions within 24 hours of PHA notification.

**PHA Policy**

The following are considered life-threatening conditions:

Any condition that jeopardizes the security of the unit

Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling

Natural or LP gas or fuel oil leaks

A fuel storage vessel, fluid line, valve, or connection that supplies fuel to a HVAC unit is leaking or a strong odor is detected with potential for explosion or fire or that results in a health risk if inhaled

Any electrical problem or condition that could result in shock or fire

A light fixture is readily accessible, is not securely mounted to the ceiling or wall, and electrical connections or wires are exposed

A light fixture is hanging by its wires

A light fixture has a missing or broken bulb, and the open socket is readily accessible to the tenant during the day-to-day use of the unit

A receptacle (outlet) or switch is missing or broken and electrical connections or wires are exposed

An open circuit breaker position is not appropriately blanked off in a panel board, main panel board, or other electrical box that contains circuit breakers or fuses

A cover is missing from any electrical device box, panel box, switch gear box, control panel, etc., and there are exposed electrical connections

Any nicks, abrasions, or fraying of the insulation that exposes conducting wire

Exposed bare wires or electrical connections

Any condition that results in openings in electrical panels or electrical control device enclosures
Water leaking or ponding near any electrical device
Any condition that poses a serious risk of electrocution or fire and poses an immediate life-threatening condition

Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit.
Utilities not in service, including no running hot water
Conditions that present the imminent possibility of injury
Obstacles that prevent safe entrance or exit from the unit
Any components that affect the function of the fire escape are missing or damaged
Stored items or other barriers restrict or prevent the use of the fire escape in the event of an emergency
The building’s emergency exit is blocked or impeded, thus limiting the ability of occupants to exit in a fire or other emergency

Absence of a functioning toilet in the unit
Inoperable or missing smoke detectors
Missing or inoperable carbon monoxide detector
Missing, damaged, discharged, overcharged, or expired fire extinguisher (where required)

Gas/oil-fired water heater or heating, ventilation, or cooling system with missing, damaged, improper, or misaligned chimney venting

The chimney or venting system on a fuel-fired water heater is misaligned, negatively pitched, or damaged, which may cause improper or dangerous venting or gases
A gas dryer vent is missing, damaged, or is visually determined to be inoperable, or the dryer exhaust is not vented to the outside
A fuel-fired space heater is not properly vented or lacks available combustion air
A non-vented space heater is present
Safety devices on a fuel-fired space heater are missing or damaged
The chimney or venting system on a fuel-fired heating, ventilation, or cooling system is misaligned, negatively pitched, or damaged, which may cause improper or dangerous venting of gas
Deteriorating paint as defined at 24 CFR 35.110 in a unit built before 1978 that is to be occupied by a family with a child under six years of age if it would prevent the family from moving into the unit.

If an owner fails to correct life-threatening conditions as required by the PHA, the PHA will enforce the HQS in accordance with HUD requirements. See 8-II-G.

If a family fails to correct a family-caused life-threatening condition as required by the PHA, the PHA will enforce the family obligations. See 8-II.H.

The owner will be required to repair an inoperable smoke detector unless the PHA determines that the family has intentionally disconnected it (by removing batteries or other means). In this case, the family will be required to repair the smoke detector within 24 hours.
8-I.D. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service
- Failure to provide or maintain appliances owned by the family
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear that results in a breach of the HQS. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice.

Owner Responsibilities

The owner is responsible for all HQS violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin infestation). However, if the family's actions constitute a serious or repeated lease violation the owner may take legal action to evict the family.
8-I.E. SPECIAL REQUIREMENTS FOR CHILDREN WITH ELEVATED BLOOD LEAD LEVEL [24 CFR 35.1225; FR Notice 1/13/17; Notice PIH 2017-13]

If a PHA is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than six years of age, living in an HCV-assisted unit has been identified as having an elevated blood lead level, the PHA must complete an environmental investigation of the dwelling unit within 15 calendar days after being notified by a public health department or other medical health care provider. The environmental investigation must be completed in accordance with program requirements, and the result of the environmental investigation must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner.

Within 30 days after receiving the environmental investigation report from the PHA, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead-based paint hazards in accordance with the lead-based paint regulations [24 CFR 35.1325 and 35.1330]. If the owner does not complete the “hazard reduction” as required, the dwelling unit is in violation of HQS and the PHA will take action in accordance with Section 8-II.G.

PHA reporting requirements, and data collection and record keeping responsibilities related to children with an elevated blood lead level are discussed in Chapter 16.


A dwelling unit must:

- Provide adequate space and security for the family
- Have at least one bedroom or living/sleeping room for each two persons

A unit that does not meet these HQS space standards is defined as overcrowded.

A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space [HCV GB p. 10-6]. A bedroom or living/sleeping room must have at least:

- One window
- Two electrical outlets in proper operating condition (permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets)

If the PHA determines that a unit is overcrowded because of an increase in family size or a change in family composition, the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms.
PART II: THE INSPECTION PROCESS

8-II.A. OVERVIEW [24 CFR 982.405]

Types of Inspections

The PHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- **Initial Inspections.** The PHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program.

- **Annual/Biennial Inspections.** HUD requires the PHA to inspect each unit under lease at least annually or biennially, depending on PHA policy, to confirm that the unit still meets HQS. The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately.

- **Special Inspections.** A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between annual inspections.

- **Quality Control Inspections.** HUD requires that a sample of units be inspected by a supervisor or other qualified individual to evaluate the work of the inspector(s) and to ensure that inspections are performed in compliance with the HQS.

**Inspection of PHA-Owned Units [24 CFR 982.352(b)]**

The PHA must obtain the services of an independent entity to perform all HQS inspections in cases where an HCV family is receiving assistance in a PHA-owned unit. A PHA-owned unit is defined as a unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA). The independent agency must communicate the results of each inspection to the family and the PHA. The independent agency must be approved by HUD, and may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government).
Inspection Costs [Notice PIH 2016-05]
The PHA may not charge the family for unit inspections or reinspections [24 CFR 982.405(e)]. In the case of inspections of PHA-owned units, the PHA may compensate the independent agency from ongoing administrative fee for inspections performed. The PHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.352(b)].

The PHA may not charge the owner for the inspection of the unit prior to the initial term of the lease or for a first inspection during assisted occupancy of the unit. However, the PHA may charge a reasonable fee to owners for reinspections in two situations: when the owner notifies the PHA that a repair has been made but the deficiency has not been corrected, and when the time for repairs has elapsed and the deficiency has not been corrected. Fees may not be imposed for tenant-caused damages, for cases in which the inspector could not gain access to the unit, or for new deficiencies discovered during a reinspection.

The owner may not pass the cost of a reinspection fee to the family. Reinspection fees must be added to the PHA’s administrative fee reserves and may only be used for activities related to the provision of tenant-based assistance.

**PHA Policy**
The PHA will not charge a fee for failed reinspections.

Notice and Scheduling
The family must allow the PHA to inspect the unit at reasonable times with reasonable notice [24 CFR 982.551(d)].

**PHA Policy**
Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life-threatening emergency, reasonable notice is considered to be not less than 24 hours. Inspections may be scheduled between 8:00 a.m. and 4:00 p.m. Generally inspections will be conducted on business days only. In the case of a life-threatening emergency, the PHA will give as much notice as possible, given the nature of the emergency.

Owner and Family Inspection Attendance
HUD permits the PHA to set policy regarding family and owner presence at the time of inspection [HCV GB p. 10-27].

**PHA Policy**
When a family occupies the unit at the time of inspection an authorized adult must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

At initial inspection of a vacant unit, the PHA will inspect the unit in the presence of the owner or owner's representative. The presence of a family representative is permitted, but is not required.
8-II.B. INITIAL HQS INSPECTION [24 CFR 982.401(a)]

Initial Inspections [FR Notice 1/18/17]
The PHA may, but is not required to, approve assisted tenancy and start HAP if the unit fails HQS inspection, but only if the deficiencies identified are non-life-threatening. Further, the PHA may, but is not required to, authorize occupancy if a unit passed an alternative inspection in the last 24 months.

PHA Policy
The unit must pass the HQS inspection on or before the effective date of the HAP contract.
The PHA will not rely on alternative inspections and will conduct an HQS inspection for each unit prior to executing a HAP contract with the owner.

Timing of Initial Inspections
HUD requires PHAs with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). For PHAs with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within 15 days. The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

PHA Policy
The PHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).

Inspection Results and Reinspections
PHA Policy
If any HQS violations are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by the PHA for good cause. The PHA will reinspect the unit within 5 business days of the date the owner notifies the PHA that the required corrections have been made.

If the time period for correcting the deficiencies (or any PHA-approved extension) has elapsed, or the unit fails HQS at the time of the reinspection, the PHA will notify the owner and the family that the unit has been rejected and that the family must search for another unit. The PHA may agree to conduct a second reinspection, for good cause, at the request of the family and owner.

Following a failed reinspection, the family may submit a new Request for Tenancy Approval for the same unit after the owner has made repairs, if they are unable to locate another suitable unit.
Utilities

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

**PHA Policy**

If utility service is not available for testing at the time of the initial inspection, the PHA will allow the utilities to be placed in service after the unit has met all other HQS requirements. The Pico Rivera Housing Assistance Agency will reinspect the unit within 15 days of the HAP contract approval to confirm that utilities are operational. The unit fails if any utility services are not in working order. The Pico Rivera Housing Assistance Agency will notify and enforce the owner and the family for compliance of HQS in accordance with the Pico Rivera Housing Assistance Agency policy (section 8-II.G).

**Appliances [Form HUD-52580]**

**PHA Policy**

If the family is responsible for supplying the stove and/or refrigerator, the PHA will allow the stove and refrigerator to be placed in the unit after the unit has met all other HQS requirements. A confirmatory inspection will be scheduled within 15 days of HAP contract approval. The unit fails if the stove and/or refrigerator are not in place and/or not in working order. The Pico Rivera Housing Assistance Agency will notify and enforce the owner and the family for compliance of HQS in accordance with the Pico Rivera Housing Assistance Agency policy (section 8-II.G).
8-II.C. ANNUAL/BIENNIAL HQS INSPECTIONS [24 CFR 982.405 and 982.406; Notice PIH 2016-05]

**PHA Policy**

Effective January 1, 2017, each unit under HAP contract must be inspected within 24 months of the last full HQS inspection.

The PHA will not rely on alternative inspection standards.

**Scheduling the Inspection**

**PHA Policy**

If an adult cannot be present on the scheduled date, the family should request that the PHA reschedule the inspection. The PHA and family will agree on a new inspection date that generally should take place within 5 business days of the originally scheduled date. The PHA may schedule an inspection more than 5 business days after the original date for good cause.

If the family misses the first scheduled appointment without requesting a new inspection date, the PHA will automatically schedule a second inspection. If the family misses two scheduled inspections without PHA approval, the PHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family’s assistance in accordance with Chapter 12.

8-II.D. SPECIAL INSPECTIONS [24 CFR 982.405(g)]

If a participant or government official reports a life-threatening condition which the owner would be required to repair within 24 hours, the PHA must inspect the unit within 24 hours of notification. If the reported condition is not life-threatening, the PHA must inspect the unit within 15 days of notification.

**PHA Policy**

During a special inspection, the PHA generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs.

If the biennial inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled the PHA may elect to conduct a full biennial inspection.
8-II.E. QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b); HCV GB, p. 10-32]

HUD requires a PHA supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQS.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of neighborhoods.

8-II.F. INSPECTION RESULTS AND REINSPECTIONS FOR UNITS UNDER HAP CONTRACT

Notification of Corrective Actions

The owner and the family will be notified in writing of the results of all inspections. When an inspection identifies HQS failures, the PHA will determine (1) whether or not the failure is a life-threatening condition and (2) whether the family or owner is responsible.

PHA Policy

When life-threatening conditions are identified, the PHA will immediately notify both parties by telephone, facsimile, or email. The corrective actions must be taken within 24 hours of the PHA’s notice.

When failures that are not life-threatening are identified, the PHA will send the owner and the family a written notification of the inspection results within 5 business days of the inspection. Generally not more than 30 days will be allowed for the correction.

The notice of inspection results will inform the owner that if life-threatening conditions are not corrected within 24 hours, and non-life threatening conditions are not corrected within the specified time frame (or any PHA-approved extension), the owner’s HAP will be abated in accordance with PHA policy (see 8-II.G.). Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any PHA-approved extension, if applicable) the family’s assistance will be terminated in accordance with PHA policy (see Chapter 12).
Extensions

For conditions that are life-threatening, the PHA cannot grant an extension to the 24 hour corrective action period. For conditions that are not life-threatening, the PHA may grant an exception to the required time frames for correcting the violation, if the PHA determines that an extension is appropriate [24 CFR 982.404].

PHA Policy

Extensions will be granted in cases where the PHA has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner’s control. Reasons may include, but are not limited to:

- A repair cannot be completed because required parts or services are not available. The owner must provide proof that the parts have been ordered and/or services have been contracted.
- A repair cannot be completed because of weather conditions.
- A reasonable accommodation is needed because the family includes a person with disabilities.

The length of the extension will be determined on a case by case basis, but will not exceed 30 days, except in the case of delays caused by weather conditions. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days, once the weather conditions have subsided.

Reinspections

PHA Policy

The PHA will conduct a reinspection immediately following the end of the corrective period, or any PHA approved extension.

The family and owner will be given reasonable notice of the reinspection appointment. If the deficiencies have not been corrected by the time of the reinspection, the PHA will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with PHA policies. If the PHA is unable to gain entry to the unit in order to conduct the scheduled reinspection, the PHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family’s assistance in accordance with Chapter 12.
8-II.G. ENFORCING OWNER COMPLIANCE

If the owner fails to maintain the dwelling unit in accordance with HQS, the PHA must take prompt and vigorous action to enforce the owner obligations.

HAP Abatement

If an owner fails to correct HQS deficiencies by the time specified by the PHA, HUD requires the PHA to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.3(f)]. No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of HQS failures that are the family’s responsibility.

PHA Policy

The PHA will make all HAP abatements effective the first of the month following the expiration of the PHA specified correction period (including any extension).

The PHA will inspect abated units within 5 business days of the owner’s notification that the work has been completed. Payment will resume effective on the day the unit passes inspection.

During any abatement period the family continues to be responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction.

HAP Contract Termination

The PHA must decide how long any abatement period will continue before the HAP contract will be terminated. The PHA should not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination. The PHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.

PHA Policy

The maximum length of time that HAP may be abated is 30 days. However, if the owner completes corrections and notifies the PHA before the termination date of the HAP contract, the PHA may rescind the termination notice if (1) the family still resides in the unit and wishes to remain in the unit and (2) the unit passes inspection.

Reasonable notice of HAP contract termination by the PHA is 30 days.

8-II.H. ENFORCING FAMILY COMPLIANCE WITH HQS [24 CFR 982.404(b)]

Families are responsible for correcting any HQS violations listed in paragraph 8.I.D. If the family fails to correct a violation within the period allowed by the PHA (and any extensions), the PHA will terminate the family’s assistance, according to the policies described in Chapter 12.

If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.
PART III: RENT REASONABLENESS [24 CFR 982.507]

8-III.A. OVERVIEW

Except in the case of certain LIHTC- and HOME-assisted units, no HAP contract can be approved until the PHA has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program. HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners not charge more for assisted units than for comparable units on the premises. This part explains the method used to determine whether a unit’s rent is reasonable.

PHA-Owned Units [24 CFR 982.352(b)]

In cases where an HCV family is receiving assistance in a PHA-owned unit, the PHA must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance. A PHA-owned unit is defined as a unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA). The independent agency must communicate the results of the rent reasonableness determination to the family and the PHA. The independent agency must be approved by HUD, and may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government).
8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

Owner-Initiated Rent Determinations

The PHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment.

The owner and family first negotiate the rent for a unit. The PHA (or independent agency in the case of PHA-owned units) will assist the family with the negotiations upon request. At initial occupancy the PHA must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

PHA Policy

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner’s lease. For rent increase requests after initial lease-up, the PHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises the PHA will consider unit size and length of tenancy in the other units.

The PHA will determine whether the requested increase is reasonable within 30 calendar days of receiving the request from the owner. The owner will be notified of the determination in writing.

All rents adjustments will be effective the first of the month following 60 days after the PHA’s receipt of the owner’s request or on the date specified by the owner, whichever is later.

PHA- and HUD-Initiated Rent Reasonableness Determinations

HUD requires the PHA to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 10 percent decrease in the fair market rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct the PHA to make a determination at any other time. The PHA may decide that a new determination of rent reasonableness is needed at any time.

PHA Policy

In addition to the instances described above, the PHA will make a determination of rent reasonableness at any time after the initial occupancy period if: (1) the PHA determines that the initial rent reasonableness determination was in error or (2) the PHA determines that the information provided by the owner about the unit or other units on the same premises was incorrect.
LIHTC- and HOME-Assisted Units [24 CFR 982.507(c)]

For units receiving low-income housing tax credits (LIHTCs) or units assisted under HUD’s HOME Investment Partnerships (HOME) Program, a rent comparison with unassisted units is not required if the voucher rent does not exceed the rent for other LIHTC- or HOME-assisted units in the project that are not occupied by families with tenant-based assistance.

For LIHTCs, if the rent requested by the owner does exceed the LIHTC rents for non-voucher families, the PHA must perform a rent comparability study in accordance with program regulations. In such cases, the rent shall not exceed the lesser of: (1) the reasonable rent as determined from the rent comparability study; or (2) the payment standard established by the PHA for the unit size involved.

8-III.C. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires PHAs to take into consideration the factors listed below when determining rent comparability. The PHA may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit.

- Location and age
- Unit size including the number of rooms and square footage of rooms
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise)
- The quality of the units including the quality of the original construction, maintenance and improvements made
- Amenities, services, and utilities included in the rent

Units that Must Not Be Used as Comparables

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program-assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance [Notice PIH 2002-22, Notice PIH 2005-20, and Notice PIH 2011-46].

Note: Notice PIH 2011-46, issued August 17, 2011, provides further guidance on the issue of what constitutes an assisted unit.
Rents Charged for Other Units on the Premises

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include more than 4 units.

By accepting the PHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give the PHA information regarding rents charged for other units on the premises.
8-III.D. PHA RENT REASONABLENESS METHODOLOGY

How Market Data Is Collected

PHA Policy

The Pico Rivera Housing Assistance Agency uses a third party vendor, the EZ-Rent Reasonable Rent Determination (EZ-RRD) system, to obtain the rent comparable data. The pages following this one (8-24 through 8-37) describe the EZ-RRD Reasonable Rent Policy and Procedures.

How Rents Are Determined

PHA Policy

The rent for a unit proposed for HCV assistance will be compared to the Recommended Reasonable Rent and the comparable units in the same market area obtained from the EZ-RRD system. Typically units may be similar, but not exactly like the unit proposed for HCV assistance. The Pico Rivera Housing Assistance Agency will determine the rent based on the Recommended Reasonable Rent and the comparables obtained by the EZ-RRD system to determine the reasonable rent for the HCV unit.

The PHA will notify the owner of the rent the PHA can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. The PHA will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 5 business days of the PHA’s request for information or the owner’s request to submit information. Also see the following EZ-RRD Reasonable Rent Policy and Procedures pages 8-24 through 8-37.
This Reasonable Rent Policy and Procedures is to be added to the Section 8 Housing Choice Voucher Administrative Plan, and includes the following sections.

I. Statement of Compliance
II. Step-by-Step Explanation of Procedures
III. Explanation of Analysis used in the Procedures
IV. Compliance with Fair Housing Regulations
V. Agency Staff Training
VI. Agency’s Interaction with Landlords
VII. Agency-owned Units
VIII. Data Collection of Unassisted Comparable Units
IX. Calculation of the Recommended Reasonable Rent

I. Statement of Compliance with Reasonable Rent Regulations

**Background**

The EZ-Reasonable Rent Determination (EZ-RRD) system is utilized to assist staff to conduct reasonable rent analysis for units to be assisted. The EZ-RRD system was designed to correct long-standing misconceptions and problems about reasonable rent analysis. For example, other systems allow the Agency Analyst to select the comparable units, allowing for possible favoritism, subjectivity and Fair Housing Issues. EZ-RRD automatically selects the best comparable units in the database using consistent and objective methods. Thus, the Agency and U. S. Department of Housing and Urban Development (HUD) are protected from fraud, waste, and mismanagement.

In another example, some systems look for comparable units based only on the same or similar rents. They do not account for differences in the characteristics between the assisted and comparable units. The EZ-RRD system uses the standard deviation method to enable proper comparisons of the unit to be assisted and comparable units with different characteristics, assuring the Agency that an “apples-to-apples” comparison is made.

Agency should always ensure the EZ-RRD database has an adequate number of current comparable units in all communities in which the Participants live as well as communities that may provide Expanded Housing Opportunities. Expanded Housing Opportunities is a HUD term that indicates a geographic area that may offer better housing quality, good public transportation, good schools, close proximity to jobs and services, etc.

This Policy represents a reasonable method per the Section 8 Housing Choice Voucher and SEMAP regulations, as well as the HUD Housing Choice Voucher Program Guidebook. It also represents a common-sense approach according to the HUD SEMAP Confirmatory Review and Reasonable Rent Quality Assurance protocols.
**Timing**

A unit will not be approved until it is determined that the requested rent by the owner/agent is a reasonable rent. The Agency will also determine the reasonable rent before approving any increase in the rent or if there is a five percent (5%) decrease in the published FMR sixty (60) days before the contract anniversary as compared with the FMR in effect one year before the contract anniversary, or if directed by HUD. The agency may elect to re-determine reasonable rent at any other time.

*Compliance with 24 CFR Section 982.507 Rent to Owner: Reasonable Rent and 24 CFR Section 985.3 (b) Reasonable Rent.*

The regulations do not require a specific method to be utilized. The only requirements for comparability at 24 CFR 982.507 (b) is for the Agency to utilize unassisted units as comparable units and to consider all nine characteristics for each determination. Therefore, the reasonable rent system uses only unassisted units for comparable units. It also considers the following characteristics for each determination.

- Location
- Quality
- Size (by # of bedrooms, overall size and # of bathrooms)
- Unit type
- Age of the contract unit
- Amenities
- Housing services
- Maintenance
- Utilities to be provided by the owner

The only requirements for reasonable rent at 24 CFR 985.3 (b) is for the Agency to have and implement a reasonable written method that uses all nine of the above characteristics. This Policy describes the reasonable method herein.

The EZ-Reasonable Rent Determination (EZ-RRD) Report documents implementation of this Policy. This Policy includes an example of this Report.

**II. Step-by-Step Explanation of Procedures**

This section first explains the preparation needed to perform reasonable rent determinations; then it provides the steps to implement the reasonable rent determinations.

*Preparation: Use of Location*

The first step in preparation concerns the location characteristic. Location has the greatest impact on rent. Therefore, this system gives the greatest weight to location.
To define location, the EZ-RRD Analysts divide the Agency’s jurisdiction into three rental market value areas. Each unit to be assisted and each comparable unit is assigned to be in either a high, medium, or low rental market value location. Section III of this Policy provides an explanation of how these rental market values are determined.

**Preparation: Assigning Maximum Value Points to HUD Required Characteristics**

EZ-RRD assigns maximum value points to each HUD required characteristic. These value points represent the economic value for each characteristic. Section III of this Policy provides an explanation of how the value points are determined.

**Value Point Levels Applied to Each Characteristic**

Each characteristic is assigned a value point level. Characteristics with higher levels have more impact on the actual rent. Level V has the highest number of potential value points. Level I have the lowest number of potential points.

Each level has a value point range. The actual number of value points assigned to a characteristic is determined by the description of each characteristic in a particular unit. For example, for the quality characteristic, a unit with high quality will receive more value points than a unit with fair quality. The table below provides value levels and point ranges.
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**Implementation**

Below are step-by-step procedures for performing each reasonable rent determination. These procedures include data entry into the web-based EZ-RRD system and analysis performed by the system.

1. After the Agency Analyst enters the address for the Unit to be Assisted, EZ-RRD provides the Agency Analyst with the option to select the best comparable units by filtering.

If the Agency does not filter, EZ-RRD will select the best comparable units from the database for the Agency’s entire jurisdiction. If the Agency does not find it necessary to filter, the Agency Analyst skips this option.

However, some agencies may have large jurisdictions that are comprised of smaller geographic areas that have significantly different rental market values. These agencies may wish to filter to select the best comparable units only from within a specific smaller geographical area.
If filtering is utilized, a two-step process is required. First, the Agency Analyst selects the Filter Type from a drop-down menu. The Filter Type may be city, state, zip code, census tract, real estate code, neighborhood, custom 1 and custom 2. After selecting the filter type, the Agency Analyst mouse-clicks in the Filter To field. EZ-RRD displays all the filtering options within the selected type. The Agency Analyst then selects the desired option. For example, some agencies may be comprised of several cities with significant rental market value differences. When the Agency Analyst selects filtering by city, all cities with comparable units will be displayed. The Agency Analyst then selects the desired city.

2. The Agency Analyst enters an accurate description of the unit to be assisted for each required characteristic. The Agency is responsible for accurate data input for each characteristic for the unit to be assisted. The Agency is responsible to confirm the accuracy of the data provided by the Landlord for the required characteristics. To ensure that accurate descriptions are entered the definitions for each description are provided on the system under “Help Me Decide” for each characteristic. In addition, these definitions are provided on a laminated guide called EZ-RRD Rent Reasonableness Determination Steps. It is provided in the detailed Reasonable Rent User’s Manual that is provided separate from this Policy.

3. Based on the descriptions entered into the EZ-RRD system, it assigns the appropriate values to each characteristic for the unit to be assisted.

4. EZ-RRD system totals the values of each characteristic for the unit to be assisted to obtain the unit’s Total Value Points.

5. EZ-RRD system analyzes the Total Value Points and descriptions of all characteristics for both the unit to be assisted and the comparable unit database. It locates units with exact points and characteristics to use as comparable units.

6. If there is no exact match, EZ-RRD system will next select comparables based on the database search priorities listed on the following chart.
**Database Search Priorities Chart**

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Exact match on all 9 required characteristics and total value points</td>
</tr>
<tr>
<td>II</td>
<td>Exact match to structure type, location, # of bedrooms, and same or similar total value points for all required characteristics</td>
</tr>
<tr>
<td>III</td>
<td>Exact match to location, # of bedrooms, and same or similar total value points for all required characteristics</td>
</tr>
</tbody>
</table>

Through the above database search process, the three comparable units most similar to the unit to be assisted are selected.

7. EZ-RRD system then populates the Reasonable Rent Determination Report (hereafter called Report) with the characteristic descriptions and total value points for the unit to be assisted and each of the three comparables. See sample Report below.

8. The EZ-RRD System analyzes the data for the Average Rents of Comparables, Average Value of Comparables, Unit to be Assisted Rent and Unit to be Assisted Value factors. Based on this analysis, EZ-RRD calculates the estimated reasonable market rent for the unit to be assisted. On the EZ-Reasonable Rent Determination Report, this figure is called the Recommended Reasonable Rent.

9. On the top of the Report, EZ-RRD displays the following analysis data:
   a. Average Rents of Comparables
   b. Average Value of Comparables
   c. Unit to be Assisted Rent
   d. Unit to be Assisted Value
   e. Recommended Reasonable Rent

10. The Agency Analyst reviews the five factors listed in the analysis data mentioned above. Based on this review, the Agency Analyst makes the final decision concerning reasonable rent. The Agency Analyst compares the Recommended Reasonable Rent figure with the Unit to be Assisted rent figure. Generally, if the Recommended Reasonable Rent figure is equal to or higher than the Unit to be Assisted rent, the Agency Analyst may determine the requested rent to be reasonable. The Agency Analyst may then select “Yes” on the Report, print it, and secure it in the tenant file. EZ-RRD will automatically fill in the Analyst’s name and date of the determination.
Generally, if the Recommended Reasonable Rent figure is less than the Unit to Be Assisted rent, the Agency Analyst may determine the rent is not reasonable. The Agency Analyst may then select “No” on the Report, print it, and secure it in the tenant file. EZ-RRD will automatically fill in the Analyst’s name and date of the determination.

If a Request for a Reasonable Accommodation is made, see Section IV – Compliance with Fair Housing Regulations in this Policy.

Sample Reasonable Rent Determination Report

A sample Reasonable Rent Determination Report is provided below. The Value Point level and the actual value assigned to each characteristic in this sample are also provided.

As needed an optional Reasonable Rent Determination Standard Deviation Adjusted Report showing standard deviation comparisons may be used. This optional report illustrates the results of standard deviation calculations for the characteristics of unit size, unit type, quality, and age if needed.
### For illustration purposes only
Red lettering does not appear on system-generated reports. Used here to illustrate values assigned.

#### EZ-Reasonable Rent Determination Report

**Analysis Data:**
- Average Rent of Comparables: **$1,289.67**
- Average Value of Comparables: 47
- Unit To Be Assisted Rent: **$900.00**
- Unit To Be Assisted Value: 47

**Recommended Reasonable Rent:**
- **$1,289.67**
- The analysis of the above data shows the requested rent for the unit to be assisted to be reasonable?
- Yes

If YES above, the Requested Rent is reasonable.

**Staff Person Name**
- Date

<table>
<thead>
<tr>
<th>Unit To Be Assisted</th>
<th>Comp 1</th>
<th>Comp 2</th>
<th>Comp 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Address</td>
<td>Address</td>
<td>Address</td>
</tr>
<tr>
<td>123 Test Avenue</td>
<td>4232 Crumley Way</td>
<td>9381 Amethyst Way</td>
<td>918 Terrace Lane</td>
</tr>
<tr>
<td>Any City, TX 75234</td>
<td>Anytown, TX 75204</td>
<td>Anytown, TX 75204</td>
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<td>User Defined</td>
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<td>Census Tract</td>
<td>Census Tract</td>
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<tr>
<td>74.06</td>
<td>63.08</td>
<td>65.03</td>
<td></td>
</tr>
<tr>
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<td>Location **</td>
<td>Location **</td>
<td>Location **</td>
</tr>
<tr>
<td>Low Rent Area Level V-15</td>
<td>Low Rent Area Level V-15</td>
<td>Low Rent Area Level V-15</td>
<td>Low Rent Area Level V-15</td>
</tr>
<tr>
<td>Unit Size **</td>
<td>Unit Size **</td>
<td>Unit Size **</td>
<td>Unit Size **</td>
</tr>
<tr>
<td>Medium Level III-8</td>
<td>Medium Level III-8</td>
<td>Medium Level III-8</td>
<td>Medium Level III-8</td>
</tr>
<tr>
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<td>Unit Type **</td>
<td>Unit Type **</td>
<td>Unit Type **</td>
</tr>
<tr>
<td>Quality **</td>
<td>Quality **</td>
<td>Quality **</td>
<td>Quality **</td>
</tr>
<tr>
<td>Fair Level IV-14</td>
<td>Good Level IV-14</td>
<td>Good Level IV-14</td>
<td>Good Level IV-14</td>
</tr>
<tr>
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<td>6-20 Years Level II-8</td>
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</tr>
<tr>
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<td>Amenities **</td>
<td>Amenities **</td>
<td>Amenities **</td>
</tr>
<tr>
<td>Cable/Internet ready, Covered and/or Off-street Parking, Hardwood Floors, Range, Refrigerator, Washer/Dryer Hookups Level II-8</td>
<td>Cable/Internet ready, Carpeting, Central A/C Unit, Covered and/or Off-street Parking, Dishwasher, Washer/Dryer Hookups, Other: Garage Level II-8</td>
<td>Cable/Internet ready, Ceiling Fan, Central A/C Unit, Covered and/or Off-street Parking, Dishwasher, Garbage Disposal, Laundry Facilities, Range, Washer/Dryer Hookups, Working Fireplace, Other: Garage Level II-3</td>
<td>Cable/Internet ready, Carpeting, Central A/C Unit, Covered and/or Off-street Parking, Dishwasher, Range, Washer/Dryer Hookups, Other: Garage Level II-3</td>
</tr>
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<td>Housing Services **</td>
</tr>
<tr>
<td>No Services Level I-0</td>
<td>No Services Level I-0</td>
<td>No Services Level I-0</td>
<td>No Services Level I-0</td>
</tr>
<tr>
<td>Maintenance ** Level I-0</td>
<td>Maintenance ** Level I-0</td>
<td>Maintenance ** Level I-0</td>
<td>Maintenance ** Level I-0</td>
</tr>
<tr>
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<td>Owner Provides Offsite Maintenance</td>
<td>Owner Provides Offsite Maintenance</td>
<td>Owner Provides Offsite Maintenance</td>
</tr>
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<td>Paid Utilities ** Level IV-0</td>
<td>Paid Utilities ** Level IV-0</td>
</tr>
<tr>
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<tr>
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</tr>
<tr>
<td>3 Bedrooms</td>
<td>3 Bedrooms</td>
<td>3 Bedrooms</td>
<td>3 Bedrooms</td>
</tr>
<tr>
<td>Bathrooms ** Level II-4</td>
<td>Bathrooms ** Level II-4</td>
<td>Bathrooms ** Level II-4</td>
<td>Bathrooms ** Level II-4</td>
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<td>2 Bathrooms</td>
<td>2 Bathrooms</td>
<td>2 Bathrooms</td>
</tr>
<tr>
<td>Requested Rent</td>
<td>COL Rent</td>
<td>COL Rent</td>
<td>COL Rent</td>
</tr>
<tr>
<td>$900.00</td>
<td>$1,327.00</td>
<td>$1,265.00</td>
<td>$1,274.00</td>
</tr>
<tr>
<td>Value</td>
<td>Value</td>
<td>Value</td>
<td>Value</td>
</tr>
<tr>
<td>47</td>
<td>47</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>Date of Data</td>
<td>Date of Data</td>
<td>Date of Data</td>
<td>Date of Data</td>
</tr>
<tr>
<td>11/16/2015</td>
<td>12/01/2015</td>
<td>11/15/2015</td>
<td>09/07/2015</td>
</tr>
</tbody>
</table>

Although the EZ-Reasonable Rent Determination system is an aid to provide data and analysis, the Agency is solely responsible for the reasonable rent determination herein.

**Required in accordance with 24CFR§885.3(b)(3)(A)**

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III. Explanation of Types of Analysis used in the Procedures

The EZ-RRD system uses three basic methods of analysis. They are determining high, medium, and low Rental Market Value Areas, Assigning Value Points to Characteristics, and Standard Deviation calculation.

Determining High, Medium, and Low Rental Market Value Areas

High, medium, and low rental areas, or submarkets within the Agency’s jurisdiction, are determined through a process called Value of the Unit’s Location. EZ-RRD Analysts perform extensive economic research. This research identifies the value of rental property in all areas of the Agency’s jurisdiction. This research entails examining many factors that affect property values and rental values within each submarket. These factors include but are not limited to census tract income levels, percent of population above or below poverty, median family income, renter occupied units, owner occupied units, percent of vacant units, median house age, crime statistics, public transportation, population impaction, community parks and other amenities, hospitals, airports, recreational facilities, waterfront access, recent real estate developments, etc.

These factors are used to evaluate the comparable unit or the unit to be assisted as well as the immediate three to four block area surrounding each comparable unit and unit to be assisted to assign a high, medium, or low rental market value rating to each comparable unit and each unit to be assisted.

The high rental market value area consists of luxury communities in the most favorable locations. These communities are usually newer construction and may have additional community/association amenities such as recreational facilities or be on a waterfront. Individual properties may include state-of-the-art systems, modern appliances, and/or superior quality finishes.

A medium rental market value area is considered an average neighborhood or intermediate community. These areas are slightly less favorable than the luxury areas. These communities may include newer, larger homes and may include quality finishes. These areas may have additional amenities such as a fitness center, swimming pool, and recreational courts. Properties would contain adequate systems and appliances.

The lower rental market value area is a below average neighborhood, ranging from minimal to depleted or impoverished areas. Minimal communities often include older, smaller homes in good condition (that would be considered starter homes if being purchased). They may also include buildings in poor condition that have been abandoned or vandalized. These neighborhoods may have community parks and swimming pools.

Assigning Value Points to Characteristics

The value for each characteristic is based upon the economic research for the Agency’s jurisdiction described above. In addition, it is based on several years of rental market research using an enormous, national, unassisted rental market unit sampling. Each HUD required characteristic was individually analyzed to represent its contribution accurately to the unit’s total rental value. The specific values used are proprietary and cannot be disclosed.
For example, the Agency gives the highest weight to location. Higher weights are also
given to utilities paid for by the landlord, quality, and unit type. The lowest values are given
to maintenance and services.

The value points for each characteristic are added for each unit to become the Total Value
Point rating. This rating represents the unit’s actual rental value. The Total Value Points
for the unit to be assisted are compared with the Average Total Value Points for the three
comparable units during the reasonable rent determination process. This process is
illustrated on the sample Reasonable Rent Report provided above.

This methodology is also supported by the Housing Choice Voucher Program HUD
Guidebook. This Guidebook refers to the Point and Dollars per Feature System.

**Standard Deviation Calculations**

The EZ-RRD system uses the standard deviation procedure to compare differing
characteristics between the unit to be assisted and the comparable units. Standard Deviation
uses the value points assigned to each characteristic to calculate the appropriate rent for
units having different characteristics. The following examples illustrate how the EZ- RRD
system applies the standard deviation calculation.

1. The high-quality characteristic has a value of 16 points. The fair quality characteristic
   has a value of 13 points, a 19% difference (16 - 13 = 3 point difference; 3 points ÷ 16
   points = 19%). If the other characteristics are the same and if the high-quality unit
   rents for $1,000, the fair quality unit should rent at $810.00 or 19% less.

2. The single-family structure type characteristic has a value of 18 points. The
   garden/walkup structure type characteristic receives 15 points or 17% less. If the
   other characteristics are the same, and the single-family unit rents for $1,200.00, the
   garden/walkup unit should rent for $996.00, or 17% less.

The above calculation is made for each characteristic with different descriptions during
each reasonable rent determination. The results of these standard deviation calculations
are presented in the Total Value Points. For example, using the sample Reasonable Rent
Determination above, the following Total Value Points and rents were listed:

- Average Total Value Points of Comparables: 78
- Average Rents of Comparables: $738.00
- Total Value Points of Assisted Unit: 78
- Requested Rent of Assisted Unit: $925.00

After applying the standard deviation calculations, this system determined that the average
comparable units and the unit to be assisted had the same total value. As the requested rent for
the unit to be assisted unit is higher than the average of the comparable units, the requested rent is not reasonable.

This method is described in the HUD HCVP Guidebook, pages 9 to 10. It states the Analyst may need to review the database for (a) same number of bedrooms and building type but in a broader geographic location or (b) have the same number of bedrooms, are in the same geographic location, but are in other types of buildings. In addition, the HUD HCVP Guidebook provides the following example:

The proposed program unit is located in geographic Area A, has three bedrooms, and is a garden apartment. The proposed rent is $1,220.00. There are no other garden apartments in Area A in the database. If there are other garden apartments in Area A, the analyst might try to obtain information about them. However, if there are no other garden apartments in Area A, then the analyst might look at 3-bedroom single family homes in Area A and compare them with information on both garden apartments and single family homes in nearby Area B. The information found (all rents are gross rents) is:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Area A</th>
<th>Area B</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-bedroom garden apartment</td>
<td>(None)</td>
<td>$1,400.00</td>
</tr>
<tr>
<td>3-bedroom single family home</td>
<td>$1,400.00</td>
<td>$1,600.00</td>
</tr>
</tbody>
</table>

The single family homes in Area B (that are similar to those in the database for Area A) are about 14 percent higher than garden apartments in Area B. If one estimates a rent for a garden apartment in Area A is 14 percent below that of the single family homes in Area A the result is $1,228.00. Assuming the other factors for comparison are generally equal, this should provide one indication that the proposed rent is comparable.
IV. Compliance with Fair Housing Regulations

The Agency will ensure the reasonable rent determination process is not utilized to violate anyone’s fair housing rights. To accommodate a request for a reasonable accommodation, the Agency recognizes the Fair Housing regulations are more strict than the reasonable rent regulations. Therefore, the fair housing regulations will take precedence.

A participant may make a request for a reasonable accommodation when the EZ-RRD Report shows the rent is not reasonable or when the rent is so high the Participant would pay more than 40% of their monthly adjusted income toward the rent (24 CFR Part 982.508 – Maximum Family Share at Initial Occupancy). The Agency will take reasonable internal and external administrative remedies to grant regulatorily acceptable requests for a reasonable accommodation when said requests are received.

Internal administrative remedies are efforts completely within the Agency’s control. As needed, the internal administrative remedies described below will be considered.

As a reasonable accommodation, the Agency may give a higher rating to four of the required reasonable rent characteristics as described below. These higher ratings may result in a higher total value of the unit to be assisted, and thus enables the EZ-RRD software to identify comparable units that may justify a higher rent.

Concerning the location characteristic, the staff should review the definitions for the rental market value area to be sure the most accurate rental market value area is being considered for the unit to be assisted.

Concerning the quality characteristic, the Agency may give a unit with features that address a specific disability an “Excellent” quality rating.

Concerning the amenities characteristic, the actual features that address a disability are considered amenities. The Agency may select the “Handicap Accessible” amenity and add one additional amenity in “Other.”

Concerning the landlord provided services characteristic, if the unit has services that aid people with disabilities, such as transportation, extra security, meals and package handling, the Agency can select “Landlord Provided Services.”

When the request for a reasonable accommodation concerns the 40% of the Monthly Adjusted Income (MAI) rule, the Agency may consider the internal administrative remedy of using a payment standard of 120% of the Fair Market Rent for the specific unit and participant in question (24 CFR 982.503 b. (1.) (v.). The Agency does not need HUD approval for this action. The higher payment standard may bring the tenant’s rent share to under 40% of MAI thus allowing the Agency to approve the requested rent.
External administrative remedies involve efforts by the Agency and HUD. If the requested gross rent for a unit at initial occupancy exceeds the payment standard, and the tenant would pay more than 40% of their monthly adjusted income for rent, the Agency may request a waiver from HUD for the regulation at 24 CFR Part 982.508 – Maximum Family Share at Initial Occupancy. The waiver request would be to allow the family to pay more than 40% of their monthly adjusted income for rent.

As needed, another external administrative remedy the Agency will consider is to request a waiver from HUD from the regulation at 24 CFR Part 982.507 Rent to Owner’s Reasonable Rent. This waiver request would be to approve the rent for the unit in question even though it is not reasonable. (This section subject to change if cited regulations are changed or updated.)

V. Agency Staff Training

As new analysts and new supervisors are appointed, they will undergo training concerning the reasonable rent requirements and the EZ-RRD system. This training will include a review of:

- 24 CFR Section 982.507 Rent to Owner: Reasonable Rent
- 24 CFR Section 985.3 (b) Reasonable Rent
- HUD Housing Choice Voucher Program Guidebook Chapter 9
- Reasonable Rent Policy
- EZ-RRD Procedures

The Analyst performing reasonable rent determinations will demonstrate proficiency for correctly performing the reasonable rent determination.

VI. Agency Interaction with Landlords

Owner/Agent Relations

The owner/agent will be advised by accepting each monthly housing assistant payment he/she will be certifying that:

- The Rent to Owner is not more than rent charged by the owner/agent for comparable unassisted units in the premises.
- The assisted family is currently occupying the unit and the assisted family is not in violation of lease obligations.

Owner/Agency Negotiations

If owners object to the approved rent, they may submit all HUD required comparable data for at least three unassisted units. The data will be confirmed by the Agency and added to the existing comparable units database. The Agency will then run a new determination.
VII. Agency-Owned Units

Local government or independent entities (approved by HUD) must perform rent reasonableness determinations for Agency owned units leased by voucher holders. In these cases, the following arrangements may be made:

- The Authority may pay expenses associated with this service.
- The Authority may use administrative fee income to compensate the independent agencies for their services.
- The family cannot be charged for these services.

VIII. Data Collection of Unassisted Comparable Units

Data for comparable units may be collected from the following sources:

- Onsite visits
- Real estate, Landlord/real estate investor groups, property managers
- Any publication with real estate ads
- Available Census Reports for the most recent years
- Various Internet sources
- Multiple Listing Service
- Newspaper ads followed by owner/agent interviews
- Owner/agent questionnaires
- Apartment and home rental guides
- Fair Housing groups
- Government sources
- Other method

IX. Calculation of the Recommended Reasonable Rent

The EZ-RRD System automatically calculates the Recommended Reasonable Rent figure and prints that figure on the EZ-Reasonable Rent Determination Report (RRD). The Recommended Rent figure is determined through two automated calculations. First, the Average Rents of Comparables is divided by the Average Value of Comparables to obtain the average dollar value per value point of the comparable units. Second, this average dollar values is multiplied by the unit to be assisted value points to obtain the recommended rent.

The staff person performing the RRD compares the Recommended Reasonable Rent figure with the Unit to be Assisted Rent figure. If the recommended rent is equal or higher than the unit to be assisted rent, the requested rent is reasonable. The staff person marks “YES” on the RRD.

If the Recommended Rent is lower than the Unit to be Assisted rent, the request rent is not reasonable. The staff checks “NO” on the RRD and follows the process for unreasonable rent requests.
EXHIBIT 8-1: OVERVIEW OF HUD HOUSING QUALITY STANDARDS

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- 24 CFR 982.401, Housing Quality Standards (HQS)
- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Sanitary Facilities
The dwelling unit must include sanitary facilities within the unit. The sanitary facilities must be usable in privacy and must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.

Food Preparation and Refuse Disposal
The dwelling unit must have space and equipment suitable for the family to store, prepare, and serve food in a sanitary manner.

Space and Security
The dwelling unit must provide adequate space and security for the family. This includes having at least one bedroom or living/sleeping room for each two persons.

Thermal Environment
The unit must have a safe system for heating the dwelling unit. Air conditioning is not required but if provided must be in proper operating condition. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

Illumination and Electricity
Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. Minimum standards are set for different types of rooms. Once the minimum standards are met, the number, type and location of electrical sources are a matter of tenant preference.

Structure and Materials
The dwelling unit must be structurally sound. Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches or more off the ground. The elevator servicing the unit must be working [if there is one]. Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.
**Interior Air Quality**

The dwelling unit must be free of air pollutant levels that threaten the occupants’ health. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one openable window or other adequate ventilation. Any sleeping room must have at least one window. If a window was designed to be opened, it must be in proper working order.

**Water Supply**

The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination. Plumbing fixtures and pipes must be free of leaks and threats to health and safety.

**Lead-Based Paint**

Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero bedroom dwellings. Owners must:

- Disclose known lead-based paint hazards to prospective tenants before the lease is signed,
- provide all prospective families with "Protect Your Family from Lead in Your Home",
- Stabilize deteriorated painted surfaces and conduct hazard reduction activities within 30 days when identified by the PHA
- Notify tenants each time such an activity is performed
- Conduct all work in accordance with HUD safe practices
- As part of ongoing maintenance ask each family to report deteriorated paint
- Maintain covered housing without deteriorated paint if there is child under six in the family

For units occupied by elevated blood lead level (lead poisoned) children under six years of age, an environmental investigation must be conducted (paid for by the PHA). If lead hazards are identified during the environmental investigation, the owner must complete hazard reduction activities within 30 days.

See HCV GB p. 10-15 for a detailed description of these requirements. For additional information on lead-based paint requirements see 24 CFR 35, Subparts A, B, M, and R.

**Access**

Use and maintenance of the unit must be possible without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire.

**Site and Neighborhood**

The site and neighborhood must be reasonably free from disturbing noises and reverberations, excessive trash or vermin, or other dangers to the health, safety, and general welfare of the occupants.
Sanitary Condition
The dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.

Smoke Detectors
Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any person with a hearing impairment, smoke detectors must have an appropriate alarm system as specified in NFPA 74 (or successor standards).

Hazards and Heath/Safety
The unit, interior and exterior common areas accessible to the family, the site, and the surrounding neighborhood must be free of hazards to the family's health and safety.
Note: This document provides an overview of unit and site characteristics and conditions for which the family determines acceptability. For more detailed information see the following documents:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Provided the minimum housing quality standards have been met, HUD permits the family to determine whether the unit is acceptable with regard to the following characteristics.

- **Sanitary Facilities.** The family may determine the adequacy of the cosmetic condition and quality of the sanitary facilities, including the size of the lavatory, tub, or shower; the location of the sanitary facilities within the unit; and the adequacy of the water heater.

- **Food Preparation and Refuse Disposal.** The family selects size and type of equipment it finds acceptable. When the family is responsible for supplying cooking appliances, the family may choose to use a microwave oven in place of a conventional oven, stove, or range. When the owner is responsible for providing cooking appliances, the owner may offer a microwave oven in place of an oven, stove, or range only if other subsidized and unsubsidized units on the premises are furnished with microwave ovens only. The adequacy of the amount and type of storage space, the cosmetic conditions of all equipment, and the size and location of the kitchen are all determined by the family.

- **Space and Security.** The family may determine the adequacy of room sizes and room locations.

- **Energy conservation items.** The family may determine whether the amount of insulation, presence of absence of storm doors and windows and other energy conservation items are acceptable.

- **Illumination and Electricity.** The family may determine whether the location and the number of outlets and fixtures (over and above those required to meet HQS standards) are acceptable or if the amount
- **Structure and Materials.** Families may determine whether minor defects, such as lack of paint, or worn flooring or carpeting will affect the livability of the unit.

- **Indoor Air.** Families may determine whether window and door screens, filters, fans, or other devices for proper ventilation are adequate to meet the family’s needs. However, if screens are present they must be in good condition.

- **Sanitary Conditions.** The family determines whether the sanitary conditions in the unit, including minor infestations, are acceptable.

- **Neighborhood conditions.** Families may determine whether neighborhood conditions such as the presence of drug activity, commercial enterprises, and convenience to shopping will affect the livability of the unit.

Families have no discretion with respect to lead-based paint standards and smoke detectors.
Chapter 9

GENERAL LEASING POLICIES

INTRODUCTION

Chapter 9 covers the lease-up process from the family's submission of a Request for Tenancy Approval to execution of the HAP contract.

In order for the PHA to assist a family in a particular dwelling unit, or execute a Housing Assistance Payments (HAP) contract with the owner of a dwelling unit, the PHA must determine that all the following program requirements are met:

- The unit itself must qualify as an eligible unit [24 CFR 982.305(a)]
- The unit must be inspected by the PHA and meet the Housing Quality Standards (HQS) [24 CFR 982.305(a)]
- The lease offered by the owner must be approvable and must include the required Tenancy Addendum [24 CFR 982.305(a)]
- The rent to be charged by the owner for the unit must be reasonable [24 CFR 982.305(a)]
- The owner must be an eligible owner, approvable by the PHA, with no conflicts of interest [24 CFR 982.306]
- For families initially leasing a unit only: Where the gross rent of the unit exceeds the applicable payment standard for the family, the share of rent to be paid by the family cannot exceed 40 percent of the family’s monthly adjusted income [24 CFR 982.305(a)]
9-I.A. TENANT SCREENING

The PHA has no liability or responsibility to the owner or other persons for the family’s behavior or suitability for tenancy [24 CFR 982.307(a)(1)].

The PHA may elect to screen applicants for family behavior or suitability for tenancy. See Chapter 3 for a discussion of the PHA’s policies with regard to screening applicant families for program eligibility [24 CFR 982.307(a)(1)].

The owner is responsible for screening and selection of the family to occupy the owner's unit. At or before PHA approval of the tenancy, the PHA must inform the owner that screening and selection for tenancy is the responsibility of the owner [24 CFR 982.307(a)(2)]. The PHA must also inform the owner or manager or their responsibility to comply with VAWA. [Pub.L. 109-162]

The PHA must provide the owner with the family's current and prior address (as shown in the PHA records); and the name and address (if known to the PHA) of the landlord at the family's current and prior address. [24 CFR 982.307 (b)(1)].

The PHA is permitted, but not required, to offer the owner other information in the PHA’s possession about the family’s tenancy [24 CFR 982.307(b)(2)].

The PHA’s policy on providing information to the owner must be included in the family’s briefing packet [24 CFR 982.307(b)(3)].

PHA Policy

The Pico Rivera Housing Agency will not screen applicants for family behavior or suitability for tenancy. The Pico Rivera Housing Agency will not provide additional screening information to the owner.
9-I.B. REQUESTING TENANCY APPROVAL [Form HUD-52517]

After the family is issued a voucher, the family must locate an eligible unit, with an owner or landlord willing to participate in the voucher program. Once a family finds a suitable unit and the owner is willing to lease the unit under the program, the owner and the family must request the PHA to approve the assisted tenancy in the selected unit.

The owner and the family must submit two documents to the PHA:

- Completed Request for Tenancy Approval (RTA) – Form HUD-52517
- Copy of the proposed lease, including the HUD-prescribed Tenancy Addendum – Form HUD-52641-A

The RTA contains important information about the rental unit selected by the family, including the unit address, number of bedrooms, structure type, year constructed, utilities included in the rent, and the requested beginning date of the lease, necessary for the PHA to determine whether to approve the assisted tenancy in this unit.

Owners must certify to the most recent amount of rent charged for the unit and provide an explanation for any difference between the prior rent and the proposed rent.

Owners must certify that they are not the parent, child, grandparent, grandchild, sister or brother of any member of the family, unless the PHA has granted a request for reasonable accommodation for a person with disabilities who is a member of the tenant household.

For units constructed prior to 1978, owners must either 1) certify that the unit, common areas, and exterior have been found to be free of lead-based paint by a certified inspector; or 2) attach a lead-based paint disclosure statement.

Both the RTA and the proposed lease must be submitted no later than the expiration date stated on the voucher. [HCV GB p.8-15].

PHA Policy
The RFTA must be signed by both the family and the owner.

Completed RFTA (including the proposed dwelling lease) must be submitted as hard copies in-person at the time of the scheduled appointment.

The family may not submit, and the Pico Rivera Housing Agency will not process, more than one (1) RFTA at a time.

When the family submits the RFTA the Pico Rivera Housing Agency will review the RFTA for completeness.

If the RFTA is incomplete (including lack of signature by family, owner, or both), or if the dwelling lease is not submitted with the RFTA, the Pico Rivera Housing Agency will notify the family and the owner of the deficiencies.

The RFTA will not be accepted until missing information and/or missing documents are approved. Missing information and/or missing documents will only be accepted as hard copies in-person. The PHA will not accept missing information over the phone.
When the family submits the RFTA and proposed lease, the PHA will also review the terms of the RFTA for consistency with the terms of the proposed lease.

If the terms of the RFTA are not consistent with the terms of the proposed lease, the PHA will notify the family and the owner of the discrepancies.

Corrections to the terms of the RFTA and/or the proposed lease will only be accepted as hard copies in-person. The PHA will not accept corrections by phone.

9-I.C. OWNER PARTICIPATION

The PHA does not formally approve an owner to participate in the HCV program. However, there are a number of criteria where the PHA may deny approval of an assisted tenancy based on past owner behavior, conflict of interest, or other owner-related issues. No owner has a right to participate in the HCV program [24 CFR 982.306(e)]

See Chapter 13 for a full discussion of owner qualification to participate in the HCV program.
9-I.D. ELIGIBLE UNITS

There are a number of criteria that a dwelling unit must meet in order to be eligible for assistance under the voucher program. Generally, a voucher-holder family may choose any available rental dwelling unit on the market in the PHA’s jurisdiction. This includes the dwelling unit they are currently occupying.

Ineligible Units [24 CFR 982.352(a)]

The PHA may not assist a unit under the voucher program if the unit is a public housing or Indian housing unit; a unit receiving project-based assistance under section 8 of the 1937 Act (42 U.S.C. 1437f); nursing homes, board and care homes, or facilities providing continual psychiatric, medical, or nursing services; college or other school dormitories; units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions; a unit occupied by its owner or by a person with any interest in the unit.

PHA-Owned Units [24 CFR 982.352(b)]

Otherwise eligible units that are owned or substantially controlled by the PHA issuing the voucher may also be leased in the voucher program. In order for a PHA-owned unit to be leased under the voucher program, the unit must not be ineligible housing and the PHA must inform the family, both orally and in writing, that the family has the right to select any eligible unit available for lease and that the family is free to select a PHA-owned unit without any pressure or steering by the PHA.

PHA Policy

The Pico Rivera Housing Agency does not have any eligible PHA-owned units available for leasing under the Housing Choice Voucher Program.

Special Housing Types [24 CFR 982 Subpart M]

HUD regulations permit, but do not generally require, the PHA to permit families to use voucher assistance in a number of special housing types in accordance with the specific requirements applicable to those programs. These special housing types include single room occupancy (SRO) housing, congregate housing, group home, shared housing, manufactured home space (where the family owns the manufactured home and leases only the space), cooperative housing and homeownership option. See Chapter 15 for specific information and policies on any of these housing types that the PHA has chosen to allow.

The regulations do require the PHA to permit use of any special housing type if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.
Duplicative Assistance [24 CFR 982.352(c)]

A family may not receive the benefit of HCV tenant-based assistance while receiving the benefit of any of the following forms of other housing subsidy, for the same unit or for a different unit:

- Public or Indian housing assistance;
- Other Section 8 assistance (including other tenant-based assistance);
- Assistance under former Section 23 of the United States Housing Act of 1937 (before amendment by the Housing and Community Development Act of 1974);
- Section 101 rent supplements;
- Section 236 rental assistance payments;
- Tenant-based assistance under the HOME Program;
- Rental assistance payments under Section 521 of the Housing Act of 1949 (a program of the Rural Development Administration);
- Any local or State rent subsidy;
- Section 202 supportive housing for the elderly;
- Section 811 supportive housing for persons with disabilities; (11) Section 202 projects for non-elderly persons with disabilities (Section 162 assistance); or
- Any other duplicative federal, State, or local housing subsidy, as determined by HUD. For this purpose, 'housing subsidy' does not include the housing component of a welfare payment, a social security payment received by the family, or a rent reduction because of a tax credit.

Housing Quality Standards (HQS) [24 CFR 982.305 and 24 CFR 982.401]

In order to be eligible, the dwelling unit must be in decent, safe and sanitary condition. This determination is made using HUD’s Housing Quality Standards (HQS) and/or equivalent state or local standards approved by HUD. See Chapter 8 for a full discussion of the HQS standards, as well as the process for HQS inspection at initial lease-up.
**Unit Size**

In order to be eligible, the dwelling unit must be appropriate for the number of persons in the household. A family must be allowed to lease an otherwise acceptable dwelling unit with fewer bedrooms than the number of bedrooms stated on the voucher issued to the family, provided the unit meets the applicable HQS space requirements [24 CFR 982.402(d)]. The family must be allowed to lease an otherwise acceptable dwelling unit with more bedrooms than the number of bedrooms stated on the voucher issued to the family. See Chapter 5 for a full discussion of subsidy standards.

**Rent Reasonableness [24 CFR 982.305 and 24 CFR 982.507]**

In order to be eligible, the dwelling unit must have a reasonable rent. The rent must be reasonable in relation to comparable unassisted units in the area and must not be in excess of rents charged by the owner for comparable, unassisted units on the premises. See Chapter 8 for a full discussion of rent reasonableness and the rent reasonableness determination process.

**Rent Burden [24 CFR 982.508]**

Where a family is initially leasing a unit and the gross rent of the unit exceeds the applicable payment standard for the family, the dwelling unit rent must be at a level where the family’s share of rent does not exceed 40 percent of the family’s monthly adjusted income. See Chapter 6 for a discussion of calculation of gross rent, the use of payment standards, and calculation of family income, family share of rent and HAP.
9-I.E. LEASE AND TENANCY ADDENDUM

The family and the owner must execute and enter into a written dwelling lease for the assisted unit. This written lease is a contract between the tenant family and the owner; the PHA is not a party to this contract.

The tenant must have legal capacity to enter a lease under State and local law. 'Legal capacity' means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner [24 CFR 982.308(a)]

Lease Form and Tenancy Addendum [24 CFR 982.308]

If the owner uses a standard lease form for rental to unassisted tenants in the locality or the premises, the lease must be in such standard form. If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease. The HAP contract prescribed by HUD contains the owner's certification that if the owner uses a standard lease form for rental to unassisted tenants, the lease is in such standard form.

All provisions in the HUD-required Tenancy Addendum must also be added word-for-word to the owner's standard lease form, for use with the assisted family. The Tenancy Addendum includes the tenancy requirements for the program and the composition of the household as approved by the PHA. As a part of the lease, the tenant shall have the right to enforce the Tenancy Addendum against the owner and the terms of the Tenancy Addendum shall prevail over any other provisions of the lease.

PHA Policy

The Pico Rivera Housing Agency does not provide a model or standard dwelling lease for owners to use in the HCV program.

Lease Information [24 CFR 982.308(d)]

The assisted dwelling lease must contain all of the required information as listed below:

- The names of the owner and the tenant:
- The unit rented (address, apartment number, and any other information needed to identify the contract unit)
- The term of the lease (initial term and any provisions for renewal)
- The amount of the monthly rent to owner
- A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family
Term of Assisted Tenancy

The HUD program regulations permit the PHA to approve a shorter initial lease term if certain conditions are met.

**PHA Policy**

The Pico Rivera Housing Agency will approve an initial lease term of less than one (1) year as to improve housing opportunities for the tenant. The initial term of the lease is stated in the HAP contract.

During the initial term of the lease, the owner may not raise the rent to owner [24 CFR 982.309]. Any provisions for renewal of the dwelling lease will be stated in the dwelling lease [HCV Guidebook, pg. 8-22]. There are no HUD requirements regarding any renewal extension terms, except that they must be in the dwelling lease if they exist.

The PHA may execute the HAP contract even if there is less than one year remaining from the beginning of the initial lease term to the end of the last expiring funding increment under the consolidated ACC. [24 CFR 982.309(b)].

**Security Deposit [24 CFR 982.313 (a) and (b)]**

The owner may collect a security deposit from the tenant. The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants. However, if the PHA chooses to do so, language to this effect must be added to Part A of the HAP contract [Form HUD-52641].

**PHA Policy**

The Pico Rivera Housing Agency will allow the owner to collect any security deposit amount the owner determines is appropriate. Therefore, no modifications to the HAP contract will be necessary.
Separate Non-Lease Agreements between Owner and Tenant

Owners may not demand or accept any rent payment from the family in excess of the rent to the owner minus the PHA’s housing assistance payments to the owner [24 CFR 982.451(b)(4)].

The owner may not charge the tenant extra amounts for items customarily included in rent in the locality, or provided at no additional cost to unsubsidized tenants in the premises [24 CFR 982.510(c)].

PHA Policy

The Pico Rivera Housing Agency permits owners and families to execute separate, non-lease agreements for services, appliances (other than range and refrigerator) and other items that are not included in the lease.

Any items, appliances, or other services that are customarily provided to unassisted families as part of the dwelling lease with those families, or are permanently installed in the dwelling unit must be included in the dwelling lease for the assisted family. These items, appliances or services cannot be placed under a separate non-lease agreement between the owner and family. Side payments for additional rent, or for items, appliances or services customarily provided to unassisted families as part of the dwelling lease for those families, are prohibited.

Any items, appliances, or other services that are not customarily provided to unassisted families as part of the dwelling lease with those families, are not permanently installed in the dwelling unit and where the family has the sole option of not utilizing the item, appliance or service, may be included in a separate non-lease agreement between the owner and the family.

The family is not liable and cannot be held responsible under the terms of the assisted dwelling lease for any charges pursuant to a separate non-lease agreement between the owner and the family. Non-payment of any charges pursuant to a separate non-lease agreement between the owner and the family cannot be a cause for eviction or termination of tenancy under the terms of the assisted dwelling lease.

Separate non-lease agreements that involve additional items, appliances or other services may be considered amenities offered by the owner and may be taken into consideration when determining the reasonableness of the rent for the property.
**PHA Review of Lease**

The PHA will review the dwelling lease for compliance with all applicable requirements.

**PHA Policy**

If the dwelling lease is incomplete or incorrect, the Pico Rivera Housing Agency will notify the family and the owner of the deficiencies. Missing and corrected lease information will only be accepted as hard copies in-person. The Pico Rivera Housing Agency will not accept missing and corrected information over the phone.

The PHA is permitted, but is not required, to review the lease to determine if the lease complies with State and local law and is permitted to decline to approve the tenancy if the PHA determines that the lease does not comply with State or local law [24 CFR 982.308(c)]

**PHA Policy**

The Pico Rivera Housing Agency will **not** review the owner’s lease for compliance with state/local law.
9-I.F. TENANCY APPROVAL [24 CFR 982.305]

After receiving the family's Request for Tenancy Approval, with proposed dwelling lease, the PHA must promptly notify the family and owner whether the assisted tenancy is approved.

Prior to approving the assisted tenancy and execution of a HAP contract, the PHA must ensure that all required actions and determinations, discussed in Part I of this chapter have been completed.

These actions include ensuring that the unit is eligible; the unit has been inspected by the PHA and meets the Housing Quality Standards (HQS); the lease offered by the owner is approvable and includes the required Tenancy Addendum; the rent to be charged by the owner for the unit must be reasonable; where the family is initially leasing a unit and the gross rent of the unit exceeds the applicable payment standard for the family, the share of rent to be paid by the family does not exceed 40 percent of the family’s monthly adjusted income [24 CFR 982.305(a)]; the owner is an eligible owner, not disapproved by the PHA, with no conflicts of interest [24 CFR 982.306]; the family and the owner have executed the lease, including the Tenancy Addendum, and the lead-based paint disclosure information [24 CFR 982.305(b)].

PHA Policy

The Pico Rivera Housing Agency will complete its determination within 10 business days of receiving all required information.

If the terms of the RFTA/proposed lease are changed for any reason, including but not limited to negotiation with the Pico Rivera Housing Agency, the Pico Rivera Housing Agency will obtain corrected copies of the RFTA and proposed lease, signed by the family and the owner.

Corrections to the RFTA/proposed lease will only be accepted as hard copies in-person. The Pico Rivera Housing Agency will not accept corrections over the phone.

If the PHA determines that the tenancy cannot be approved for any reason, the owner and the family will be notified in writing and given the opportunity to address any reasons for disapproval. The PHA will instruct the owner and family of the steps that are necessary to approve the tenancy.

Where the tenancy is not approvable because the unit is not approvable, the family must continue to search for eligible housing within the timeframe of the issued voucher.

If the tenancy is not approvable due to rent affordability (including rent burden and rent reasonableness), the PHA will attempt to negotiate the rent with the owner. If a new, approvable rent is negotiated, the tenancy will be approved. If the owner is not willing to negotiate an approvable rent, the family must continue to search for eligible housing within the timeframe of the issued voucher.
9-I.G. HAP CONTRACT EXECUTION [24 CFR 982.305]

The HAP contract is a written agreement between the PHA and the owner of the dwelling unit occupied by a housing choice voucher assisted family. Under the HAP contract, the PHA agrees to make housing assistance payments to the owner on behalf of a specific family occupying a specific unit and obliges the owner to comply with all program requirements.

The HAP contract format is prescribed by HUD.

If the PHA has given approval for the family of the assisted tenancy, the owner and the PHA execute the HAP contract.

The term of the HAP contract must be the same as the term of the lease [24 CFR 982.451(a)(2)].

The PHA is permitted to execute a HAP contract even if the funding currently available does not extend for the full term of the HAP contract.

The PHA must make a best effort to ensure that the HAP contract is executed before the beginning of the lease term. Regardless, the HAP contract must be executed no later than 60 calendar days from the beginning of the lease term.

The PHA may not pay any housing assistance payment to the owner until the HAP contract has been executed. If the HAP contract is executed during the period of 60 calendar days from the beginning of the lease term, the PHA will pay housing assistance payments after execution of the HAP contract (in accordance with the terms of the HAP contract), to cover the portion of the lease term before execution of the HAP contract (a maximum of 60 days).

Any HAP contract executed after the 60 day period is void, and the PHA may not pay any housing assistance payment to the owner.

PHA Policy

Owners who have not previously participated in the HCV program must attend a meeting with the Pico Rivera Housing Agency in which the terms of the Tenancy Addendum and the HAP contract will be explained. The Pico Rivera Housing Agency may waive this requirement on a case-by-case basis, if it determines that the owner is sufficiently familiar with the requirements and responsibilities under the HCV program.

The owner and the assisted family will execute the dwelling lease and the owner must provide a copy to the Pico Rivera Housing Agency. The Pico Rivera Housing Agency will ensure that both the owner and the assisted family receive copies of the dwelling lease.

The owner and the Pico Rivera Housing Agency will execute the HAP contract. The Pico Rivera Housing Agency will not execute the HAP contract until the owner has submitted IRS form W-9. The Pico Rivera Housing Agency will ensure that the owner receives a copy of the executed HAP contract.

As required under VAWA 2013, once the HAP contract and lease have been executed and the family has been admitted to the program, the PHA will notify families of their rights under VAWA by providing all families with a copy of the domestic violence certification form (HUD-5382) as well as the VAWA notice of occupancy rights (form HUD-5380).
See Chapter 13 for a discussion of the HAP contract and contract provisions.

9-I.H. CHANGES IN LEASE OR RENT [24 CFR 982.308]

If the tenant and the owner agree to any changes in the lease, such changes must be in writing, and the owner must immediately give the PHA a copy of such changes. The lease, including any changes, must remain in accordance with the requirements of this chapter.

Generally, PHA approval of tenancy and execution of a new HAP contract are not required for changes in the lease. However, under certain circumstances, voucher assistance in the unit shall not be continued unless the PHA has approved a new tenancy in accordance with program requirements and has executed a new HAP contract with the owner. These circumstances include:

- Changes in lease requirements governing tenant or owner responsibilities for utilities or appliances
- Changes in lease provisions governing the term of the lease
- The family moves to a new unit, even if the unit is in the same building or complex

In these cases, if the HCV assistance is to continue, the family must submit a new Request for Tenancy Approval (RFTA) along with a new dwelling lease containing the altered terms. A new tenancy must then be approved in accordance with this chapter.

Where the owner is changing the amount of rent, the owner must notify the PHA of any changes in the amount of the rent to owner at least 60 days before any such changes go into effect [24 CFR 982.308(g)(4)]. The PHA will agree to such an increase only if the amount of the rent to owner is considered reasonable according to the rent reasonableness standards discussed in Chapter 8. If the requested rent is not found to be reasonable, the owner must either reduce the requested rent increase, or give the family notice in accordance with the terms of the lease.

No rent increase is permitted during the initial term of the lease [24 CFR 982.309(a)(3)].

**PHA Policy**

Where the owner is requesting a rent increase, the Pico Rivera Housing Agency will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

Rent increases will go into effect on the first of the month following the 60 day period after the owner notifies the Pico Rivera Housing Agency of the rent change or on the date specified by the owner, whichever is later.
Chapter 10

MOVING WITH CONTINUED ASSISTANCE AND PORTABILITY

INTRODUCTION

Freedom of housing choice is a hallmark of the housing choice voucher (HCV) program. In general, HUD regulations impose few restrictions on where families may live or move with HCV assistance. This chapter sets forth HUD regulations and PHA policies governing moves within or outside the PHA’s jurisdiction in two parts:

Part I: Moving with Continued Assistance. This part covers the general rules that apply to all moves by a family assisted under the PHA’s HCV program, whether the family moves to another unit within the PHA’s jurisdiction or to a unit outside the PHA’s jurisdiction under portability.

Part II: Portability. This part covers the special rules that apply to moves by a family under portability, whether the family moves out of or into the PHA’s jurisdiction. This part also covers the special responsibilities that the PHA has under portability regulations and procedures.

PART I: MOVING WITH CONTINUED ASSISTANCE

10-I.A. ALLOWABLE MOVES

HUD lists six regulatory conditions under which an assisted family is allowed to move to a new unit with continued assistance. Permission to move is subject to the restrictions set forth in section 10-I.B.

- The family has a right to terminate the lease on notice to the owner (for the owner’s breach or otherwise) and has given a notice of termination to the owner in accordance with the lease [24 CFR 982.354(b)(3)]. If the family terminates the lease on notice to the owner, the family must give the PHA a copy of the notice at the same time [24 CFR 982.354(d)(1)].

- The lease for the family’s unit has been terminated by mutual agreement of the owner and the family [24 CFR 982.354(b)(1)(ii)].

  PHA Policy

  If the family and the owner mutually agree to terminate the lease for the family’s unit, the family must give the PHA a copy of the termination agreement.
• The owner has given the family a notice to vacate, has commenced an action to evict the family, or has obtained a court judgment or other process allowing the owner to evict the family [24 CFR 982.354(b)(2)]. The family must give the PHA a copy of any owner eviction notice [24 CFR 982.551(g)].

• The family or a member of the family is or has been the victim of domestic violence, dating violence, sexual assault, or stalking and the move is needed to protect the health or safety of the family or family member [24 CFR 982.354(b)(4)]. This condition applies even when the family has moved out of its unit in violation of the lease, with or without prior notification to the PHA, if the family or family member who is the victim reasonably believed that he or she was imminently threatened by harm from further violence if he or she remained in the unit [24 CFR 982.354(b)(4), 24 CFR 982.353(b)]. The PHA must adopt an emergency transfer plan as required by regulations at 24 CFR 5.2007(e).

**PHA Policy**

If a family requests permission to move with continued assistance or for an external transfer to another covered housing program operated by the PHA based on a claim that the move is necessary to protect the health or safety of a family member who is or has been the victim of domestic violence, dating violence, sexual assault, or stalking, the PHA will request that the resident request the emergency transfer using form HUD-5383, and the PHA will request documentation in accordance with section 16-IX.D of this plan.

The PHA reserves the right to waive the documentation requirement if it determines that a statement or other corroborating evidence from the family or family member will suffice. In such cases the PHA will document the waiver in the family’s file.

The PHA may choose to provide a voucher to facilitate an emergency transfer of the victim without first terminating the assistance of the perpetrator.

Before granting an emergency transfer, the PHA will ensure the victim is eligible to receive continued assistance based on the citizenship or immigration status of the victim.

The PHA has adopted an emergency transfer plan, which is included as Exhibit 16-3 to this plan and discusses external transfers to other covered housing programs.

• The PHA has terminated the HAP contract for the family’s unit for the owner’s breach [24 CFR 982.354(b)(1)(i)].

• The PHA determines that the family’s current unit does not meet the HQS space standards because of an increase in family size or a change in family composition. In such cases, the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for the family, the PHA must terminate the HAP contract for the family’s old unit in accordance with the HAP contract terms and must notify both the family and the owner of the termination. The HAP contract terminates at the end of the calendar month that follows the calendar month in which the PHA gives notice to the owner. [24 CFR 982.403(a) and (c)]
10-I.B. RESTRICTIONS ON MOVES

A family’s right to move is generally contingent upon the family’s compliance with program requirements [24 CFR 982.1(b)(2)]. HUD specifies two conditions under which a PHA may deny a family permission to move and two ways in which a PHA may restrict moves by a family.

Denial of Moves

HUD regulations permit the PHA to deny a family permission to move under the following conditions:

Insufficient Funding

The PHA may deny a family permission to move either within or outside the PHA’s jurisdiction if the PHA does not have sufficient funding for continued assistance [24 CFR 982.354(e)(1)]. However, Notice PIH 2016-09 significantly restricts the ability of PHAs to deny permission to move due to insufficient funding and places further requirements on PHAs regarding moves denied due to lack of funding. The requirements found in this notice are mandatory.

PHA Policy

The PHA will deny a family permission to move on grounds that the PHA does not have sufficient funding for continued assistance if (a) the move is initiated by the family, not the owner or the PHA; (b) the PHA can demonstrate that the move will, in fact, result in higher subsidy costs (c) the PHA can demonstrate, in accordance with the policies in Part VIII of Chapter 16, that it does not have sufficient funding in its annual budget to accommodate the higher subsidy costs; and (d) for portability moves, the receiving PHA is not absorbing the voucher.

If the PHA does not have sufficient funding for continued assistance, but the family must move from their unit (e.g., the unit failed HQS), the family may move to a higher cost unit if the move is within the PHA’s jurisdiction. The PHA, however, will not allow the family to move under portability in this situation if the family wishes to move to a higher cost area.

For both moves within the PHA’s jurisdiction and outside under portability, the PHA will not deny a move due to insufficient funding if the PHA previously approved the move and subsequently experienced a funding shortfall if the family cannot remain in their current unit. The PHA will rescind the voucher in this situation if the family will be allowed to remain in their current unit.

The PHA will create a list of families whose moves have been denied due to insufficient funding. The PHA will keep the family’s request open indefinitely, and when funds become available, the families on this list will take precedence over families on the waiting list. The PHA will use the same procedures for notifying families with open requests to move when funds become available as it uses for notifying families on the waiting list (see section 4-III.D).

The PHA will inform the family of its policy regarding moves denied due to insufficient funding in a letter to the family at the time the move is denied.
Grounds for Denial or Termination of Assistance

The PHA may deny a family permission to move if it has grounds for denying or terminating the family’s assistance [24 CFR 982.354(e)(2)].

PHA Policy

If the PHA has grounds for denying or terminating a family’s assistance, the PHA will act on those grounds in accordance with the regulations and policies set forth in Chapters 3 and 12, respectively. In general, it will not deny a family permission to move for this reason; however, it retains the discretion to do so under special circumstances.

Restrictions on Elective Moves [24 CFR 982.354(c)]

HUD regulations permit the PHA to prohibit any elective move by a participant family during the family’s initial lease term. They also permit the PHA to prohibit more than one elective move by a participant family during any 12-month period. However, such prohibitions, if adopted, do not apply when the family or a member of the family is or has been the victim of domestic violence, dating violence, sexual assault, or stalking and the move is needed to protect the health or safety of the family or family member. (For the policy on documentation of abuse, see section 10-I.A.) In addition, the PHA may not establish a policy permitting moves only at reexamination [Notice PIH 2016-09].

PHA Policy

The PHA will deny a family permission to make an elective move during the family’s initial lease term. This policy applies to moves within the PHA’s jurisdiction or outside it under portability.

The PHA will also deny a family permission to make more than one elective move during any 12-month period. This policy applies to all assisted families residing in the PHA’s jurisdiction.

The PHA will consider exceptions to these policies for the following reasons: to protect the health or safety of a family member (e.g., lead-based paint hazards, domestic violence, witness protection programs), to accommodate a change in family circumstances (e.g., new employment, school attendance in a distant area), or to address an emergency situation over which a family has no control.

In addition, the PHA will allow exceptions to these policies for purposes of reasonable accommodation of a family member who is a person with disabilities (see Chapter 2).

The Pico Rivera Housing Assistance Agency will deny a family to move if the family is under a repayment agreement for money owed to the agency.
10-I.C. MOVING PROCESS

Notification
If a family wishes to move to a new unit, the family must notify the PHA and the owner before moving out of the old unit or terminating the lease on notice to the owner [24 CFR 982.354(d)(2)]. If the family wishes to move to a unit outside the PHA’s jurisdiction under portability, the notice to the PHA must specify the area where the family wishes to move [24 CFR 982.354(d)(2)]. The notices must be in writing [24 CFR 982.5].

Approval

PHA Policy
Upon receipt of a family’s notification that it wishes to move, the PHA will determine whether the move is approvable in accordance with the regulations and policies set forth in sections 10-I.A and 10-I.B. The PHA will notify the family in writing of its determination within 15 business days following receipt of the family’s notification.

Reexamination of Family Income and Composition

PHA Policy
For families approved to move to a new unit within the PHA’s jurisdiction, the PHA will perform a new annual reexamination in accordance with the policies set forth in Chapter 11 of this plan.

For families moving into or families approved to move out of the PHA’s jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.

Voucher Issuance and Briefing

PHA Policy
For families approved to move to a new unit within the PHA’s jurisdiction, the PHA will issue a new voucher within 15 business days of the PHA’s written approval to move. No briefing is required for these families. The PHA will follow the policies set forth in Chapter 5 on voucher term, extension, and expiration. If a family does not locate a new unit within the term of the voucher and any extensions, the family may remain in its current unit with continued voucher assistance if the owner agrees and the PHA approves. Otherwise, the family will lose its assistance.

For families moving into or families approved to move out of the PHA’s jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.
**Housing Assistance Payments [24 CFR 982.311(d)]**

When a family moves out of an assisted unit, the PHA may not make any housing assistance payment to the owner for any month **after** the month the family moves out. The owner may keep the housing assistance payment for the month when the family moves out of the unit.

If a participant family moves from an assisted unit with continued tenant-based assistance, the term of the assisted lease for the new assisted unit may begin during the month the family moves out of the first assisted unit. Overlap of the last housing assistance payment (for the month when the family moves out of the old unit) and the first assistance payment for the new unit, is not considered to constitute a duplicative housing subsidy.

**Zero HAP Families Who Wish to Move [24 CFR 982.455]**

A participant who is not receiving any subsidy, but whose HAP contract is still in force, may request a voucher to move to a different unit. The PHA must issue a voucher to move unless it has grounds to deny assistance under the program regulations. However, if the PHA determines no subsidy would be paid at the new unit, the PHA may refuse to enter into a HAP contract on behalf of the family.

**PHA Policy**

If a zero HAP family requests to move to a new unit, the family may request a voucher to move. However, if no subsidy will be paid at the unit to which the family requests to move, the PHA will not enter into a HAP contract on behalf of the family for the new unit.
PART II: PORTABILITY

10-II.A. OVERVIEW

Within the limitations of the regulations and this plan, a participant family or an applicant family that has been issued a voucher has the right to use tenant-based voucher assistance to lease a unit anywhere in the United States providing that the unit is located within the jurisdiction of a PHA administering a tenant-based voucher program [24 CFR 982.353(b)]. The process by which a family obtains a voucher from one PHA and uses it to lease a unit in the jurisdiction of another PHA is known as portability. The PHA that issues the voucher is called the initial PHA. The PHA that has jurisdiction in the area to which the family wants to move is called the receiving PHA.

The receiving PHA has the option of administering the family’s voucher for the initial PHA or absorbing the family into its own program. Under the first option, the receiving PHA provides all housing services for the family and bills the initial PHA for the family’s housing assistance payments and the fees for administering the family’s voucher. Under the second option, the receiving PHA pays for the family’s assistance with its own program funds, and the initial PHA has no further relationship with the family. The initial PHA must contact the receiving PHA via email or other confirmed delivery method to determine whether the receiving PHA will administer or absorb the initial PHA’s voucher. Based on the receiving PHA’s response, the initial PHA must determine whether they will approve or deny the portability request [Notice PIH 2016-09].

PHAs commonly act as both the initial and receiving PHA because families may move into or out of their jurisdiction under portability. Each role involves different responsibilities. The PHA will follow the rules and policies in section 10-II.B when it is acting as the initial PHA for a family. It will follow the rules and policies in section 10-II.C when it is acting as the receiving PHA for a family.

In administering portability, the initial PHA and the receiving PHA must comply with financial procedures required by HUD, including the use of HUD-required forms [24 CFR 982.355(e)(5)]. PHAs must also comply with billing and payment deadlines. HUD may reduce an administrative fee to an initial or receiving PHA if the PHA does not comply with HUD portability requirements [24 CFR 982.355(e)(7)].
10-II.B. INITIAL PHA ROLE

Allowable Moves under Portability

A family may move with voucher assistance only to an area where there is at least one PHA administering a voucher program [24 CFR 982.353(b)]. If there is more than one PHA in the area, the initial PHA provides the family with the contact information for the receiving PHAs that serve the area, and the family selects the receiving PHA. The family must inform the initial PHA which PHA it has selected. If the family prefers not to select the receiving PHA, the initial PHA will select the receiving PHA on behalf of the family [24 CFR 982.255(b)].

Applicant families that have been issued vouchers as well as participant families may qualify to lease a unit outside the PHA’s jurisdiction under portability. HUD regulations and PHA policy determine whether a family qualifies.

Applicant Families

Under HUD regulations, most applicant families qualify to lease a unit outside the PHA’s jurisdiction under portability. However, HUD gives the PHA discretion to deny a portability move by an applicant family for the same two reasons that it may deny any move by a participant family: insufficient funding and grounds for denial or termination of assistance. If a PHA intends to deny a family permission to move under portability due to insufficient funding, the PHA must notify HUD within 10 business days of the determination to deny the move [24 CFR 982.355(e)].

PHA Policy

In determining whether or not to deny an applicant family permission to move under portability because the PHA lacks sufficient funding or has grounds for denying assistance to the family, the initial PHA will follow the policies established in section 10-I.B of this chapter. If the PHA does deny the move due to insufficient funding, the PHA will notify HUD in writing within 10 business days of the PHA’s determination to deny the move.

In addition, the PHA may establish a policy denying the right to portability to nonresident applicants during the first 12 months after they are admitted to the program [24 CFR 982.353(c)].

PHA Policy

If neither the head of household nor the spouse/cohead of an applicant family had a domicile (legal residence) in the PHA’s jurisdiction at the time that the family’s initial application for assistance was submitted, the family must lease a unit within the initial PHA’s jurisdiction for at least 12 months before requesting portability.

The PHA will consider exceptions to this policy for purposes of reasonable accommodation (see Chapter 2) or reasons related to domestic violence, dating violence, sexual assault, or stalking.
Participant Families

The initial PHA must not provide portable assistance for a participant if a family has moved out of its assisted unit in violation of the lease [24 CFR 982.353(b)]. The Violence against Women Act of 2013 (VAWA) creates an exception to this prohibition for families who are otherwise in compliance with program obligations but have moved to protect the health or safety of a family member who is or has been a victim of domestic violence, dating violence, sexual assault, or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the unit [24 CFR 982.353(b)].

PHA Policy

The PHA will determine whether a participant family may move out of the PHA’s jurisdiction with continued assistance in accordance with the regulations and policies set forth here and in sections 10-I.A and 10-I.B of this chapter. The PHA will notify the family of its determination in accordance with the approval policy set forth in section 10-I.C of this chapter.

Determining Income Eligibility

Applicant Families

An applicant family may lease a unit in a particular area under portability only if the family is income eligible for admission to the voucher program in that area [24 CFR 982.353(d)(1)]. The family must specify the area to which the family wishes to move [24 CFR 982.355(c)(1)].

The initial PHA is responsible for determining whether the family is income eligible in the area to which the family wishes to move [24 CFR 982.353(d)(1), 24 CFR 982.355(9)]. If the applicant family is not income eligible in that area, the PHA must inform the family that it may not move there and receive voucher assistance [Notice PIH 2016-09].

Participant Families

The income eligibility of a participant family is not redetermined if the family moves to a new jurisdiction under portability [24 CFR 982.353(d)(2)].

Reexamination of Family Income and Composition

No new reexamination of family income and composition is required for an applicant family.

PHA Policy

For a participant family approved to move out of its jurisdiction under portability, the PHA generally will conduct a reexamination of family income and composition only if the family’s annual reexamination must be completed on or before the initial billing deadline specified on form HUD-52665, Family Portability Information.

The PHA will make any exceptions to this policy necessary to remain in compliance with HUD regulations.
**Briefing**

The regulations and policies on briefings set forth in Chapter 5 of this plan require the PHA to provide information on portability to all applicant families that qualify to lease a unit outside the PHA’s jurisdiction under the portability procedures. Therefore, no special briefing is required for these families.

**PHA Policy**

No formal briefing will be required for a participant family wishing to move outside the PHA’s jurisdiction under portability. However, the PHA will provide the family with the same oral and written explanation of portability that it provides to applicant families selected for admission to the program (see Chapter 5).

The PHA will provide the name, address, and phone of the contact for the PHAs in the jurisdiction to which they wish to move. If there is more than one PHA with jurisdiction over the area to which the family wishes to move, the PHA will advise the family that the family selects the receiving PHA and notify the initial PHA of which receiving PHA was selected. The PHA will provide the family with contact information for all of the receiving PHAs that serve the area. The PHA will not provide any additional information about receiving PHAs in the area. The PHA will further inform the family that if the family prefers not to select the receiving PHA, the initial PHA will select the receiving PHA on behalf of the family. In this case, the PHA will not provide the family with information for all receiving PHAs in the area.

The PHA will advise the family that they will be under the RHA’s policies and procedures, including screening, subsidy standards, voucher extension policies, and payment standards.

**Voucher Issuance and Term**

An applicant family has no right to portability until after the family has been issued a voucher [24 CFR 982.353(b)]. In issuing vouchers to applicant families, the PHA will follow the regulations and procedures set forth in Chapter 5.

**PHA Policy**

For participating families approved to move under portability, the PHA will issue a new voucher within 30 calendar days of the PHA’s written approval to move.

The initial term of the voucher will be 60 days.
Voucher Extensions and Expiration

**PHA Policy**

The PHA will approve **no** extensions to a voucher issued to an applicant or participant family porting out of the PHA’s jurisdiction except under the following circumstances: (a) the initial term of the voucher will expire before the portable family will be issued a voucher by the receiving PHA, (b) the family decides to return to the initial PHA’s jurisdiction and search for a unit there, or (c) the family decides to search for a unit in a third PHA’s jurisdiction. In such cases, the policies on voucher extensions set forth in Chapter 5, section 5-II.E, of this plan will apply, including the requirement that the family apply for an extension in writing prior to the expiration of the initial voucher term.

To receive or continue receiving assistance under the initial PHA’s voucher program, a family that moves to another PHA’s jurisdiction under portability must be under HAP contract in the receiving PHA’s jurisdiction within 90 days following the expiration date of the initial PHA’s voucher term (including any extensions). (See below under “Initial Billing Deadline” for one exception to this policy.)

**Preapproval Contact with the Receiving PHA**

Prior to approving a family’s request to move under portability, the initial PHA must contact the receiving PHA via email or other confirmed delivery method to determine whether the receiving PHA will administer or absorb the family’s voucher. Based on the receiving PHA’s response, the initial PHA must determine whether it will approve or deny the move [24 CFR 982.355(c)(3)].

**PHA Policy**

The PHA will use email, when possible, to contact the receiving PHA regarding whether the receiving PHA will administer or absorb the family’s voucher.

**Initial Notification to the Receiving PHA**

After approving a family’s request to move under portability, the initial PHA must promptly notify the receiving PHA via email or other confirmed delivery method to expect the family [24 CFR 982.355(c)(3); 24 CFR 982.355(c)(7)]. The initial PHA must also advise the family how to contact and request assistance from the receiving PHA [24 CFR 982.355(c)(6)].

**PHA Policy**

Because the portability process is time-sensitive, the PHA will notify the receiving PHA by phone, fax, or email to expect the family. The initial PHA will also ask the receiving PHA to provide any information the family may need upon arrival, including the name, fax, email address, and telephone number of the staff person responsible for business with incoming portable families and procedures related to appointments for voucher issuance. The PHA will pass this information along to the family. The PHA will also ask for the name, address, telephone number, fax and email of the person responsible for processing the billing information.
Sending Documentation to the Receiving PHA

The initial PHA is required to send the receiving PHA the following documents:

- Form HUD-52665, Family Portability Information, with Part I filled out [Notice PIH 2016-09]
- A copy of the family’s voucher [Notice PIH 2016-09]
- A copy of the family’s most recent form HUD-50058, Family Report, or, if necessary in the case of an applicant family, family and income information in a format similar to that of form HUD-50058 [24 CFR 982.355(c)(7), Notice PIH 2016-09]
- Copies of the income verifications backing up the form HUD-50058, including a copy of the family’s current EIV data [24 CFR 982.355(c)(7), Notice PIH 2016-09]

**PHA Policy**

In addition to these documents, the PHA will provide the following information, if available, to the receiving PHA:

- Social security numbers (SSNs)
- Documentation of SSNs for all nonexempt household members whose SSNs have not been verified through the EIV system
- Documentation of legal identity
- Documentation of citizenship or eligible immigration status
- Documentation of participation in the earned income disallowance (EID) benefit
- Documentation of participation in a family self-sufficiency (FSS) program

The PHA will notify the family in writing regarding any information provided to the receiving PHA [HCV GB, p. 13-3].
Initial Billing Deadline [Notice PIH 2016-09]

The deadline for submission of initial billing is 90 days following the expiration date of the voucher issued to the family by the initial PHA. In cases where suspension of the voucher delays the initial billing submission, the receiving PHA must notify the initial PHA of delayed billing before the billing deadline and document the delay is due to the suspension. In this case, the initial PHA must extend the billing deadline by 30 days.

If the initial PHA does not receive a billing notice by the deadline and does not intend to honor a late billing submission, it must notify the initial PHA in writing. The initial PHA may report to HUD the receiving PHA’s failure to comply with the deadline.

If the initial PHA will honor the late billing, no action is required.

**PHA Policy**

If the PHA has not received an initial billing notice from the receiving PHA within the billing deadline, it will contact the receiving PHA to inform them that it will not honor a late billing submission and will return any subsequent billings that it receives on behalf of the family. The PHA will send the receiving PHA a written confirmation of its decision by mail.

The PHA will allow an exception to this policy if the family includes a person with disabilities and the late billing is a result of a reasonable accommodation granted to the family by the receiving PHA.
Monthly Billing Payments [24 CFR 982.355(e), Notice PIH 2016-09]

If the receiving PHA is administering the family’s voucher, the receiving PHA bills the initial PHA for housing assistance payments and administrative fees. When reimbursing for administrative fees, the initial PHA must promptly reimburse the receiving PHA for the lesser of 80 percent of the initial PHA ongoing administrative fee or 100 percent of the receiving PHA’s ongoing administrative fee for each program unit under contract on the first day of the month for which the receiving PHA is billing the initial PHA under portability. If the administrative fees are prorated for the HCV program, the proration will apply to the amount of the administrative fee for which the receiving PHA may bill [24 CFR 982.355(e)(2)].

The initial PHA is responsible for making billing payments in a timely manner. The first billing amount is due within 30 calendar days after the initial PHA receives Part II of form HUD-52665 from the receiving PHA. Subsequent payments must be received by the receiving PHA no later than the fifth business day of each month. The payments must be provided in a form and manner that the receiving PHA is able and willing to accept.

The initial PHA may not terminate or delay making payments under existing portability billing arrangements as a result of overleasing or funding shortfalls. The PHA must manage its tenant-based program in a manner that ensures that it has the financial ability to provide assistance for families that move out of its jurisdiction under portability and are not absorbed by receiving PHAs as well as for families that remain within its jurisdiction.

PHA Policy

If the initial PHA extends the term of the voucher, the receiving PHA’s voucher will expire 30 calendar days from the new expiration date of the initial PHA’s voucher.

Annual Updates of Form HUD-50058

If the initial PHA is being billed on behalf of a portable family, it should receive an updated form HUD-50058 each year from the receiving PHA. If the initial PHA fails to receive an updated 50058 by the family’s annual reexamination date, the initial PHA should contact the receiving PHA to verify the status of the family. The initial PHA must continue paying the receiving PHA based on the last form HUD-50058 received, unless instructed otherwise by HUD. The initial PHA may seek absorption of the vouchers by following steps outlined in Notice PIH 2016-09.

Denial or Termination of Assistance [24 CFR 982.355(c)(17)]

At any time, either the initial PHA or the receiving PHA may make a determination to deny or terminate assistance with the family in accordance with 24 CFR 982.552 and 24 CFR 982.553. (For PHA policies on denial and termination, see Chapters 3 and 12, respectively.)
10-II.C. RECEIVING PHA ROLE

If a family has a right to lease a unit in the receiving PHA’s jurisdiction under portability, the receiving PHA must provide assistance for the family [24 CFR 982.355(10)]. HUD may determine in certain instances that a PHA is not required to accept incoming portable families, such as a PHA in a declared disaster area. However, the PHA must have approval in writing from HUD before refusing any incoming portable families [24 CFR 982.355(b)].

Administration of the voucher must be in accordance with the receiving PHA’s policies. This requirement also applies to policies of Moving to Work agencies. The receiving PHA procedures and preferences for selection among eligible applicants do not apply to the family, and the receiving PHA waiting list is not used [24 CFR 982.355(c)(10)]. The family’s unit, or voucher, size is determined in accordance with the subsidy standards of the receiving PHA [24 CFR 982.355(c)(12)], and the receiving PHA’s policies on extensions of the voucher term apply [24 CFR 982.355(c)(14)].

Responding to Initial PHA’s Request [24 CFR 982.355(c)]

The receiving PHA must respond via email or other confirmed delivery method to the initial PHA’s inquiry to determine whether the family’s voucher will be billed or absorbed [24 CFR 982.355(c)(3)]. If the receiving PHA informs the initial PHA that it will be absorbing the voucher, the receiving PHA cannot reverse its decision at a later date without consent of the initial PHA (24 CFR 982.355(c)(4)).

PHA Policy

The PHA will use email, when possible, to notify the initial PHA whether it will administer or absorb the family’s voucher.

Initial Contact with Family

When a family moves into the PHA’s jurisdiction under portability, the family is responsible for promptly contacting the PHA and complying with the PHA’s procedures for incoming portable families. The family’s failure to comply may result in denial or termination of the receiving PHA’s voucher [24 CFR 982.355(c)(8)].

If the voucher issued to the family by the initial PHA has expired, the receiving PHA must contact the initial PHA to determine if it will extend the voucher [24 CFR 982.355(c)(13)]. An informal hearing is not required when a voucher has expired without the family leasing a unit.

If for any reason the receiving PHA refuses to process or provide assistance to a family under the portability procedures, the family must be given the opportunity for an informal review or hearing [Notice PIH 2016-09]. (For more on this topic, see later under “Denial or Termination of Assistance.”)
**Briefing**

HUD allows the receiving PHA to require a briefing for an incoming portable family as long as the requirement does not unduly delay the family’s search [Notice PIH 2016-09].

**PHA Policy**

The PHA will not require the family to attend a briefing. The PHA will provide the family with a briefing packet (as described in Chapter 5) and, in an individual briefing, will orally inform the family about the PHA’s payment and subsidy standards, procedures for requesting approval of a unit, the unit inspection process, and the leasing process. The PHA will suggest that the family attend a full briefing at a later date.

**Income Eligibility and Reexamination**

The receiving PHA does not redetermine eligibility for a portable family that was already receiving assistance in the initial PHA’s voucher program [24 CFR 982.355(c)(9)]. If the receiving PHA opts to conduct a new reexamination for a current participant family, the receiving PHA may not delay issuing the family a voucher or otherwise delay approval of a unit [24 CFR 982.355(c)(11)].

**PHA Policy**

For any family moving into its jurisdiction under portability, the PHA will conduct a new reexamination of family income and composition. However, the PHA will not delay issuing the family a voucher for this reason. Nor will the PHA delay approving a unit for the family until the reexamination process is complete unless the family is an applicant and the PHA cannot otherwise confirm that the family is income eligible for admission to the program in the area where the unit is located.

In conducting its own reexamination, the PHA will rely upon any verifications provided by the initial PHA to the extent that they (a) accurately reflect the family’s current circumstances and (b) were obtained within the last 120 days. Any new information may be verified by documents provided by the family and adjusted, if necessary, when third party verification is received.
Voucher Issuance

When a family moves into its jurisdiction under portability, the receiving PHA is required to issue the family a voucher [24 CFR 982.355(c)(13)]. The family must submit a request for tenancy approval to the receiving PHA during the term of the receiving PHA’s voucher [24 CFR 982.355(c)(15)].

Timing of Voucher Issuance

HUD expects the receiving PHA to issue the voucher within two weeks after receiving the family’s paperwork from the initial PHA if the information is in order, the family has contacted the receiving PHA, and the family complies with the receiving PHA’s procedures [Notice PIH 2016-09].

PHA Policy

When a family ports into its jurisdiction, the PHA will issue the family a voucher based on the paperwork provided by the initial PHA unless the family’s paperwork from the initial PHA is incomplete, the family’s voucher from the initial PHA has expired or the family does not comply with the PHA’s procedures. The PHA will update the family’s information when verification has been completed.

Voucher Term

The term of the receiving PHA’s voucher may not expire before 30 calendar days from the expiration of the initial PHA’s voucher [24 CFR 982.355(c)(13)]. If the initial PHA extends the term of the voucher, the receiving PHA’s voucher may not expire before 30 days from the new expiration date of the initial PHA’s voucher [Notice PIH 2016-09].

PHA Policy

The receiving PHA’s voucher will expire 30 calendars days from the expiration date of the initial PHA’s voucher. If the initial PHA extends the term of the voucher, the receiving PHA’s voucher will expire 30 calendar days from the new expiration date of the initial PHA’s voucher.

Voucher Extensions [24 CFR 982.355(c)(14), Notice 2016-09]

Once the receiving PHA issues the portable family a voucher, the receiving PHA’s policies on extensions of the voucher term apply. The receiving PHA must inform the initial PHA of any extension granted to the term of the voucher. It must also bear in mind the billing deadline provided by the initial PHA. Unless willing and able to absorb the family, the receiving PHA should ensure that any voucher expiration date would leave sufficient time to process a request for tenancy approval, execute a HAP contract, and deliver the initial billing to the initial PHA.

PHA Policy

The PHA generally will not extend the term of the voucher that it issues to an incoming portable family unless the PHA plans to absorb the family into its own program, in which case it will follow the policies on voucher extension set forth in section 5-II.E.

The PHA will consider an exception to this policy as a reasonable accommodation to a person with disabilities (see Chapter 2).
Voucher Suspensions [24 CFR 982.303, 24 CFR 982.355(c)(15)]

If the family submits a request for tenancy approval during the term of the receiving PHA’s voucher, the PHA must suspend the term of that voucher. The term of the voucher stops from the date that the family submits a request for PHA approval of the tenancy until the date the PHA notifies the family in writing whether the request has been approved or denied [24 CFR 982.4(b)] (see Section 5-II.E).

Notifying the Initial PHA

The receiving PHA must promptly notify the initial PHA if the family has leased an eligible unit under the program or if the family fails to submit a request for tenancy approval for an eligible unit within the term of the receiving PHA’s voucher [24 CFR 982.355(c)(16)]. The receiving PHA is required to use Part II of form HUD-52665, Family Portability Information, for this purpose [Notice PIH 2016-09]. (For more on this topic and the deadline for notification, see below under “Administering a Portable Family’s Voucher.”)

If an incoming portable family ultimately decides not to lease in the jurisdiction of the receiving PHA but instead wishes to return to the initial PHA’s jurisdiction or to search in another jurisdiction, the receiving PHA must refer the family back to the initial PHA. In such a case the voucher of record for the family is once again the voucher originally issued by the initial PHA. Any extension of search time provided by the receiving PHA’s voucher is only valid for the family’s search in the receiving PHA’s jurisdiction [Notice PIH 2016-09].

Administering a Portable Family’s Voucher

Portability Billing [24 CFR 982.355(e)]

To cover assistance for a portable family that was not absorbed, the receiving PHA bills the initial PHA for housing assistance payments and administrative fees. The amount of the housing assistance payment for a portable family in the receiving PHA’s program is determined in the same manner as for other families in the receiving PHA’s program.

The receiving PHA may bill the initial PHA for the lesser of 80 percent of the initial PHA’s ongoing administrative fee or 100 percent of the receiving PHA’s ongoing administrative fee for each program unit under contract on the first day of the month for which the receiving PHA is billing the initial PHA under portability. If the administrative fees are prorated for the HCV program, the proration will apply to the amount of the administrative fee for which the receiving PHA may bill (i.e., the receiving PHA may bill for the lesser of 80 percent of the initial PHA’s prorated ongoing administrative fee or 100 percent of the receiving PHA’s ongoing administrative fee).

If both PHAs agree, the PHAs may negotiate a different amount of reimbursement.

PHA Policy

Unless the PHA negotiates a different amount of reimbursement with the initial PHA, the PHA will bill the initial PHA the maximum amount of administrative fees allowed, ensuring any administrative fee proration has been properly applied.
**Initial Billing Deadline**

If a portable family’s search for a unit is successful and the receiving PHA intends to administer the family’s voucher, the receiving PHA must submit its initial billing notice (Part II of form HUD-52665) in time that the notice will be **received** no later than 90 days following the expiration date of the family’s voucher issued by the initial PHA [Notice PIH 2016-09]. This deadline may be extended for 30 additional days if the delay is due to suspension of the voucher’s term (see Initial Billing Section). A copy of the family’s form HUD-50058, Family Report, completed by the receiving PHA must be attached to the initial billing notice. The receiving PHA may send these documents by mail, fax, or email.

**PHA Policy**

The PHA will send its initial billing notice by fax or email, if necessary, to meet the billing deadline but will also send the notice by regular mail.

If the receiving PHA fails to send the initial billing by the deadline, it is required to absorb the family into its own program unless (a) the initial PHA is willing to accept the late submission or (b) HUD requires the initial PHA to honor the late submission (e.g., because the receiving PHA is overleased) [Notice PIH 2016-09].

**Ongoing Notification Responsibilities [Notice PIH 2016-09, HUD-52665]**

**Annual Reexamination.** The receiving PHA must send the initial PHA a copy of a portable family’s updated form HUD-50058 after each annual reexamination for the duration of time the receiving PHA is billing the initial PHA on behalf of the family, regardless of whether there is a change in the billing amount.

**PHA Policy**

The PHA will send a copy of the updated HUD-50058 by regular mail no later than 10 business days after the effective date of the reexamination.

**Change in Billing Amount.** The receiving PHA is required to notify the initial PHA, using form HUD-52665, of any change in the billing amount for the family as a result of:

- A change in the HAP amount (because of a reexamination, a change in the applicable payment standard, a move to another unit, etc.)
- An abatement or subsequent resumption of the HAP payments
- Termination of the HAP contract
- Payment of a damage/vacancy loss claim for the family
- Termination of the family from the program
The timing of the notice of the change in the billing amount should correspond with the notification to the owner and the family in order to provide the initial PHA with advance notice of the change. Under no circumstances should the notification be later than 10 business days following the effective date of the change in the billing amount. If the receiving PHA fails to send Form HUD-52665 within 10 days of effective date of billing changes, the initial PHA is not responsible for any increase prior to notification. If the change resulted in a decrease in the monthly billing amount, the initial PHA will offset future monthly payments until the difference is reconciled.

**Late Payments [Notice PIH 2016-09]**

If the initial PHA fails to make a monthly payment for a portable family by the fifth business day of the month, the receiving PHA must promptly notify the initial PHA in writing of the deficiency. The notice must identify the family, the amount of the billing payment, the date the billing payment was due, and the date the billing payment was received (if it arrived late). The receiving PHA must send a copy of the notification to the Office of Public Housing (OPH) in the HUD area office with jurisdiction over the receiving PHA. If the initial PHA fails to correct the problem by the second month following the notification, the receiving PHA may request by memorandum to the director of the OPH with jurisdiction over the receiving PHA that HUD transfer the unit in question. A copy of the initial notification and any subsequent correspondence between the PHAs on the matter must be attached. The receiving PHA must send a copy of the memorandum to the initial PHA. If the OPH decides to grant the transfer, the billing arrangement on behalf of the family ceases with the transfer, but the initial PHA is still responsible for any outstanding payments due to the receiving PHA.

**Overpayments [Notice PIH 2016-09]**

In all cases where the receiving PHA has received billing payments for billing arrangements no longer in effect, the receiving PHA is responsible for returning the full amount of the overpayment (including the portion provided for administrative fees) to the initial PHA.

In the event that HUD determines billing payments have continued for at least three months because the receiving PHA failed to notify the initial PHA that the billing arrangement was terminated, the receiving PHA must take the following steps:

- Return the full amount of the overpayment, including the portion provided for administrative fees, to the initial PHA.
- Once full payment has been returned, notify the Office of Public Housing in the HUD area office with jurisdiction over the receiving PHA of the date and the amount of reimbursement to the initial PHA.

At HUD’s discretion, the receiving PHA will be subject to the sanctions spelled out in Notice PIH 2016-09.
**Denial or Termination of Assistance**

At any time, the receiving PHA may make a determination to deny or terminate assistance to a portable family for family action or inaction [24 CFR 982.355(c)(17)].

In the case of a termination, the PHA should provide adequate notice of the effective date to the initial PHA to avoid having to return a payment. In no event should the receiving PHA fail to notify the initial PHA later than 10 business days following the effective date of the termination of the billing arrangement [HUD-52665; Notice PIH 2016-09].

**PHA Policy**

If the PHA elects to deny or terminate assistance for a portable family, the PHA will notify the initial PHA within 10 business days after the informal review or hearing if the denial or termination is upheld. The PHA will base its denial or termination decision on the policies set forth in Chapter 3 or Chapter 12, respectively. The informal review or hearing will be held in accordance with the policies in Chapter 16. The receiving PHA will furnish the initial PHA with a copy of the review or hearing decision.
Absorbing a Portable Family

The receiving PHA may absorb an incoming portable family into its own program when the PHA executes a HAP contract on behalf of the family or at any time thereafter providing that the PHA has funding available under its annual contributions contract (ACC) [24 CFR 982.355(d)(1), Notice PIH 2016-09].

If the receiving PHA absorbs a family from the point of admission, the admission will be counted against the income targeting obligation of the receiving PHA [24 CFR 982.201(b)(2)(vii)].

If the receiving PHA absorbs a family after providing assistance for the family under a billing arrangement with the initial PHA, the receiving PHA must send an updated form HUD-52665 to the initial PHA no later than 10 business days following the effective date of the termination of the billing arrangement [Notice PIH 2016-09].

PHA Policy

If the PHA decides to absorb a portable family upon the execution of a HAP contract on behalf of the family, the PHA will notify the initial PHA by the initial billing deadline specified on form HUD-52665. The effective date of the HAP contract will be the effective date of the absorption.

If the PHA decides to absorb a family after that, it will provide the initial PHA with 30 days’ advance notice, but no later than 10 business days following the effective date of the termination of the billing arrangement.

Following the absorption of an incoming portable family, the family is assisted with funds available under the consolidated ACC for the receiving PHA’s voucher program [24 CFR 982.355(d)], and the receiving PHA becomes the initial PHA in any subsequent moves by the family under portability [24 CFR 982.355(e)(4)].
Chapter 11

REEXAMINATIONS

INTRODUCTION
The PHA is required to reexamine each family’s income and composition at least annually, and to adjust the family’s level of assistance accordingly. Interim reexaminations are also needed in certain situations. This chapter discusses both annual and interim reexaminations, and the recalculation of family share and subsidy that occurs as a result. HUD regulations and PHA policies concerning reexaminations are presented in three parts:

Part I: Annual Reexaminations. This part discusses the process for conducting annual reexaminations.

Part II: Interim Reexaminations. This part details the requirements for families to report changes in family income and composition between annual reexaminations.

Part III: Recalculating Family Share and Subsidy Amount. This part discusses the recalculation of family share and subsidy amounts based on the results of annual and interim reexaminations.

Policies governing reasonable accommodation, family privacy, required family cooperation, and program abuse, as described elsewhere in this plan, apply to both annual and interim reexaminations.

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW
The PHA must conduct a reexamination of family income and composition at least annually. This includes gathering and verifying current information about family composition, income, and expenses. Based on this updated information, the family’s income and rent must be recalculated. This part discusses the schedule for annual reexaminations, the information to be collected and verified, and annual reexamination effective dates.
11-I.B STREAMLINED ANNUAL REEXAMINATIONS [24 CFR 982.516(b)]

HUD permits PHAs to streamline the income determination process for family members with fixed sources of income. While third-party verification of all income sources must be obtained during the intake process and every three years thereafter, in the intervening years the PHA may determine income from fixed sources by applying a verified cost of living adjustment (COLA) or rate of interest. The PHA may, however, obtain third-party verification of all income, regardless of the source. Further, upon request of the family, the PHA must perform third-party verification of all income sources.

Fixed sources of income include Social Security and SSI benefits, pensions, annuities, disability or death benefits, and other sources of income subject to a COLA or rate of interest. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.

Two streamlining options are available, depending upon the percentage of the family’s income that is received from fixed sources. If at least 90 percent of the family’s income is from fixed sources, the PHA may streamline the verification of fixed income but is not required to verify non-fixed income amounts. If the family receives less than 90 percent of its income from fixed sources, the PHA may streamline the verification of fixed income and must verify non-fixed income annually.

**PHA Policy**

The PHA will streamline the annual reexamination process by applying the verified COLA or interest rate to fixed-income sources. The PHA will document in the file how the determination that a source of income was fixed was made.

If a family member with a fixed source of income is added, the PHA will use third-party verification of all income amounts for that family member.

If verification of the COLA or rate of interest is not available, the PHA will obtain third-party verification of income amounts.

Third-party verification of fixed sources of income will be obtained during the intake process and at least once every three years thereafter.

Third-party verification of non-fixed income will be obtained annually regardless of the percentage of family income received from fixed sources.
11-I.C. SCHEDULING ANNUAL REEXAMINATIONS

The PHA must establish a policy to ensure that the annual reexamination for each family is completed within a 12-month period, and may require reexaminations more frequently [HCV GB p. 12-1].

PHA Policy

The PHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the PHA will schedule annual reexamination effective dates to coincide with the family’s anniversary date.

*Anniversary date* is defined as 12 months from the effective date of the family’s last annual reexamination or, during a family’s first year in the program, from the effective date of the family’s initial examination (admission).

If the family moves to a new unit, the PHA will perform a new annual reexamination.

The PHA also may schedule an annual reexamination for completion prior to the anniversary date for administrative purposes.

Notification of and Participation in the Annual Reexamination Process

The PHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the PHA. However, PHAs should give tenants who were not provided the opportunity the option to complete Form HUD-92006 at this time [Notice PIH 2009-36].

PHA Policy

Annual reexaminations will be conducted by mail.

Notification of annual reexamination will be sent by first-class mail and will inform the family of the information and documentation that must be provided to the PHA, and the deadline for providing it. Documents will be accepted by mail, by email, by fax, or in-person.

If the notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 12) will be sent to the family’s address of record, as well as to any alternate address provided in the family’s file.

An interview will be scheduled if the family requests assistance in providing information or documentation requested by the PHA.

If the family is unable to attend a scheduled interview, the family should contact the PHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, the PHA will send a second notification with a new interview date and appointment time.

If a family fails to attend two scheduled interviews without PHA approval, or if the notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 12) will be sent to the family’s address of record, and to any alternate address provided in the family’s file.
An advocate, interpreter, or other assistant may assist the family in the interview process. The family and the PHA must execute a certification attesting to the role and the assistance provided by any such third party.

11-I.D. CONDUCTING ANNUAL REEXAMINATIONS

As part of the annual reexamination process, families are required to provide updated information to the PHA regarding the family’s income, expenses, and composition [24 CFR 982.551(b)].

**PHA Policy**

Families will be asked to supply all required information (as described in the reexamination notice) before the deadline specified in the notice. The required information will include a PHA-designated reexamination form, an Authorization for the Release of Information/Privacy Act Notice, as well as supporting documents or forms related to the family’s income, expenses, and family composition.

The PHA will notify the family in writing if any required documentation or information is missing. The missing information or documentation must be provided by the due date provided by the PHA. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time period (plus any extensions), the family will be sent a notice of termination (see Chapter 12).

If the family requests or the PHA schedules an in-person interview, families will be asked to bring all required information (as described in the reexamination notice) to the reexamination appointment.

Any required documents or information that the family is unable to provide at the time of the interview must be provided within 10 business days of the interview. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time period (plus any extensions), the family will be sent a notice of termination (see Chapter 12).

Additionally, HUD recommends that at annual reexaminations PHAs ask whether the tenant, or any member of the tenant’s household, is subject to a lifetime sex offender registration requirement in any state [Notice PIH 2012-28].

**PHA Policy**

At the annual reexamination, the PHA will ask whether the tenant, or any member of the tenant’s household, is subject to a lifetime sex offender registration requirement in any state. The PHA will use the Dru Sjodin National Sex Offender database to verify the information provided by the tenant.

If the PHA proposes to terminate assistance based on lifetime sex offender registration information, the PHA must notify the household of the proposed action and must provide the subject of the record and the tenant a copy of the record and an opportunity to dispute the accuracy
and relevance of the information prior to termination. [24 CFR 5.903(f) and 5.905(d)]. (See Chapter 12.)

The information provided by the family generally must be verified in accordance with the policies in Chapter 7. Unless the family reports a change, or the PHA has reason to believe a change has occurred in information previously reported by the family, certain types of information that are verified at admission typically do not need to be re-verified on an annual basis. These include:

- Legal identity
- Age
- Social security numbers
- A person’s disability status
- Citizenship or immigration status

If adding a new family member to the unit causes overcrowding according to the housing quality standards (HQS) (see Chapter 8), the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].
11-I.E. DETERMINING ONGOING ELIGIBILITY OF CERTAIN STUDENTS
[24 CFR 982.552(b)(5)]

Section 327 of Public Law 109-115 established new restrictions on the ongoing eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

If a student enrolled in an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the student’s eligibility must be reexamined along with the income eligibility of the student’s parents on an annual basis. In these cases, both the student and the student’s parents must be income eligible for the student to continue to receive HCV assistance. If, however, a student in these circumstances is determined independent from his or her parents or is considered a vulnerable youth in accordance with PHA policy, the income of the student’s parents will not be considered in determining the student’s ongoing eligibility.

Students who reside with parents in an HCV assisted unit are not subject to this provision. It is limited to students who are receiving assistance on their own, separately from their parents.

**PHA Policy**

During the annual reexamination process, the PHA will determine the ongoing eligibility of each student who is subject to the eligibility restrictions in 24 CFR 5.612 by reviewing the student’s individual income as well as the income of the student’s parents. If the student has been determined “independent” from his/her parents or is considered a vulnerable youth based on the policies in Sections 3-II.E and 7-II.E, the parents’ income will not be reviewed.

If the student is no longer income eligible based on his/her own income or the income of his/her parents, the student’s assistance will be terminated in accordance with the policies in Section 12-I.D.

If the student continues to be income eligible based on his/her own income and the income of his/her parents (if applicable), the PHA will process a reexamination in accordance with the policies in this chapter.
11-I.F. EFFECTIVE DATES

The PHA must establish policies concerning the effective date of changes that result from an annual reexamination [24 CFR 982.516].

**PHA Policy**

In general, an *increase* in the family share of the rent that results from an annual reexamination will take effect on the family’s anniversary date, and the family will be notified at least 30 days in advance.

If less than 30 days remain before the scheduled effective date, the increase will take effect on the first of the month following the end of the 30-day notice period.

If a family moves to a new unit, the increase will take effect on the effective date of the new lease and HAP contract, and no 30-day notice is required.

If the PHA chooses to schedule an annual reexamination for completion prior to the family’s anniversary date for administrative purposes, the effective date will be determined by the PHA, but will always allow for the 30-day notice period.

If the family causes a delay in processing the annual reexamination, *increases* in the family share of the rent will be applied retroactively, to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

In general, a *decrease* in the family share of the rent that results from an annual reexamination will take effect on the family’s anniversary date.

If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP contract.

If the PHA chooses to schedule an annual reexamination for completion prior to the family’s anniversary date for administrative purposes, the effective date will be determined by the PHA.

If the family causes a delay in processing the annual reexamination, *decreases* in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

Delays in reexamination processing are considered to be caused by the family if the family fails to provide information requested by the PHA by the date specified, and this delay prevents the PHA from completing the reexamination as scheduled.
PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

Family circumstances may change between annual reexaminations. HUD and PHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the PHA must process interim reexaminations to reflect those changes. HUD regulations also permit the PHA to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [HCV GB, p. 12-10].

In addition to specifying what information the family must report, HUD regulations permit the family to request an interim determination if other aspects of the family’s income or composition changes. The PHA must complete the interim reexamination within a reasonable time after the family’s request.

This part includes HUD and PHA policies describing what changes families are required to report, what changes families may choose to report, and how the PHA will process both PHA- and family-initiated interim reexaminations.

11-II.B. CHANGES IN FAMILY AND HOUSEHOLD COMPOSITION

The family is required to report all changes in family composition. The PHA must adopt policies prescribing when and under what conditions the family must report changes in income and family composition. However, due to family obligations under the program, the PHA has limited discretion in this area.

PHA Policy

The PHA will conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations.

New Family Members Not Requiring PHA Approval

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require PHA approval. However, the family is required to promptly notify the PHA of the addition [24 CFR 982.551(h)(2)].

PHA Policy

The family must inform the PHA of the birth, adoption, or court-awarded custody of a child in writing within 5 business days.
New Family and Household Members Requiring Approval

With the exception of children who join the family as a result of birth, adoption, or court-awarded custody, a family must request PHA approval to add a new family member [24 CFR 982.551(h)(2)] or other household member (live-in aide or foster child) [24 CFR 982.551(h)(4)].

When any new family member is added, the PHA must make appropriate adjustments in the family share of the rent and the HAP payment at the effective date of either the annual or interim reexamination [24 CFR 982.516(e)(2)].

If a change in family size causes a violation of Housing Quality Standards (HQS) space standards (see Chapter 8), the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the family’s HAP contract in accordance with its terms [24 CFR 982.403].

PHA Policy

The composition of the family in the process of being approved to reside in an assisted unit or residing in an assisted unit must be approved by the Housing Agency. The family must notify the Pico Rivera Housing Agency in writing, within 5 business days of the birth, adoption or court awarded custody of a child and should also inform the landlord. To add any other family member the family must obtain written approval from the owner prior to requesting approval from the Housing Agency. Anyone who moves in without prior owner and Housing Agency approval is considered an unauthorized person.

Allowable Family Additions – Not Requiring Approval:

• Birth, adoption, or court awarded custody of a child

Other Allowable Family Additions – Requiring Prior Landlord and Housing Agency Approval -in relation to the Head or co-Head of Household or spouse:

• Addition by marriage or marital type relation (i.e., couples that certify that they intend to live in the same principal residence indefinitely and/or register in California as domestic partners);
• Addition of a minor who is the child of the head of household, co-head, spouse or marital type partner, who has been living elsewhere;
• Addition of a foster child;
• Addition of a live-in-aide;
• Addition of an adult child due to current discharge from the military;
• Addition of a disabled adult child or disabled parent.

Allowable Family Additions:

If the addition of an “allowable family addition” requires a larger size unit due to overcrowding conditions according to HQS standards, the Pico Rivera Housing Agency
will issue the tenant a 30-day notice to move to a larger unit by the next annual recertification.

Other Allowable Family Additions Requiring Approval:

Families must first obtain written approval from the landlord to add a new family member, live-in aide, foster child, or foster adult. Once the landlord has given written approval to the family, the family must submit a written request to the Pico Rivera Housing Agency to add a new family member or household member. Children by birth, adoption or court-awarded custody do not require PHA approval. New family member includes any person that is not on the lease and/or who is expected to stay in the unit for more than 30 consecutive days within a twelve month period, and therefore no longer qualifies as a “guest.” No other persons are allowed to live in the unit until they are approved by the landlord and the Pico Rivera Housing Agency.

The Pico Rivera Housing Assistance Agency will not approve the addition of a new family or household member unless the individual meets the Pico Rivera Housing Agency’s eligibility criteria (see Chapter 3) and will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued another voucher and will be required to move.

If the Pico Rivera Housing Agency determines an individual meets the Pico Rivera Housing Assistance Agency’s eligibility criteria as defined in Chapter 3, the Pico Rivera Housing Assistance Agency will provide written approval to the family and an interim reexamination will take place.

If the Pico Rivera Housing Agency determines that an individual does not meet the Pico Rivera Housing Assistance Agency’s eligibility criteria as defined in Chapter 3, the Pico Rivera Housing Agency will notify the family in writing of its decision to deny approval of the new family or household member, the reason(s) for the denial and the right for an informal review.

The Pico Rivera Housing Assistance Agency will make its determination within 10 business days of receiving all information required to verify the individual’s eligibility.

**Departure of a Family or Household Member**

Families must promptly notify the PHA if any family member no longer lives in the unit [24 CFR 982.551(h)(3)]. Because household members are considered when determining the family unit (voucher) size [24 CFR 982.402], the PHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

**PHA Policy**

If a household member ceases to reside in the unit, the family must inform the PHA within 5 business days and provide proof of new residence. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must inform the PHA within 5 business days.
11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

Interim reexaminations can be scheduled either because the PHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change. When a family reports a change, the PHA may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.

PHA-Initiated Interim Reexaminations

PHA-initiated interim reexaminations are those that are scheduled based on circumstances or criteria defined by the PHA. They are not scheduled because of changes reported by the family.

PHA Policy

The PHA will conduct interim reexaminations in each of the following instances:

For families receiving the Earned Income Disallowance (EID), the PHA will conduct an interim reexamination at the start and conclusion of the 24-month eligibility period.

If the Family has reported zero income, the PHA will conduct an interim reexamination every 60 days as long as the family continues to report that they have no income.

If at the time of the annual reexamination, tenant declarations and/or provided documents were used and third-party verification becomes available with a difference of $500 or more annually, the Pico Rivera Housing Agency will conduct an interim reexamination.

The Pico Rivera Housing Agency may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a tenant fraud complaint.
Family-Initiated Interim Reexaminations

The PHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [24 CFR 982.516(c)]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)].

Required Reporting

HUD regulations give the PHA the freedom to determine the circumstances under which families will be required to report changes affecting income.

PHA Policy

Families are required to report in writing all increases in income, including new employment, within 5 business days of the date the change takes effect. If the family provides oral notice the Pico Rivera Housing Agency will require the family to report the change in writing and provide supporting documentation.

The Pico Rivera Housing Agency will conduct interim reexaminations for families that have an increase in income of more than $500 annually.

The Pico Rivera Housing Agency may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate possible tenant fraud.

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The PHA must process the request if the family reports a change that will result in a reduced family income [HCV GB, p. 12-9].

If a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family’s share of the rent will not be reduced [24 CFR 5.615]. For more information regarding the requirement to impute welfare income see Chapter 6.

If a family reports a change that would result in a decrease in the family share of rent, the Pico Rivera Housing Agency will conduct an interim reexamination. Families are required to report all changes of income in writing within 5 business days. Reported changes will be verified prior to any changes in the family share of rent. Upon verification, a decrease in the family share will become effective the first of the following month.
Optional Reporting

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The PHA must process the request if the family reports a change that will result in a reduced family income [HCV GB, p. 12-9].

If a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family’s share of the rent will not be reduced [24 CFR 5.615]. For more information regarding the requirement to impute welfare income see Chapter 6.

PHA Policy

Participant families are required to report all increases and decreases in income and household composition in writing within 5 business days of the date the change takes effect.

11-ILD. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

PHA Policy

The family may notify the PHA of changes in writing within 5 business days of the change. If the family provides oral notice, the PHA will also require the family to submit the changes in writing and provide supporting documentation.

Generally, the family will not be required to attend an interview for an interim reexamination. However, if the PHA determines that an interview is warranted, the family may be required to attend.

Based on the type of change reported, the PHA will determine the documentation the family will be required to submit. The family must submit any required information or documents by the due date given by the PHA. This time frame may be extended for good cause with PHA approval. The PHA will accept required documentation by mail, by email, by fax, or in person.

All reported changes will be verified prior to the Pico Rivera Housing Assistance Agency processing an interim reexamination.

Effective Dates

The PHA must establish the time frames in which any changes that result from an interim reexamination will take effect [24 CFR 982.516(d)]. The changes may be applied either retroactively or prospectively, depending on whether there is to be an increase or a decrease in the family share of the rent, and whether the family reported any required information within the required time frames [HCV GB, p. 12-10].

PHA Policy

If the family share of the rent is to increase:

The increase generally will be effective on the first of the month following 30 days advance notice to the family.
If a family fails to report a change within the required time frames, or fails to provide all required information within the required time frames, the increase will be applied retroactively, to the date it would have been effective had the information been provided on a timely basis. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

If the family share of the rent is to **decrease**:

The decrease will be effective on the first day of the month following the month in which the change was reported and all required documentation was submitted and verified.

**PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT**

11-III.A. OVERVIEW

After gathering and verifying required information for an annual or interim reexamination, the PHA must recalculate the family share of the rent and the subsidy amount, and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

11-III.B. CHANGES IN PAYMENT STANDARDS AND UTILITY ALLOWANCES

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the PHA’s calculations.

Specific policies governing how subsidy standards, payment standards, and utility allowances are applied are discussed below.

**Payment Standards [24 CFR 982.505]**

The family share of the rent and HAP calculations must use the correct payment standard for the family, taking into consideration the family unit size, the size of unit, and the area in which the unit is located [HCV GB, p. 12-5]. See Chapter 6 for information on how to select the appropriate payment standard.

When the PHA changes its payment standards or the family’s situation changes, new payment standards are applied at the following times:

- If the PHA’s payment standard amount changes during the term of the HAP contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:
  - If the payment standard amount has *increased*, the increased payment standard will be applied at the *first annual* reexamination following the effective date of the increase in the payment standard.
  - If the payment standard amount has *decreased*, during the term of a HAP contract, the PHA is not required to reduce the payment standard as the HAP contract remains in effect. At the family’s *second annual* reexamination, the PHA may, but is not required to, apply the
decreased payment standard or may gradually implement the reduced payment standard (See Chapter 6 for the PHA’s policy on decreases in the payment standard).

- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.

**Subsidy Standards [24 CFR 982.505(c)(4)]**

If there is a change in the family unit size that would apply to a family during the HAP contract term, either due to a change in family composition, or a change in the PHA’s subsidy standards (see Chapter 5), the new family unit size must be used to determine the payment standard amount for the family at the family’s *first annual* reexamination following the change in family unit size.

**Utility Allowances [24 CFR 982.517(d)]**

The family share of the rent and HAP calculations must reflect any changes in the family’s utility arrangement with the owner, or in the PHA’s utility allowance schedule [HCV GB, p. 12-5]. Chapter 16 discusses how utility allowance schedules are established.

When there are changes in the utility arrangement with the owner, the PHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

At reexamination, the PHA must use the PHA current utility allowance schedule [HCV GB, p. 18-8].

**PHA Policy**

Revised utility allowances will be applied to a family’s rent and subsidy calculations at the first annual reexamination after the allowance is adopted [HCV GB, p. 18-9].
11-III.C. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT

The PHA must notify the owner and family of any changes in the amount of the HAP payment [HUD-52641, HAP Contract]. The notice must include the following information [HCV GB, p. 12-6]:

- The amount and effective date of the new HAP payment
- The amount and effective date of the new family share of the rent
- The amount and effective date of the new tenant rent to owner

The family must be given an opportunity for an informal hearing regarding the PHA’s determination of their annual or adjusted income, and the use of such income to compute the housing assistance payment [24 CFR 982.555(a)(1)(i)] (see Chapter 16).

**PHA Policy**

The family must contact the Pico Rivera Housing Assistance Agency Housing Program Specialist to review the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The Housing Program Specialist will also explain the procedures for requesting an informal hearing.

11-III.D. DISCREPANCIES

During an annual or interim reexamination, the PHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the PHA may discover errors made by the PHA. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 13.
Chapter 12

TERMINATION OF ASSISTANCE AND TENANCY

HUD regulations specify mandatory and optional grounds for which a PHA can terminate a family’s assistance. They also specify the circumstances under which an owner may terminate the tenancy of an assisted family. This chapter describes the policies that govern mandatory and optional terminations of assistance, and termination of tenancy by the owner. It is presented in three parts:

Part I: Grounds for Termination of Assistance. This part describes the various circumstances under which assistance under the program can be terminated by the family or by the PHA.

Part II: Approach to Termination of Assistance. This part describes the policies and the process that the PHA will use in evaluating decisions on whether to terminate assistance due to actions or inactions of the family where termination is an option. It specifies the alternatives that the PHA may consider in lieu of termination, the criteria the PHA will use when deciding what action to take, and the steps the PHA must take when terminating a family’s assistance.

Part III: Termination of Tenancy by the Owner. This part describes the HUD policies that govern the owner’s right to terminate an assisted tenancy.

PART I: GROUNDS FOR TERMINATION OF ASSISTANCE

12-I.A. OVERVIEW

HUD requires the PHA to terminate assistance for certain actions and inactions of the family and when the family no longer requires assistance due to increases in family income. HUD permits the PHA to terminate assistance for certain other actions or inactions of the family. In addition, a family may decide to withdraw from the program and terminate their HCV assistance at any time by notifying the PHA.

12-I.B. FAMILY NO LONGER REQUIRES ASSISTANCE [24 CFR 982.455]

As a family’s income increases, the amount of the housing assistance payment decreases. If the amount of assistance provided by the PHA is reduced to zero, the family's assistance terminates automatically 180 days after the last HAP payment.

PHA Policy

If a participating family receiving zero assistance experiences a change in circumstances that would result in a HAP payment to the owner, the family must notify the PHA of the change and request an interim reexamination before the expiration of the 180-day period.
12-I.C. FAMILY CHOOSES TO TERMINATE ASSISTANCE

The family may request that the PHA terminate housing assistance payments on behalf of the family at any time.

PHA Policy

The request to terminate assistance should be made in writing and signed by the head of household, and spouse or cohead if applicable. Before terminating the family’s assistance, the PHA will follow the notice requirements in Section 12-II.F.

12-I.D. MANDATORY TERMINATION OF ASSISTANCE

HUD requires the PHA to terminate assistance in the following circumstances.

Eviction [24 CFR 982.552(b)(2), 24 CFR 5.2005(c)(1)]

The PHA must terminate assistance whenever a family is evicted from a unit assisted under the HCV program for a serious or repeated violation of the lease. As discussed further in section 12-II.E, incidents of actual or threatened domestic violence, dating violence, sexual assault, or stalking may not be construed as serious or repeated violations of the lease by the victim or threatened victim of such violence or stalking.

PHA Policy

A family will be considered evicted if the family moves after a legal eviction order has been issued, whether or not physical enforcement of the order was necessary.

If a family moves after the owner has given the family an eviction notice for serious or repeated lease violations but before a legal eviction order has been issued, termination of assistance is not mandatory. In such cases the PHA will determine whether the family has committed serious or repeated violations of the lease based on available evidence and may terminate assistance or take any of the alternative measures described in section 12-II.C. In making its decision, the PHA will consider the factors described in sections 12-II.D and 12-II.E. Upon consideration of such factors, the PHA may, on a case-by-case basis, choose not to terminate assistance.

Serious and repeated lease violations will include, but not be limited to, nonpayment of rent, disturbance of neighbors, destruction of property, or living or housekeeping habits that cause damage to the unit or premises and criminal activity. Generally, the criterion to be used will be whether or not the reason for the eviction was the fault of the tenant or guests.

Failure to Provide Consent [24 CFR 982.552(b)(3)]

The PHA must terminate assistance if any family member fails to sign and submit any consent form they are required to sign for a regular or interim reexamination. See Chapter 7 for a complete discussion of consent requirements.
Failure to Document Citizenship [24 CFR 982.552(b)(4) and [24 CFR 5.514(c)]

The PHA must terminate assistance if (1) a family fails to submit required documentation within the required timeframe concerning any family member’s citizenship or immigration status; (2) a family submits evidence of citizenship and eligible immigration status in a timely manner, but United States Citizenship and Immigration Services (USCIS) primary and secondary verification does not verify eligible immigration status of the family; or (3) a family member, as determined by the PHA, has knowingly permitted another individual who is not eligible for assistance to reside (on a permanent basis) in the unit.

For (3) above, such termination must be for a period of at least 24 months. This does not apply to ineligible noncitizens already in the household where the family’s assistance has been prorated. See Chapter 7 for a complete discussion of documentation requirements.

Failure to Disclose and Document Social Security Numbers [24 CFR 5.218(c), Notice PIH 2018-24]

The PHA must terminate assistance if a participant family fails to disclose the complete and accurate social security numbers of each household member and the documentation necessary to verify each social security number.

However, if the family is otherwise eligible for continued program assistance, and the PHA determines that the family’s failure to meet the SSN disclosure and documentation requirements was due to circumstances that could not have been foreseen and were outside of the family’s control, the PHA may defer the family’s termination and provide the opportunity to comply with the requirement within a period not to exceed 90 calendar days from the date the PHA determined the family to be noncompliant.

PHA Policy

The PHA will defer the family’s termination and provide the family with the opportunity to comply with the requirement for a period of 90 calendar days for circumstances beyond the participant’s control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency, if there is a reasonable likelihood that the participant will be able to disclose an SSN by the deadline.

Methamphetamine Manufacture or Production [24 CFR 982.553(b)(1)(ii)]

The PHA must terminate assistance if any household member has ever been convicted of the manufacture or production of methamphetamine on the premises of federally assisted housing.

Lifetime Registered Sex Offenders [Notice PIH 2012-28]

Should a PHA discover that a member of an assisted household was subject to a lifetime registration requirement at admission and was erroneously admitted after June 25, 2001, the PHA must immediately terminate assistance for the household member.

In this situation, the PHA must offer the family the opportunity to remove the ineligible family member from the household. If the family is unwilling to remove that individual from the household, the PHA must terminate assistance for the household.
Failure of Students to Meet Ongoing Eligibility Requirements [24 CFR 982.552(b)(5) and FR 4/10/06]

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, does not have dependent children, is not residing with his/her parents in an HCV assisted household, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the PHA must the terminate the student’s assistance if, at the time of reexamination, either the student’s income or the income of the student’s parents (if applicable) exceeds the applicable income limit.

If a participant household consists of both eligible and ineligible students, the eligible students shall not be terminated, but must be issued a voucher to move with continued assistance in accordance with program regulations and PHA policies, or must be given the opportunity to lease in place if the terminated ineligible student members elect to move out of the assisted unit.

Death of the Sole Family Member [24 CFR 982.311(d) and Notice PIH 2010-9]

The PHA must immediately terminate program assistance for deceased single member households.

12-I.E. MANDATORY POLICIES AND OTHER AUTHORIZED TERMINATIONS

Mandatory Policies [24 CFR 982.553(b) and 982.551(l)]

HUD requires the PHA to establish policies that permit the PHA to terminate assistance if the PHA determines that:

- Any household member is currently engaged in any illegal use of a drug, or has a pattern of illegal drug use that interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents
- Any household member’s abuse or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents
- Any household member has violated the family’s obligation not to engage in any drug-related criminal activity
- Any household member has violated the family’s obligation not to engage in violent criminal activity
Use of Illegal Drugs and Alcohol Abuse

PHA Policy

The PHA will terminate a family’s assistance if any household member is currently engaged in any illegal use of a drug, or has a pattern of illegal drug use that interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

The PHA will terminate assistance if any household member’s abuse or pattern of abuse of alcohol threatens the health, safety, or right to peaceful enjoyment of the premises by other residents.

Currently engaged in is defined as any use of illegal drugs during the previous six months.

The PHA will consider all credible evidence, including but not limited to, any record of arrests, convictions, or eviction of household members related to the use of illegal drugs or abuse of alcohol.

A record or records of arrest will not be used as the sole basis for the termination or proof that the participant engaged in disqualifying criminal activity.

In making its decision to terminate assistance, the PHA will consider alternatives as described in Section 12-II.C and other factors described in Sections 12-II.D and 12-II.E. Upon consideration of such alternatives and factors, the PHA may, on a case-by-case basis, choose not to terminate assistance.

The PHA may terminate the assistance of medical marijuana users. On a case-by-case basis, the PHA may terminate individual medical marijuana users, rather than entire households or the entire household when appropriate. The Quality Housing and Work Responsibility Act (QHWRA) of 1998 (42 U.S.C. 13661) requires the PHA to establish standards that allows the PHA to terminate assistance for use of a controlled substance, including medical marijuana. State laws that legalize medical marijuana directly conflict with the admission requirements set forth in QHWRA and are thus subject to federal preemption.
Drug-Related and Violent Criminal Activity [24 CFR 5.100]

Drug means a controlled substance as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802).

Drug-related criminal activity is defined by HUD as the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute or use the drug.

Violent criminal activity means any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage.

PHA Policy

The PHA will terminate a family’s assistance if any household member has violated the family’s obligation not to engage in any drug-related or violent criminal activity during participation in the HCV program.

The PHA will consider all credible evidence, including but not limited to, any record of arrests and/or convictions of household members related to drug-related or violent criminal activity, and any eviction or notice to evict based on drug-related or violent criminal activity.

A record or records of arrest will not be used as the sole basis for the termination or proof that the participant engaged in disqualifying criminal activity.

In making its decision to terminate assistance, the PHA will consider alternatives as described in Section 12-II.C and other factors described in Sections 12-II.D and 12-II.E. Upon consideration of such alternatives and factors, the PHA may, on a case-by-case basis, choose not to terminate assistance.
Other Authorized Reasons for Termination of Assistance
[24 CFR 982.552(c), 24 CFR 5.2005(c)]

HUD permits the PHA to terminate assistance under a number of other circumstances. It is left to the discretion of the PHA whether such circumstances in general warrant consideration for the termination of assistance. As discussed further in section 12-II.E, the Violence against Women Act of 2013 explicitly prohibits PHAs from considering incidents of, or criminal activity directly related to, domestic violence, dating violence, sexual assault, or stalking as reasons for terminating the assistance of a victim of such abuse.

Additionally, per the alternative requirements listed in the Federal Register notice dated December 29, 2014, PHAs are no longer permitted to terminate assistance to a family due to the family’s failure to meet its obligations under the Family Self-Sufficiency (FSS) contract of participation [FR Notice 12/29/14].

**PHA Policy**

The PHA **will** terminate a family’s assistance if:

- The family has failed to comply with any family obligations under the program. See Exhibit 12-1 for a listing of family obligations and related PHA policies.
- Any family member has been evicted from federally assisted housing in the last five years.
- Any family member has committed fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program.
- The family currently owes rent or other amounts to any PHA in connection with Section 8 or public housing assistance under the 1937 Act.
- The family has not reimbursed any PHA for amounts the PHA paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease.
- The family has breached the terms of a repayment agreement entered into with the PHA.
- Failure to report changes resulting in excess Housing Assistance Payments (HAP) after three (3) repayment agreements.
A family member has engaged in or threatened violent or abusive behavior toward PHA personnel.

*Abusive or violent behavior towards PHA personnel* includes verbal as well as physical abuse or violence. Use of racial epithets, or other language, written or oral, that is customarily used to intimidate may be considered abusive or violent behavior.

*Terrorizing* refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence.

In making its decision to terminate assistance, the PHA will consider alternatives as described in Section 12-II.C and other factors described in Sections 12-II.D and 12-II.E. Upon consideration of such alternatives and factors, the PHA may, on a case-by-case basis, choose not to terminate assistance.

**Family Absence from the Unit [24 CFR 982.312]**

The family may be absent from the unit for brief periods. The PHA must establish a policy on how long the family may be absent from the assisted unit. However, the family may not be absent from the unit for a period of more than 180 consecutive calendar days for any reason. Absence in this context means that no member of the family is residing in the unit.

**PHA Policy**

If the family is absent from the unit for more than 180 consecutive calendar days, the family’s assistance will be terminated. Notice of termination will be sent in accordance with Section 12-II.F.
Insufficient Funding [24 CFR 982.454]

The PHA may terminate HAP contracts if the PHA determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program.

PHA Policy

The PHA will determine whether there is sufficient funding to pay for currently assisted families according to the policies in Part VIII of Chapter 16. If the PHA determines there is a shortage of funding, prior to terminating any HAP contracts, the PHA will determine if any other actions can be taken to reduce program costs.

If after implementing all reasonable cost cutting measures there is not enough funding available to provide continued assistance for current participants, the PHA will terminate HAP contracts as a last resort.

Prior to terminating any HAP contracts, the PHA will inform the local HUD field office. The PHA will terminate the minimum number needed in order to reduce HAP costs to a level within the PHA’s annual budget authority.

If the PHA must terminate HAP contracts due to insufficient funding, the PHA will do so in accordance with the following criteria and instructions:

- Families comprising the required number of special purpose vouchers, including nonelderly disabled (NED), HUD-Veteran’s Affairs Supportive Housing (HUD-VASH), and family unification program (FUP) will be the last to be terminated.
- Terminate the participants that owe monies to the PHA.
- Terminate the participants that have repeatedly violated the PHA’s rules and regulations.
- Terminate the participants that are working and paying 60% or more of their contract rent.
PART II: APPROACH TO TERMINATION OF ASSISTANCE

12-II.A. OVERVIEW

The PHA is required by regulation to terminate a family’s assistance for certain actions or inactions of the family. For other types of actions or inactions of the family, the regulations give the PHA the authority to either terminate the family’s assistance or to take another action. This part discusses the various actions the PHA may choose to take when it has discretion, and outlines the criteria the PHA will use to make its decision about whether or not to terminate assistance. It also specifies the requirements for the notification to the family of the PHA’s intent to terminate assistance.

12-II.B. METHOD OF TERMINATION [24 CFR 982.552(a)(3)]

Termination of assistance for a participant may include any or all of the following:

- Terminating housing assistance payments under a current HAP contract,
- Refusing to enter into a new HAP contract or approve a lease, or
- Refusing to process a request for or to provide assistance under portability procedures.

12-II.C. ALTERNATIVES TO TERMINATION OF ASSISTANCE

Change in Household Composition

As a condition of continued assistance, the PHA may require that any household member who participated in or was responsible for an offense no longer resides in the unit [24 CFR 982.552(c)(2)(ii)].

PHA Policy

As a condition of continued assistance, the head of household must certify that the culpable family member has vacated the unit and will not be permitted to visit or to stay as a guest in the assisted unit. The family must present evidence of the former family member’s current address upon PHA request.

Repayment of Family Debts

PHA Policy

If a family owes amounts to the PHA, as a condition of continued assistance, the PHA will require the family to repay the full amount or to enter into a repayment agreement, within 30 days of receiving notice from the PHA of the amount owed. See Chapter 16 for policies on repayment agreements.
12-II.D. CRITERIA FOR DECIDING TO TERMINATE ASSISTANCE

Evidence
For criminal activity, HUD permits the PHA to terminate assistance if a preponderance of the evidence indicates that a household member has engaged in the activity, regardless of whether the household member has been arrested or convicted [24 CFR 982.553(c)].

PHA Policy
The PHA will use the concept of the preponderance of the evidence as the standard for making all termination decisions.

Preponderance of the evidence is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not.

Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence

Use of Criminal Conviction Records after Admission [24 CFR 5.903]
The regulation at 24 CFR 5.903 governs a PHA’s access to and use of criminal conviction records obtained from a “law enforcement agency” such as the National Crime Information Center (NCIC), police departments, and other law enforcement agencies that hold criminal conviction records. While the regulatory listing of permitted uses for these records includes PHA screening of applicants for admission to the HCV program, it specifically excludes the use of records for lease enforcement and eviction of HCV participants and excludes by omission a PHA’s use of records to terminate assistance for participants. While a PHA has regulatory authority to use criminal conviction records for the purpose of applicant screening for admission, there is no corresponding authority to use these records to check for criminal and illegal drug activity by participants, and therefore, PHAs may not use records for this purpose. The limitations, however, do not apply to criminal conviction information searches from non-federal sources (i.e., sources other than the “law enforcement agencies” defined in 24 CFR 5.902(b)). There is no prohibition that bars a PHA from using non-federal sources to conduct criminal background checks of program participants.

Consideration of Circumstances [24 CFR 982.552(c)(2)(i)]
The PHA is permitted, but not required, to consider all relevant circumstances when determining whether a family’s assistance should be terminated.

PHA Policy
The PHA will consider the following facts and circumstances when making its decision to terminate assistance:

- The seriousness of the case, especially with respect to how it would affect other residents’ safety or property.
- The effects that termination of assistance may have on other members of the family who were not involved in the action or failure to act.
The extent of participation or culpability of individual family members, including whether the culpable family member is a minor or a person with disabilities or (as discussed further in section 12-II.E) a victim of domestic violence, dating violence, sexual assault or stalking.

The length of time since the violation occurred, including the age of the individual at the time of the conduct, as well as the family’s recent history and the likelihood of favorable conduct in the future.

While a record or records of arrest will not be used as the sole basis for termination, an arrest may, however, trigger an investigation to determine whether the participant actually engaged in disqualifying criminal activity. As part of its investigation, the PHA may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. The PHA may also consider:

- Any statements made by witnesses or the participant not included in the police report.
- Whether criminal charges were filed.
- Whether, if filed, criminal charges were abandoned, dismissed, not prosecuted, or ultimately resulted in an acquittal.
- Any other evidence relevant to determining whether or not the participant engaged in disqualifying activity.

Evidence of criminal conduct will be considered if it indicates a demonstrable risk to safety and/or property.

In the case of drug or alcohol abuse, whether the culpable household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program or has otherwise been rehabilitated successfully.

The PHA will require the participant to submit evidence of the household member’s current participation in or successful completion of a supervised drug or alcohol rehabilitation program, or evidence of otherwise having been rehabilitated successfully.

In the case of program abuse, the dollar amount of the overpaid assistance and whether or not a false certification was signed by the family.

**Reasonable Accommodation [24 CFR 982.552(c)(2)(iv)]**

If the family includes a person with disabilities, the PHA’s decision to terminate the family’s assistance is subject to consideration of reasonable accommodation in accordance with 24 CFR Part 8.

**PHA Policy**

If a family indicates that the behavior of a family member with a disability is the reason for a proposed termination of assistance, the PHA will determine whether the behavior is related to the disability. If so, upon the family’s request, the PHA will determine whether alternative measures are appropriate as a reasonable accommodation. The PHA will only consider accommodations that can reasonably be expected to address the behavior that is the basis of the proposed termination of assistance. See Chapter 2 for a discussion of reasonable accommodation.
12-II.E. TERMINATIONS RELATED TO DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT OR STALKING

This section describes the protections against termination of assistance that the Violence against Women Act of 2013 (VAWA) provides for victims of domestic violence, dating violence, sexual assault and stalking. For general VAWA requirements, key VAWA definitions, and PHA policies pertaining to notification, documentation, and confidentiality, see section 16-IX of this plan.

VAWA Protections against Termination

VAWA provides four specific protections against termination of HCV assistance for victims of domestic violence, dating violence, sexual assault or stalking. (Note: The second, third, and fourth protections also apply to terminations of tenancy or occupancy by owners participating in the HCV program, as do the limitations discussed under the next heading.)

First, VAWA provides that a PHA may not terminate assistance to a family that moves out of an assisted unit in violation of the lease, with or without prior notification to the PHA, if the move occurred to protect the health or safety of a family member who is or has been the victim of domestic violence, dating violence, sexual assault or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the unit [24 CFR 982.354(b)(4)].

Second, it provides that an incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking may not be construed either as a serious or repeated lease violation by the victim or as good cause to terminate the assistance of the victim [24 CFR 5.2005(c)(1)].

Third, it provides that criminal activity directly related to domestic violence, dating violence, sexual assault or stalking may not be construed as cause for terminating the assistance of a tenant if a member of the tenant’s household, a guest, or another person under the tenant’s control is the one engaging in the criminal activity and the tenant or affiliated individual or other individual is the actual or threatened victim of the domestic violence, dating violence, or stalking [24 CFR 5.2005(c)(2)].

Fourth, it gives PHAs the authority to terminate assistance to any tenant or lawful occupant who engages in criminal acts of physical violence against family members or others without terminating assistance to, or otherwise penalizing, the victim of the violence [24 CFR 5.2009(a)].
Limitations on VAWA Protections [24 CFR 5.2005(d) and (e)]

VAWA does not limit the authority of a PHA to terminate the assistance of a victim of abuse for reasons unrelated to domestic violence, dating violence, sexual assault or stalking so long as the PHA does not subject the victim to a more demanding standard than it applies to other program participants [24 CFR 5.2005(d)(1)].

Likewise, VAWA does not limit the authority of a PHA to terminate the assistance of a victim of domestic violence, dating violence, sexual assault or stalking if the PHA can demonstrate an actual and imminent threat to other tenants or those employed at or providing service to the assisted property if the victim is not terminated from assistance [24 CFR 5.2005(d)(2)].

HUD regulations define actual and imminent threat to mean words, gestures, actions, or other indicators of a physical threat that (a) is real, (b) would occur within an immediate time frame, and (c) could result in death or serious bodily harm [24 CFR 5.2005(d)(2) and (e)]. In determining whether an individual would pose an actual and imminent threat, the factors to be considered include:

- The duration of the risk
- The nature and severity of the potential harm
- The likelihood that the potential harm will occur
- The length of time before the potential harm would occur [24 CFR 5.2005(e)]

In order to demonstrate an actual and imminent threat, the PHA must have objective evidence of words, gestures, actions, or other indicators. Even when a victim poses an actual and imminent threat, however, HUD regulations authorize a PHA to terminate the victim’s assistance “only when there are no other actions that could be taken to reduce or eliminate the threat” [24 CFR 5.2005(d)(3)].

PHA Policy

In determining whether a program participant who is a victim of domestic violence, dating violence, sexual assault or stalking is an actual and imminent threat to other tenants or those employed at or providing service to a property, the PHA will consider the following, and any other relevant, factors:

- Whether the threat is toward an employee or tenant other than the victim of domestic violence, dating violence, sexual assault or stalking
- Whether the threat is a physical danger beyond a speculative threat
- Whether the threat is likely to happen within an immediate time frame
- Whether the threat to other tenants or employees can be eliminated in some other way, such as by helping the victim relocate to a confidential location or seeking a legal remedy to prevent the perpetrator from acting on the threat

If the participant wishes to contest the PHA’s determination that he or she is an actual and imminent threat to other tenants or employees, the participant may do so as part of the informal hearing.
Documentation of Abuse [24 CFR 5.2007]

PHA Policy

When an individual facing termination of assistance for reasons related to domestic violence, dating violence, sexual assault or stalking claims protection under VAWA, the PHA will request that the individual provide documentation supporting the claim in accordance with the policies in section 16-IX.D of this plan.

The PHA reserves the right to waive the documentation requirement if it determines that a statement or other corroborating evidence from the individual will suffice. In such cases the PHA will document the waiver in the individual’s file.

Terminating the Assistance of a Domestic Violence Perpetrator

Although VAWA provides protection against termination of assistance for victims of domestic violence, it does not provide such protection for perpetrators. VAWA gives the PHA the explicit authority to “terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others” without terminating assistance to “or otherwise penalizing the victim of such violence who is also a tenant or lawful occupant” [24 CFR 5.2009(a)]. This authority is not dependent on a bifurcated lease or other eviction action by an owner against an individual family member. Further, this authority supersedes any local, state, or other federal law to the contrary. However, if the PHA chooses to exercise this authority, it must follow any procedures prescribed by HUD or by applicable local, state, or federal law regarding termination of assistance. This means that the PHA must follow the same rules when terminating assistance to an individual as it would when terminating the assistance of an entire family [3/16/07 Federal Register notice on the applicability of VAWA to HUD programs].

If the perpetrator remains in the unit, the PHA continues to pay the owner until the PHA terminates the perpetrator from the program. The PHA must not stop paying HAP until 30 days after the owner bifurcates the lease to evict the perpetrator. The PHA may pay HAP for the full month if the 30-day period will end mid-month [Notice PIH 2017-08].

If the perpetrator is the only participant eligible to receive assistance, the PHA will provide any remaining participant a chance to establish eligibility for the program. If the remaining participant cannot do so, the PHA will provide them with 30 days to establish eligibility for another housing program prior to termination of the HAP contract.
PHA Policy

The PHA will terminate assistance to a family member if the PHA determines that the family member has committed criminal acts of physical violence against other family members or others. This action will not affect the assistance of the remaining, nonculpable family members.

In making its decision, the PHA will consider all credible evidence, including, but not limited to, a signed certification (form HUD-5382) or other documentation of abuse submitted to the PHA by the victim in accordance with this section and section 16-IX.D. The PHA will also consider the factors in section 12-II.D. Upon such consideration, the PHA may, on a case-by-case basis, choose not to terminate the assistance of the culpable family member.

If the PHA does terminate the assistance of the culpable family member, it will do so in accordance with applicable law, HUD regulations, and the policies in this plan.
12-II.F. TERMINATION NOTICE

HUD regulations require PHAs to provide written notice of termination of assistance to a family only when the family is entitled to an informal hearing. However, since the family’s HAP contract and lease will also terminate when the family’s assistance terminates [form HUD-52641], it is a good business practice to provide written notification to both owner and family anytime assistance will be terminated, whether voluntarily or involuntarily.

**PHA Policy**

Whenever a family’s assistance will be terminated, the PHA will send a written notice of termination to the family and to the owner. The PHA will also send a form HUD-5382 and form HUD-5380 to the family with the termination notice. The notice will state the date on which the termination will become effective. This date generally will be at least 30 calendar days following the date of the termination notice, but exceptions will be made whenever HUD rules, other PHA policies, or the circumstances surrounding the termination require.

When the PHA notifies an owner that a family’s assistance will be terminated, the PHA will, if appropriate, advise the owner of his/her right to offer the family a separate, unassisted lease.

If a family whose assistance is being terminated is entitled to an informal hearing, the notice of termination that the PHA sends to the family must meet the additional HUD and PHA notice requirements discussed in section 16-III.C of this plan. VAWA 2013 expands notification requirements to require PHAs to provide notice of VAWA rights and the HUD 5382 form when a PHA terminates a household’s housing benefits.

**PHA Policy**

Whenever the PHA decides to terminate a family’s assistance because of the family’s action or failure to act, the PHA will include in its termination notice the VAWA information described in section 16-IX.C of this plan and a form HUD-5382 and form HUD-5380. The PHA will request in writing that a family member wishing to claim protection under VAWA notify the PHA within 14 business days.

Still other notice requirements apply in two situations:

- If a criminal record is the basis of a family’s termination, the PHA must provide a copy of the record to the subject of the record and the tenant so that they have an opportunity to dispute the accuracy and relevance of the record [24 CFR 982.553(d)(2)].

- If immigration status is the basis of a family’s termination, as discussed in section 12-I.D, the special notice requirements in section 16-III.D must be followed.
PART III: TERMINATION OF TENANCY BY THE OWNER

12-III.A. OVERVIEW

Termination of an assisted tenancy is a matter between the owner and the family; the PHA is not directly involved. However, the owner is under some constraints when terminating an assisted tenancy. Termination of tenancy for certain reasons will also result in termination of assistance as discussed in this section.

12-III.B. GROUNDS FOR OWNER TERMINATION OF TENANCY [24 CFR 982.310, 24 CFR 5.2005(c), and Form HUD-52641-A, Tenancy Addendum]

During the term of the lease, the owner is not permitted to terminate the tenancy except for serious or repeated violations of the lease, certain violations of state or local law, or other good cause.

**Serious or Repeated Lease Violations**

The owner is permitted to terminate the family’s tenancy for serious or repeated violations of the terms and conditions of the lease, except when the violations are related to incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking and the victim is protected from eviction by the Violence against Women Act of 2013 (see section 12-II.E). A serious lease violation includes failure to pay rent or other amounts due under the lease. However, the PHA’s failure to make a HAP payment to the owner is not a violation of the lease between the family and the owner.

**Violation of Federal, State, or Local Law**

The owner is permitted to terminate the tenancy if a family member violates federal, state, or local law that imposes obligations in connection with the occupancy or use of the premises.

**Criminal Activity or Alcohol Abuse**

The owner may terminate tenancy during the term of the lease if any *covered person*—meaning any member of the household, a guest, or another person under the tenant’s control—commits any of the following types of criminal activity (for applicable definitions see 24 CFR 5.100):

- Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of the premises by, other residents (including property management staff residing on the premises)
- Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises
- Any violent criminal activity on or near the premises
- Any drug-related criminal activity on or near the premises

However, in the case of criminal activity directly related to domestic violence, dating violence, sexual assault or stalking, if the tenant or an affiliated individual is the victim, the criminal activity may not be construed as cause for terminating the victim’s tenancy (see section 12-II.E).
The owner may terminate tenancy during the term of the lease if any member of the household is:

- Fleeing to avoid prosecution, custody, or confinement after conviction for a crime or an attempt to commit a crime that is a felony under the laws of the place from which the individual flees, or that, in the case of the State of New Jersey, is a high misdemeanor; or
- Violating a condition of probation or parole imposed under federal or state law.

The owner may terminate tenancy during the term of the lease if any member of the household has engaged in abuse of alcohol that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents.

**Evidence of Criminal Activity**

The owner may terminate tenancy and evict by judicial action a family for criminal activity by a covered person if the owner determines the covered person has engaged in the criminal activity, regardless of whether the covered person has been arrested or convicted for such activity and without satisfying the standard of proof used for a criminal conviction. This is the case except in certain incidents where the criminal activity directly relates to domestic violence, dating violence, sexual assault, or stalking, and the tenant or an affiliated individual is the victim or threatened victim of the domestic violence, dating violence, sexual assault, or stalking.

**Other Good Cause**

During the initial lease term, the owner may not terminate the tenancy for “other good cause” unless the owner is terminating the tenancy because of something the family did or failed to do. During the initial lease term or during any extension term, other good cause includes the disturbance of neighbors, destruction of property, or living or housekeeping habits that cause damage to the unit or premises.

After the initial lease term, “other good cause” for termination of tenancy by the owner includes:

- Failure by the family to accept the offer of a new lease or revision
- The owner’s desire to use the unit for personal or family use, or for a purpose other than as a residential rental unit
- A business or economic reason for termination of the tenancy (such as sale of the property, renovation of the unit, or desire to lease the unit at a higher rent)

After the initial lease term, the owner may give the family notice at any time, in accordance with the terms of the lease.

If a property is subject to foreclosure, during the term of the lease, the new owner of the property does not have good cause to terminate the tenant’s lease, unless the new owner will occupy the unit as their primary residence and has provided the tenant with at least a 90-day notice. In that case, the lease may be terminated effective on the date of sale, although the tenant is still entitled to a 90-day notice to vacate. See Section 13-II.G for a discussion of PHA policies relating to units in foreclosure.
12-III.C. EVICTION [24 CFR 982.310(e) and (f) and Form HUD-52641-A, Tenancy Addendum]

The owner must give the tenant a written notice that specifies the grounds for termination of tenancy during the term of the lease. The tenancy does not terminate before the owner has given this notice, and the notice must be given at or before commencement of the eviction action.

The notice of grounds may be included in, or may be combined with, any owner eviction notice to the tenant.

Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used under state or local law to commence an eviction action. The owner may only evict the tenant from the unit by instituting a court action. The owner must give the PHA a copy of any eviction notice at the same time the owner notifies the family. The family is also required to give the PHA a copy of any eviction notice (see Chapter 5).

PHA Policy

If the eviction action is finalized in court, the owner must provide the PHA with documentation related to the eviction, including notice of the eviction date, as soon as possible, but no later than 5 business days following the court-ordered eviction.
12-III.D. DECIDING WHETHER TO TERMINATE TENANCY [24 CFR 982.310(h), 24 CFR 982.310(h)(4)]

An owner who has grounds to terminate a tenancy is not required to do so, and may consider all of the circumstances relevant to a particular case before making a decision. These might include:

- The nature of the offending action
- The seriousness of the offending action;
- The effect on the community of the termination, or of the owner’s failure to terminate the tenancy;
- The extent of participation by the leaseholder in the offending action;
- The effect of termination of tenancy on household members not involved in the offending activity;
- The demand for assisted housing by families who will adhere to lease responsibilities;
- The extent to which the leaseholder has shown personal responsibility and taken all reasonable steps to prevent or mitigate the offending action;
- The effect of the owner's action on the integrity of the program.

The owner may require a family to exclude a household member in order to continue to reside in the assisted unit, where that household member has participated in or been culpable for action or failure to act that warrants termination.

In determining whether to terminate tenancy for illegal use of drugs or alcohol abuse by a household member who is no longer engaged in such behavior, the owner may consider whether such household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program, or has otherwise been rehabilitated successfully (42 U.S.C. 13661). For this purpose, the owner may require the tenant to submit evidence of the household member's current participation in, or successful completion of, a supervised drug or alcohol rehabilitation program or evidence of otherwise having been rehabilitated successfully.

The owner's termination of tenancy actions must be consistent with the fair housing and equal opportunity provisions in 24 CFR 5.105.

An owner’s decision to terminate tenancy for incidents related to domestic violence, dating violence, sexual assault or stalking is limited by the Violence against Women Act of 2013 (VAWA) and the conforming regulations in 24 CFR Part 5, Subpart L. (See section 12-II.E.)

12-III.E. EFFECT OF TENANCY TERMINATION ON THE FAMILY’S ASSISTANCE

If a termination is not due to a serious or repeated violation of the lease, and if the PHA has no other grounds for termination of assistance, the PHA may issue a new voucher so that the family can move with continued assistance (see Chapter 10).
EXHIBIT 12-1: STATEMENT OF FAMILY OBLIGATIONS

Following is a listing of a participant family’s obligations under the HCV program:

- The family must supply any information that the PHA or HUD determines to be necessary, including submission of required evidence of citizenship or eligible immigration status.

- The family must supply any information requested by the PHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition.

- The family must disclose and verify social security numbers and sign and submit consent forms for obtaining information.

- Any information supplied by the family must be true and complete.

- The family is responsible for any Housing Quality Standards (HQS) breach by the family caused by failure to pay tenant-provided utilities or appliances, or damages to the dwelling unit or premises beyond normal wear and tear caused by any member of the household or guest.

  **PHA Policy**

  Damages beyond normal wear and tear will be considered to be damages which could be assessed against the security deposit.

- The family must allow the PHA to inspect the unit at reasonable times and after reasonable notice, as described in Chapter 8 of this plan.

- The family must not commit any serious or repeated violation of the lease.

  **PHA Policy**

  The PHA will determine if a family has committed serious or repeated violations of the lease based on available evidence, including but not limited to, a court-ordered eviction or an owner’s notice to evict, police reports, and affidavits from the owner, neighbors, or other credible parties with direct knowledge.

  *Serious and repeated lease violations* will include, but not be limited to, nonpayment of rent, disturbance of neighbors, destruction of property, living or housekeeping habits that cause damage to the unit or premises, and criminal activity. Generally, the criterion to be used will be whether or not the reason for the eviction was the fault of the tenant or guests. Any incidents of, or criminal activity related to, domestic violence, dating violence, sexual assault or stalking will not be construed as serious or repeated lease violations by the victim [24 CFR 5.2005(c)(1)].

- The family must notify the PHA and the owner before moving out of the unit or terminating the lease.

  **PHA Policy**

  The family must issue the owner a written notice of intent to vacate at least thirty days prior to the intended move-out date. The family must provide written notice to the PHA at the same time the owner is notified.

- The family must promptly give the PHA a copy of any owner eviction notice.
• The family must use the assisted unit for residence by the family. The unit must be the family’s only residence.

• The composition of the assisted family residing in the unit must be approved by the PHA. The family must promptly notify the PHA in writing of the birth, adoption, or court-awarded custody of a child. The family must request PHA approval to add any other family member as an occupant of the unit.

  **PHA Policy**
  The request to add a family member must be submitted in writing and approved prior to the person moving into the unit. The PHA will determine eligibility of the new member in accordance with the policies in Chapter 3.

• The family must promptly notify the PHA in writing if any family member no longer lives in the unit.

• If the PHA has given approval, a foster child or a live-in aide may reside in the unit. The PHA has the discretion to adopt reasonable policies concerning residency by a foster child or a live-in aide, and to define when PHA consent may be given or denied. For policies related to the request and approval/disapproval of foster children, foster adults, and live-in aides, see Chapter 3 (Sections I.K and I.M), and Chapter 11 (Section II.B).

• The family must not sublease the unit, assign the lease, or transfer the unit.

  **PHA Policy**
  Subleasing includes receiving payment to cover rent and utility costs by a person living in the unit who is not listed as a family member.

• The family must supply any information requested by the PHA to verify that the family is living in the unit or information related to family absence from the unit.

• The family must promptly notify the PHA when the family is absent from the unit.

  **PHA Policy**
  Notice is required under this provision only when all family members will be absent from the unit for an extended period. An extended period is defined as any period greater than 30 calendar days. Written notice must be provided to the PHA at the start of the extended absence.

• The family must pay utility bills and provide and maintain any appliances that the owner is not required to provide under the lease [Form HUD-52646, Voucher].

• The family must not own or have any interest in the unit, (other than in a cooperative and owners of a manufactured home leasing a manufactured home space).

• Family members must not commit fraud, bribery, or any other corrupt or criminal act in connection with the program. (See Chapter 14, Program Integrity for additional information).
- Family members must not engage in drug-related criminal activity or violent criminal activity or other criminal activity that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises. See Chapter 12 for HUD and PHA policies related to drug-related and violent criminal activity.

- Members of the household must not engage in abuse of alcohol in a way that threatens the health, safety or right to peaceful enjoyment of the other residents and persons residing in the immediate vicinity of the premises. See Chapter 12 for a discussion of HUD and PHA policies related to alcohol abuse.

- An assisted family or member of the family must not receive HCV program assistance while receiving another housing subsidy, for the same unit or a different unit under any other federal, state or local housing assistance program.

- A family must not receive HCV program assistance while residing in a unit owned by a parent, child, grandparent, grandchild, sister or brother of any member of the family, unless the PHA has determined (and has notified the owner and the family of such determination) that approving rental of the unit, notwithstanding such relationship, would provide reasonable accommodation for a family member who is a person with disabilities. [Form HUD-52646, Voucher]
Chapter 13

OWNERS

INTRODUCTION

Owners play a major role in the HCV program by supplying decent, safe, and sanitary housing for participating families.

The term “owner” refers to any person or entity with the legal right to lease or sublease a unit to a participant in the HCV program [24 CFR 982.4(b)]. The term “owner” includes a principal or other interested party [24 CFR 982.453; 24 CFR 982.306(f)], such as a designated agent of the owner.

Owners have numerous responsibilities under the program, including screening and leasing to families, maintaining the dwelling unit, enforcing the lease, and complying with various contractual obligations.

The chapter is organized in two parts:

   Part I: Owners in the HCV Program. This part discusses the role of an owner in the PHA’s HCV program and highlights key owner rights and responsibilities.

   Part II: HAP Contracts. This part explains provisions of the HAP contract and the relationship between the PHA and the owner as expressed in the HAP contract.

For detailed information about HCV program responsibilities and processes, including PHA policies in key areas, owners will need to refer to several other chapters in this plan. Where appropriate, Chapter 13 will reference the other chapters.
PART I. OWNERS IN THE HCV PROGRAM

13-I.A. OWNER RECRUITMENT AND RETENTION [HCV GB, pp. 2-4 to 2-6; HCV Landlord Strategy Guidebook for PHAs]

Recruitment

PHAs are responsible for ensuring that very low-income families have access to all types and ranges of affordable housing in the PHA’s jurisdiction, particularly housing outside areas of poverty or minority concentration. A critical element in fulfilling this responsibility is for the PHA to ensure that a sufficient number of owners, representing all types and ranges of affordable housing in the PHA’s jurisdiction, are willing to participate in the HCV program.

To accomplish this objective, PHAs must identify and recruit new owners to participate in the program.

If the PHA will be conducting outreach events, the PHA must ensure that notices and communications during outreach events are provided in a manner that is effective for persons with hearing, visual, and other communications-related disabilities. PHAs must also take reasonable steps to ensure meaningful access to programs to persons with limited English proficiency.

PHA Policy

The PHA will conduct owner outreach to ensure that owners are familiar with the program and its advantages. The PHA will actively recruit property owners with property located outside areas of poverty and minority concentration. These outreach strategies will include:

- Distributing printed material about the program to property owners and managers
- Contacting property owners and managers by phone or in-person
- Holding owner recruitment/information meetings at least once a year
- Developing working relationships with owners, apartment associations, industry investor groups, and real estate brokers associations
- To the extent practical, partnering with and attending events hosted by other area agencies to deliver information about the HCV program

Outreach strategies will be monitored for effectiveness and adapted accordingly.
Retention

In addition to recruiting owners to participate in the HCV program, the PHA must also provide the kind of customer service that will encourage participating owners to remain active in the program.

PHA Policy

All PHA activities that may affect an owner’s ability to lease a unit will be processed as rapidly as possible, in order to minimize vacancy losses for owners.

The PHA will provide owners with a handbook that explains the program, including HUD and PHA policies and procedures, in easy-to-understand language.

The PHA will give special attention to helping new owners succeed through activities such as:

- Providing the owner with a designated PHA contact person.
- Coordinating inspection and leasing activities between the PHA, the owner, and the family.
- Initiating telephone contact with the owner to explain the inspection process and providing an inspection booklet and other resource materials about HUD housing quality standards.
- Providing other written information about how the program operates through a landlord handbook, including answers to frequently asked questions.
- Contacting owners via emails or texts to disseminate information.

Additional services may be undertaken on an as-needed basis, and as resources permit.
13-I.B. BASIC HCV PROGRAM REQUIREMENTS

HUD requires the PHA to assist families in their housing search by providing the family with a list of landlords or other parties known to the PHA who may be willing to lease a unit to the family, or to help the family find a unit. Although the PHA cannot maintain a list of owners that are pre-qualified to participate in the program, owners may indicate to the PHA their willingness to lease a unit to an eligible HCV family, or to help the HCV family find a unit [24 CFR 982.301(b)(11)].

**PHA Policy**

Owners that wish to indicate their willingness to lease a unit to an eligible HCV family or to help the HCV family find a unit must notify the PHA. The PHA will maintain a listing of such owners and provide this listing to the HCV family as part of the informational briefing packet.

When a family approaches an owner to apply for tenancy, the owner is responsible for screening the family and deciding whether to lease to the family, just as the owner would with any potential unassisted tenant. The PHA has no liability or responsibility to the owner or other persons for the family’s behavior or suitability for tenancy. See chapters 3 and 9 for more detail on tenant family screening policies and process.

If the owner is willing, the family and the owner must jointly complete a Request for Tenancy Approval (RTA, Form HUD 52517), which constitutes the family's request for assistance in the specified unit, and which documents the owner’s willingness to lease to the family and to follow the program’s requirements. When submitted to the PHA, this document is the first step in the process of obtaining approval for the family to receive the financial assistance it will need in order to occupy the unit. Also submitted with the RTA is a copy of the owner’s proposed dwelling lease, including the HUD-required Tenancy Addendum (Form HUD-52641-A). See Chapter 9 for more detail on request for tenancy approval policies and process.

HUD regulations stipulate requirements for the approval of an assisted tenancy.

The owner must be qualified to participate in the program [24 CFR 982.306]. Some owners are precluded from participating in the program, or from renting to a particular family, either because of their past history with this or another federal housing program, or because of certain conflicts of interest. Owner qualifications are discussed later in this chapter.

The selected unit must be of a type that is eligible for the program [24 CFR 982.305(a)]. Certain types of dwelling units cannot be assisted under the HCV program. Other types may be assisted under certain conditions. See chapter 9 for more detail on unit eligibility policies and process.

The selected unit must meet HUD’s Housing Quality Standards (HQS) and/or equivalent state or local standards approved by HUD [24 CFR 982.305(a)]. The PHA will inspect the owner’s dwelling unit at least annually to ensure that the unit continues to meet HQS requirements. See chapter 8 for a discussion of the HQS standards and policies for HQS inspections at initial lease-up and throughout the family’s tenancy.
The PHA must determine that the proposed rent for the unit is reasonable [24 CFR 982.305(a)]. The rent must be reasonable in relation to comparable unassisted units in the area and must not be in excess of rents charged by the owner for comparable, unassisted units on the premises. See chapter 8 for a discussion of requirements and policies on rent reasonableness, rent comparability and the rent reasonableness determination process.

At initial lease-up of a unit, if the gross rent exceeds the applicable payment standard, the PHA must ensure that the family share does not exceed 40 percent of the family’s monthly adjusted income [24 CFR 982.305(a)]. See chapter 6 for a discussion of the calculation of family income, family share of rent and HAP.

The dwelling lease must comply with all program requirements [24 CFR 982.308]. Owners are encouraged to use their standard leases when renting to an assisted family. The HUD Tenancy Addendum includes the HUD requirements governing the tenancy and must be added word-for-word to the owner’s lease. See chapter 9 for a discussion of the dwelling lease and tenancy addendum, including lease terms and provisions.

The PHA and the owner must execute a Housing Assistance Payment (HAP) Contract (Form HUD-52641). The HAP contract format is prescribed by HUD. See chapter 9 for a discussion of the HUD requirements for execution of the HAP contract.
13-I.C. OWNER RESPONSIBILITIES [24 CFR 982.452]

The basic owner responsibilities in the HCV program are outlined in the regulations as follows:

- Complying with all of the owner’s obligations under the housing assistance payments (HAP) contract and the lease
- Performing all management and rental functions for the assisted unit, including selecting a voucher-holder to lease the unit, and deciding if the family is suitable for tenancy of the unit
- Maintaining the unit in accordance with the Housing Quality Standards (HQS), including performance of ordinary and extraordinary maintenance
- Complying with equal opportunity requirements
- Preparing and furnishing to the PHA information required under the HAP contract
- Collecting the security deposit, the tenant rent, and any charges for unit damage by the family.
- Enforcing tenant obligations under the dwelling lease
- Paying for utilities and services that are not the responsibility of the family as specified in the lease
- Allowing reasonable modifications to a dwelling unit occupied or to be occupied by a disabled person [24 CFR 100.203]
- Complying with the Violence against Women Reauthorization Act of 2013 (VAWA) when screening prospective HCV tenants or terminating the tenancy of an HCV family (see 24 CFR Part 5, Subpart L; 24 CFR 982.310(h)(4); and 24 CFR 982.452(b)(1))
13-I.D. OWNER QUALIFICATIONS

The PHA does not formally approve an owner to participate in the HCV program. However, there are a number of criteria where the PHA may deny approval of an assisted tenancy based on past owner behavior, conflict of interest, or other owner-related issues. No owner has a right to participate in the HCV program [24 CFR 982.306(e)].

Owners Barred from Participation [24 CFR 982.306(a) and (b)]

The PHA must not approve the assisted tenancy if the PHA has been informed that the owner has been debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24. HUD may direct the PHA not to approve a tenancy request if a court or administrative agency has determined that the owner violated the Fair Housing Act or other federal equal opportunity requirements, or if such an action is pending.

Leasing to Relatives [24 CFR 982.306(d), HCV GB p. 11-2]

The PHA must not approve a tenancy if the owner is the parent, child, grandparent, grandchild, sister, or brother of any member of the family. The PHA may make an exception as a reasonable accommodation for a family member with a disability. The owner is required to certify that no such relationship exists. This restriction applies at the time that the family receives assistance under the HCV program for occupancy of a particular unit. Current contracts on behalf of owners and families that are related may continue, but any new leases or contracts for these families may not be approved.

Conflict of Interest [24 CFR 982.161; HCV GB p. 8-19]

The PHA must not approve a tenancy in which any of the following classes of persons has any interest, direct or indirect, during tenure or for one year thereafter:

- Any present or former member or officer of the PHA (except a participant commissioner)
- Any employee of the PHA, or any contractor, subcontractor or agent of the PHA, who formulates policy or who influences decisions with respect to the programs
- Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs
- Any member of the Congress of the United States
HUD may waive the conflict of interest requirements, except for members of Congress, for good cause. The PHA must submit a waiver request to the appropriate HUD Field Office for determination.

Any waiver request submitted by the PHA must include the following [HCV Guidebook pp.11-2 and 11-3]:

- Complete statement of the facts of the case;
- Analysis of the specific conflict of interest provision of the HAP contract and justification as to why the provision should be waived;
- Analysis of and statement of consistency with state and local laws. The local HUD office, the PHA, or both parties may conduct this analysis. Where appropriate, an opinion by the state’s attorney general should be obtained;
- Opinion by the local HUD office as to whether there would be an appearance of impropriety if the waiver were granted;
- Statement regarding alternative existing housing available for lease under the HCV program or other assisted housing if the waiver is denied;
- If the case involves a hardship for a particular family, statement of the circumstances and discussion of possible alternatives;
- If the case involves a public official or member of the governing body, explanation of his/her duties under state or local law, including reference to any responsibilities involving the HCV program;
- If the case involves employment of a family member by the PHA or assistance under the HCV program for an eligible PHA employee, explanation of the responsibilities and duties of the position, including any related to the HCV program;
- If the case involves an investment on the part of a member, officer, or employee of the PHA, description of the nature of the investment, including disclosure/divestiture plans.

Where the PHA has requested a conflict of interest waiver, the PHA may not execute the HAP contract until HUD has made a decision on the waiver request.

**PHA Policy**

In considering whether to request a conflict of interest waiver from HUD, the PHA will consider certain factors such as consistency of the waiver with state and local laws, the existence of alternative housing available to families, the individual circumstances of a particular family, the specific duties of individuals whose positions present a possible conflict of interest, the nature of any financial investment in the property and plans for disclosure/divestiture, and the possible appearance of impropriety.
Owner Actions That May Result in Disapproval of a Tenancy Request [24 CFR 982.306(c)]

HUD regulations permit the PHA to disapprove a request for tenancy for various actions and inactions of the owner.

If the PHA disapproves a request for tenancy because an owner is not qualified, it may not terminate the HAP contract for any assisted families that are already living in the owner’s properties unless the owner has violated the HAP contract for those units [HCV GB p. 11-4].

PHA Policy

The PHA will refuse to approve a request for tenancy if the PHA becomes aware that any of the following are true:

- The owner has violated obligations under a HAP contract under Section 8 of the 1937 Act (42 U.S.C. 1437f);
- The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;
- The owner has engaged in any drug-related criminal activity or any violent criminal activity;
- The owner has a history or practice of non-compliance with the HQS for units leased under the tenant-based programs, or with applicable housing standards for units leased with project-based Section 8 assistance or leased under any other federal housing program;
- The owner has a history or practice of failing to terminate tenancy of tenants of units assisted under Section 8 or any other federally assisted housing program for activity engaged in by the tenant, any member of the household, a guest or another person under the control of any member of the household that: (i) Threatens the right to peaceful enjoyment of the premises by other residents; (ii) Threatens the health or safety of other residents, of employees of the PHA, or of owner employees or other persons engaged in management of the housing; (iii) Threatens the health or safety of, or the right to peaceful enjoyment of their residences, by persons residing in the immediate vicinity of the premises; or (iv) Is drug-related criminal activity or violent criminal activity;
- The owner has a history or practice of renting units that fail to meet state or local housing codes; or
- The owner has not paid state or local real estate taxes, fines, or assessment.

In considering whether to disapprove owners for any of the discretionary reasons listed above, the PHA will consider any mitigating factors. Such factors may include, but are not limited to, the seriousness of the violation in relation to program requirements, the impact on the ability of families to lease units under the program, health and safety of participating families, among others. Upon consideration of such circumstances, the PHA may, on a case-by-case basis, choose to approve an owner.
Legal Ownership of Unit

The following represents PHA policy on legal ownership of a dwelling unit to be assisted under the HCV program.

**PHA Policy**

The PHA will only enter into a contractual relationship with the legal owner of a qualified unit. No tenancy will be approved without acceptable documentation of legal ownership (e.g., deed of trust, proof of taxes for most recent year).

**13-I.E. NON-DISCRIMINATION [HAP Contract – Form HUD-52641]**

The owner must not discriminate against any person because of race, color, religion, sex, national origin, age, familial status, or disability, in connection with any actions or responsibilities under the HCV program and the HAP contract with the PHA.

The owner must cooperate with the PHA and with HUD in conducting any equal opportunity compliance reviews and complaint investigations in connection with the HCV program and the HAP contract with the PHA.

See Chapter 2 for a more thorough discussion of Fair Housing and Equal Opportunity requirements in the HCV program.
PART II. HAP CONTRACTS

13-II.A. OVERVIEW

The HAP contract represents a written agreement between the PHA and the owner of the dwelling unit occupied by a HCV assisted family. The contract spells out the owner’s responsibilities under the program, as well as the PHA’s obligations. Under the HAP contract, the PHA agrees to make housing assistance payments to the owner on behalf of the family approved by the PHA to occupy the unit.

The HAP contract is used for all HCV program tenancies except for assistance under the Section 8 homeownership program, and assistance to families that own a manufactured home and use their assistance to lease the space for the manufactured home. See chapter 15 for a discussion of any special housing types included in the PHA’s HCV program.

When the PHA has determined that the unit meets program requirements and the tenancy is approvable, the PHA and owner must execute the HAP contract. See chapter 9 for a discussion of the leasing process, including provisions for execution of the HAP contract.
13-II.B. HAP CONTRACT CONTENTS

The HAP contract format is required by HUD, specifically Housing Assistance Payment (HAP) Contract, Form HUD-52641.

The HAP contract contains three parts.

Part A of the contract includes basic contract information: the names of the tenant and all household members, the address of the contract unit, start and end dates of initial lease term, the amount of initial monthly rent to owner, the amount of initial housing assistance payment, the utilities and appliances to be supplied by owner and tenant, and the signatures of the PHA representative and owner [HCV Guidebook, pp. 11-10 and 11-11].

In general, the HAP contract cannot be modified. However, PHAs do have the discretion to add language to Part A of the HAP contract which prohibits the owner from collecting a security deposit in excess of private market practices or in excess of amounts charged to unassisted tenants. PHA policy on the amount of security deposit an owner may collect is found in Chapter 9.

PHAs also have the discretion to add language to Part A of the HAP contract that defines when the housing assistance payment by the PHA is deemed received by the owner (e.g., upon mailing by the PHA or actual receipt by the owner).

PHA Policy

The PHA has not adopted a policy that defines when the housing assistance payment by the PHA is deemed received by the owner. Therefore, no modifications to the HAP contract will be necessary.
Part B is the body of the contract. It describes in detail program requirements affecting the owner and owner roles and responsibilities under the HCV program. Most of the requirements contained in Part B of the HAP contract are outlined elsewhere in this plan. Topics addressed in Part B include:

- Lease of Contract Unit
- Maintenance, Utilities, and Other Services
- Term of HAP Contract
- Provision and Payment of Utilities and Appliances
- Rent to Owner: Reasonable Rent
- PHA Payment to Owner
- Prohibition of Discrimination
- Owner’s Breach of HAP Contract
- PHA and HUD Access to Premises and Owner’s Records
- Exclusion of Third Party Rights
- Conflict of Interest
- Assignment of the HAP Contract
- Written Notices
- Entire Agreement Interpretation

Part C of the contract includes the Tenancy Addendum (Form HUD-52641-A). The addendum sets forth the tenancy requirements for the program and the composition of the household, as approved by the PHA. The tenant has the right to enforce the Tenancy Addendum against the owner. The terms of the Tenancy Addendum prevail over any other provisions of the lease.
13-II.C. HAP CONTRACT PAYMENTS

General
During the term of the HAP contract, and subject to the provisions of the HAP contract, the PHA
must make monthly HAP payments to the owner on behalf of the family, at the beginning of
each month. If a lease term begins after the first of the month, the HAP payment for the first
month is prorated for a partial month.

The amount of the HAP payment is determined according to the policies described in Chapter 6
and is subject to change during the term of the HAP contract. The PHA must notify the owner
and the family in writing of any changes in the HAP payment.

HAP payments can be made only during the lease term, and only while the family is residing in
the unit.

The monthly HAP payment by the PHA is credited toward the monthly rent to owner under the
family’s lease. The total of the rent paid by the tenant and the HAP payment is equal to the rent
to owner as specified in the lease.

The family is not responsible for payment of the HAP payment, and the PHA is not responsible
for payment of the family share of rent.

The family’s share of the rent cannot be more than the difference between the rent to owner and
the HAP payment. The owner may not demand or accept any rent payment from the tenant in
excess of this maximum [24 CFR 982.451(b)(4)]. The owner may not charge the tenant extra
amounts for items customarily included in rent in the locality or provided at no additional cost to
unsubsidized tenants in the premises [24 CFR 982.510(c)]. See chapter 9 for a discussion of
separate, non-lease agreements for services, appliances and other items that are not included in
the lease.

If the owner receives any excess HAP from the PHA, the excess amount must be returned
immediately. If the PHA determines that the owner is not entitled to all or a portion of the HAP,
the PHA may deduct the amount of overpayment from any amounts due to the owner, including
amounts due under any other Section 8 HCV contract. See Chapter 16 for additional detail on
owner reimbursement of HAP overpayments.

Owner Certification of Compliance
Unless the owner complies with all provisions of the HAP contract, the owner is not entitled to
receive housing assistance payments under the HAP contract [HAP Contract – Form
HUD-52641].

By endorsing the monthly check from the PHA, the owner certifies to compliance with the terms
of the HAP contract. This includes certification that the owner is maintaining the unit and
premises in accordance with HQS; that the contract unit is leased to the tenant family and, to the
best of the owner’s knowledge, the family resides in the unit as the family’s only residence; the
rent to owner does not exceed rents charged by the owner for comparable unsubsidized units on the
premises; and that the owner does not receive (other than rent to owner) any additional payments
or other consideration for rent of the contract unit during the HAP term.
**Late HAP Payments [24 CFR 982.451(a)(5)]**

The PHA is responsible for making HAP payments promptly when due to the owner, in accordance with the terms of the HAP contract. After the first two calendar months of the HAP contract term, the HAP contract provides for late penalties if the PHA fails to make the HAP payment on time.

Penalties for late HAP payments can only be imposed if 1) the penalties are in accordance with generally accepted local rental market practices and law governing penalties for late payment by tenants; 2) it is the owner’s normal business practice to charge late payment penalties for both assisted and unassisted families; and 3) the owner charges the assisted family for late payment of the family’s share of the rent.

The PHA is not required to pay a late payment penalty if HUD determines that the payment is late for reasons beyond the PHA’s control. In addition, late payment penalties are not required if the PHA intentionally delays or denies payment as a remedy to an owner breach of the HAP contract [HCV Guidebook p. 11-7].

**Termination of HAP Payments [24 CFR 982.311(b)]**

The PHA must continue making housing assistance payments to the owner in accordance with the HAP contract as long as the tenant continues to occupy the unit and the HAP contract is not violated.

HAP payments terminate when the HAP contract terminates or when the tenancy is terminated in accordance with the terms of the lease.

If the owner has initiated eviction proceedings against the family and the family continues to reside in the unit, the PHA must continue to make housing assistance payments to the owner until the owner has obtained a court judgment or other process allowing the owner to evict the tenant.

**PHA Policy**

The owner must inform the PHA when the owner has initiated eviction proceedings against the family and the family continues to reside in the unit.

The owner must inform the PHA when the owner has obtained a court judgment or other process allowing the owner to evict the tenant and provide the PHA with a copy of such judgment or determination.

After the owner has obtained a court judgment or other process allowing the owner to evict the tenant, the PHA will continue to make HAP payments to the owner until the family actually moves from the unit or until the family is physically evicted from the unit, whichever is earlier. The owner must inform the PHA of the date when the family actually moves from the unit or the family is physically evicted from the unit.
13-II.D. BREACH OF HAP CONTRACT [24 CFR 982.453]

Any of the following actions by the owner constitutes a breach of the HAP contract:

- If the owner violates any obligations under the HAP contract including failure to maintain the unit in accordance with HQS
- If the owner has violated any obligation under any other HAP contract under Section 8
- If the owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program
- For projects with mortgages insured by HUD or loans made by HUD, if the owner has failed to comply with the regulation for the applicable program; or if the owner has committed fraud, bribery or any other corrupt or criminal act in connection with the mortgage or loan
- If the owner has engaged in drug-related criminal activity
- If the owner has committed any violent criminal activity

If the PHA determines that a breach of the HAP contract has occurred, it may exercise any of its rights and remedies under the HAP contract.

The PHA rights and remedies against the owner under the HAP contract include recovery of any HAP overpayment, suspension of housing assistance payments, abatement or reduction of the housing assistance payment, termination of the payment or termination of the HAP contract. The PHA may also obtain additional relief by judicial order or action.

The PHA must notify the owner of its determination and provide in writing the reasons for the determination. The notice may require the owner to take corrective action by an established deadline. The PHA must provide the owner with written notice of any reduction in housing assistance payments or the termination of the HAP contract.

**PHA Policy**

Before the PHA invokes a remedy against an owner, the PHA will evaluate all information and documents available to determine if the contract has been breached.

If relevant, the PHA will conduct an audit of the owner’s records pertaining to the tenancy or unit.

If it is determined that the owner has breached the contract, the PHA will consider all of the relevant factors including the seriousness of the breach, the effect on the family, the owner’s record of compliance and the number and seriousness of any prior HAP contract violations.
13-II.E. HAP CONTRACT TERM AND TERMINATIONS

The term of the HAP contract runs concurrently with the term of the dwelling lease [24 CFR 982.451(a)(2)], beginning on the first day of the initial term of the lease and terminating on the last day of the term of the lease, including any lease term extensions.

The HAP contract and the housing assistance payments made under the HAP contract terminate if [HCV Guidebook pp.11-4 and 11-5, pg. 15-3]:

- The owner or the family terminates the lease;
- The lease expires;
- The PHA terminates the HAP contract;
- The PHA terminates assistance for the family;
- The family moves from the assisted unit. In this situation, the owner is entitled to keep the housing assistance payment for the month when the family moves out of the unit.
- 180 calendar days have elapsed since the PHA made the last housing assistance payment to the owner;
- The family is absent from the unit for longer than the maximum period permitted by the PHA;
- The Annual Contributions Contract (ACC) between the PHA and HUD expires
- The PHA elects to terminate the HAP contract.

**PHA Policy**

The PHA may elect to terminate the HAP contract in each of the following situations:

- Available program funding is not sufficient to support continued assistance for families in the program [24 CFR 982.454];
- The unit does not meet HQS size requirements due to change in family composition [24 CFR 982.403] – see chapter 8;
- The unit does not meet HQS [24 CFR 982.404] – see chapter 8;
- The family breaks up [HUD Form 52641] – see chapter 3;
- The owner breaches the HAP contract [24 CFR 982.453(b)] – see Section 13-II.D.
If the PHA terminates the HAP contract, the PHA must give the owner and the family written notice. The notice must specify the reasons for the termination and the effective date of the termination. Once a HAP contract is terminated, no further HAP payments may be made under that contract [HCV Guidebook pg.15-4].

**PHA Policy**

In all cases, the HAP contract terminates at the end of 30 days from the date in which the PHA gives written notice to the owner. The owner is not entitled to any housing assistance payment after this period and must return to the PHA any housing assistance payment received after this period.

If the family moves from the assisted unit into a new unit, even if the new unit is in the same building or complex as the assisted unit, the HAP contract for the assisted unit terminates. A new HAP contract would be required [HCV GB, p. 11-17].

When the family moves from an assisted unit into a new unit, the term of the HAP contract for the new unit may begin in the same month in which the family moves out of its old unit. This is not considered a duplicative subsidy [HCV GB, p. 8-22].
13-II.F. CHANGE IN OWNERSHIP / ASSIGNMENT OF THE HAP CONTRACT

The HAP contract cannot be assigned to a new owner without the prior written consent of the PHA.

An owner under a HAP contract must notify the PHA in writing prior to a change in the legal ownership of the unit. The owner must supply all information as requested by the PHA.

Prior to approval of assignment to a new owner, the new owner must agree to be bound by and comply with the HAP contract. The agreement between the new owner and the former owner must be in writing and in a form that the PHA finds acceptable. The new owner must provide the PHA with a copy of the executed agreement.

**PHA Policy**

Assignment of the HAP contract will be approved only if the new owner is qualified to become an owner under the HCV program according to the policies in Section 13-I.D. of this chapter.

The PHA must receive a signed, written request from the existing owner stating the name and address of the new HAP payee and the effective date of the assignment in order to change the HAP payee under an outstanding HAP contract.

Within 10 business days of receiving the owner’s request, the PHA will inform the current owner in writing whether the assignment may take place.

The new owner must provide a written certification to the PHA that includes:

- A copy of the escrow statement or other document showing the transfer of title and recorded deed;
- A copy of the owner’s IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the social security number of the new owner;
- The effective date of the HAP contract assignment;
- A written agreement to comply with the terms of the HAP contract; and
- A certification that the new owner is not a prohibited relative.

If the new owner does not agree to an assignment of the HAP contract, or fails to provide the necessary documents, the PHA will terminate the HAP contract with the old owner. If the new owner wants to offer the family a new lease, and the family elects to stay with continued assistance, the PHA will process the leasing in accordance with the policies in Chapter 9.
13-II.G. FORECLOSURE [Notice PIH 2010-49]

Families receiving HCV assistance are entitled to certain protections set forth under the Protecting Tenants at Foreclosure Act (PTFA). During the term of the lease, the new owner of the property does not have good cause to terminate the tenant’s lease, unless the new owner will occupy the unit as their primary residence and has provided the tenant with at least a 90-day notice. In that case, the lease may be terminated effective on the date of sale, although the tenant is still entitled to a 90-day notice to vacate. Further, the new owner assumes interest in the lease between the prior owner and the tenant and to the HAP contract.

Any state or local law that provides longer time periods or other additional protections for tenants also applies.

PHA Policy

If a property is in foreclosure, the PHA will make all reasonable efforts to determine the status of the foreclosure and ownership of the property and will continue to make payments to the original owner until ownership legally transfers in accordance with the HAP contract.

The PHA will attempt to obtain a written acknowledgement of the assignment of the HAP contract from the successor in interest. This will include a request for owner information, including a tax identification number and payment instructions from the new owner. Even if the new owner does not acknowledge the assignment of the HAP contract in writing, the assignment is still effective by operation of law.

The PHA will inform the tenant that they must continue to pay rent in accordance with the lease, and if the new owner refuses to accept payment or cannot be identified, the tenant should pay rent into escrow. Failure to pay rent may constitute an independent ground for eviction.

In the event that the PHA is unable to make HAP payments to the new owner due to an action or inaction by the new owner that prevents such payments (e.g., rejection of payments or failure to maintain the property according to HQS), or due to an inability to identify the new owner, the PHA will either use the funds to pay:

- The utilities that are the owner’s responsibility after taking reasonable steps to notify the owner; except that if the unit has been or will be rendered uninhabitable due to termination or threat of termination of service, prior notice is not required. In the latter case, the PHA shall notify the owner within a reasonable time after making the utility payment; or
- For the family’s reasonable moving costs, including security deposit costs.

The PHA will also refer the tenant, as needed, to the local legal aid office in order to ensure adequate protection of the tenant’s rights and enforcement of the successor in interest’s performance under the HAP contract.

See Section 12-III.B for a discussion of foreclosure as it pertains to owner termination of tenancy.
Chapter 14

PROGRAM INTEGRITY

INTRODUCTION
The PHA is committed to ensuring that subsidy funds made available to the PHA are spent in accordance with HUD requirements.

This chapter covers HUD and PHA policies designed to prevent, detect, investigate, and resolve instances of program abuse or fraud. It also describes the actions that will be taken in the case of unintentional errors and omissions.

Part I: Preventing, Detecting, and Investigating Errors and Program Abuse. This part presents PHA policies related to preventing, detecting, and investigating errors and program abuse.

Part II: Corrective Measures and Penalties. This part describes the corrective measures the PHA must and may take when errors or program abuses are found.
PART I: PREVENTING, DETECTING, AND INVESTIGATING ERRORS AND PROGRAM ABUSE

14-I.A. PREVENTING ERRORS AND PROGRAM ABUSE

HUD created the Enterprise Income Verification (EIV) system to provide PHAs with a powerful tool for preventing errors and detecting program abuse. PHAs are required to use the EIV system in its entirety in accordance with HUD administrative guidance [24 CFR 5.233]. PHAs are further required to:

- Provide applicants and participants with form HUD-52675, “Debts Owed to PHAs and Terminations”
- Require all adult members of an applicant or participant family to acknowledge receipt of form HUD-52675 by signing a copy of the form for retention in the family file

PHA Policy

To ensure that the PHA’s HCV program is administered according to the highest ethical and legal standards, the PHA will employ a variety of techniques to ensure that both errors and intentional program abuse are rare.

The PHA will discuss program compliance and integrity issues during the voucher briefing sessions described in Chapter 5.

The PHA will provide each applicant and participant with a copy of “Is Fraud Worth It?” (form HUD-1141-OIG), which explains the types of actions a family must avoid and the penalties for program abuse.

The PHA will provide each applicant and participant with a copy of “What You Should Know about EIV,” a guide to the Enterprise Income Verification (EIV) system published by HUD as an attachment to Notice PIH 2017-12. In addition, the PHA will require the head of each household to acknowledge receipt of the guide by signing a copy for retention in the family file.

The PHA will place a warning statement about the penalties for fraud (as described in 18 U.S.C. 1001 and 1010) on key PHA forms and form letters that request information from a family or owner.

PHA staff will be required to review and explain the contents of all HUD- and PHA-required forms prior to requesting family member signatures.

At every regular reexamination, PHA staff will explain any changes in HUD regulations or PHA policy that affect program participants.

The PHA will require first-time owners (or their agents) to participate in a briefing session on HAP contract requirements.

The PHA will provide owners with ongoing information about the program, with an emphasis on actions and situations to avoid.

The PHA will provide each PHA employee with the necessary training on program rules and the organization’s standards of conduct and ethics.
For purposes of this chapter the term *error* refers to an unintentional error or omission. *Program abuse or fraud* refers to a single act or pattern of actions that constitute a false statement, omission, or concealment of a substantial fact, made with the intent to deceive or mislead.

### 14-I.B. DETECTING ERRORS AND PROGRAM ABUSE

In addition to taking steps to prevent errors and program abuse, the PHA will use a variety of activities to detect errors and program abuse.

#### Quality Control and Analysis of Data

Under the Section 8 Management Assessment Program (SEMAP), HUD requires the PHA to review a random sample of tenant records annually to determine if the records conform to program requirements and to conduct quality control inspections of a sample of units to ensure HQS compliance [24 CFR, Part 985]. (See Chapter 16 for additional information about SEMAP requirements).

**PHA Policy**

In addition to the SEMAP quality control requirements, the PHA will employ a variety of methods to detect errors and program abuse.

- The PHA routinely will use HUD and other non-HUD sources of up-front income verification. This includes The Work Number and any other private or public databases available to the PHA.

- At each annual reexamination, current information provided by the family will be compared to information provided at the last annual reexamination to identify inconsistencies and incomplete information.

- The PHA will compare family-reported income and expenditures to detect possible unreported income.

#### Independent Audits and HUD Monitoring

OMB Circular A-133 requires all PHAs that expend $500,000 or more in federal awards annually to have an independent audit (IPA). In addition, HUD conducts periodic on-site and automated monitoring of PHA activities and notifies the PHA of errors and potential cases of program abuse.

**PHA Policy**

The PHA will use the results reported in any IPA or HUD monitoring reports to identify potential program abuses as well as to assess the effectiveness of the PHA’s error detection and abuse prevention efforts.

#### Individual Reporting of Possible Errors and Program Abuse

**PHA Policy**

The PHA will encourage staff, program participants, and the public to report possible program abuse.
14-I.C. INVESTIGATING ERRORS AND PROGRAM ABUSE

When the PHA Will Investigate

PHA Policy

The PHA will review all referrals, specific allegations, complaints, and tips from any
source including other agencies, companies, and individuals, to determine if they warrant
investigation. In order for the PHA to investigate, the allegation must contain at least one
independently verifiable item of information, such as the name of an employer or the
name of an unauthorized household member.

The PHA will investigate when inconsistent or contradictory information is detected
through file reviews and the verification process.

Consent to Release of Information [24 CFR 982.516]

The PHA may investigate possible instances of error or abuse using all available PHA and public
records. If necessary, the PHA will require HCV families to sign consent forms for the release of
additional information.

Analysis and Findings

PHA Policy

The PHA will base its evaluation on a preponderance of the evidence collected during its
investigation.

Preponderance of the evidence is defined as evidence which is of greater weight or more
convincing than the evidence which is offered in opposition to it; that is, evidence that as
a whole shows that the fact sought to be proved is more probable than not. Preponderance
of evidence may not be determined by the number of witnesses, but by the greater weight
of all evidence.

For each investigation the PHA will determine (1) whether an error or program abuse has
occurred, (2) whether any amount of money is owed the PHA, and (3) what corrective
measures or penalties will be assessed.
Consideration of Remedies

All errors and instances of program abuse must be corrected prospectively. Whether the PHA will enforce other corrective actions and penalties depends upon the nature of the error or program abuse.

PHA Policy

In the case of family-caused errors or program abuse, the PHA will take into consideration (1) the seriousness of the offense and the extent of participation or culpability of individual family members, (2) any special circumstances surrounding the case, (3) any mitigating circumstances related to the disability of a family member, (4) the effects of a particular remedy on family members who were not involved in the offense.

In the case of owner-caused errors or program abuse, the PHA will take into consideration (1) the seriousness of the offense, (2) the length of time since the violation has occurred, and (3) the effects of a particular remedy on family members who were not involved in the offense.

Notice and Appeals

PHA Policy

The PHA will inform the relevant party in writing of its findings and remedies within 10 business days of the conclusion of the investigation. The notice will include (1) a description of the error or program abuse, (2) the basis on which the PHA determined the error or program abuses, (3) the remedies to be employed, and (4) the family’s right to appeal the results through the informal review or hearing process, if applicable (see Chapter 16).
PART II: CORRECTIVE MEASURES AND PENALTIES

14-II.A. SUBSIDY UNDER- OR OVERPAYMENTS

A subsidy under- or overpayment includes (1) an incorrect housing assistance payment to the owner, (2) an incorrect family share established for the family, and (3) an incorrect utility reimbursement to a family.

Corrections

Whether the incorrect subsidy determination is an overpayment or underpayment of subsidy, the PHA must promptly correct the HAP, family share, and any utility reimbursement prospectively.

PHA Policy

Increases in the family share will be implemented on the first of the month following a written 30-day notice.

Any decreases in family share will become effective the first of the month following the discovery of the error.

Reimbursement

Whether the family or owner is required to reimburse the PHA or the PHA is required to make retroactive subsidy payments to the owner or family depends upon which party is responsible for the incorrect subsidy payment and whether the action taken was an error or program abuse. Policies regarding reimbursement are discussed in the three sections that follow.
14-ILB. FAMILY-CAUSED ERRORS AND PROGRAM ABUSE

Family obligations and general administrative requirements for participating in the program are discussed throughout this plan. This section deals specifically with errors and program abuse by family members.

An incorrect subsidy determination caused by a family generally would be the result of incorrect reporting of family composition, income, assets, or expenses, but also would include instances in which the family knowingly allows the PHA to use incorrect information provided by a third party.

Family Reimbursement to PHA [HCV GB pp. 22-12 to 22-13]

PHA Policy

In the case of family-caused errors or program abuse, the family will be required to repay any excess subsidy received. The PHA may, but is not required to, offer the family a repayment agreement in accordance with Chapter 16. If the family fails to repay the excess subsidy, the PHA will terminate the family’s assistance in accordance with the policies in Chapter 12.

PHA Reimbursement to Family [HCV GB p. 22-12]

PHA Policy

The PHA will not reimburse the family for any underpayment of assistance when the underpayment clearly is caused by the family.
Prohibited Actions

An applicant or participant in the HCV program must not knowingly:

- Make a false statement to the PHA [Title 18 U.S.C. Section 1001].
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [24 CFR 982.552(c)(iv)].

PHA Policy

Any of the following will be considered evidence of family program abuse:

- Payment to the owner in excess of amounts authorized by the PHA for rent, security deposit, and additional services
- Offering bribes or illegal gratuities to the PHA Board of Commissioners, employees, contractors, or other PHA representatives
- Offering payments or other incentives to the owner or a third party as an inducement for the third party to make false or misleading statements to the PHA on the family’s behalf
- Use of a false name or the use of falsified, forged, or altered documents
- Intentional misreporting of family information or circumstances (e.g. income, family composition)
- Omitted facts that were obviously known by a family member (e.g., not reporting employment income)
- Admission of program abuse by an adult family member

The PHA may determine other actions to be program abuse based upon a preponderance of the evidence, as defined earlier in this chapter.

Penalties for Program Abuse

In the case of program abuse caused by a family the PHA may, at its discretion, impose any of the following remedies.

- The PHA may require the family to repay excess subsidy amounts paid by the PHA, as described earlier in this section.
- The PHA may require, as a condition of receiving or continuing assistance, that a culpable family member not reside in the unit. See policies in Chapter 3 (for applicants) and Chapter 12 (for participants).
- The PHA may deny or terminate the family’s assistance following the policies set forth in Chapter 3 and Chapter 12 respectively.
- The PHA may refer the family for state or federal criminal prosecution as described in section 14-II.E.
14-II.C. OWNER-CAUSED ERROR OR PROGRAM ABUSE

Owner requirements that are part of the regular process of offering, leasing, and maintaining a unit (e.g., HQS compliance, fair housing) are addressed in the appropriate chapters of this plan. This section focuses on errors and program abuse by owners.

An incorrect subsidy determination caused by an owner generally would be the result of an incorrect owner statement about the characteristics of the assisted unit (e.g., the number of bedrooms, which utilities are paid by the family). It also includes accepting duplicate housing assistance payments for the same unit in the same month, or after a family no longer resides in the unit.

Owner Reimbursement to the PHA

In all cases of overpayment of subsidy caused by the owner, the owner must repay to the PHA any excess subsidy received. The PHA may recover overpaid amounts by withholding housing assistance payments due for subsequent months, or if the debt is large, the PHA may allow the owner to pay in installments over a period of time [HCV GB p. 22-13].

PHA Policy

In cases where the owner has received excess subsidy, the PHA will require the owner to repay the amount owed in accordance with the policies in Section 16-IV.B.

Prohibited Owner Actions

An owner participating in the HCV program must not:

- Make any false statement to the PHA [Title 18 U.S.C. Section 1001].
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [24 CFR 982.453(a)(3)] including:
PHA Policy

Any of the following will be considered evidence of owner program abuse:

- Charging the family rent above or below the amount specified by the PHA
- Charging a security deposit other than that specified in the family’s lease
- Charging the family for services that are provided to unassisted tenants at no extra charge
- Knowingly accepting housing assistance payments for any month(s) after the family has vacated the unit
- Knowingly accepting incorrect or excess housing assistance payments
- Offering bribes or illegal gratuities to the PHA Board of Commissioners, employees, contractors, or other PHA representatives
- Offering payments or other incentives to an HCV family as an inducement for the family to make false or misleading statements to the PHA
- Residing in the unit with an assisted family
- Committing sexual or other harassment, either quid pro quo or hostile environment, based on the protected classes defined in Chapter 2
- Retaliating against any applicant or participant reporting/alleging sexual or other harassment, either quid pro quo or hostile environment, based on the protected classes defined in Chapter 2

Remedies and Penalties

When the PHA determines that the owner has committed program abuse, the PHA may take any of the following actions:

- Require the owner to repay excess housing assistance payments, as discussed earlier in this section and in accordance with the policies in Chapter 16.
- Terminate the HAP contract (See Chapter 13).
- Bar the owner from future participation in any PHA programs.
- Refer the case to state or federal officials for criminal prosecution as described in section 14-II.E.
14-II.D. PHA- CAUSED ERRORS OR PROGRAM ABUSE

The responsibilities and expectations of PHA staff with respect to normal program administration are discussed throughout this plan. This section specifically addresses actions of a PHA staff member that are considered errors or program abuse related to the HCV program. Additional standards of conduct may be provided in the PHA personnel policy.

PHA-caused incorrect subsidy determinations include (1) failing to correctly apply HCV rules regarding family composition, income, assets, and expenses, (2) assigning the incorrect voucher size to a family, and (3) errors in calculation.

Repayment to the PHA

Neither a family nor an owner is required to repay an overpayment of subsidy if the error or program abuse is caused by PHA staff [HCV GB. 22-12].

PHA Reimbursement to Family or Owner

The PHA must reimburse a family for any underpayment of subsidy, regardless of whether the underpayment was the result of staff-caused error or staff or owner program abuse. Funds for this reimbursement must come from the PHA’s administrative fee reserves [HCV GB p. 22-12].

Prohibited Activities

PHA Policy

Any of the following will be considered evidence of program abuse by PHA staff:

Failing to comply with any HCV program requirements for personal gain
Failing to comply with any HCV program requirements as a result of a conflict of interest relationship with any applicant, participant, or owner
Seeking or accepting anything of material value from applicants, participating families, vendors, owners, contractors, or other persons who provide services or materials to the PHA
Disclosing confidential or proprietary information to outside parties
Gaining profit as a result of insider knowledge of PHA activities, policies, or practices
Misappropriating or misusing HCV funds
Destroying, concealing, removing, or inappropriately using any records related to the HCV program
Committing any other corrupt or criminal act in connection with any federal housing program
14-II.E. CRIMINAL PROSECUTION

PHA Policy

When the PHA determines that program abuse by an owner, family, or PHA staff member has occurred and the amount of overpaid subsidy meets or exceeds the threshold for prosecution under local or state law, the PHA will refer the matter to the appropriate entity for prosecution. When the amount of overpaid assistance meets or exceeds the federal threshold, the case will also be referred to the HUD Office of Inspector General (OIG).

Other criminal violations related to the HCV program will be referred to the appropriate local, state, or federal entity.
14-II.F. FRAUD AND PROGRAM ABUSE RECOVERIES

The PHA may retain a portion of program fraud losses that the PHA recovers from a family or owner through litigation, court order, or a repayment agreement [24 CFR 982.163].

The PHA must be the principal party initiating or sustaining the action to recover amounts due from tenants that are due as a result of fraud and abuse. 24 CFR 792.202 permits the PHA to retain the greater of:

- 50 percent of the amount it actually collects from a judgment, litigation (including settlement of a lawsuit) or an administrative repayment agreement, or
- Reasonable and necessary costs that the PHA incurs related to the collection including costs of investigation, legal fees, and agency collection fees.

The family must be afforded the opportunity for an informal hearing in accordance with requirements in 24 CFR 982.555.

If HUD incurs costs on behalf of the PHA related to the collection, these costs must be deducted from the amount retained by the PHA.
Chapter 15

SPECIAL HOUSING TYPES
[24 CFR 982 Subpart M]

INTRODUCTION

The PHA may permit a family to use any of the special housing types discussed in this chapter. However, the PHA is not required to permit families receiving assistance in its jurisdiction to use these housing types, except that PHAs must permit use of any special housing type if needed as a reasonable accommodation for a person with a disability. The PHA also may limit the number of families who receive HCV assistance in these housing types and cannot require families to use a particular housing type. No special funding is provided for special housing types.

PHA Policy

Families will not be permitted to use any special housing types, unless use is needed as a reasonable accommodation so that the program is readily accessible to a person with disabilities.

The PHA does not permit families to use congregated housing, group homes, cooperative housing or homeownership special housing types.

Special housing types include single room occupancy (SRO), congregated housing, group homes, shared housing, cooperative housing, manufactured homes where the family owns the home and leases the space, and homeownership [24 CFR 982.601].

This chapter consists of the following seven parts. Each part contains a description of the housing type and any special requirements associated with it. Except as modified by this chapter, the general requirements of the HCV program apply to special housing types.

Part I: Single Room Occupancy
Part II: Congregate Housing
Part III: Group Homes
Part IV: Shared Housing
Part V: Cooperative Housing
Part VI: Manufactured Homes (including manufactured home space rental)
Part VII: Homeownership
PART I: SINGLE ROOM OCCUPANCY [24 CFR 982.602 through 982.605]

15-I.A. OVERVIEW

A single room occupancy (SRO) unit provides living and sleeping space for the exclusive use of the occupant but requires the occupant to share sanitary and/or food preparation facilities with others. No more than one person may not occupy an SRO unit. HCV regulations do not limit the number of units in an SRO facility, but the size of a facility may be limited by local ordinances.

When providing HCV assistance in an SRO unit, a separate lease and HAP contract are executed for each assisted person, and the standard form of the HAP contract is used.

15-I.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

The payment standard for SRO housing is 75 percent of the 0-bedroom payment standard amount on the PHA’s payment standard schedule.

The utility allowance for an assisted person residing in SRO housing is 75 percent of the zero bedroom utility allowance.

The HAP for an assisted occupant in an SRO facility is the lower of the SRO payment standard amount minus the TTP or the gross rent for the unit minus the TTP.

15-I.C. HOUSING QUALITY STANDARDS (HQS)

HQS requirements described in Chapter 8 apply to SRO housing except as modified below.

- **Access:** Access doors to the SRO unit must have working locks for privacy. The occupant must be able to access the unit without going through any other unit. Each unit must have immediate access to two or more approved means of exit from the building, appropriately marked and leading to safe and open space at ground level. The SRO unit must also have any other means of exit required by State or local law.

- **Fire Safety:** All SRO facilities must have a sprinkler system that protects major spaces. “Major spaces” are defined as hallways, common areas, and any other areas specified in local fire, building, or safety codes. SROs must also have hard-wired smoke detectors, and any other fire and safety equipment required by state or local law.

Sanitary facilities and space and security standards must meet local code requirements for SRO housing. In the absence of local code standards the requirements discussed below apply [24 CFR 982.605].

- **Sanitary Facilities:** At least one flush toilet that can be used in privacy, a lavatory basin, and a bathtub or shower in proper operating condition must be provided for each six persons (or fewer) residing in the SRO facility. If the SRO units are leased only to men, flush urinals may be substituted for up to one half of the required number of toilets. Sanitary facilities must be reasonably accessible from a common hall or passageway, and may not be located more than one floor above or below the SRO unit. They may not be located below grade unless the SRO units are located on that level.

- **Space and Security:** An SRO unit must contain at least 110 square feet of floor space, and at least four square feet of closet space with an unobstructed height of at least five feet, for use by the occupant. If the closet space is less than four square feet, the habitable floor space in
the SRO unit must be increased by the amount of the deficiency. Exterior doors and windows accessible from outside the SRO unit must be lockable.

Because no children live in SRO housing, the housing quality standards applicable to lead-based paint do not apply.
PART II: CONGREGATE HOUSING [24 CFR 982.606 through 982.609]

15-II.A. OVERVIEW

Congregate housing is intended for use by elderly persons or persons with disabilities. A congregate housing facility contains a shared central kitchen and dining area and a private living area for the individual household that includes at least a living room, bedroom and bathroom. Food service for residents must be provided.

If approved by the PHA, a family member or live-in aide may reside with the elderly person or person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in congregate housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.
15-II.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

The payment standard for an individual unit in a congregate housing facility is based on the number of rooms in the private living area. If there is only one room in the unit (not including the bathroom or the kitchen, if a kitchen is provided), the PHA must use the payment standard for a 0-bedroom unit. If the unit has two or more rooms (other than the bathroom and the kitchen), the PHA must use the 1-bedroom payment standard.

The HAP for an assisted occupant in a congregate housing facility is the lower of the applicable payment standard minus the TTP or the gross rent for the unit minus the TTP.

The gross rent for the unit for the purpose of calculating HCV assistance is the shelter portion (including utilities) of the resident’s monthly housing expense only. The residents’ costs for food service should not be included in the rent for a congregate housing unit.

15-II.C. HOUSING QUALITY STANDARDS

HQS requirements as described in Chapter 8 apply to congregate housing except for the requirements stated below.

Congregate housing must have (1) a refrigerator of appropriate size in the private living area of each resident; (2) a central kitchen and dining facilities located within the premises and accessible to the residents, and (3) food service for the residents, that is not provided by the residents themselves.

The housing quality standards applicable to lead-based paint do not apply.

15-III.A. OVERVIEW

A group home is a state-licensed facility intended for occupancy by elderly persons and/or persons with disabilities. Except for live-in aides, all persons living in a group home, whether assisted or not, must be elderly persons or persons with disabilities. Persons living in a group home must not require continuous medical or nursing care.

A group home consists of bedrooms for residents, which can be shared by no more than two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.

No more than 12 persons may reside in a group home including assisted and unassisted residents and any live-in aides.

If approved by the PHA, a live-in aide may live in the group home with a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in a group home, a separate lease and HAP contract is executed for each assisted family, and the standard form of the HAP contract is used.

15-III.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

Unless there is a live-in aide, the family unit size for an assisted occupant of a group home must be 0- or 1-bedroom, depending on the PHA’s subsidy standard. If there is a live-in aide, the aide must be counted in determining the household’s unit size.

The payment standard used to calculate the HAP is the lower of the payment standard for the family unit size or the pro-rata share of the payment standard for the group home size. The pro-rata share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home.

The HAP for an assisted occupant in a group home is the lower of the payment standard minus the TTP or the gross rent minus the TTP.

The utility allowance for an assisted occupant in a group home is the pro-rata share of the utility allowance for the group home.

The rents paid for participants residing in group homes are subject to generally applicable standards for rent reasonableness. The rent for an assisted person must not exceed the pro-rata portion of the reasonable rent for the group home. In determining reasonable rent, the PHA should consider whether sanitary facilities and facilities for food preparation and service are common facilities or private facilities.
15-III.C. HOUSING QUALITY STANDARDS

HQS requirements described in Chapter 8 apply to group homes except for the requirements stated below.

- **Sanitary Facilities**: A group home must have at least one bathroom in the facility, with a flush toilet that can be used in privacy, a fixed basin with hot and cold running water, and a shower or bathtub with hot and cold running water. A group home may contain private or common bathrooms. However, no more than four residents can be required to share a bathroom.

- **Food Preparation and Service**: Group home units must contain a kitchen and dining area with adequate space to store, prepare, and serve food. The facilities for food preparation and service may be private or may be shared by the residents. The kitchen must contain a range, an oven, a refrigerator, and a sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.

- **Space and Security**: Group homes must contain at least one bedroom of appropriate size for every two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.

- **Structure and Material**: To avoid any threat to the health and safety of the residents, group homes must be structurally sound. Elevators must be in good condition. Group homes must be accessible to and usable by residents with disabilities.

- **Site and Neighborhood**: Group homes must be located in a residential setting. The site and neighborhood should be reasonably free from hazards to the health, safety, and general welfare of the residents, and should not be subject to serious adverse conditions, such as:
  - Dangerous walks or steps
  - Instability
  - Flooding, poor drainage
  - Septic tank back-ups
  - Sewage hazards
  - Mud slides
  - Abnormal air pollution
  - Smoke or dust
  - Excessive noise
  - Vibrations or vehicular traffic
  - Excessive accumulations of trash
  - Vermin or rodent infestation, and
  - Fire hazards.

The housing quality standards applicable to lead-based paint do not apply.
PART IV: SHARED HOUSING [24 CFR 982.615 through 982.618]

15-IV.A. OVERVIEW

Shared housing is a single housing unit occupied by an assisted family and another resident or residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted family.

An assisted family may share a unit with other persons assisted under the HCV program or with other unassisted persons. The owner of a shared housing unit may reside in the unit, but housing assistance may not be paid on behalf of the owner. The resident owner may not be related by blood or marriage to the assisted family.

If approved by the PHA, a live-in aide may reside with the family to care for a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in shared housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.

15-IV.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

The payment standard for a family in shared housing is the lower of the payment standard for the family unit size or the pro-rata share of the payment standard for the shared housing unit size.

The pro-rata share is calculated by dividing the number of bedrooms available for occupancy by the assisted family in the private space by the total number of bedrooms in the unit.

The HAP for a family in shared housing is the lower of the payment standard minus the TTP or the gross rent minus the TTP. The utility allowance for an assisted family living in shared housing is the lower of the utility allowance for the family unit size (voucher size) or the pro-rata share of the utility allowance for the shared housing unit.

Example: A family holds a 2-bedroom voucher. The family decides to occupy 3 out of 4 bedrooms available in the unit.

- The utility allowance for a 4-bedroom unit equals $200
- The utility allowance for a 2-bedroom unit equals $100
- The prorata share of the utility allowance is $150 (3/4 of $200)
- The PHA will use the 2-bedroom utility allowance of $100.

The rents paid for families living in shared housing are subject to generally applicable standards for rent reasonableness. The rent paid to the owner for the assisted family must not exceed the pro-rata portion of the reasonable rent for the shared unit. In determining reasonable rent, the PHA should consider whether sanitary and food preparation areas are private or shared.
15-IV.C. HOUSING QUALITY STANDARDS

The PHA may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the housing quality standards.

HQS requirements described in Chapter 8 apply to shared housing except for the requirements stated below.

- **Facilities Available for the Family**: Facilities available to the assisted family, whether shared or private, must include a living room, a bathroom, and food preparation and refuse disposal facilities.

- **Space and Security**: The entire unit must provide adequate space and security for all assisted and unassisted residents. The private space for each assisted family must contain at least one bedroom for each two persons in the family. The number of bedrooms in the private space of an assisted family must not be less than the family unit size. A 0-bedroom or 1-bedroom unit may not be used for shared housing.
PART V: COOPERATIVE HOUSING [24 CFR 982.619]

15-V.A. OVERVIEW

This part applies to rental assistance for a cooperative member residing in cooperative housing. It does not apply to assistance for a cooperative member who has purchased membership under the HCV homeownership option, or to rental assistance for a family that leases a cooperative housing unit from a cooperative member.

A cooperative is a form of ownership (nonprofit corporation or association) in which the residents purchase memberships in the ownership entity. Rather than being charged “rent” a cooperative member is charged a “carrying charge.”

When providing HCV assistance in cooperative housing, the standard form of the HAP contract is used.

15-V.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

The payment standard and utility allowance are determined according to regular HCV program requirements.

The HAP for a cooperative housing unit is the lower of the payment standard minus the TTP or the monthly carrying charge for the unit, plus any utility allowance, minus the TTP. The monthly carrying charge includes the member’s share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. The carrying charge does not include down payments or other payments to purchase the cooperative unit or to amortize a loan made to the family for this purpose.

15-V.C. HOUSING QUALITY STANDARDS

All standard HQS requirements apply to cooperative housing units. There are no additional HQS requirements.
PART VI: MANUFACTURED HOMES [24 CFR 982.620 through 982.624]

15-VI.A. OVERVIEW

A manufactured home is a manufactured structure, transportable in one or more parts, that is built on a permanent chassis, and designed for use as a principal place of residence. HCV-assisted families may occupy manufactured homes in two different ways.

(1) A family can choose to rent a manufactured home already installed on a space and the PHA must permit it. In this instance program rules are the same as when a family rents any other residential housing, except that there are special HQS requirements as provided in 15-VI.D below.

(2) HUD also permits an otherwise eligible family that owns a manufactured home to rent a space for the manufactured home and receive HCV assistance with the rent for the space as well as certain other housing expenses. PHAs may, but are not required to, provide assistance for such families.

15-VI.B. SPECIAL POLICIES FOR MANUFACTURED HOME OWNERS WHO LEASE A SPACE

Family Income

In determining the annual income of families leasing manufactured home spaces, the value of the family’s equity in the manufactured home in which the family resides is not counted as a family asset.

Lease and HAP Contract

There is a separate Tenancy Addendum (Form 52642-a) and separate HAP Contract (Form 52642) for this special housing type.
15-VI.C. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION
[FR Notice 1/18/17]

Payment Standards
The PHA payment standard for manufactured homes is determined in accordance with 24 CFR 982.505 and is the payment standard used for the PHA’s HCV program. It is based on the applicable FMR for the area in which the manufactured home space is located. The payment standard for the family is the lower of the family unit size (voucher size) or the payment standard for the number of bedrooms in the manufactured home.

Utility Allowance
The PHA must establish utility allowances for manufactured home space rental. For the first 12 months of the initial lease term only, the allowance must include an amount for a utility hook-up charge if the family actually incurred a hook-up charge because of a move. This allowance will not be given to a family that leases in place. Utility allowances for manufactured home space must not include the costs of digging a well or installing a septic system.

If the amount of the monthly assistance payment for a family exceeds the monthly rent for the manufactured home space (including the owner’s monthly management and maintenance charges), the PHA may pay the remainder to the family, lender, or utility company.

Space Rent
The rent for the manufactured home space (including other eligible housing expenses) is the total of:

- The rent charged for the manufactured home space;
- Owner maintenance and management charges for the space;
- The monthly payments made by the family to amortize the cost of purchasing the manufactured home, including any required insurance and property taxes; and
- The applicable allowance for tenant-paid unities.
**Amortization Costs**

The monthly payment made by the family to amortize the cost of purchasing the manufactured home is the debt service established at the time of application to a lender for financing the purchase of the manufactured home if monthly payments are still being made. Any increase in debt service due to refinancing after purchase of the home may not be included in the amortization cost. Debt service for set-up charges incurred by a family may be included in the monthly amortization payments made by the family. In addition, set-up charges incurred before the family became an assisted family may be included in the amortization cost if monthly payments are still being made to amortize the charges.

**Housing Assistance Payment**

The HAP for a manufactured home space under the housing choice voucher program is the lower of the payment standard minus the TTP or the manufactured home space rent (including other eligible housing expenses) minus the TTP.

**Rent Reasonableness**

Initially, and annually thereafter the PHA must determine that the rent for the manufactured home space is reasonable based on rents for comparable manufactured home spaces. The PHA must consider the location and size of the space, and any services and maintenance to be provided by the owner. By accepting the monthly HAP check, the owner certifies that the rent does not exceed rents charged by the owner for comparable unassisted spaces in the manufactured home park or elsewhere.
15-VI.D. HOUSING QUALITY STANDARDS

Under either type of occupancy described in 15-VI.A above, the manufactured home must meet all HQS performance requirements and acceptability criteria discussed in Chapter 8 of this plan. In addition, the following requirement applies:

Manufactured Home Tie-Down

A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.
Chapter 16

PROGRAM ADMINISTRATION

INTRODUCTION

This chapter discusses administrative policies and practices that are relevant to the activities covered in this plan. The policies are discussed in seven parts as described below:

Part I: Administrative Fee Reserve. This part describes the PHA’s policies with regard to oversight of expenditures from its administrative fee reserve.

Part II: Setting Program Standards and Schedules. This part describes what payment standards are, and how they are updated, as well as how utility allowances are established and revised.

Part III: Informal Reviews and Hearings. This part outlines the requirements and procedures for informal reviews and hearings, and for informal hearings regarding citizenship status.

Part IV: Owner or Family Debts to the PHA. This part describes policies for recovery of monies that the PHA has overpaid on behalf of families, or to owners, and describes the circumstances under which the PHA will offer repayment agreements to owners and families. Also discussed are the consequences for failure to make payments in accordance with a repayment agreement.

Part V: Section 8 Management Assessment Program (SEMAP). This part describes what the SEMAP scores represent, how they are established, and how those scores affect a PHA.

Part VI: Record-Keeping. All aspects of the program involve certain types of record-keeping. This part outlines the privacy rights of applicants and participants and record retention policies the PHA will follow.

Part VII: Reporting and Record Keeping for Children with Elevated Blood Lead Level. This part describes the PHA’s responsibilities for reporting, data collection, and record keeping relative to children with elevated blood lead levels that are less than six years of age, and are receiving HCV assistance.

Part VIII: Determination of Insufficient Funding. This part describes the PHA’s policies for determining if there is sufficient funding to issue vouchers, to approve moves to higher cost units or areas, and to continue assistance for all participant families.

Part IX: Violence against Women Act (VAWA): Notification, Documentation, Confidentiality. This part contains key terms used in VAWA and describes requirements related to notifying families and owners about their rights and responsibilities under VAWA; requesting documentation from victims of domestic violence, dating violence, sexual assault, and stalking; and maintaining the confidentiality of information obtained from victims.
PART I: ADMINISTRATIVE FEE RESERVE [24 CFR 982.155]

The PHA will maintain administrative fee reserves, or unrestricted net position (UNP) for the program to pay program administrative expenses in excess of administrative fees paid by HUD for a PHA fiscal year. HUD appropriations acts beginning with FFY 2004 have specified that administrative fee funding may be used only for activities related to the provision of HCV assistance, including related development activities. Notice PIH 2012-9 cites two examples of related development activities: unit modification for accessibility purposes and development of project-based voucher units. The notice makes clear that other activities may also qualify as related development activities. Administrative fees that remain in the UNP account from funding provided prior to 2004 may be used for “other housing purposes permitted by state and local law,” in accordance with 24 CFR 982.155(b)(1).

If a PHA has not adequately administered its HCV program, HUD may prohibit use of funds in the UNP Account and may direct the PHA to use funds in that account to improve administration of the program, for HCV HAP expenses, or to reimburse ineligible expenses in accordance with the regulation at 24 CFR 982.155(b)(3).

HUD requires the PHA Board of Commissioners or other authorized officials to establish the maximum amount that may be charged against the UNP account without specific approval.

PHA Policy

Expenditures from the UNP account will be made in accordance with all applicable federal requirements. Expenditures will not exceed $30,000 per occurrence without the prior approval of the PHA’s Board of Commissioners.
PART II: SETTING PROGRAM STANDARDS AND SCHEDULES

16-II.A. OVERVIEW

Although many of the program’s requirements are established centrally by HUD, the HCV program’s regulations recognize that some flexibility is required to allow the PHA to adapt the program to local conditions. This part discusses how the PHA establishes and updates certain schedules and standards that are used to administer the program locally. Details about how these schedules are applied to individual families are provided in other chapters. The schedules and standards discussed here include:

- **Payment Standards**, which dictate the maximum subsidy a family can receive (application of the payment standards is discussed in Chapter 6); and

- **Utility Allowances**, which specify how a family’s payment should be adjusted to account for tenant-paid utilities (application of utility allowances is discussed in Chapter 6).

**PHA Policy**

Copies of the payment standard and utility allowance schedules are available for review in the PHA’s offices during normal business hours.

Families, owners, and members of the public may submit written comments on the schedules discussed in this part, at any time, for consideration during the next revision cycle.

The PHA will maintain documentation to support its annual review of payment standards and utility allowance schedules. This documentation will be retained for at least 3 years.

Establishing and updating the PHA passbook rate, which is used to calculate imputed income from assets, is covered in Chapter 6 (see Section 6-I.G.).

16-II.B. PAYMENT STANDARDS [24 CFR 982.503; HCV GB, Chapter 7]

The payment standard sets the maximum subsidy payment a family can receive from the PHA each month [24 CFR 982.505(a)]. Payment standards are based on fair market rents (FMRs) published annually by HUD. FMRs are set at a percentile within the rent distribution of standard quality rental housing units in each FMR area. For most jurisdictions FMRs are set at the 40th percentile of rents in the market area.

The PHA must establish a payment standard schedule that establishes payment standard amounts for each FMR area within the PHA’s jurisdiction, and for each unit size within each of the FMR areas. For each unit size, the PHA may establish a single payment standard amount for the whole FMR area, or may set different payment standards for different parts of the FMR area. Unless HUD grants an exception, the PHA is required to establish a payment standard within a “basic range” established by HUD – between 90 and 110 percent of the published FMR for each unit size.
Updating Payment Standards

When HUD updates its FMRs, the PHA must update its payment standards if the standards are no longer within the basic range [24 CFR 982.503(b)]. HUD may require the PHA to make further adjustments if it determines that rent burdens for assisted families in the PHA’s jurisdiction are unacceptably high [24 CFR 982.503(g)].

PHA Policy

The PHA will review the appropriateness of the payment standards on an annual basis when the new FMR is published, and at other times as determined necessary. In addition to ensuring the payment standards are always within the “basic range” the PHA will consider the following factors when determining whether an adjustment should be made to the payment standard schedule:

**Funding Availability**: The PHA will review the budget to determine the impact projected subsidy adjustments will have on funding available for the program and the number of families served. The PHA will compare the number of families who could be served under revised payment standard amounts with the number assisted under current payment standard amounts.

**Rent Burden of Participating Families**: Rent burden will be determined by identifying the percentage of families, for each unit size, that are paying more than 30 percent of their monthly adjusted income as the family share. When 40 percent or more of families, for any given unit size, are paying more than 30 percent of adjusted monthly income as the family share, the PHA will consider increasing the payment standard. In evaluating rent burdens, the PHA will not include families renting a larger unit than their family unit size.

**Quality of Units Selected**: The PHA may review the quality of units selected by participant families when making the determination of the percent of income families are paying for housing, to ensure that payment standard increases are only made when needed to reach the mid-range of the market.

**Changes in Rent to Owner**: The PHA may review a sample of the units to determine how often owners are increasing or decreasing rents and the average percent of increases/decreases by bedroom size.

**Unit Availability**: The PHA will review the availability of units for each unit size, particularly in areas with low concentrations of poor and minority families.

**Lease-up Time and Success Rate**: The PHA will consider the percentage of families that are unable to locate suitable housing before the voucher expires and whether families are leaving the jurisdiction to find affordable housing.

Changes to payment standard amounts will be effective on December 1st of every year, or within three months of the FMR effective date, whichever is earlier. The effective date is applicable both to HUD-required revisions and to discretionary revisions.
Exception Payment Standards [24 CFR 982.503(c)(5), Notice PIH 2018-01]

A non-SAFMR PHA may establish an exception payment standard for a zip code area of up to and including 110 percent of the SAFMR determined by HUD for that zip code area. Regardless of the level of the exception payment standard compared to the metropolitan area FMRs (MAFMRs), the PHA must send an email to SAFMRs@hud.gov to notify HUD that it has adopted an exception payment standard based on the SAFMR. A PHA that adopts an exception payment standard pursuant to this authority must apply it to the entire ZIP code area, for both its HCV, and if applicable, its PBV program. For the PBV program, this means that the rent to owner may not exceed the new exception payment standard amount, provided the rent is still reasonable. A PHA that adopts an exception payment standard area must revise its briefing materials to make families aware of the exception payment standard and the area that it covers.

Voluntary Use of Small Area FMRs [24 CFR 982.503, Notice PIH 2018-01]

PHAs that administer vouchers in a metropolitan area where the adoption of SAFMRs is not required may request approval from HUD to voluntarily adopt SAFMRs. SAFMRs may be voluntarily adopted for one or more zip code areas.

PHA Policy

The PHA will not voluntarily adopt the use of SAFMRs.

Unit-by-Unit Exceptions [24 CFR 982.503(b), 24 CFR 982.505(d), Notice PIH 2010-26]

Unit-by-unit exceptions to the PHA’s payment standards generally are not permitted. However, an exception may be made as a reasonable accommodation for a family that includes a person with disabilities. (See Chapter 2 for a discussion of reasonable accommodations.) This type of exception does not affect the PHA’s payment standard schedule.

When needed as a reasonable accommodation, the PHA may make an exception to the payment standard without HUD approval if the exception amount does not exceed 120 percent of the applicable FMR for the unit size [24 CFR 982.503(b)]. The PHA may request HUD approval for an exception to the payment standard for a particular family if the required amount exceeds 120 percent of the FMR.

PHA Policy

A family that requires a reasonable accommodation may request a higher payment standard at the time the Request for Tenancy Approval (RFTA) is submitted. The family must document the need for the exception. In order to approve an exception, or request an exception from HUD, the PHA must determine that:

- There is a shortage of affordable units that would be appropriate for the family;
- The family's TTP would otherwise exceed 40 percent of adjusted monthly income; and
- The rent for the unit is reasonable.
"Success Rate" Payment Standard Amounts [24 CFR 982.503(e)]

If a substantial percentage of families have difficulty finding a suitable unit, the PHA may request a “success rate payment standard” that applies to the entire jurisdiction. If approved by HUD, a success rate payment standard allows the PHA to set its payment standards at 90-110 percent of a higher FMR (the 50th, rather than the 40th percentile FMR). To support the request, the PHA must demonstrate that during the most recent 6-month period for which information is available:

- Fewer than 75 percent of families who were issued vouchers became participants;
- The PHA had established payment standards for all unit sizes, and for the entire jurisdiction, at 110 percent of the published FMR; and
- The PHA had a policy of allowing voucher holders who made sustained efforts to locate units at least 90 days to search for a unit.

Although HUD approves the success rate payment standard for all unit sizes in the FMR area, the PHA may choose to adjust the payment standard for only some unit sizes in all, or a designated part, of the PHA’s jurisdiction within the FMR area.

Decreases in the Payment Standard below the Basic Range [24 CFR 982.503(d)]

The PHA must request HUD approval to establish a payment standard amount that is lower than the basic range. At HUD’s sole discretion, HUD may approve establishment of a payment standard lower than the basic range. HUD will not approve a lower payment standard if the family share for more than 40 percent of program participants exceeds 30 percent of adjusted monthly income.
16-II.C. UTILITY ALLOWANCES [24 CFR 982.517]

A PHA-established utility allowance schedule is used in determining family share and PHA subsidy. The PHA must maintain a utility allowance schedule for (1) all tenant-paid utilities, (2) the cost of tenant-supplied refrigerators and ranges, and (3) other tenant-paid housing services such as trash collection.

The utility allowance schedule must be determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. In developing the schedule, the PHA must use normal patterns of consumption for the community as a whole, and current utility rates.

The utility allowance must include the utilities and services that are necessary in the locality to provide housing that complies with housing quality standards. Costs for telephone, cable/satellite television, and internet services are not included in the utility allowance schedule.

In the utility allowance schedule, the PHA must classify utilities and other housing services according to the following general categories: space heating; air conditioning; cooking; water heating; water; sewer; trash collection; other electric; cost of tenant-supplied refrigerator; cost of tenant-supplied range; and other specified housing services.

The cost of each utility and housing service must be stated separately by unit size and type. Chapter 18 of the HCV Guidebook provides detailed guidance to the PHA about establishing utility allowance schedules.

Air Conditioning
An allowance for air-conditioning must be provided when the majority of housing units in the market have central air-conditioning or are wired for tenant-installed air conditioners.

PHA Policy
The PHA has included an allowance for air-conditioning in its schedule. Central air-conditioning or a portable air conditioner must be present in a unit before the PHA will apply this allowance to a family’s rent and subsidy calculations.

Reasonable Accommodation
HCV program regulations require a PHA to approve a utility allowance amount higher than shown on the PHA’s schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the PHA will approve an allowance for air-conditioning, even if the PHA has determined that an allowance for air-conditioning generally is not needed (See Chapter 2 for policies regarding the request and approval of reasonable accommodations).

Utility Allowance Revisions
The PHA must review its schedule of utility allowances each year, and must revise the schedule if there has been a change of 10 percent or more in any utility rate since the last time the allowance for that utility was revised.

The PHA must maintain information supporting its annual review of utility allowance and any revisions made in its utility allowance schedule.
PART III: INFORMAL REVIEWS AND HEARINGS

16-III.A. OVERVIEW

Both applicants and participants have the right to disagree with, and appeal, certain decisions of the PHA that may adversely affect them. PHA decisions that may be appealed by applicants and participants are discussed in this section.

The process for applicant appeals of PHA decisions is called the “informal review.” For participants (or applicants denied admission because of citizenship issues), the appeal process is called an “informal hearing.” PHAs are required to include informal review procedures for applicants and informal hearing procedures for participants in their administrative plans [24 CFR 982.54(d)(12) and (13)].

16-III.B. INFORMAL REVIEWS

Informal reviews are provided for program applicants. An applicant is someone who has applied for admission to the program, but is not yet a participant in the program. Informal reviews are intended to provide a “minimum hearing requirement” [24 CFR 982.554], and need not be as elaborate as the informal hearing requirements [Federal Register 60, no. 127 (3 July 1995): 34690].

Decisions Subject to Informal Review [24 CFR 982.554(a) and (c)]

The PHA must give an applicant the opportunity for an informal review of a decision denying assistance [24 CFR 982.554(a)]. Denial of assistance may include any or all of the following [24 CFR 982.552(a)(2)]:

- Denying listing on the PHA waiting list
- Denying or withdrawing a voucher
- Refusing to enter into a HAP contract or approve a lease
- Refusing to process or provide assistance under portability procedures

Informal reviews are not required for the following reasons [24 CFR 982.554(c)]:

- Discretionary administrative determinations by the PHA
- General policy issues or class grievances
- A determination of the family unit size under the PHA subsidy standards
- A PHA determination not to approve an extension of a voucher term
- A PHA determination not to grant approval of the tenancy
- A PHA determination that the unit is not in compliance with the HQS
- A PHA determination that the unit is not in accordance with the HQS due to family size or composition
PHA Policy

The PHA will only offer an informal review to applicants for whom assistance is being denied. Denial of assistance includes: denying listing on the PHA waiting list; denying or withdrawing a voucher; refusing to enter into a HAP contract or approve a lease; refusing to process or provide assistance under portability procedures.

Notice to the Applicant [24 CFR 982.554(a)]

The PHA must give an applicant prompt notice of a decision denying assistance. The notice must contain a brief statement of the reasons for the PHA decision, and must also state that the applicant may request an informal review of the decision. The notice must describe how to obtain the informal review.

Scheduling an Informal Review

PHA Policy

A request for an informal review must be made in writing and delivered to the PHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the PHA’s denial of assistance.

The PHA must schedule and send written notice of the informal review within 10 business days of the family’s request.

Informal Review Procedures [24 CFR 982.554(b)]

The informal review must be conducted by a person other than the one who made or approved the decision under review, or a subordinate of this person.

The applicant must be provided an opportunity to present written or oral objections to the decision of the PHA.
Remote Informal Reviews

All PHA policies and processes for remote informal reviews must be conducted in accordance with due process requirements and be in compliance with HUD regulations.

PHA Policy

The PHA has the sole discretion to require that informal reviews be conducted remotely in case of local, state, or national physical distancing orders, and in cases of inclement weather or natural disaster.

In addition, the PHA will conduct an informal review remotely upon request of the applicant as a reasonable accommodation for a person with a disability, if an applicant does not have child care or transportation that would enable them to attend the informal review, or if the applicant believes an in-person informal review would create an undue health risk. The PHA will consider other reasonable requests for a remote informal review on a case-by-case basis.

Conducting Remote Informal Reviews

The PHA must ensure that the applicant has the right to hear and be heard.

PHA Policy

The PHA will conduct remote informal reviews via telephone conferencing call-in or via videoconferencing. If the informal review will be conducted via videoconferencing, the PHA will ensure that all applicants, applicant representatives, PHA representatives and the person conducting the informal review can adequately access the platform (i.e., hear, be heard, see, and be seen). If any applicant, applicant representative, PHA representative, or person conducting the informal review is unable to effectively utilize the videoconferencing platform, the informal review will be conducted by telephone conferencing call-in.

Whether the informal review is to be conducted via videoconferencing or telephone call-in, the PHA will provide all parties login information and/or conferencing call-in information before the review.
Informal Review Decision [24 CFR 982.554(b)]

The PHA must notify the applicant of the PHA’s final decision, including a brief statement of the reasons for the final decision.

**PHA Policy**

In rendering a decision, the PHA will evaluate the following matters:

- Whether or not the grounds for denial were stated factually in the notice to the family.
- The validity of the grounds for denial of assistance. If the grounds for denial are not specified in the regulations, then the decision to deny assistance will be overturned.
- The validity of the evidence. The PHA will evaluate whether the facts presented prove the grounds for denial of assistance. If the facts prove that there are grounds for denial, and the denial is required by HUD, the PHA will uphold the decision to deny assistance.
- If the facts prove the grounds for denial, and the denial is discretionary, the PHA will consider the recommendation of the person conducting the informal review in making the final decision whether to deny assistance.

The PHA will notify the applicant of the final decision, including a statement explaining the reason(s) for the decision. The notice will be mailed within 10 business days of the informal review, to the applicant and his or her representative, if any, along with proof of mailing.

If the decision to deny is overturned as a result of the informal review, processing for admission will resume.

If the family fails to appear for their informal review, the denial of admission will stand and the family will be so notified.
16-III.C. INFORMAL HEARINGS FOR PARTICIPANTS [24 CFR 982.555]

PHAs must offer an informal hearing for certain PHA determinations relating to the individual circumstances of a participant family. A participant is defined as a family that has been admitted to the PHA’s HCV program and is currently assisted in the program. The purpose of the informal hearing is to consider whether the PHA’s decisions related to the family’s circumstances are in accordance with the law, HUD regulations and PHA policies.

The PHA is not permitted to terminate a family’s assistance until the time allowed for the family to request an informal hearing has elapsed, and any requested hearing has been completed. Termination of assistance for a participant may include any or all of the following:

- Refusing to enter into a HAP contract or approve a lease
- Terminating housing assistance payments under an outstanding HAP contract
- Refusing to process or provide assistance under portability procedures

**Decisions Subject to Informal Hearing**

Circumstances for which the PHA must give a participant family an opportunity for an informal hearing are as follows:

- A determination of the family’s annual or adjusted income, and the use of such income to compute the housing assistance payment
- A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the PHA utility allowance schedule
- A determination of the family unit size under the PHA’s subsidy standards
- A determination to terminate assistance for a participant family because of the family’s actions or failure to act
- A determination to terminate assistance because the participant has been absent from the assisted unit for longer than the maximum period permitted under PHA policy and HUD rules
- A determination to terminate a family’s Family Self Sufficiency contract, withhold supportive services, or propose forfeiture of the family’s escrow account [24 CFR 984.303(i)]
Circumstances for which an informal hearing is not required are as follows:

- Discretionary administrative determinations by the PHA
- General policy issues or class grievances
- Establishment of the PHA schedule of utility allowances for families in the program
- A PHA determination not to approve an extension of a voucher term
- A PHA determination not to approve a unit or tenancy
- A PHA determination that a unit selected by the applicant is not in compliance with the HQS
- A PHA determination that the unit is not in accordance with HQS because of family size
- A determination by the PHA to exercise or not to exercise any right or remedy against an owner under a HAP contract

**PHA Policy**

The PHA will only offer participants the opportunity for an informal hearing when required to by the regulations.

**Remote Informal Hearings**

The PHA’s essential responsibility is to ensure informal hearings meet the requirements of due process and comply with HUD regulations. Therefore, all PHA policies and processes for remote informal hearings will be conducted in accordance with due process requirements and will be in compliance with HUD regulations.

**PHA Policy**

The PHA has the sole discretion to require that informal hearings be conducted remotely in case of local, state, or national physical distancing orders, and in cases of inclement weather or natural disaster.

In addition, the PHA will conduct an informal hearing remotely upon request as a reasonable accommodation for a person with a disability, if a participant does not have child care or transportation that would enable them to attend the informal hearing, or if the participant believes an in-person hearing would create an undue health risk. The PHA will consider other reasonable requests for a remote informal hearing on a case-by-case basis.
Conducting Informal Hearings Remotely

In conducting any informal hearing remotely, the PHA shall ensure due process and that all parties are able to have full access to the hearing.

PHA Policy

The PHA will conduct remote informal hearings via telephone conferencing call-in or via videoconferencing. If the informal hearing will be conducted via videoconferencing, the PHA will ensure that all participants, participant representatives, advocates, witnesses, PHA representatives, and the hearing officer can adequately access the platform (i.e., hear, be heard, see, and be seen).

If any participant, representative, advocate, witness, PHA representative, or hearing officer is unable to effectively utilize the videoconferencing platform, the informal hearing will be conducted by telephone conferencing call-in.

Whether the informal hearing is to be conducted via videoconferencing or telephone call-in, the PHA will provide all parties login information and/or telephone call-in information before the hearing.
Informal Hearing Procedures

*Notice to the Family* [24 CFR 982.555(c)]

When the PHA makes a decision that is subject to informal hearing procedures, the PHA must inform the family of its right to an informal hearing at the same time that it informs the family of the decision.

For decisions related to the family’s annual or adjusted income, the determination of the appropriate utility allowance, and the determination of the family unit size, the PHA must notify the family that they may ask for an explanation of the basis of the determination, and that if they do not agree with the decision, they may request an informal hearing on the decision.

For decisions related to the termination of the family’s assistance, or the denial of a family’s request for an exception to the PHA’s subsidy standards, the notice must contain a brief statement of the reasons for the decision, a statement that if the family does not agree with the decision, the family may request an informal hearing on the decision, and a statement of the deadline for the family to request an informal hearing.

**PHA Policy**

In cases where the PHA makes a decision for which an informal hearing must be offered, the notice to the family will include all of the following:

- The proposed action or decision of the PHA.
- A brief statement of the reasons for the decision, including the regulatory reference.
- The date the proposed action will take place.
- A statement of the family’s right to an explanation of the basis for the PHA’s decision.
- A statement that if the family does not agree with the decision the family may request an informal hearing of the decision.
- A deadline for the family to request the informal hearing.
- To whom the hearing request should be addressed.
- A copy of the PHA’s hearing procedures.


**Scheduling an Informal Hearing [24 CFR 982.555(d)]**

When an informal hearing is required, the PHA must proceed with the hearing in a reasonably expeditious manner upon the request of the family.

**PHA Policy**

A request for an informal hearing must be made in writing and delivered to the PHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the PHA’s decision or notice to terminate assistance.

The PHA must schedule and send written notice of the informal hearing to the family within 10 business days of the family’s request.

The family may request to reschedule a hearing for good cause, or if it is needed as a reasonable accommodation for a person with disabilities. Good cause is defined as an unavoidable conflict which seriously affects the health, safety or welfare of the family. Requests to reschedule a hearing must be made orally or in writing prior to the hearing date. At its discretion, the PHA may request documentation of the “good cause” prior to rescheduling the hearing.

If the family does not appear within 15 minutes of the scheduled time, and was unable to reschedule the hearing in advance due to the nature of the conflict, the family must contact the PHA within 48 hours of the scheduled hearing date, excluding weekends and holidays. The PHA will reschedule the hearing only if the family can show good cause for the failure to appear, or if it is needed as a reasonable accommodation for a person with disabilities. If the family cannot show good cause for the failure to appear, or a rescheduling is not needed as a reasonable accommodation, the PHA’s decision will stand.
**Pre-Hearing Right to Discovery [24 CFR 982.555(e)]**

Participants and the PHA are permitted pre-hearing discovery rights. The family must be given the opportunity to examine before the hearing any PHA documents that are directly relevant to the hearing. The family must be allowed to copy any such documents at their own expense. If the PHA does not make the document available for examination on request of the family, the PHA may not rely on the document at the hearing.

For the purpose of informal hearings, *documents* include records and regulations.

**PHA Policy**

The family will be allowed to copy any documents related to the hearing at a cost of $.25 per page. The family must request discovery of PHA documents no later than 12:00 p.m. on the business day prior to the scheduled hearing date.

If the hearing will be conducted remotely, the PHA will compile a hearing packet, consisting of all documents the PHA intends to produce at the informal hearing. The PHA will mail copies of the hearing packet to the family, the family’s representatives, if any, and the hearing officer at least three days before the scheduled remote informal hearing. The original hearing packet will be in the possession of the PHA representative and retained by the PHA.

Documents will be shared electronically whenever possible.

The PHA hearing procedures may provide that the PHA must be given the opportunity to examine at the PHA offices before the hearing any family documents that are directly relevant to the hearing. The PHA must be allowed to copy any such document at the PHA’s expense. If the family does not make the document available for examination on request of the PHA, the family may not rely on the document at the hearing.

**PHA Policy**

For in-person hearings, the PHA will not require pre-hearing discovery by the PHA of family documents directly relevant to the hearing.

If the informal hearing is to be conducted remotely, the PHA will require the family to provide any documents directly relevant to the informal hearing at least 24 hours before the scheduled hearing. The PHA will scan and email copies of these documents to the hearing officer and the PHA representative the same day.

Documents will be shared electronically whenever possible.

**Participant’s Right to Bring Counsel [24 CFR 982.555(e)(3)]**

At its own expense, the family may be represented by a lawyer or other representative at the informal hearing.

**Informal Hearing Officer [24 CFR 982.555(e)(4)]**

Informal hearings will be conducted by a person or persons approved by the PHA, other than the person who made or approved the decision or a subordinate of the person who made or approved the decision.
Attendance at the Informal Hearing

PHA Policy

Hearings may be attended by a hearing officer and the following applicable persons:

- A PHA representative(s) and any witnesses for the PHA
- The participant and any witnesses for the participant
- The participant’s counsel or other representative
- Any other person approved by the PHA as a reasonable accommodation for a person with a disability
- Law enforcement.

Conduct at Hearings

The person who conducts the hearing may regulate the conduct of the hearing in accordance with the PHA’s hearing procedures [24 CFR 982.555(4)(ii)].

PHA Policy

The hearing officer is responsible to manage the order of business and to ensure that hearings are conducted in a professional and businesslike manner. Attendees are expected to comply with all hearing procedures established by the hearing officer and guidelines for conduct. Any person demonstrating disruptive, abusive or otherwise inappropriate behavior will be excused from the hearing at the discretion of the hearing officer.
Evidence [24 CFR 982.555(e)(5)]

The PHA and the family must be given the opportunity to present evidence and question any witnesses. In general, all evidence is admissible at an informal hearing. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

**PHA Policy**

Any evidence to be considered by the hearing officer must be presented at the time of the hearing. There are four categories of evidence.

- **Oral evidence**: the testimony of witnesses
- **Documentary evidence**: a writing which is relevant to the case, for example, a letter written to the PHA. Writings include all forms of recorded communication or representation, including letters, words, pictures, sounds, videotapes or symbols or combinations thereof.
- **Demonstrative evidence**: Evidence created specifically for the hearing and presented as an illustrative aid to assist the hearing officer, such as a model, a chart or other diagram.
- **Real evidence**: A tangible item relating directly to the case.

**Hearsay Evidence** is evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter. Even though evidence, including hearsay, is generally admissible, hearsay evidence alone cannot be used as the sole basis for the hearing officer’s decision.

If either the PHA or the family fail to comply with the discovery requirements described above, the hearing officer will refuse to admit such evidence.

Other than the failure of a party to comply with discovery, the hearing officer has the authority to overrule any objections to evidence.

**Procedures for Rehearing or Further Hearing**

**PHA Policy**

The hearing officer may ask the family for additional information and/or might adjourn the hearing in order to reconvene at a later date, before reaching a decision. If the family misses an appointment or deadline ordered by the hearing officer, the action of the PHA will take effect and another hearing will not be granted.
**Hearing Officer’s Decision [24 CFR 982.555(e)(6)]**

The person who conducts the hearing must issue a written decision, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family must be based on a preponderance of evidence presented at the hearing.

**PHA Policy**

In rendering a decision, the hearing officer will consider the following matters:

**PHA Notice to the Family**: The hearing officer will determine if the reasons for the PHA’s decision are factually stated in the Notice.

**Discovery**: The hearing officer will determine if the PHA and the family were given the opportunity to examine any relevant documents in accordance with PHA policy.

**PHA Evidence to Support the PHA Decision**: The evidence consists of the facts presented. Evidence is not conclusion and it is not argument. The hearing officer will evaluate the facts to determine if they support the PHA’s conclusion.

**Validity of Grounds for Termination of Assistance (when applicable)**: The hearing officer will determine if the termination of assistance is for one of the grounds specified in the HUD regulations and PHA policies. If the grounds for termination are not specified in the regulations or in compliance with PHA policies, then the decision of the PHA will be overturned.

The hearing officer will issue a written decision to the family and the PHA no later than 10 business days after the hearing. The report will contain the following information:

**Hearing information**: 
- Name of the participant;
- Date, time and place of the hearing;
- Name of the hearing officer;
- Name of the PHA representative; and
- Name of family representative (if any).

**Background**: A brief, impartial statement of the reason for the hearing.

**Summary of the Evidence**: The hearing officer will summarize the testimony of each witness and identify any documents that a witness produced in support of his/her testimony and that are admitted into evidence.

**Findings of Fact**: The hearing officer will include all findings of fact, based on a preponderance of the evidence. *Preponderance of the evidence* is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.
**Conclusions:** The hearing officer will render a conclusion derived from the facts that were found to be true by a preponderance of the evidence. The conclusion will result in a determination of whether these facts uphold the PHA’s decision.

**Order:** The hearing report will include a statement of whether the PHA’s decision is upheld or overturned. If it is overturned, the hearing officer will instruct the PHA to change the decision in accordance with the hearing officer’s determination. In the case of termination of assistance, the hearing officer will instruct the PHA to restore the participant’s program status.

**Issuance of Decision [24 CFR 982.555(e)(6)]**

A copy of the hearing must be furnished promptly to the family.

**PHA Policy**

The hearing officer will mail a “Notice of Hearing Decision” to the PHA and to the participant on the same day. This notice will be sent by first-class mail. The participant will be mailed the original “Notice of Hearing Decision” and a copy of the proof of mailing. A copy of the “Notice of Hearing Decision” will be maintained in the PHA’s file.

**Effect of Final Decision [24 CFR 982.555(f)]**

The PHA is not bound by the decision of the hearing officer for matters in which the PHA is not required to provide an opportunity for a hearing, decisions that exceed the authority of the hearing officer, decisions that conflict with or contradict HUD regulations, requirements, or are otherwise contrary to federal, state, or local laws.

If the PHA determines it is not bound by the hearing officer’s decision in accordance with HUD regulations, the PHA must promptly notify the family of the determination and the reason for the determination.

**PHA Policy**

The Executive Director has the authority to determine that the PHA is not bound by the decision of the hearing officer because the PHA was not required to provide a hearing, the decision exceeded the authority of the hearing officer, the decision conflicted with or contradicted HUD regulations, requirements, or the decision was otherwise contrary to federal, state, or local laws.

In such a case, the PHA will mail a “Notice of Final Decision” to the PHA and the participant on the same day. The “Notice of Final Decision” will be sent by first-class mail. A copy of this notice will be maintained in the PHA’s file.
16-III.D. HEARING AND APPEAL PROVISIONS FOR NONCITIZENS [24 CFR 5.514]

Denial or termination of assistance based on immigration status is subject to special hearing and notice rules. Applicants who are denied assistance due to immigration status are entitled to an informal hearing, not an informal review.

Assistance to a family may not be delayed, denied, or terminated on the basis of immigration status at any time prior to a decision under the United States Citizenship and Immigration Services (USCIS) appeal process. Assistance to a family may not be terminated or denied while the PHA hearing is pending, but assistance to an applicant may be delayed pending the completion of the informal hearing.

A decision against a family member, issued in accordance with the USCIS appeal process or the PHA informal hearing process, does not preclude the family from exercising the right, that may otherwise be available, to seek redress directly through judicial procedures.

Notice of Denial or Termination of Assistance [24 CFR 5.514(d)]

The notice of denial or termination of assistance for noncitizens must advise the family:

- That financial assistance will be denied or terminated, and provide a brief explanation of the reasons for the proposed denial or termination of assistance.
- The family may be eligible for proration of assistance.
- In the case of a participant, the criteria and procedures for obtaining relief under the provisions for preservation of families [24 CFR 5.514 and 5.518].
- That the family has a right to request an appeal to the USCIS of the results of secondary verification of immigration status and to submit additional documentation or explanation in support of the appeal.
- That the family has a right to request an informal hearing with the PHA either upon completion of the USCIS appeal or in lieu of the USCIS appeal.
- For applicants, assistance may not be delayed until the conclusion of the USCIS appeal process, but assistance may be delayed during the period of the informal hearing process.
**USCIS Appeal Process [24 CFR 5.514(e)]**

When the PHA receives notification that the USCIS secondary verification failed to confirm eligible immigration status, the PHA must notify the family of the results of the USCIS verification. The family will have 30 days from the date of the notification to request an appeal of the USCIS results. The request for appeal must be made by the family in writing directly to the USCIS. The family must provide the PHA with a copy of the written request for appeal and the proof of mailing.

**PHA Policy**

- The PHA will notify the family in writing of the results of the USCIS secondary verification within 10 business days of receiving the results.
- The family must provide the PHA with a copy of the written request for appeal and proof of mailing within 10 business days of sending the request to the USCIS.

The family must forward to the designated USCIS office any additional documentation or written explanation in support of the appeal. This material must include a copy of the USCIS document verification request (used to process the secondary request) or such other form specified by the USCIS, and a letter indicating that the family is requesting an appeal of the USCIS immigration status verification results.

The USCIS will notify the family, with a copy to the PHA, of its decision. When the USCIS notifies the PHA of the decision, the PHA must notify the family of its right to request an informal hearing.

**PHA Policy**

- The PHA will send written notice to the family of its right to request an informal hearing within 10 business days of receiving notice of the USCIS decision regarding the family’s immigration status.

**Informal Hearing Procedures for Applicants [24 CFR 5.514(f)]**

After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that the PHA provide a hearing. The request for a hearing must be made either within 30 days of receipt of the PHA notice of denial, or within 30 days of receipt of the USCIS appeal decision.

The informal hearing procedures for applicant families are described below.

**Informal Hearing Officer**

The PHA must provide an informal hearing before an impartial individual, other than a person who made or approved the decision under review, and other than a person who is a subordinate of the person who made or approved the decision. See Section 16-III.C. for a listing of positions that serve as informal hearing officers.
Evidence

The family must be provided the opportunity to examine and copy at the family’s expense, at a reasonable time in advance of the hearing, any documents in the possession of the PHA pertaining to the family’s eligibility status, or in the possession of the USCIS (as permitted by USCIS requirements), including any records and regulations that may be relevant to the hearing.

**PHA Policy**

The family will be allowed to copy any documents related to the hearing at a cost of $.25 per page. The family must request discovery of PHA documents no later than 12:00 p.m. on the business day prior to the hearing.

The family must be provided the opportunity to present evidence and arguments in support of eligible status. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

The family must also be provided the opportunity to refute evidence relied upon by the PHA, and to confront and cross-examine all witnesses on whose testimony or information the PHA relies.

**Representation and Interpretive Services**

The family is entitled to be represented by an attorney or other designee, at the family’s expense, and to have such person make statements on the family’s behalf.

The family is entitled to request an interpreter. Upon request, the PHA will provide competent interpretation services, free of charge.

**Recording of the Hearing**

The family is entitled to have the hearing recorded by audiotape. The PHA may, but is not required to provide a transcript of the hearing.

**PHA Policy**

The PHA will not provide a transcript of an audio taped hearing.

**Hearing Decision**

The PHA must provide the family with a written final decision, based solely on the facts presented at the hearing, within 14 calendar days of the date of the informal hearing. The decision must state the basis for the decision.
Informal Hearing Procedures for Residents [24 CFR 5.514(f)]

After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that the PHA provide a hearing. The request for a hearing must be made either within 30 days of receipt of the PHA notice of termination, or within 30 days of receipt of the USCIS appeal decision.

For the informal hearing procedures that apply to participant families whose assistance is being terminated based on immigration status, see Section 16-III.C.

Retention of Documents [24 CFR 5.514(h)]

The PHA must retain for a minimum of 5 years the following documents that may have been submitted to the PHA by the family, or provided to the PHA as part of the USCIS appeal or the PHA informal hearing process:

- The application for assistance
- The form completed by the family for income reexamination
- Photocopies of any original documents, including original USCIS documents
- The signed verification consent form
- The USCIS verification results
- The request for a USCIS appeal
- The final USCIS determination
- The request for an informal hearing
- The final informal hearing decision
PART IV: OWNER OR FAMILY DEBTS TO THE PHA

16-IV.A. OVERVIEW

PHAs are required to include in the administrative plan, policies concerning repayment by a family of amounts owed to the PHA [24 CFR 982.54]. This part describes the PHA’s policies for recovery of monies owed to the PHA by families or owners.

PHA Policy

When an action or inaction of an owner or participant results in the overpayment of housing assistance, the PHA holds the owner or participant liable to return any overpayments to the PHA.

The PHA will enter into repayment agreements in accordance with the policies contained in this part as a means to recover overpayments.

When an owner or participant refuses to repay monies owed to the PHA, the PHA will utilize other available collection alternatives including, but not limited to, the following:

Collection agencies
Small claims court
Civil law suit
State income tax set-off program
16-IV.B. REPAYMENT POLICY

Owner Debts to the PHA

PHA Policy

Any amount due to the PHA by an owner must be repaid by the owner within 30 days of the PHA determination of the debt.

If the owner fails to repay the debt within the required time frame and is entitled to future HAP payments, the PHA will reduce the future HAP payments by the amount owed until the debt is paid in full.

If the owner is not entitled to future HAP payments the PHA may, in its sole discretion, offer to enter into a repayment agreement on terms prescribed by the PHA.

If the owner refuses to repay the debt, does not enter into a repayment agreement, or breaches a repayment agreement, the PHA will ban the owner from future participation in the program and pursue other modes of collection. The Pico Rivera Housing Assistance Agency will refer such case to the Office of Inspector General and/or District Attorney’s Office for further action.

Family Debts to the PHA

PHA Policy

Any amount owed to the PHA by an HCV family must be repaid by the family. If the family is unable to repay the debt within 30 days, the PHA will offer to enter into a repayment agreement in accordance with the policies below.

If the family refuses to repay the debt, does not enter into a repayment agreement, or breaches a repayment agreement, the PHA will terminate assistance in accordance with the policies in Chapter 12 and pursue other modes of collection.

Repayment Agreement [24 CFR 792.103]

The term repayment agreement refers to a formal written document signed by a tenant or owner and provided to the PHA in which a tenant or owner acknowledges a debt in a specific amount and agrees to repay the amount due at specific time periods.

General Repayment Agreement Guidelines for Families

Down Payment Requirement

PHA Policy

Before executing a repayment agreement with a family, the PHA will generally require a down payment of 10 percent of the total amount owed. If the family can provide evidence satisfactory to the PHA that a down payment of 10 percent would impose an undue hardship, the PHA may, in its sole discretion, require a lesser percentage or waive the requirement.
Payment Thresholds

Notice PIH 2017-12 recommends that the total amount that a family must pay each month—the family’s monthly share of rent plus the monthly debt repayment amount—should not exceed 40 percent of the family’s monthly adjusted income. However, a family may already be paying 40 per cent or more of its monthly adjusted income in rent. Moreover, Notice PIH 2017-12 acknowledges that PHAs have the discretion to establish “thresholds and policies” for repayment agreements with families [24 CFR 982.552(c)(1)(vii)].

PHA Policy

The PHA has established that a maximum time allowed for a repayment agreement is twelve (12) months excluding the ten percent down payment.

If a family can provide evidence satisfactory to the PHA that the threshold applicable to the family’s debt would impose an undue hardship, the PHA may, in its sole discretion, determine that a lower monthly payment amount is reasonable. In making its determination, the PHA will consider all relevant information, including the following:

- The amount owed by the family to the PHA
- The reason for the debt, including whether the debt was the result of family action/inaction or circumstances beyond the family’s control
- The family’s current and potential income and expenses
- The family’s current family share, as calculated under 24 CFR 982.515
- The family’s history of meeting its financial responsibilities

Execution of the Agreement

PHA Policy

Any repayment agreement between the PHA and a family must be signed and dated by the PHA and by the head of household and spouse/cohead (if applicable).

Due Dates

PHA Policy

All payments are due by the close of business on the 15th day of the month. If the 15th does not fall on a business day, the due date is the close of business on the first business day after the 15th.
**Late or Missed Payments**

**PHA Policy**

If a payment is not received by the end of the business day on the date due, and prior approval for the missed payment has not been given by the PHA, the PHA will send the family a delinquency notice giving the family 10 business days to make the late payment. If the payment is not received by the due date of the delinquency notice, it will be considered a breach of the agreement and the PHA will terminate assistance in accordance with the policies in Chapter 12.

If a family receives three delinquency notices for unexcused late payments in a 12-month period, the repayment agreement will be considered in default, and the PHA will terminate assistance in accordance with the policies in Chapter 12.

**No Offer of Repayment Agreement**

**PHA Policy**

The PHA generally will not enter into a repayment agreement with a family if there is already a repayment agreement in place with the family or if the amount owed by the family exceeds the federal or state threshold for criminal prosecution. The Pico Rivera Housing Assistance Agency will only allow three (3) repayment agreements before proposing termination of assistance.

**Repayment Agreements Involving Improper Payments**

Notice PIH 2017-12 requires certain provisions to be included in any repayment agreement involving amounts owed by a family because it underreported or failed to report income:

- A reference to the items in the family briefing packet that state the family’s obligation to provide true and complete information at every reexamination and the grounds on which the PHA may terminate assistance because of a family’s action or failure to act
- A statement clarifying that each month the family not only must pay to the PHA the monthly payment amount specified in the agreement but must also pay to the owner the family’s monthly share of the rent to owner
- A statement that the terms of the repayment agreement may be renegotiated if the family’s income decreases or increases
- A statement that late or missed payments constitute default of the repayment agreement and may result in termination of assistance
PART V: SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP)

16-V.A. OVERVIEW
The Section 8 Management Assessment Program (SEMAP) is a tool that allows HUD to measure PHA performance in key areas to ensure program integrity and accountability. SEMAP scores translate into a rating for each PHA as high performing, standard, or troubled. Scores on individual SEMAP indicators, as well as overall SEMAP ratings, can affect the PHA in several ways.

- High-performing PHAs can be given a competitive advantage under notices of funding availability [24 CFR 985.103].
- PHAs with deficiencies on one or more indicators are required to correct the deficiencies and report to HUD [24 CFR 985.106].
- PHAs with an overall rating of “troubled” are subject to additional HUD oversight, including on-site reviews by HUD staff, a requirement to develop a corrective action plan, and monitoring to ensure the successful implementation of the corrective action plan. In addition, PHAs that are designated “troubled” may not use any part of the administrative fee reserve for other housing purposes [24 CFR 985.107].
- HUD may determine that a PHA’s failure to correct identified SEMAP deficiencies or to prepare and implement a corrective action plan required by HUD constitutes a default under the ACC [24 CFR 985.109].
16-V.B. SEMAP CERTIFICATION [24 CFR 985.101]

PHAs must submit the HUD-required SEMAP certification form within 60 calendar days after the end of its fiscal year. The certification must be approved by PHA board resolution and signed by the PHA executive director. If the PHA is a unit of local government or a state, a resolution approving the certification is not required, and the certification must be executed by the Section 8 program director.

PHAs with less than 250 voucher units are only required to be assessed every other PHA fiscal year. HUD will assess such PHAs annually if the PHA elects to have its performance assessed on an annual basis; or is designated as “troubled” [24 CFR 985.105].

Failure of a PHA to submit its SEMAP certification within the required time frame will result in an overall performance rating of “troubled.”

A PHA’s SEMAP certification is subject to HUD verification by an on-site confirmatory review at any time.

Upon receipt of the PHA’s SEMAP certification, HUD will rate the PHA’s performance under each SEMAP indicator in accordance with program requirements.

HUD Verification Method

Several of the SEMAP indicators are scored based on a review of a quality control sample selected for this purpose. The PHA or the Independent Auditor must select an unbiased sample that provides an adequate representation of the types of information to be assessed, in accordance with SEMAP requirements [24 CFR 985.2].

If the HUD verification method for the indicator relies on data in the Form-50058 module (formerly known as MTCS) in the PIH Information Center (PIC), and HUD determines that those data are insufficient to verify the PHA's certification on the indicator due to the PHA's failure to adequately report family data, HUD will assign a zero rating for the indicator [24 CFR 985.3].
16-V.C. SEMAP INDICATORS [24 CFR 985.3 and form HUD-52648]

The table below lists each of the SEMAP indicators, contains a description of each indicator, and explains the basis for points awarded under each indicator.

A PHA that expends less than $300,000 in Federal awards and whose Section 8 programs are not audited by an independent auditor, is not be rated under SEMAP indicators 1-7.

<table>
<thead>
<tr>
<th>SEMAP Indicators</th>
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<tbody>
<tr>
<td><strong>Indicator 1: Selection from the waiting list</strong></td>
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<tr>
<td>Maximum Score: 15</td>
</tr>
<tr>
<td>• This indicator shows whether the PHA has written policies in its administrative plan for selecting applicants from the waiting list and whether the PHA follows these policies when selecting applicants for admission from the waiting list.</td>
</tr>
<tr>
<td>• Points are based on the percent of families that are selected from the waiting list in accordance with the PHA’s written policies, according to the PHA’s quality control sample.</td>
</tr>
</tbody>
</table>

| **Indicator 2: Rent reasonableness** |
| Maximum Score: 20 |
| • This indicator shows whether the PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units  |
| • Points are based on the percent of units for which the PHA follows its written method to determine reasonable rent and has documented its determination that the rent to owner is reasonable, according to the PHA’s quality control sample.  |

| **Indicator 3: Determination of adjusted income** |
| Maximum Score: 20 |
| • This indicator measures whether the PHA verifies and correctly determines adjusted income for each assisted family, and where applicable, uses the appropriate utility allowances for the unit leased in determining the gross rent.  |
| • Points are based on the percent of files that are calculated and verified correctly, according to the PHA’s quality control sample.  |

| **Indicator 4: Utility allowance schedule** |
| Maximum Score: 5 |
| • This indicator shows whether the PHA maintains an up-to-date utility allowance schedule.  |
| • Points are based on whether the PHA has reviewed the utility allowance schedule and adjusted it when required, according to the PHA’s certification.  |
**Indicator 5: HQS quality control inspections**  
**Maximum Score: 5**  
- This indicator shows whether a PHA supervisor reinspects a sample of units under contract during the PHA fiscal year, which meets the minimum sample size requirements for quality control of HQS inspections.  
- Points are based on whether the required quality control reinspections were completed, according to the PHA’s certification.

**Indicator 6: HQS enforcement**  
**Maximum Score: 10**  
- This indicator shows whether, following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening deficiencies are corrected within 24 hours from the inspection and all other deficiencies are corrected within no more than 30 calendar days from the inspection or any PHA-approved extension.  
- Points are based on whether the PHA corrects all HQS deficiencies in accordance with required time frames, according to the PHA’s certification.

**Indicator 7: Expanding housing opportunities**  
**Maximum Points: 5**  
- Only applies to PHAs with jurisdiction in metropolitan FMR areas.  
- This indicator shows whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration; informs voucher holders of the full range of areas where they may lease units both inside and outside the PHA’s jurisdiction; and supplies a list of landlords or other parties who are willing to lease units or help families find units, including units outside areas of poverty or minority concentration.  
- Points are based on whether the PHA has adopted and implemented written policies in accordance with SEMAP requirements, according to the PHA’s certification.

**Indicator 8: FMR limit and payment standards**  
**Maximum Points: 5 points**  
- This indicator shows whether the PHA has adopted a payment standard schedule that establishes payment standard amounts by unit size for each FMR area in the PHA’s jurisdiction, that are within the basic range of 90 to 110 percent of the published FMR.  
- Points are based on whether the PHA has appropriately adopted a payment standard schedule(s), according to the PHA’s certification.

**Indicator 9: Annual reexaminations**  
**Maximum Points: 10**  
- This indicator shows whether the PHA completes a reexamination for each participating family at least every 12 months.  
- Points are based on the percent of reexaminations that are more than 2 months overdue, according to data from PIC.
### Indicator 10: Correct tenant rent calculations
**Maximum Points: 5**
- This indicator shows whether the PHA correctly calculates the family’s share of the rent to owner.
- Points are based on the percent of correct calculations of family share of the rent, according to data from PIC.

### Indicator 11: Pre-contract HQS inspections
**Maximum Points: 5**
- This indicator shows whether newly leased units pass HQS inspection on or before the effective date of the assisted lease and HAP contract.
- Points are based on the percent of newly leased units that passed HQS inspection prior to the effective date of the lease and HAP contract, according to data from PIC.

### Indicator 12: Annual HQS inspections
**Maximum Points: 10**
- This indicator shows whether the PHA inspects each unit under contract at least annually.
- Points are based on the percent of annual HQS inspections of units under contract that are more than 2 months overdue, according to data from PIC.

### Indicator 13: Lease-up
**Maximum Points: 20 points**
- This indicator shows whether the PHA enters HAP contracts for at least 98 percent of the number of the PHA’s baseline voucher units in the ACC for the calendar year ending on or before the PHA’s fiscal year, or whether the PHA has expended at least 98 percent of its allocated budget authority for the same calendar year. The PHA can receive 15 points if 95 to 97 percent of vouchers are leased or budget authority is utilized.
- Points are based on utilization of vouchers and HAP expenditures as reported in the voucher management system (VMS) for the most recently completed calendar year.

### Indicator 14: Family self-sufficiency (FSS) enrollment and escrow account balances
**Maximum Points: 10**
- Only applies to PHAs with mandatory FSS programs.
- This indicator shows whether the PHA has enrolled families in the FSS program as required, and measures the percent of current FSS participants that have had increases in earned income which resulted in escrow account balances.
- Points are based on the percent of mandatory FSS slots that are filled and the percent of families with escrow account balances, according to data from PIC.
### Success Rate of Voucher Holders

**Maximum Points: 5**

- Only applies to PHAs that have received approval to establish success rate payment standard amounts, and isn’t effective until the second full PHA fiscal year following the date of HUD approval of success rate payment standard amounts.
- This indicator shows whether voucher holders were successful in leasing units with voucher assistance.
- Points are based on the percent of families that were issued vouchers, and that became participants in the voucher program.

### Deconcentration Bonus Indicator

**Maximum Points: 5**

- Submission of data for this indicator is mandatory for a PHA using one or more payment standard amount(s) that exceed(s) 100 percent of the published FMR set at the 50 percentile rent, starting with the second full PHA fiscal year following initial use of payment standard amounts based on the FMRs set at the 50th percentile.
- Additional points are available to PHAs that have jurisdiction in metropolitan FMR areas and that choose to submit the required data.
- Points are based on whether the data that is submitted meets the requirements for bonus points.
PART VI: RECORD KEEPING

16-VI.A. OVERVIEW
The PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. All such records must be made available to HUD or the Comptroller General of the United States upon request.

In addition, the PHA must ensure that all applicant and participant files are maintained in a way that protects an individual’s privacy rights.

16-VI.B. RECORD RETENTION [24 CFR 982.158]
During the term of each assisted lease, and for at least three years thereafter, the PHA must keep:

- A copy of the executed lease;
- The HAP contract; and
- The application from the family.

In addition, the PHA must keep the following records for at least three years:

- Records that provide income, racial, ethnic, gender, and disability status data on program applicants and participants;
- An application from each ineligible family and notice that the applicant is not eligible;
- HUD-required reports;
- Unit inspection reports;
- Lead-based paint records as required by 24 CFR 35, Subpart B.
- Accounts and other records supporting PHA budget and financial statements for the program;
- Records to document the basis for PHA determination that rent to owner is a reasonable rent (initially and during the term of a HAP contract); and
- Other records specified by HUD.

Notice PIH 2014-20 requires PHAs to keep records of all complaints, investigations, notices, and corrective actions related to violations of the Fair Housing Act or the equal access final rule.

The PHA must keep confidential records of all emergency transfer requested by victims of domestic violence, dating violence, sexual assault, and stalking under the PHA’s Emergency Transfer Plan, as well as the outcomes of such requests, and retain the records for a period of three years [24 CFR 5.2002(e)(12)].

If an informal hearing to establish a family’s citizenship status is held, longer retention requirements apply for some types of documents. For specific requirements, see Section 16-III.D., Retention of Documents.
16-VI.C. RECORDS MANAGEMENT

PHAs must maintain applicant and participant files and information in accordance with the regulatory requirements described below.

**PHA Policy**

All applicant and participant information will be kept in a secure location and access will be limited to authorized PHA staff.

PHA staff will not discuss personal family information unless there is a business reason to do so. Inappropriate discussion of family information or improper disclosure of family information by staff will result in disciplinary action.

**Privacy Act Requirements [24 CFR 5.212 and Form-9886]**

The collection, maintenance, use, and dissemination of social security numbers (SSN), employer identification numbers (EIN), any information derived from these numbers, and income information of applicants and participants must be conducted, to the extent applicable, in compliance with the Privacy Act of 1974, and all other provisions of Federal, State, and local law.

Applicants and participants, including all adults in the household, are required to sign a consent form, HUD-9886, Authorization for Release of Information. This form incorporates the Federal Privacy Act Statement and describes how the information collected using the form may be used, and under what conditions HUD or the PHA may release the information collected.

**Upfront Income Verification (UIV) Records**

PHAs that access UIV data through HUD’s Enterprise Income Verification (EIV) system are required to adopt and follow specific security procedures to ensure that all EIV data is protected in accordance with federal laws, regardless of the media on which the data is recorded (e.g. electronic, paper). These requirements are contained in the HUD-issued document, *Enterprise Income Verification (EIV) System, Security Procedures for Upfront Income Verification data*.

**PHA Policy**

Prior to utilizing HUD’s EIV system, the PHA will adopt and implement EIV security procedures required by HUD.
Criminal Records

The PHA may only disclose the criminal conviction records which the PHA receives from a law enforcement agency to officers or employees of the PHA, or to authorized representatives of the PHA who have a job-related need to have access to the information [24 CFR 5.903(e)].

The PHA must establish and implement a system of records management that ensures that any criminal record received by the PHA from a law enforcement agency is maintained confidentially, not misused or improperly disseminated, and destroyed, once the purpose for which the record was requested has been accomplished, including expiration of the period for filing a challenge to the PHA action without institution of a challenge or final disposition of any such litigation [24 CFR 5.903(g)].

The PHA must establish and implement a system of records management that ensures that any sex offender registration information received by the PHA from a State or local agency is maintained confidentially, not misused or improperly disseminated, and destroyed, once the purpose for which the record was requested has been accomplished, including expiration of the period for filing a challenge to the PHA action without institution of a challenge or final disposition of any such litigation. However, a record of the screening, including the type of screening and the date performed must be retained [Notice PIH 2012-28]. This requirement does not apply to information that is public information, or is obtained by a PHA other than under 24 CFR 5.905.

Medical/Disability Records

PHAs are not permitted to inquire about the nature or extent of a person’s disability. The PHA may not inquire about a person’s diagnosis or details of treatment for a disability or medical condition. If the PHA receives a verification document that provides such information, the PHA should not place this information in the tenant file. The PHA should destroy the document.

Documentation of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

For requirements and PHA policies related to management of documentation obtained from victims of domestic violence, dating violence, sexual assault, or stalking, see section 16-IX.E.
PART VII: REPORTING AND RECORD KEEPING FOR CHILDREN WITH ELEVATED BLOOD LEAD LEVEL

16-VII.A. OVERVIEW

The PHA has certain responsibilities relative to children with elevated blood lead levels that are receiving HCV assistance. The notification, verification, and hazard reduction requirements are discussed in Chapter 8. This part deals with the reporting requirements, and data collection and record keeping responsibilities that the PHA is subject to.

16-VII.B. REPORTING REQUIREMENT [24 CFR 35.1225(e); Notice PIH 2017-13]

The owner must report the name and address of a child identified as having an elevated blood lead level to the public health department within five business days of being so notified by any other medical health care professional. The owner must also notify the HUD field office and the HUD Office of Lead Hazard Control and Healthy Homes (OLHCHH) of the child’s address within five business days. The PHA may collaborate with the owner on the notification process, such as by agreeing with the owner to provide the required notifications on the owner’s behalf.

PHA Policy

Upon notification by the owner, the PHA will provide the public health department written notice of the name and address of any child identified as having an elevated blood lead level within five business days.

Upon notification by the owner, the PHA will notify the HUD field office and the HUD Office of Lead Hazard Control and Healthy Homes (OLHCHH) of the child’s address within five business days.

16-VII.C. DATA COLLECTION AND RECORD KEEPING [24 CFR 35.1225(f)]

At least quarterly, the PHA must attempt to obtain from the public health department(s) with a similar area of jurisdiction, the names and/or addresses of children less than 6 years old with an elevated blood lead level.

If the PHA obtains names and addresses of elevated blood lead level children from the public health department(s), the PHA must match this information with the names and addresses of families receiving HCV assistance, unless the public health department performs such a procedure. If a match occurs, the PHA must carry out the notification, verification, and hazard reduction requirements discussed in Chapter 8, and the reporting requirement discussed above.

At least quarterly, the PHA must also report an updated list of the addresses of units receiving assistance under the HCV program to the same public health department(s), unless the public health department(s) states that it does not wish to receive such a report.

PHA Policy

The public health department(s) has stated they do wish to receive a report of an updated list of the addresses of units receiving assistance under the HCV program, on a quarterly basis. Therefore, the PHA is providing such a report.
PART VIII: DETERMINATION OF INSUFFICIENT FUNDING

16-VIII.A. OVERVIEW

The HCV regulations allow PHAs to deny families permission to move and to terminate Housing Assistance Payments (HAP) contracts if funding under the consolidated ACC is insufficient to support continued assistance [24 CFR 982.354(e)(1) and 982.454]. If a PHA denies a family a portability move based on insufficient funding, the PHA is required to notify the local HUD office within 10 business days [24 CFR 982.354]. Insufficient funding may also impact the PHA’s ability to issue vouchers to families on the waiting list. This part discusses the methodology the PHA will use to determine whether or not the PHA has sufficient funding to issue vouchers, approve moves, and to continue subsidizing all families currently under a HAP contract.

16-VIII.B. METHODOLOGY

PHA Policy

The PHA will determine whether there is adequate funding to issue vouchers, approve moves to higher cost units and areas, and continue subsidizing all current participants by comparing the PHA’s annual budget authority to the annual total HAP needs on a monthly basis. The total HAP needs for the calendar year will be projected by establishing the actual HAP costs year to date. To that figure, the PHA will add anticipated HAP expenditures for the remainder of the calendar year. Projected HAP expenditures will be calculated by multiplying the projected number of units leased per remaining months by the most current month’s average HAP. The projected number of units leased per month will take into account the average monthly turnover of participant families. If the total annual HAP needs equal or exceed the annual budget authority, or if the PHA cannot support the cost of the proposed subsidy commitment (voucher issuance or move) based on the funding analysis, the PHA will be considered to have insufficient funding.
PART IX: VIOLENCE AGAINST WOMEN ACT (VAWA): NOTIFICATION, DOCUMENTATION, CONFIDENTIALITY

16-IX.A. OVERVIEW

The Violence against Women Act of 2013 (VAWA) provides special protections for victims of domestic violence, dating violence, sexual assault and stalking who are applying for or receiving assistance under the housing choice voucher (HCV) program. If your state or local laws provide greater protection for such victims, those laws apply in conjunction with VAWA.

In addition to definitions of key terms used in VAWA, this part contains general VAWA requirements and PHA policies in three areas: notification, documentation, and confidentiality. Specific VAWA requirements and PHA policies are located primarily in the following sections: 3-I.C, “Family Breakup and Remaining Member of Tenant Family”; 3-III.G, “Prohibition against Denial of Assistance to Victims of Domestic Violence, Dating Violence, and Stalking”; 10-I.A, “Allowable Moves”; 10-I.B, “Restrictions on Moves”; 12-II.E, “Terminations Related to Domestic Violence, Dating Violence, or Stalking”; and 12-II.F, “Termination Notice.”

16-IX.B. DEFINITIONS [24 CFR 5.2003, 42 USC 13925]

As used in VAWA:

- The term *bifurcate* means, with respect to a public housing or Section 8 lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members’ lease and occupancy rights are allowed to remain intact.

- The term *dating violence* means violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:
  - The length of the relationship
  - The type of relationship
  - The frequency of interaction between the persons involved in the relationship

- The term *domestic violence* includes felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction.
• The term *affiliated individual* means, with respect to a person:
  - A spouse, parent, brother or sister, or child of that individual, or an individual to whom that individual stands in the position or place of a parent; or
  - Any other individual, tenant, or lawful occupant living in the household of the victim of domestic violence, dating violence, sexual assault, or stalking.

• The term *sexual assault* means:
  - Any nonconsensual sexual act proscribed by federal, tribal, or state law, including when the victim lacks the capacity to consent

• The term *stalking* means:
  - To engage in a course of conduct directed at a specific person that would cause a reasonable person to fear for his or her safety or the safety of others, or suffer substantial emotional distress.
16-IX.C. NOTIFICATION [24 CFR 5.2005(a)]

Notification to Public

The PHA adopts the following policy to help ensure that all actual and potential beneficiaries of its HCV program are aware of their rights under VAWA.

PHA Policy

The PHA will post the following information regarding VAWA in its offices and on its website. It will also make the information readily available to anyone who requests it.

A copy of the notice of occupancy rights under VAWA to housing choice voucher program applicants and participants who are or have been victims of domestic violence, dating violence, sexual assault, or stalking (Form HUD-5380, see Exhibit 16-1)

A copy of form HUD-5382, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation (see Exhibit 16-2)

A copy of the PHA’s emergency transfer plan (Exhibit 16-3)

A copy of HUD’s Emergency Transfer Request for Certain Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, Form HUD-5383 (Exhibit 16-4)

The National Domestic Violence Hot Line: 1-800-799-SAFE (7233) or 1-800-787-3224 (TTY) (included in Exhibits 16-1 and 16-2)

Contact information for local victim advocacy groups or service providers
Notification to Program Applicants and Participants [24 CFR 5.2005(a)(1)]

PHAs are required to inform program applicants and participants of their rights under VAWA, including their right to confidentiality and the limits thereof, when they are denied assistance, when they are admitted to the program, and when they are notified of an eviction or termination of housing benefits.

**PHA Policy**

The PHA will provide all applicants with information about VAWA at the time they request an application for housing assistance, as part of the written briefing packet, and at the time the family is admitted to the program. The PHA will also include information about VAWA in all notices of denial of assistance (see section 3-III.G).

The PHA will provide all participants with information about VAWA at the time of admission (see section 5-I.B) and at annual reexamination. The PHA will also include information about VAWA in notices of termination of assistance, as provided in section 12-II.F.

The VAWA information provided to applicants and participants will consist of the notices in Exhibits 16-1 and 16-2.

The PHA is not limited to providing VAWA information at the times specified in the above policy. If the PHA decides to provide VAWA information to a participant following an incident of domestic violence, Notice PIH 2017-08 cautions against sending the information by mail, since the abuser may be monitoring the mail. The notice recommends that in such cases the PHA make alternative delivery arrangements that will not put the victim at risk.

**PHA Policy**

Whenever the PHA has reason to suspect that providing information about VAWA to a participant might place a victim of domestic violence at risk, it will attempt to deliver the information by hand directly to the victim or by having the victim come to an office or other space that may be safer for the individual, making reasonable accommodations as necessary. For example, the PHA may decide not to send mail regarding VAWA protections to the victim’s unit if the PHA believes the perpetrator may have access to the victim’s mail, unless requested by the victim.

When discussing VAWA with the victim, the PHA will take reasonable precautions to ensure that no one can overhear the conversation, such as having conversations in a private room.

The victim may, but is not required to, designate an attorney, advocate, or other secure contact for communications regarding VAWA protections.
Notification to Owners and Managers

While PHAs are no longer required by regulation to notify owners and managers participating in the HCV program of their rights and obligations under VAWA, the PHA may still choose to inform them.

PHA Policy

The PHA will provide owners and managers with information about their rights and obligations under VAWA when they begin their participation in the program and at least annually thereafter.

The VAWA information provided to owners will consist of the notice in Exhibit 16-5 and a copy of form HUD-5382, Certification of Domestic Violence, Dating Violence, and Stalking and Alternate Documentation.
16-IX.D. DOCUMENTATION [24 CFR 5.2007]

A PHA presented with a claim for initial or continued assistance based on status as a victim of domestic violence, dating violence, sexual assault, stalking, or criminal activity related to any of these forms of abuse may—but is not required to—request that the individual making the claim document the abuse. Any request for documentation must be in writing, and the individual must be allowed at least 14 business days after receipt of the request to submit the documentation. The PHA may extend this time period at its discretion. [24 CFR 5.2007(a)]

The individual may satisfy the PHA’s request by providing any one of the following three forms of documentation [24 CFR 5.2007(b)]:

1. A completed and signed HUD-approved certification form (HUD-5382, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), which must include the name of the perpetrator only if the name of the perpetrator is safe to provide and is known to the victim. The form may be filled out and submitted on behalf of the victim.

2. A federal, state, tribal, territorial, or local police report or court record, or an administrative record

3. Documentation signed by a person who has assisted the victim in addressing domestic violence, dating violence, sexual assault or stalking, or the effects of such abuse. This person may be an employee, agent, or volunteer of a victim service provider; an attorney; a mental health professional; or a medical professional. The person signing the documentation must attest under penalty of perjury to the person’s belief that the incidents in question are bona fide incidents of abuse. The victim must also sign the documentation.

The PHA may not require third-party documentation (forms 2 and 3) in addition to certification (form 1), except as specified below under “Conflicting Documentation,” nor may it require certification in addition to third-party documentation [VAWA final rule].

PHA Policy

Any request for documentation of domestic violence, dating violence, sexual assault or stalking will be in writing, will specify a deadline of 14 business days following receipt of the request, will describe the three forms of acceptable documentation, will provide explicit instructions on where and to whom the documentation must be submitted, and will state the consequences for failure to submit the documentation or request an extension in writing by the deadline.

The PHA may, in its discretion, extend the deadline for 10 business days. In determining whether to extend the deadline, the PHA will consider factors that may contribute to the victim’s inability to provide documentation in a timely manner, including cognitive limitations, disabilities, limited English proficiency, absence from the unit, administrative delays, the danger of further violence, and the victim’s need to address health or safety issues. Any extension granted by the PHA will be in writing.

Once the victim provides documentation, the PHA will acknowledge receipt of the documentation within 10 business days.
Conflicting Documentation [24 CFR 5.2007(e)]

In cases where the PHA receives conflicting certification documents from two or more members of a household, each claiming to be a victim and naming one or more of the other petitioning household members as the perpetrator, the PHA may determine which is the true victim by requiring each to provide acceptable third-party documentation, as described above (forms 2 and 3). The PHA may also request third-party documentation when submitted documentation contains information that conflicts with existing information already available to the PHA. Individuals have 30 calendar days to return third-party verification to the PHA. If the PHA does not receive third-party documentation, and the PHA will deny or terminate assistance as a result, the PHA must hold separate hearings for the tenants [Notice PIH 2017-08].

The PHA must honor any court orders issued to protect the victim or to address the distribution of property.

PHA Policy

If presented with conflicting certification documents from members of the same household, the PHA will attempt to determine which is the true victim by requiring each of them to provide third-party documentation in accordance with 24 CFR 5.2007(e) and by following any HUD guidance on how such determinations should be made.

When requesting third-party documents, the PHA will provide contact information for local domestic violence and legal aid offices. In such cases, applicants or tenants will be given 30 calendar days from the date of the request to provide such documentation.

If the PHA does not receive third-party documentation within the required timeframe (and any extensions) the PHA will deny VAWA protections and will notify the applicant or tenant in writing of the denial. If, as a result, the applicant or tenant is denied or terminated from the program, the PHA will hold separate hearings for the applicants or tenants.

Discretion to Require No Formal Documentation [24 CFR 5.2007(d)]

The PHA has the discretion to provide benefits to an individual based solely on the individual’s statement or other corroborating evidence—i.e., without requiring formal documentation of abuse in accordance with 24 CFR 5.2007(b). HUD recommends documentation in a confidential manner when a verbal statement or other evidence is accepted.

PHA Policy

If the PHA accepts an individual’s statement or other corroborating evidence (as determined by the victim) of domestic violence, dating violence, sexual assault or stalking, the PHA will document acceptance of the statement or evidence in the individual’s file.
Failure to Provide Documentation [24 CFR 5.2007(c)]

In order to deny relief for protection under VAWA, a PHA must provide the individual requesting relief with a written request for documentation of abuse. If the individual fails to provide the documentation within 14 business days from the date of receipt, or such longer time as the PHA may allow, the PHA may deny relief for protection under VAWA.

16-IX.E. CONFIDENTIALITY [24 CFR 5.2007(b)(4)]

All information provided to the PHA regarding domestic violence, dating violence, sexual assault or stalking, including the fact that an individual is a victim of such violence or stalking, must be retained in confidence. This means that the PHA (1) may not enter the information into any shared database, (2) may not allow employees or others to access the information unless they are explicitly authorized to do so and have a need to know the information for purposes of their work, and (3) may not provide the information to any other entity or individual, except to the extent that the disclosure is (a) requested or consented to by the individual in writing, (b) required for use in an eviction proceeding, or (c) otherwise required by applicable law.

PHA Policy

If disclosure is required for use in an eviction proceeding or is otherwise required by applicable law, the PHA will inform the victim before disclosure occurs so that safety risks can be identified and addressed.
EXHIBIT 16-1: SAMPLE NOTICE OF OCCUPANCY RIGHTS UNDER THE VIOLENCE AGAINST WOMEN ACT, FORM HUD-5380

Pico Rivera Housing Assistance Agency

Notice of Occupancy Rights under the Violence Against Women Act

To all Tenants and Applicants
The Violence Against Women Act (VAWA) provides protections for victims of domestic violence, dating violence, sexual assault, or stalking. VAWA protections are not only available to women, but are available equally to all individuals regardless of sex, gender identity, or sexual orientation. The U.S. Department of Housing and Urban Development (HUD) is the federal agency that oversees that the housing choice voucher program is in compliance with VAWA. This notice explains your rights under VAWA. A HUD-approved certification form is attached to this notice. You can fill out this form to show that you are or have been a victim of domestic violence, dating violence, sexual assault, or stalking, and that you wish to use your rights under VAWA.”

Protections for Applicants
If you otherwise qualify for assistance under the housing choice voucher program, you cannot be denied admission or denied assistance because you are or have been a victim of domestic violence, dating violence, sexual assault, or stalking.

Protections for Tenants
If you are receiving assistance under the housing choice voucher program, you may not be denied assistance, terminated from participation, or be evicted from your rental housing because you are or have been a victim of domestic violence, dating violence, sexual assault, or stalking. Also, if you or an affiliated individual of yours is or has been the victim of domestic violence, dating violence, sexual assault, or stalking by a member of your household or any guest, you may not be denied rental assistance or occupancy rights under the housing choice voucher program solely on the basis of criminal activity directly relating to that domestic violence, dating violence, sexual assault, or stalking.

Affiliated individual means your spouse, parent, brother, sister, or child, or a person to whom you stand in the place of a parent or guardian (for example, the affiliated individual is in your care, custody, or control); or any individual, tenant, or lawful occupant living in your household.

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1 Despite the name of this law, VAWA protection is available regardless of sex, gender identity, or sexual orientation.

2 Housing providers cannot discriminate on the basis of any protected characteristic, including race, color, national origin, religion, sex, familial status, disability, or age. HUD-assisted and HUD-insured housing must be made available to all otherwise eligible individuals regardless of actual or perceived sexual orientation, gender identity, or marital status.
Removing the Abuser or Perpetrator from the Household

The PHA may divide (bifurcate) your lease in order to evict the individual or terminate the assistance of the individual who has engaged in criminal activity (the abuser or perpetrator) directly relating to domestic violence, dating violence, sexual assault, or stalking.

If the PHA chooses to remove the abuser or perpetrator, the PHA may not take away the rights of eligible tenants to the unit or otherwise punish the remaining tenants. If the evicted abuser or perpetrator was the sole tenant to have established eligibility for assistance under the program, the PHA must allow the tenant who is or has been a victim and other household members to remain in the unit for a period of time, in order to establish eligibility under the program or under another HUD housing program covered by VAWA, or, find alternative housing.

In removing the abuser or perpetrator from the household, the PHA must follow federal, state, and local eviction procedures. In order to divide a lease, the PHA may, but is not required to, ask you for documentation or certification of the incidences of domestic violence, dating violence, sexual assault, or stalking.

Moving to Another Unit

Upon your request, the PHA may permit you to move to another unit, subject to the availability of other units, and still keep your assistance. In order to approve a request, the PHA may ask you to provide documentation that you are requesting to move because of an incidence of domestic violence, dating violence, sexual assault, or stalking. If the request is a request for emergency transfer, the housing provider may ask you to submit a written request or fill out a form where you certify that you meet the criteria for an emergency transfer under VAWA. The criteria are:

1. You are a victim of domestic violence, dating violence, sexual assault, or stalking. If your housing provider does not already have documentation that you are a victim of domestic violence, dating violence, sexual assault, or stalking, your housing provider may ask you for such documentation, as described in the documentation section below.

2. You expressly request the emergency transfer. Your housing provider may choose to require that you submit a form, or may accept another written or oral request.

3. You reasonably believe you are threatened with imminent harm from further violence if you remain in your current unit. This means you have a reason to fear that if you do not receive a transfer you would suffer violence in the very near future.

OR

You are a victim of sexual assault and the assault occurred on the premises during the 90-calendar-day period before you request a transfer. If you are a victim of sexual assault, then in addition to qualifying for an emergency transfer because you reasonably believe you are threatened with imminent harm from further violence if you remain in your unit, you may qualify for an emergency transfer if the sexual assault occurred on the premises of the property from which you are seeking your transfer, and that assault happened within the 90-calendar-day period before you expressly request the transfer.
The PHA will keep confidential requests for emergency transfers by victims of domestic violence, dating violence, sexual assault, or stalking, and the location of any move by such victims and their families.

The PHA’s emergency transfer plan provides further information on emergency transfers, and the PHA must make a copy of its emergency transfer plan available to you if you ask to see it.

**Documenting You Are or Have Been a Victim of Domestic Violence, Dating Violence, Sexual Assault or Stalking**

The PHA can, but is not required to, ask you to provide documentation to “certify” that you are or have been a victim of domestic violence, dating violence, sexual assault, or stalking. Such request from the PHA must be in writing, and the PHA must give you at least 14 business days (Saturdays, Sundays, and federal holidays do not count) from the day you receive the request to provide the documentation. The PHA may, but does not have to, extend the deadline for the submission of documentation upon your request.

You can provide one of the following to the PHA as documentation. It is your choice which of the following to submit if the PHA asks you to provide documentation that you are or have been a victim of domestic violence, dating violence, sexual assault, or stalking.

- A complete HUD-approved certification form given to you by the PHA with this notice, that documents an incident of domestic violence, dating violence, sexual assault, or stalking. The form will ask for your name, the date, time, and location of the incident of domestic violence, dating violence, sexual assault, or stalking, and a description of the incident. The certification form provides for including the name of the abuser or perpetrator if the name of the abuser or perpetrator is known and is safe to provide.

- A record of a Federal, State, tribal, territorial, or local law enforcement agency, court, or administrative agency that documents the incident of domestic violence, dating violence, sexual assault, or stalking. Examples of such records include police reports, protective orders, and restraining orders, among others.

- A statement, which you must sign, along with the signature of an employee, agent, or volunteer of a victim service provider, an attorney, a medical professional or a mental health professional (collectively, “professional”) from whom you sought assistance in addressing domestic violence, dating violence, sexual assault, or stalking, or the effects of abuse, and with the professional selected by you attesting under penalty of perjury that he or she believes that the incident or incidents of domestic violence, dating violence, sexual assault, or stalking are grounds for protection.

- Any other statement or evidence that the PHA has agreed to accept.

If you fail or refuse to provide one of these documents within the 14 business days, the PHA does not have to provide you with the protections contained in this notice.

If the PHA receives conflicting evidence that an incident of domestic violence, dating violence, sexual assault, or stalking has been committed (such as certification forms from two or more members of a household each claiming to be a victim and naming one or more of the other petitioning household members as the abuser or perpetrator), the PHA has the right to request that you provide third-party documentation within thirty 30 calendar days in order to resolve the conflict. If you fail or refuse to provide third-party documentation where there is conflicting evidence, the PHA does not have to provide you with the protections contained in this notice.
Confidentiality

The PHA must keep confidential any information you provide related to the exercise of your rights under VAWA, including the fact that you are exercising your rights under VAWA.

The PHA must not allow any individual administering assistance or other services on behalf of the PHA (for example, employees and contractors) to have access to confidential information unless for reasons that specifically call for these individuals to have access to this information under applicable Federal, State, or local law.

The PHA must not enter your information into any shared database or disclose your information to any other entity or individual. The PHA, however, may disclose the information provided if:

- You give written permission to the PHA to release the information on a time limited basis.
- The PHA needs to use the information in an eviction or termination proceeding, such as to evict your abuser or perpetrator or terminate your abuser or perpetrator from assistance under this program.
- A law requires the PHA or your landlord to release the information.

VAWA does not limit the PHA’s duty to honor court orders about access to or control of the property. This includes orders issued to protect a victim and orders dividing property among household members in cases where a family breaks up.

Reasons a Tenant Eligible for Occupancy Rights under VAWA May Be Evicted or Assistance May Be Terminated

You can be evicted and your assistance can be terminated for serious or repeated lease violations that are not related to domestic violence, dating violence, sexual assault, or stalking committed against you. However, the PHA cannot hold tenants who have been victims of domestic violence, dating violence, sexual assault, or stalking to a more demanding set of rules than it applies to tenants who have not been victims of domestic violence, dating violence, sexual assault, or stalking.

The protections described in this notice might not apply, and you could be evicted and your assistance terminated, if the PHA can demonstrate that not evicting you or terminating your assistance would present a real physical danger that:

1. Would occur within an immediate time frame, and
2. Could result in death or serious bodily harm to other tenants or those who work on the property.

If the PHA can demonstrate the above, the PHA should only terminate your assistance or evict you if there are no other actions that could be taken to reduce or eliminate the threat.

Other Laws

VAWA does not replace any federal, state, or local law that provides greater protection for victims of domestic violence, dating violence, sexual assault, or stalking. You may be entitled to additional housing protections for victims of domestic violence, dating violence, sexual assault, or stalking under other Federal laws, as well as under State and local laws.
Non-Compliance with The Requirements of This Notice
You may report a covered housing provider’s violations of these rights and seek additional assistance, if needed, by contacting or filing a complaint with Office on Violence Against Women at 145 N. Street, NE, Suite 10W.121, Washington, D.C. 20530, phone number (202)307-6026, fax (202)305-2589, or email ovw.info.usdoj.gov, or Los Angeles Office of Public Housing, U.S. Department of Housing and Urban Development, 300 N. Los Angeles Street, Suite 4054, Los Angeles, CA 90012, phone number (213)894-8000.

For Additional Information
You may view a copy of HUD’s final VAWA rule at: https://www.gpo.gov/fdsys/pkg/FR-2016-11-16/pdf/2016-25888.pdf.
Additionally, the PHA must make a copy of HUD’s VAWA regulations available to you if you ask to see them.
For questions regarding VAWA, please contact the Pico Rivera Housing Assistance Agency at (562)801-4347.
For help regarding an abusive relationship, you may call the National Domestic Violence Hotline at 1-800-799-7233 or, for persons with hearing impairments, 1-800-787-3224 (TTY). You may also contact the Whole Child (shelter) at 10155 Colima Road, Whittier, phone number (562)692-0383.
For tenants who are or have been victims of stalking seeking help may visit the National Center for Victims of Crime’s Stalking Resource Center at https://www.victimsofcrime.org/our-programs/stalking-resource-center.
For help regarding sexual assault, you may contact the National Sexual Assault Hotline at 800-656-HOPE (4673).
Victims of stalking seeking help may contact the Stalking Resource Center at .

Attachment: Certification form HUD-5382
EXHIBIT 16-2: CERTIFICATION OF DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, OR STALKING AND ALTERNATE DOCUMENTATION, FORM HUD-5382

CERTIFICATION OF DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, OR STALKING, AND ALTERNATE DOCUMENTATION

Purpose of Form: The Violence Against Women Act (“VAWA”) protects applicants, tenants, and program participants in certain HUD programs from being evicted, denied housing assistance, or terminated from housing assistance based on acts of domestic violence, dating violence, sexual assault, or stalking against them. Despite the name of this law, VAWA protection is available to victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation.

Use of This Optional Form: If you are seeking VAWA protections from your housing provider, your housing provider may give you a written request that asks you to submit documentation about the incident or incidents of domestic violence, dating violence, sexual assault, or stalking.

In response to this request, you or someone on your behalf may complete this optional form and submit it to your housing provider, or you may submit one of the following types of third-party documentation:

1. A document signed by you and an employee, agent, or volunteer of a victim service provider, an attorney, or medical professional, or a mental health professional (collectively, “professional”) from whom you have sought assistance relating to domestic violence, dating violence, sexual assault, or stalking, or the effects of abuse. The document must specify, under penalty of perjury, that the professional believes the incident or incidents of domestic violence, dating violence, sexual assault, or stalking occurred and meet the definition of “domestic violence,” “dating violence,” “sexual assault,” or “stalking” in HUD’s regulations at 24 CFR 5.2003.

2. A record of a Federal, State, tribal, territorial or local law enforcement agency, court, or administrative agency; or

3. At the discretion of the housing provider, a statement or other evidence provided by the applicant or tenant.

Submission of Documentation: The time period to submit documentation is 14 business days from the date that you receive a written request from your housing provider asking that you provide documentation of the occurrence of domestic violence, dating violence, sexual assault, or stalking. Your housing provider may, but is not required to, extend the time period to submit the documentation, if you request an extension of the time period. If the requested information is not received within 14 business days of when you received the request for the documentation, or any extension of the date provided by your housing provider, your housing provider does not need to grant you any of the VAWA protections. Distribution or issuance of this form does not serve as a written request for certification.

Confidentiality: All information provided to your housing provider concerning the incident(s) of domestic violence, dating violence, sexual assault, or stalking shall be kept confidential and such details shall not be entered into any shared database. Employees of your housing provider are not to have access to these details unless to grant or deny VAWA protections to you, and such employees may not disclose this information to any other entity or individual, except to the extent that disclosure is: (i) consented to by you in writing in a time-limited release; (ii) required for use in an eviction proceeding or hearing regarding termination of assistance; or (iii) otherwise required by applicable law.
TO BE COMPLETED BY OR ON BEHALF OF THE VICTIM OF DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, OR STALKING

1. Date the written request is received by victim: _________________________________________

2. Name of victim: ___________________________________________________________________

3. Your name (if different from victim’s):________________________________________________

4. Name(s) of other family member(s) listed on the lease:___________________________________

5. Residence of victim: ________________________________________________________________

6. Name of the accused perpetrator (if known and can be safely disclosed):____________________

7. Relationship of the accused perpetrator to the victim:___________________________________

8. Date(s) and times(s) of incident(s) (if known):___________________________________________

10. Location of incident(s):______________________________________________________________

In your own words, briefly describe the incident(s):
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

This is to certify that the information provided on this form is true and correct to the best of my knowledge and recollection, and that the individual named above in Item 2 is or has been a victim of domestic violence, dating violence, sexual assault, or stalking. I acknowledge that submission of false information could jeopardize program eligibility and could be the basis for denial of admission, termination of assistance, or eviction.

Signature ____________________________________ Signed on (Date) _________________________

Public Reporting Burden: The public reporting burden for this collection of information is estimated to average 1 hour per response. This includes the time for collecting, reviewing, and reporting the data. The information provided is to be used by the housing provider to request certification that the applicant or tenant is a victim of domestic violence, dating violence, sexual assault, or stalking. The information is subject to the confidentiality requirements of VAWA. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid Office of Management and Budget control number.
EXHIBIT 16-3: EMERGENCY TRANSFER PLAN FOR VICTIMS OF DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, OR STALKING (HCV VERSION)

Attachment: Certification form HUD-5382

Pico Rivera Housing Assistance Agency

Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

Housing Choice Voucher Program

Emergency Transfers
The PHA is concerned about the safety of its tenants, and such concern extends to tenants who are victims of domestic violence, dating violence, sexual assault, or stalking. In accordance with the Violence Against Women Act (VAWA), the PHA allows tenants who are victims of domestic violence, dating violence, sexual assault, or stalking to request an emergency transfer from the tenant’s current unit to another unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation. The ability of the PHA to honor such request for tenants currently receiving assistance, however, may depend upon a preliminary determination that the tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether the PHA has another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy.

This plan identifies tenants who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the federal agency that oversees that the public housing and housing choice voucher (HCV) programs are in compliance with VAWA.

Eligibility for Emergency Transfers
A tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD’s regulations at 24 CFR part 5, subpart L, is eligible for an emergency transfer if the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer.

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3 Despite the name of this law, VAWA protection is available to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation.

4 Housing providers cannot discriminate on the basis of any protected characteristic, including race, color, national origin, religion, sex, familial status, disability, or age. HUD-assisted and HUD-insured housing must be made available to all otherwise eligible individuals regardless of actual or perceived sexual orientation, gender identity, or marital status.
A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan. Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements in this section.

**Emergency Transfer Request Documentation**

To request an emergency transfer, the tenant shall notify the PHA’s management office and submit a written request for a transfer to any PHA office. The PHA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant’s written request for an emergency transfer should include either:

1. A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under the PHA’s program; OR
2. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant’s request for an emergency transfer.

**Confidentiality**

The PHA will keep confidential any information that the tenant submits in requesting an emergency transfer, and information about the emergency transfer, unless the tenant gives the PHA written permission to release the information on a time-limited basis, or disclosure of the information is required by law or required for use in an eviction proceeding or hearing regarding termination of assistance from the covered program. This includes keeping confidential the new location of the dwelling unit of the tenant, if one is provided, from the person or persons that committed an act of domestic violence, dating violence, sexual assault, or stalking against the tenant. See the Notice of Occupancy Rights under the Violence against Women Act for All Tenants for more information about the PHA’s responsibility to maintain the confidentiality of information related to incidents of domestic violence, dating violence, sexual assault, or stalking.

**Emergency Transfer Timing and Availability**

The PHA cannot guarantee that a transfer request will be approved or how long it will take to process a transfer request. The PHA will, however, act as quickly as possible to move a tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking to another unit, subject to availability and safety of a unit. If a tenant reasonably believes a proposed transfer would not be safe, the tenant may request a transfer to a different unit. If a unit is available, the transferred tenant must agree to abide by the terms and conditions that govern occupancy in the unit to which the tenant has been transferred. The PHA may be unable to transfer a tenant to a particular unit if the tenant has not or cannot establish eligibility for that unit.

If the PHA has no safe and available units for which a tenant who needs an emergency transfer is eligible, the PHA will assist the tenant in identifying other housing providers who may have safe and available units to which the tenant could move. At the tenant’s request, the PHA will also assist tenants in contacting the local organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking that are attached to this plan.
Emergency Transfers: Housing Choice Voucher (HCV) Program

Tenant-based assistance: If you are a participant in the tenant-based HCV program and request an emergency transfer as described in this plan, the PHA will assist you to move to a safe unit quickly using your existing voucher assistance. The PHA will make exceptions to program regulations restricting moves as required.

At your request, the PHA will refer you to organizations that may be able to further assist you.

Project-based assistance: If you are assisted under the project-based voucher (PBV) program, you may request an emergency transfer under the following programs for which you are not required to apply:

- Tenant-based voucher, if available
- Project-based assistance in the same project (if a vacant unit is available and you determine that the vacant unit is safe)
- Project-based assistance in another development owned by the PHA

Emergency transfers under VAWA will take priority over waiting list admissions for these types of assistance.

You may also request an emergency transfer under the following programs for which you are required to apply:

- Public housing program
- PBV assistance in another development not owned by the PHA

Emergency transfers will not take priority over waiting list admissions for these programs. At your request, the PHA will refer you to organizations that may be able to further assist you.

Safety and Security of Tenants

Pending processing of the transfer and the actual transfer, if it is approved and occurs, the tenant is urged to take all reasonable precautions to be safe.

Tenants who are or have been victims of domestic violence are encouraged to contact the National Domestic Violence Hotline at 1-800-799-7233, or a local domestic violence shelter, for assistance in creating a safety plan. For persons with hearing impairments, that hotline can be accessed by calling 1-800-787-3224 (TTY).

Tenants who have been victims of sexual assault may call the Rape, Abuse, and Incest National Network’s National Sexual Assault Hotline at 1-800-656-HOPE, or visit the online hotline at: https://ohl.rainn.org/online/.

Tenants who are or have been victims of stalking seeking help may visit the National Center for Victims of Crime’s Stalking Resource Center at: https://www.victimsofcrime.org/our-programs/stalking-resource-center.

Attachment: Local organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking.
Purpose of Form: If you are a victim of domestic violence, dating violence, sexual assault, or stalking, and you are seeking an emergency transfer, you may use this form to request an emergency transfer and certify that you meet the requirements of eligibility for an emergency transfer under the Violence Against Women Act (VAWA). Although the statutory name references women, VAWA rights and protections apply to all victims of domestic violence, dating violence, sexual assault or stalking. Using this form does not necessarily mean that you will receive an emergency transfer. See your housing provider’s emergency transfer plan for more information about the availability of emergency transfers.

The requirements you must meet are:

1. **You are a victim of domestic violence, dating violence, sexual assault, or stalking.** If your housing provider does not already have documentation that you are a victim of domestic violence, dating violence, sexual assault, or stalking, your housing provider may ask you for such documentation. In response, you may submit Form HUD-5382, or any one of the other types of documentation listed on that Form.

2. **You expressly request the emergency transfer.** Submission of this form confirms that you have expressly requested a transfer. Your housing provider may choose to require that you submit this form, or may accept another written or oral request. Please see your housing provider’s emergency transfer plan for more details.

3. **You reasonably believe you are threatened with imminent harm from further violence if you remain in your current unit.** This means you have a reason to fear that if you do not receive a transfer you would suffer violence in the very near future.

   OR

   **You are a victim of sexual assault and the assault occurred on the premises during the 90-calendar-day period before you request a transfer.** If you are a victim of sexual assault, then in addition to qualifying for an emergency transfer because you reasonably believe you are threatened with imminent harm from further violence if you remain in your unit, you may qualify for an emergency transfer if the sexual assault occurred on the premises of the property from which you are seeking your transfer, and that assault happened within the 90-calendar-day period before you submit this form or otherwise expressly request the transfer.

Submission of Documentation: If you have third-party documentation that demonstrates why you are eligible for an emergency transfer, you should submit that documentation to your housing provider if it is safe for you to do so. Examples of third party documentation include, but are not limited to: a letter or other documentation from a victim service provider, social worker, legal assistance provider, pastoral counselor, mental health provider, or other professional from whom you have sought assistance; a current restraining order; a recent court order or other court records; a law enforcement report or records; communication records from the perpetrator of the violence or family members or friends of the perpetrator of the violence, including emails, voicemails, text messages, and social media posts.
**Confidentiality:** All information provided to your housing provider concerning the incident(s) of domestic violence, dating violence, sexual assault, or stalking, and concerning your request for an emergency transfer shall be kept confidential. Such details shall not be entered into any shared database. Employees of your housing provider are not to have access to these details unless to grant or deny VAWA protections or an emergency transfer to you. Such employees may not disclose this information to any other entity or individual, except to the extent that disclosure is: (i) consented to by you in writing in a time-limited release; (ii) required for use in an eviction proceeding or hearing regarding termination of assistance; or (iii) otherwise required by applicable law.

**TO BE COMPLETED BY OR ON BEHALF OF THE PERSON REQUESTING A TRANSFER**

1. Name of victim requesting an emergency transfer: ______________________________________
2. Your name (if different from victim’s)_______________________________________________
3. Name(s) of other family member(s) listed on the lease: ________________________________
4. Name(s) of other family member(s) who would transfer with the victim: ________________
5. Address of location from which the victim seeks to transfer: ____________________________
6. Address or phone number for contacting the victim: _________________________________
7. Name of the accused perpetrator (if known and can be safely disclosed): ______________
8. Relationship of the accused perpetrator to the victim: _______________________________
9. Date(s), Time(s) and location(s) of incident(s): _____________________________________
10. Is the person requesting the transfer a victim of a sexual assault that occurred in the past 90 days on the premises of the property from which the victim is seeking a transfer? If yes, skip question 11. If no, fill out question 11. _____________
11. Describe why the victim believes they are threatened with imminent harm from further violence if they remain in their current unit.
   _______________________________________________________________________________
   _______________________________________________________________________________
12. If voluntarily provided, list any third-party documentation you are providing along with this notice: _______________________________________________________________________

This is to certify that the information provided on this form is true and correct to the best of my knowledge, and that the individual named above in Item 1 meets the requirement laid out on this form for an emergency transfer. I acknowledge that submission of false information could jeopardize program eligibility and could be the basis for denial of admission, termination of assistance, or eviction.

Signature __________________________ Signed on (Date) ___________________
MODEL OWNER NOTIFICATION OF RIGHTS AND OBLIGATIONS
Pico Rivera Housing Assistance Agency
NOTIFICATION OF YOUR RIGHTS AND OBLIGATIONS
UNDER THE VIOLENCE AGAINST WOMEN ACT (VAWA)

VAWA provides protections for Section 8 Housing Choice Voucher (HCV) and PBV applicants, tenants, and participants from being denied assistance on the basis or as a direct result of being a victim of domestic violence, dating violence, sexual assault and stalking.

Purpose
Many of VAWA’s protections to victims of domestic violence, dating violence, sexual assault and stalking involve action by the public housing agency (PHA), but some situations involve action by owners of assisted housing. The purpose of this notice (herein called “Notice”) is to explain your rights and obligations under VAWA, as an owner of housing assisted through [insert name of housing provider] HCV program. Each component of this Notice also provides citations to HUD’s applicable regulations.

Denial of Tenancy

Protections for applicants: Owners cannot deny tenancy based on the applicant having been or currently being a victim of domestic violence, dating violence, sexual assault, or stalking. However, the applicant must be otherwise eligible for tenancy. (See 24 Code of Federal Regulations (CFR) 982.452(b)(1).)

Eviction

Protections for HCV participants: Incidents or threats of domestic violence, dating violence, sexual assault, or stalking will not be considered a serious or repeated lease violation by the victim, or good cause to terminate the tenancy of the victim (24 CFR 5.2005(c)). Protection also applies to criminal activity related directly to domestic violence, dating violence, sexual assault, or stalking, conducted by a member of a tenant’s household or any guest or other person under the tenant’s control, if the tenant or an affiliated individual of the tenant is the victim or threatened victim of such domestic violence, dating violence, sexual assault, or stalking (24 CFR 5.2005(b)(2)).

Limitations of VAWA protections:

a. Nothing in the VAWA Final Rule limits the authority of an owner, when notified of a court order, to comply with a court order with respect to (24 CFR 5.2005(d)(1)):
   1) The rights of access or control of property, including civil protection orders issued to protect a victim of domestic violence, dating violence, sexual assault, or stalking; or
   2) The distribution or possession of property among members of a household in a case.

b. Nothing in the VAWA Final Rule limits an owner from evicting a victim of domestic violence, dating violence, sexual assault, or stalking for a lease violation that is not premised on an act of domestic violence, dating violence, sexual assault, or stalking, as long as the owner does not subject the victim to more demanding standards than other tenants when deciding whether to evict. (See 24 CFR 5.2005(d)(2).)

c. Nothing in the VAWA Final Rule limits an owner from evicting a tenant (including the victim of domestic violence, dating violence, sexual assault, or stalking) if the owner can demonstrate an actual and imminent threat to other tenants or those employed at or providing services to the HCV property would be present if the tenant or lawful occupant is not evicted. (See 24 CFR 5.2005(d)(3).)
i. In this context, words, gestures, actions, or other indicators will be considered an “actual and imminent threat” if they meet the following standards: An actual and imminent threat consists of a physical danger that is real, would occur within an immediate time frame, and could result in death or serious bodily harm. In determining whether an individual would pose an actual and imminent threat, the factors to be considered include: the duration of the risk, the nature and severity of the potential harm, the likelihood that the potential harm will occur, and the length of time before the potential harm would occur. (See 24 CFR 5.2003.)

ii. Any eviction due to “actual and imminent threat” should be utilized by an owner only when there are no other actions that could be taken to reduce or eliminate the threat, including, but not limited to, transferring the victim to a different unit, barring the perpetrator from the property, contacting law enforcement to increase police presence or develop other plans to keep the property safe, or seeking other legal remedies to prevent the perpetrator from acting on a threat. Restrictions predicated on public safety cannot be based on stereotypes, but must be tailored to particularized concerns about individual residents. (See 24 CFR 5.2005(d)(4).)

Documentation of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

If an applicant or tenant requests VAWA protection based on status as a victim of domestic violence, dating violence, sexual assault, or stalking, the owner has the option to request that the victim document or provide written evidence to demonstrate that the violence occurred. However, nothing in HUD’s regulation requires a covered housing provider to request this documentation. (See 24 CFR 5.2007(b)(3).) If the owner chooses to request this documentation, the owner must make such request in writing. The individual may satisfy this request by providing any one document type listed under 24 CFR 5.2007(b)(1):

a. Form HUD-55383 (Self-Certification Form); or

b. A document: 1) Signed by an employee, agent, or volunteer of a victim service provider, an attorney, or medical professional or a mental health professional (collectively, “professional”) from whom the victim has sought assistance relating to domestic violence, dating violence, sexual assault, or stalking, or the effects of abuse:
   2) Signed by the applicant or tenant; and
   3) That specifies, under penalty of perjury, that the professional believes in the occurrence of the incident of domestic violence, dating violence, sexual assault, or stalking that is the ground for protection and remedies under 24 CFR part 5, subpart L, and that the incident meets the applicable definition of domestic violence, dating violence, sexual assault, or stalking under 24 CFR 5.2003; or

c. A record of a Federal, State, tribal, territorial or local law enforcement agency, court, or administrative agency; or

d. At the discretion of a covered housing provider, a statement or other evidence provided by the applicant or tenant.

The owner must accept any of the above items (a – c). The owner has discretion to accept a statement or other evidence (d).

The owner is prohibited from requiring third-party documentation of the domestic violence, dating violence, sexual assault, or stalking, unless the submitted documentation contains conflicting information.
If the owner makes a written request for documentation, the owner may require submission of that documentation within 14 business days after the date that the individual received the written request for documentation. (24 CFR 5.2007(a)(2)). The owner may extend this time period at its discretion. During the 14 business day period and any granted extensions of that time, no adverse actions, such as evictions or terminations, can be taken against the individual requesting VAWA protection.

Once a victim provides documentation of domestic violence, dating violence, sexual assault, or stalking, the owner is encouraged to acknowledge receipt of the documentation in a timely manner.

If the applicant or tenant fails to provide documentation that meets the criteria in 24 CFR 5.2007 within 14 business days after receiving the written request for that documentation or within the designated extension period, nothing in VAWA Final Rule may be construed to limit the authority of the covered housing provider to:

a. Deny admission by the applicant or tenant to the housing or program;
b. Deny assistance under the covered housing program to the applicant or tenant;
c. Terminate the participation of the tenant in the covered housing program; or
d. Evict the tenant, or a lawful occupant that commits a violation of a lease.

An individual’s failure to timely provide documentation of domestic violence, dating violence, sexual assault, or stalking does not result in a waiver of the individual’s right to challenge the denial of assistance or termination, nor does it preclude the individual’s ability to raise an incident of domestic violence, dating violence, sexual assault, or stalking at eviction or termination proceedings.

**Moves**

A victim of domestic violence, dating violence, sexual assault, or stalking may move in violation of their lease if the move is required to protect their safety. If a move results in the termination of the Housing Assistance Payment Contract, the lease is automatically terminated.

**Lease Bifurcation**

Owners may choose to bifurcate a lease, or remove a household member from a lease in order to evict, remove, terminate occupancy rights, or terminate assistance to such member who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual. (See 24 CFR 5.2009(a).) If an owner chooses to bifurcate the lease, the owner must comply with the reasonable time to establish eligibility under the covered housing program or find alternative housing following lease bifurcation provision in 24 CFR 5.2009(b). VAWA protections, including bifurcation, do not apply to guests or unreported members of a household or anyone else residing in a household who is not a tenant.

Eviction, removal, termination of occupancy rights, or termination of assistance must be effected in accordance with the procedures prescribed by federal, state, or local law for termination of leases.

To avoid unnecessary delay in the bifurcation process, HUD recommends that owners seek court-ordered eviction of the perpetrator pursuant to applicable laws. This process results in the underlying lease becoming null and void once the owner regains possession of the unit. The owner would then execute a new lease with the victim.
Evictions Due to “Actual and Imminent Threat” or Violations Not Premised on Abuse

The VAWA Final Rule generally prohibits eviction on the basis or as a direct result of the fact that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for assistance, participation or occupancy. (See 24 CFR 5.2005.)

However, the VAWA Final Rule does not prohibit an owner from evicting a tenant for any violation not premised on an act of domestic violence, dating violence, sexual assault, or stalking that is in question against the tenant or an affiliated individual of the tenant. Nor does the VAWA Final Rule prohibit an owner from evicting a tenant if the owner can demonstrate an actual and imminent threat to other tenants or those employed at or providing services to property of the owner would be present if that tenant or lawful occupant is not evicted or terminated from assistance. (See 5.2005(d)(2) and (3).)

In order to demonstrate an actual and imminent threat to other tenants or employees at the property, the covered housing provider must have objective evidence of words, gestures, actions, or other indicators that meet the standards in the following definition:

Actual and imminent threat refers to a physical danger that is real, would occur within an immediate time frame, and could result in death or serious bodily harm. In determining whether an individual would pose an actual and imminent threat, the factors to be considered include:

- The duration of the risk;
- The nature and severity of the potential harm;
- The likelihood that the potential harm will occur; and
- The length of time before the potential harm would occur.

(See 24 CFR 5.2003 and 5.2005(d)(2).)

Confidentiality

Any information submitted to a covered housing provider under 24 CFR 5.2007, including the fact that an individual is a victim of domestic violence, dating violence, sexual assault, or stalking, must be maintained in strict confidence by the covered housing provider. (See 24 CFR 5.2007(c).)

Employees of the owner (or those within their employ, e.g., contractors) must not have access to the information unless explicitly authorized by the owner for reasons that specifically call for these individuals to have access to this information under applicable Federal, State, or local law (e.g., the information is needed by an employee to provide the VAWA protections to the victim).

The owner must not enter this information into any shared database, or disclose this information to any other entity or individual, except to the extent that disclosure is:

a. Requested or consented to in writing by the individual (victim) in a time-limited release;
b. Required for use in an eviction proceeding or hearing regarding termination of assistance from the covered program; or
c. Otherwise required by applicable law.

When communicating with the victim, owners must take precautions to ensure compliance with these confidentiality requirements.
Service Providers

Pico Rivera Housing Assistance Agency has extensive relationships with local service providers. Pico Rivera Housing Assistance Agency staff are available to provide referrals to shelters, counselors, and advocates. These resources are also provided in the Pico Rivera Housing Assistance Agency Annual and 5-Year Plan, Administrative Plan, VAWA Notice of Occupancy Rights, and Emergency Transfer Plan. A list of local service providers is attached to this Notice.

Definitions

Actual and imminent threat refers to a physical danger that is real, would occur within an immediate time frame, and could result in death or serious bodily harm. In determining whether an individual would pose an actual and imminent threat, the factors to be considered include: the duration of the risk, the nature and severity of the potential harm, the likelihood that the potential harm will occur, and the length of time before the potential harm would occur.

Affiliated individual, with respect to an individual, means:
(1) A spouse, parent, brother, sister, or child of that individual, or a person to whom that individual stands in the place of a parent or guardian (for example, the affiliated individual is a person in the care, custody, or control of that individual); or
(2) Any individual, tenant, or lawful occupant living in the household of that individual.

Bifurcate means to divide a lease as a matter of law, subject to the permissibility of such process under the requirements of the applicable HUD-covered program and State or local law, such that certain tenants or lawful occupants can be evicted or removed and the remaining tenants or lawful occupants can continue to reside in the unit under the same lease requirements or as may be revised depending upon the eligibility for continued occupancy of the remaining tenants and lawful occupants.

Dating violence means violence committed by a person:
(1) Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
(2) Where the existence of such a relationship shall be determined based on a consideration of the following factors:
   (i) The length of the relationship;
   (ii) The type of relationship; and
   (iii) The frequency of interaction between the persons involved in the relationship.

Domestic violence includes felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction. The term “spouse or intimate partner of the victim” includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship.
**Sexual assault** means any nonconsensual sexual act proscribed by Federal, tribal, or State law, including when the victim lacks capacity to consent.

**Stalking** means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:
(1) Fear for the person’s individual safety or the safety of others; or
(2) Suffer substantial emotional distress.


**Attached:**
Legal services and the domestic violence resources for the Metro area
Form HUD-5382 Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking
Pico Rivera Housing Assistance Agency VAWA Notice of Occupancy Rights
GLOSSARY

A. ACRONYMS USED IN THE HOUSING CHOICE VOUCHER (HCV) PROGRAM

**AAF**  Annual adjustment factor (published by HUD in the *Federal Register* and used to compute annual rent adjustments)

**ACC**  Annual contributions contract

**ADA**  Americans with Disabilities Act of 1990

**AIDS**  Acquired immune deficiency syndrome

**BR**  Bedroom

**CDBG**  Community Development Block Grant (Program)

**CFR**  Code of Federal Regulations (published federal rules that define and implement laws; commonly referred to as “the regulations”)

**CPI**  Consumer price index (published monthly by the Department of Labor as an inflation indicator)

**EID**  Earned income disallowance

**EIV**  Enterprise Income Verification

**FDIC**  Federal Deposit Insurance Corporation

**FHA**  Federal Housing Administration (HUD Office of Housing)

**FHEO**  Fair Housing and Equal Opportunity (HUD Office of)

**FICA**  Federal Insurance Contributions Act (established Social Security taxes)

**FMR**  Fair market rent

**FR**  Federal Register

**FSS**  Family Self-Sufficiency (Program)

**FY**  Fiscal year

**FYE**  Fiscal year end

**GAO**  Government Accountability Office

**GR**  Gross rent

**HA**  Housing authority or housing agency

**HAP**  Housing assistance payment

**HCV**  Housing choice voucher

**HQS**  Housing quality standards

**HUD**  Department of Housing and Urban Development

**HUDCLIPS**  HUD Client Information and Policy System
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<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tr>
<td>IPA</td>
<td>Independent public accountant</td>
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<tr>
<td>IRA</td>
<td>Individual retirement account</td>
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<tr>
<td>IRS</td>
<td>Internal Revenue Service</td>
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<tr>
<td>JTPA</td>
<td>Job Training Partnership Act</td>
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<tr>
<td>LBP</td>
<td>Lead-based paint</td>
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<tr>
<td>LEP</td>
<td>Limited English proficiency</td>
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<tr>
<td>MSA</td>
<td>Metropolitan statistical area (established by the U.S. Census Bureau)</td>
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<tr>
<td>MTCS</td>
<td>Multi-family Tenant Characteristics System (now the Form HUD-50058 submodule of the PIC system)</td>
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<tr>
<td>MTW</td>
<td>Moving to Work</td>
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<tr>
<td>NOFA</td>
<td>Notice of funding availability</td>
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<td>OGC</td>
<td>HUD’s Office of General Counsel</td>
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<td>OIG</td>
<td>HUD’s Office of Inspector General</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<tr>
<td>PASS</td>
<td>Plan to Achieve Self-Support</td>
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<tr>
<td>PHA</td>
<td>Public housing agency</td>
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<td>PIC</td>
<td>PIH Information Center</td>
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<td>PIH</td>
<td>(HUD Office of) Public and Indian Housing</td>
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<td>PS</td>
<td>Payment standard</td>
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<td>QC</td>
<td>Quality control</td>
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<td>REAC</td>
<td>(HUD) Real Estate Assessment Center</td>
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<td>RFP</td>
<td>Request for proposals</td>
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<td>RFTA</td>
<td>Request for tenancy approval</td>
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<tr>
<td>RIGI</td>
<td>Regional inspector general for investigation (handles fraud and program abuse matters for HUD at the regional office level)</td>
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<tr>
<td>SEMAP</td>
<td>Section 8 Management Assessment Program</td>
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<tr>
<td>SRO</td>
<td>Single room occupancy</td>
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<tr>
<td>SSA</td>
<td>Social Security Administration</td>
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<td>SSI</td>
<td>Supplemental security income</td>
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<td>SWICA</td>
<td>State wage information collection agency</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>TANF</td>
<td>Temporary assistance for needy families</td>
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<td>TPV</td>
<td>Tenant protection vouchers</td>
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<td>TR</td>
<td>Tenant rent</td>
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<td>TTP</td>
<td>Total tenant payment</td>
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<td>UA</td>
<td>Utility allowance</td>
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<td>UFAS</td>
<td>Uniform Federal Accessibility Standards</td>
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<td>UIV</td>
<td>Upfront income verification</td>
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<td>URP</td>
<td>Utility reimbursement payment</td>
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<td>VAWA</td>
<td>Violence Against Women Reauthorization Act of 2013</td>
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B. GLOSSARY OF SUBSIDIZED HOUSING TERMS

Absorption. In portability (under subpart H of this part 982): the point at which a receiving PHA stops billing the initial PHA for assistance on behalf of a portability family. The receiving PHA uses funds available under the receiving PHA consolidated ACC.

Accessible. The facility or portion of the facility can be approached, entered, and used by persons with disabilities.

Adjusted income. Annual income, less allowable HUD deductions and allowances.

Administrative fee. Fee paid by HUD to the PHA for administration of the program. See §982.152.

Administrative plan. The plan that describes PHA policies for administration of the tenant-based programs. The Administrative Plan and any revisions must be approved by the PHA’s board and included as a supporting document to the PHA Plan. See §982.54.

Admission. The point when the family becomes a participant in the program. The date used for this purpose is the effective date of the first HAP contract for a family (first day of initial lease term) in a tenant-based program.

Affiliated individual. With respect to an individual, a spouse, parent, brother, sister, or child of that individual, or an individual to whom that individual stands in loco parentis (in the place of a parent), or any individual, tenant, or lawful occupant living in the household of that individual.

Amortization payment. In a manufactured home space rental: The monthly debt service payment by the family to amortize the purchase price of the manufactured home.

Annual. Happening once a year.

Annual contributions contract (ACC). The written contract between HUD and a PHA under which HUD agrees to provide funding for a program under the 1937 Act, and the PHA agrees to comply with HUD requirements for the program.

Annual income. The anticipated total income of an eligible family from all sources for the 12-month period following the date of determination of income, computed in accordance with the regulations.

Applicant (applicant family). A family that has applied for admission to a program but is not yet a participant in the program.

Area exception rent. An amount that exceeds the published FMR. See 24 CFR 982.504(b).

As-paid states. States where the welfare agency adjusts the shelter and utility component of the welfare grant in accordance with actual housing costs.

Assets. (See net family assets.)

Auxiliary aids. Services or devices that enable persons with impaired sensory, manual, or speaking skills to have an equal opportunity to participate in, and enjoy the benefits of, programs or activities receiving federal financial assistance.

Biennial. Happening every two years.
Bifurcate. With respect to a public housing or Section 8 lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members’ lease and occupancy rights are allowed to remain intact.

Budget authority. An amount authorized and appropriated by the Congress for payment to PHAs under the program. For each funding increment in a PHA program, budget authority is the maximum amount that may be paid by HUD to the PHA over the ACC term of the funding increment.

Child. A member of the family other than the family head or spouse who is under 18 years of age.

Child care expenses. Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.

Citizen. A citizen or national of the United States.

Cohead. An individual in the household who is equally responsible for the lease with the head of household. A family may have a cohead or spouse but not both. A cohead never qualifies as a dependent. The cohead must have legal capacity to enter into a lease.

Common space. In shared housing, the space available for use by the assisted family and other occupants of the unit.

Computer match. The automated comparison of databases containing records about individuals.

Confirmatory review. An on-site review performed by HUD to verify the management performance of a PHA.

Consent form. Any consent form approved by HUD to be signed by assistance applicants and participants to obtain income information from employers and SWICAs; return information from the Social Security Administration (including wages, net earnings from self-employment, and retirement income); and return information for unearned income from the IRS. Consent forms expire after a certain time and may authorize the collection of other information to determine eligibility or level of benefits.

Congregate housing. Housing for elderly persons or persons with disabilities that meets the HQS for congregate housing. A special housing type: see 24 CFR 982.606–609.

Contiguous MSA. In portability (under subpart H of part 982): An MSA that shares a common boundary with the MSA in which the jurisdiction of the initial PHA is located.

Continuously assisted. An applicant is continuously assisted under the 1937 Act if the family is already receiving assistance under any 1937 Housing Act program when the family is admitted to the voucher program.

Contract authority. The maximum annual payment by HUD to a PHA for a funding increment.
**Cooperative** (term includes mutual housing). Housing owned by a nonprofit corporation or association, and where a member of the corporation or association has the right to reside in a particular apartment, and to participate in management of the housing. A special housing type (see 24 CFR 982.619).

**Covered families.** Statutory term for families who are required to participate in a welfare agency economic self-sufficiency program and who may be subject to a welfare benefit sanction for noncompliance with this obligation. Includes families who receive welfare assistance or other public assistance under a program for which federal, state or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for the assistance.

**Dating violence.** Violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:

- The length of the relationship
- The type of relationship
- The frequency of interaction between the persons involved in the relationship

**Dependent.** A member of the family (except foster children and foster adults) other than the family head or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student.

**Dependent child.** In the context of the student eligibility restrictions, a dependent child of a student enrolled in an institution of higher education. The dependent child must also meet the definition of dependent as specified above.

**Disability assistance expenses.** Reasonable expenses that are anticipated, during the period for which annual income is computed, for attendant care and auxiliary apparatus for a disabled family member, and that are necessary to enable a family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source.

**Disabled family.** A family whose head, cohead, spouse, or sole member is a person with disabilities; two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

**Disabled person.** See person with disabilities.

**Disallowance.** Exclusion from annual income.

**Displaced family.** A family in which each member, or whose sole member, is a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to federal disaster relief laws.

**Domestic violence.** Felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim.
who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction.

**Domicile.** The legal residence of the household head or spouse as determined in accordance with state and local law.

**Drug-related criminal activity.** The illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute, or use the drug.

**Economic self-sufficiency program.** Any program designed to encourage, assist, train or facilitate the economic independence of assisted families, or to provide work for such families. Can include job training, employment counseling, work placement, basic skills training, education, English proficiency, Workfare, financial or household management, apprenticeship, or any other program necessary to ready a participant to work (such as treatment for drug abuse or mental health treatment). Includes any work activities as defined in the Social Security Act (42 U.S.C. 607(d)). Also see 24 CFR 5.603(c).

**Elderly family.** A family whose head, cohead, spouse, or sole member is a person who is at least 62 years of age; two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.

**Elderly person.** An individual who is at least 62 years of age.

**Eligible family** A family that is income eligible and meets the other requirements of the 1937 Act and Part 5 of 24 CFR. See also family.

**Employer identification number (EIN).** The nine-digit taxpayer identifying number that is assigned to an individual, trust, estate, partnership, association, company, or corporation.

**Evidence of citizenship or eligible status.** The documents which must be submitted as evidence of citizenship or eligible immigration status. See 24 CFR 5.508(b).

**Extremely low-income family.** A family whose annual income does not exceed the federal poverty level or 30 percent of the median income for the area, whichever number is higher. Area median income is determined by HUD, with adjustments for smaller and larger families. HUD may establish income ceilings higher or lower than 30 percent of median income if HUD finds such variations are necessary due to unusually high or low family incomes. See 24 CFR 5.603.

**Facility.** All or any portion of buildings, structures, equipment, roads, walls, parking lots, rolling stock, or other real or personal property or interest in the property.

**Fair Housing Act.** Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988.

**Fair market rent (FMR).** The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. See periodic publications in the Federal Register in accordance with 24 CFR Part 888.
**Family.** Includes but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status, and can be further defined in PHA policy.

- A family with or without children (the temporary absence of a child from the home due to placement in foster care is not considered in determining family composition and family size)
- An elderly family or a near-elderly family
- A displaced family
- The remaining member of a tenant family
- A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.

**Family rent to owner.** In the voucher program, the portion of rent to owner paid by the family.

**Family self-sufficiency program** (FSS program). The program established by a PHA in accordance with 24 CFR part 984 to promote self-sufficiency of assisted families, including the coordination of supportive services (42 U.S.C. 1437u).

**Family share.** The portion of rent and utilities paid by the family. For calculation of family share, see 24 CFR 982.515(a).

**Family unit size.** The appropriate number of bedrooms for a family, as determined by the PHA under the PHA subsidy standards.

**Federal agency.** A department of the executive branch of the federal government.

**Foster child care payment.** A payment to eligible households by state, local, or private agencies appointed by the state to administer payments for the care of foster children.

**Full-time student.** A person who is attending school or vocational training on a full-time basis (carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended). See 24 CFR 5.603.

**Funding increment.** Each commitment of budget authority by HUD to a PHA under the consolidated annual contributions contract for the PHA program.

**Gender identity.** Actual or perceived gender-related characteristics.

**Gross rent.** The sum of the rent to owner plus any utility allowance.

**Group home.** A dwelling unit that is licensed by a state as a group home for the exclusive residential use of two to twelve persons who are elderly or persons with disabilities (including any live-in aide). (A special housing type: see 24 CFR 982.610–614.)

**Handicap.** Any condition or characteristic that renders a person an individual with handicaps. (See person with disabilities.)

**HAP contract.** The housing assistance payments contract. A written contract between the PHA and an owner for the purpose of providing housing assistance payments to the owner on behalf of an eligible family.

**Head of household.** The adult member of the family who is the head of the household for purposes of determining income eligibility and rent.
**Household.** A household includes additional people other than the family who, with the PHA’s permission, live in an assisted unit, such as live-in aides, foster children, and foster adults.

**Housing assistance payment.** The monthly assistance payment by a PHA, which includes: (1) A payment to the owner for rent to the owner under the family's lease; and (2) An additional payment to the family if the total assistance payment exceeds the rent to owner.

**Housing agency (HA).** See public housing agency.

**Housing quality standards (HQS).** The HUD minimum quality standards for housing assisted under the voucher program.

**HUD.** The U.S. Department of Housing and Urban Development.

**Imputed asset.** An asset disposed of for less than fair market value during the two years preceding examination or reexamination.

**Imputed asset income.** The PHA-established passbook rate multiplied by the total cash value of assets. The calculation is used when net family assets exceed $5,000.

**Imputed welfare income.** An amount of annual income that is not actually received by a family as a result of a specified welfare benefit reduction, but is included in the family’s annual income and therefore reflected in the family’s rental contribution.

**Income.** Income from all sources of each member of the household, as determined in accordance with criteria established by HUD.

**Income for eligibility.** Annual income.

**Income information** means information relating to an individual’s income, including:

- All employment income information known to current or previous employers or other income sources

- All information about wages, as defined in the state's unemployment compensation law, including any social security number; name of the employee; quarterly wages of the employee; and the name, full address, telephone number, and, when known, employer identification number of an employer reporting wages under a state unemployment compensation law

- Whether an individual is receiving, has received, or has applied for unemployment compensation, and the amount and the period received

- Unearned IRS income and self-employment, wages, and retirement income

- Wage, social security, and supplemental security income data obtained from the Social Security Administration.

**Individual with handicaps.** See person with disabilities.

**Initial PHA.** In portability, the term refers to both: (1) A PHA that originally selected a family that later decides to move out of the jurisdiction of the selecting PHA; and (2) A PHA that absorbed a family that later decides to move out of the jurisdiction of the absorbing PHA.

**Initial payment standard.** The payment standard at the beginning of the HAP contract term.

**Initial rent to owner.** The rent to owner at the beginning of the HAP contract term.
**Institution of higher education.** An institution of higher education as defined in 20 U.S.C. 1001 and 1002. See Exhibit 3-2 in this Administrative Plan.

**Jurisdiction.** The area in which the PHA has authority under state and local law to administer the program.

**Landlord.** Either the owner of the property or his/her representative, or the managing agent or his/her representative, as shall be designated by the owner.

**Lease.** A written agreement between an owner and a tenant for the leasing of a dwelling unit to the tenant. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP contract between the owner and the PHA.

**Live-in aide.** A person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:
- Is determined to be essential to the care and well-being of the persons;
- Is not obligated for the support of the persons; and
- Would not be living in the unit except to provide the necessary supportive services.

**Living/sleeping room.** A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space. A bedroom or living/sleeping room must have at least one window and two electrical outlets in proper operating condition. See HCV GB p. 10-6 and 24 CFR 982.401.

**Local preference.** A preference used by the PHA to select among applicant families.

**Low-income family.** A family whose income does not exceed 80 percent of the median income for the area as determined by HUD with adjustments for smaller or larger families, except that HUD may establish income limits higher or lower than 80 percent for areas with unusually high or low incomes.

**Manufactured home.** A manufactured structure that is built on a permanent chassis, is designed for use as a principal place of residence, and meets the HQS. (A special housing type: see 24 CFR 982.620 and 982.621.)

**Manufactured home space.** In manufactured home space rental: A space leased by an owner to a family. A manufactured home owned and occupied by the family is located on the space. See 24 CFR 982.622 to 982.624.

**Medical expenses.** Medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance (a deduction for elderly or disabled families only). These allowances are given when calculating adjusted income for medical expenses in excess of 3 percent of annual income.

**Minor.** A member of the family household other than the family head or spouse, who is under 18 years of age.

**Mixed family.** A family whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigration status.
**Monthly adjusted income.** One twelfth of adjusted income.

**Monthly income.** One twelfth of annual income.

**Mutual housing.** Included in the definition of cooperative.

**National.** A person who owes permanent allegiance to the United States, for example, as a result of birth in a United States territory or possession.

**Near-elderly family.** A family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.

**Net family assets.** (1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

- In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under §5.609.

- In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

**Noncitizen.** A person who is neither a citizen nor national of the United States.

**Notice of funding availability (NOFA).** For budget authority that HUD distributes by competitive process, the Federal Register document that invites applications for funding. This document explains how to apply for assistance and the criteria for awarding the funding.

**Office of General Counsel (OGC).** The General Counsel of HUD.

**Overcrowded.** A unit that does not meet the following HQS space standards: (1) Provide adequate space and security for the family; and (2) Have at least one bedroom or living/sleeping room for each two persons.

**Owner.** Any person or entity with the legal right to lease or sublease a unit to a participant.

**PHA Plan.** The annual plan and the 5-year plan as adopted by the PHA and approved by HUD.
**PHA’s quality control sample.** An annual sample of files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person other than the person who performed the original work) to determine if the work documented in the files or records conforms to program requirements. For minimum sample size see CFR 985.3.

**Participant (participant family).** A family that has been admitted to the PHA program and is currently assisted in the program. The family becomes a participant on the effective date of the first HAP contract executed by the PHA for the family (first day of initial lease term).

**Payment standard.** The maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family).

**Person with disabilities.** *For the purposes of program eligibility.* A person who has a disability as defined under the Social Security Act or Developmental Disabilities Care Act, or a person who has a physical or mental impairment expected to be of long and indefinite duration and whose ability to live independently is substantially impeded by that impairment but could be improved by more suitable housing conditions. This includes persons with AIDS or conditions arising from AIDS but excludes persons whose disability is based solely on drug or alcohol dependence. *For the purposes of reasonable accommodation.* A person with a physical or mental impairment that substantially limits one or more major life activities, a person regarded as having such an impairment, or a person with a record of such an impairment.

**Portability.** Renting a dwelling unit with a Section 8 housing choice voucher outside the jurisdiction of the initial PHA.

**Premises.** The building or complex in which the dwelling unit is located, including common areas and grounds.

**Previously unemployed.** With regard to the earned income disallowance, a person with disabilities who has earned, in the 12 months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.

**Private space.** In shared housing, the portion of a contract unit that is for the exclusive use of an assisted family.

**Processing entity.** The person or entity that, under any of the programs covered, is responsible for making eligibility and related determinations and any income reexamination. In the HCV program, the “processing entity” is the “responsible entity.”

**Project owner.** The person or entity that owns the housing project containing the assisted dwelling unit.

**Public assistance.** Welfare or other payments to families or individuals, based on need, which are made under programs funded, separately or jointly, by federal, state, or local governments.

**Public housing agency (PHA).** Any state, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities, that is authorized to engage or assist in the development or operation of low-income housing under the 1937 Act.
**Qualified family** (under the earned income disallowance). A family participating in an applicable assisted housing program or receiving HCV assistance:

- Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment;
- Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or
- Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance—provided that the total amount over a six-month period is at least $500.

**Qualified census tract.** With regard to certain tax credit units, any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income of less than 60 percent of Area Median Gross Income (AMGI), or where the poverty rate is at least 25 percent, and where the census tract is designated as a qualified census tract by HUD.

**Reasonable rent.** A rent to owner that is not more than rent charged: (1) For comparable units in the private unassisted market; and (2) For comparable unassisted units in the premises.

**Reasonable accommodation.** A change, exception, or adjustment to a rule, policy, practice, or service to allow a person with disabilities to fully access the PHA’s programs or services.

**Receiving PHA.** In portability: A PHA that receives a family selected for participation in the tenant-based program of another PHA. The receiving PHA issues a voucher and provides program assistance to the family.

**Recertification.** Sometimes called reexamination. The process of securing documentation of total family income used to determine the rent the tenant will pay for the next 12 months if there are no additional changes to be reported.

**Remaining member of the tenant family.** The person left in assisted housing who may or may not normally qualify for assistance on their own circumstances (i.e., an elderly spouse dies, leaving widow age 47 who is not disabled).

**Rent to owner.** The total monthly rent payable to the owner under the lease for the unit (also known as contract rent). Rent to owner covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for.

**Residency preference.** A PHA preference for admission of families that reside anywhere in a specified area, including families with a member who works or has been hired to work in the area (See residency preference area).
Residency preference area. The specified area where families must reside to qualify for a residency preference.

Responsible entity. For the public housing and the Section 8 tenant-based assistance, project-based voucher assistance, and moderate rehabilitation programs, the responsible entity means the PHA administering the program under an ACC with HUD. For all other Section 8 programs, the responsible entity means the Section 8 owner.

Secretary. The Secretary of Housing and Urban Development.

Section 8. Section 8 of the United States Housing Act of 1937.

Section 8 covered programs. All HUD programs which assist housing under Section 8 of the 1937 Act, including Section 8 assisted housing for which loans are made under Section 202 of the Housing Act of 1959.

Section 214. Section 214 of the Housing and Community Development Act of 1980, as amended.

Section 214 covered programs. The collective term for the HUD programs to which the restrictions imposed by Section 214 apply. These programs are set forth in 24 CFR 5.500.

Security deposit. A dollar amount (maximum set according to the regulations) which can be used for unpaid rent or damages to the owner upon termination of the lease.

Set-up charges. In a manufactured home space rental, charges payable by the family for assembling, skirting, and anchoring the manufactured home.

Sexual assault. Any nonconsensual sexual act proscribed by federal, tribal, or state law, including when the victim lacks capacity to consent (42 U.S.C. 13925(a)).

Sexual orientation. Homosexuality, heterosexuality or bisexuality.

Shared housing. A unit occupied by two or more families. The unit consists of both common space for shared use by the occupants of the unit and separate private space for each assisted family. (A special housing type: see 24 CFR 982.615–982.618.)

Single person. A person living alone or intending to live alone.

Single room occupancy housing (SRO). A unit that contains no sanitary facilities or food preparation facilities, or contains either, but not both, types of facilities. (A special housing type: see 24 CFR 982.602–982.605.)

Social security number (SSN). The nine-digit number that is assigned to a person by the Social Security Administration and that identifies the record of the person’s earnings reported to the Social Security Administration. The term does not include a number with a letter as a suffix that is used to identify an auxiliary beneficiary.

Special admission. Admission of an applicant that is not on the PHA waiting list or without considering the applicant’s waiting list position.

Special housing types. See subpart M of part 982. Subpart M states the special regulatory requirements for: SRO housing, congregate housing, group homes, shared housing, cooperatives (including mutual housing), and manufactured homes (including manufactured home space rental).
**Specified welfare benefit reduction.** Those reductions of welfare benefits (for a covered family) that may not result in a reduction of the family rental contribution. A reduction of welfare benefits because of fraud in connection with the welfare program, or because of welfare sanction due to noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.

**Spouse.** The marriage partner of the head of household.

**Stalking.** To follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate; or to place under surveillance with the intent to kill, injure, harass, or intimidate another person; and in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (1) that person, (2) a member of the immediate family of that person, or (3) the spouse or intimate partner of that person.

**State wage information collection agency (SWICA).** The state agency, including any Indian tribal agency, receiving quarterly wage reports from employers in the state, or an alternative system that has been determined by the Secretary of Labor to be as effective and timely in providing employment-related income and eligibility information.

**Subsidy standards.** Standards established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

**Suspension.** The term on the family’s voucher stops from the date the family submits a request for PHA approval of the tenancy, until the date the PHA notifies the family in writing whether the request has been approved or denied. This practice is also called *tolling.*

**Tax credit rent.** With regard to certain tax credit units, the rent charged for comparable units of the same bedroom size in the building that also receive the low-income housing tax credit but do not have any additional rental assistance (e.g., tenant-based voucher assistance).

**Tenancy addendum.** For the housing choice voucher program, the lease language required by HUD in the lease between the tenant and the owner.

**Tenant.** The person or persons (other than a live-in aide) who executes the lease as lessee of the dwelling unit.

**Tenant rent to owner.** See *family rent to owner.*

**Term of lease.** The amount of time a tenant agrees in writing to live in a dwelling unit.

**Total tenant payment (TTP).** The total amount the HUD rent formula requires the tenant to pay toward rent and utilities.

**Unit.** Residential space for the private use of a family. The size of a unit is based on the number of bedrooms contained within the unit and generally ranges from zero (0) bedrooms to six (6) bedrooms.

**Utilities.** Water, electricity, gas, other heating, refrigeration, cooking fuels, trash collection, and sewage services. Telephone service is not included.
Utility allowance. If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

Utility reimbursement. In the voucher program, the portion of the housing assistance payment which exceeds the amount of rent to owner.

Utility hook-up charge. In a manufactured home space rental: Costs payable by a family for connecting the manufactured home to utilities such as water, gas, electrical and sewer lines.

Very low-income family. A low-income family whose annual income does not exceed 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD may establish income limits higher or lower than 50 percent of the median income for the area on the basis of its finding that such variations are necessary because of unusually high or low family incomes. This is the income limit for the housing choice voucher program.

Veteran. A person who has served in the active military or naval service of the United States at any time and who shall have been discharged or released therefrom under conditions other than dishonorable.

Violence Against Women Reauthorization Act (VAWA) of 2013. Prohibits denying admission to the program to an otherwise qualified applicant or terminating assistance on the basis that the applicant or program participant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking.

Violent criminal activity. Any illegal criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another.

Voucher (housing choice voucher). A document issued by a PHA to a family selected for admission to the housing choice voucher program. This document describes the program and the procedures for PHA approval of a unit selected by the family. The voucher also states obligations of the family under the program.

Voucher holder. A family holding a voucher with an unexpired term (search time).

Voucher program. The housing choice voucher program.

Waiting list. A list of families organized according to HUD regulations and PHA policy who are waiting for a unit to become available.

Waiting list admission. An admission from the PHA waiting list.

Welfare assistance. Income assistance from federal or state welfare programs, including assistance provided under TANF and general assistance. Does not include assistance directed solely to meeting housing expenses, nor programs that provide health care, child care or other services for working families. For the FSS program (984.103(b)), welfare assistance includes only cash maintenance payments from federal or state programs designed to meet a family’s ongoing basic needs, but does not include food stamps, emergency rental and utilities assistance, SSI, SSDI, or social security.
NOTICE OF PUBLIC HEARING FOR ADOPTION OF THE PICO RIVERA HOUSING ASSISTANCE AGENCY’S ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER (SECTION 8) PROGRAM

NOTICE IS HEREBY GIVEN that a public hearing will be held before the Pico Rivera Housing Assistance Agency Board of Commissioners to consider the adoption of the Pico Rivera Housing Assistance Agency’s Administrative Plan for the Housing Choice Voucher (Section 8) program.

The administrative plan sets the Pico Rivera Housing Assistance Agency’s (Agency’s) policy on matters for which the Agency has discretion based on the U.S. Department of Housing and Urban Development (HUD) rules and regulations. The administrative plan is a supporting document to the Agency’s 5-Year strategic plan.

PERSONS INTERESTED IN THIS MATTER are invited to express their opinion on the above matters. If you challenge the Pico Rivera Housing Assistance Administrative Plan, you may be limited to raising only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the City of Pico Rivera, or prior to the public hearing. The public hearing will be held as follows:

WHEN: Tuesday, April 13, 2021 at 6:00 p.m.
WHERE: City Hall Council Chambers (currently closed to the public)
6615 Passons Boulevard, Pico Rivera, CA 90606
MAIL: P.O. Box 1016, Pico Rivera, CA 90666-1016
PHONE: (562) 801-4347

NOTICE IS FURTHER GIVEN that the Administrative Plan will be available for public examination at the City of Pico Rivera’s webpage as follows:
https://www.pico-rivera.org/depts/ced/housing/sec8/default.asp

Certain provisions of the Brown Act are temporarily waived pursuant to Governor Newsom’s Executive Orders N-25-20 and N-20-20. In the interest of public health and safety, City Hall facilities are temporarily closed to the public until further notice. City Council meetings can be viewed live on CT3 and the City’s website at www.pico-rivera.org. If you wish to submit a public comment on this matter, you may do so in advance by email to the City Clerk: publiccomments@pico-rivera.org prior to 4:00 p.m. on the day of the meeting. Please provide your full name and reference this subject matter: “Pico Rivera Housing Assistance Agency Administrative Plan.”

For more information, call Inesela Delgado, Housing Sr. Coordinator, Community & Economic Development Department at (562) 801-4347.

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 Amber Wiles 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.

Published at Los Cerritos Community News 3/26/21

NOTICE OF PUBLIC HEARING
Request to Rescind Entitlements
Development Agreements 18-032 and 18-033

PROJECT LOCATION: Approximately 44 acres located on the south side of Telegraph Road between Hoofee Avenue on the west and Washington Boulevard on the east (hereinafter referred to as the Project area). The Project area consisted of three areas: Area 1 (approximately 26-acres) is located within the eastern portion of the Project area. Area 2 (approximately 28-acres) includes an area located between the existing Citadel Outlets shopping center, area 3 (approximately 10-acres) is located on the northwest corner of the Telegraph Road/Washington Boulevard intersection. The industrial uses located along the west side of Telegraph Avenue and the Commerce and Hotel are not part of the proposed Project and, as a result, are located outside of the Project area.

NOTICE IS HEREBY GIVEN that the City Council of the City of Commerce will conduct a public hearing and consider the adoption of two ordinances to rescind Development Agreements 18-032 and 18-033, respectively.

In addition, the City Council is considering a resolution to rescind all land use (Planning) entitlements associated with the actions undertaken by the City Council during the evening of July 16, 2019 and subject to the Development Agreements discussed herein. Those actions included: 1) A Development Agreement and Zone Change to rezone Area 1 and Area 2 from M-2 to C-2 Zoning; 2) A Development Agreement and Zone Change to rezone Area 3 from C-2 to C-2/PM Zone; and a Master Plan Sign for Area 1, Area 2, and Area 3. Also under consideration is a resolution to rescind the certification of the Final Environmental Impact Report for the Citadel Outlets Expansion and 35-Acre Development Project (SCC No. 2016091024), along with the Mitigation Monitoring and Reporting Program and the Statement of Overriding Considerations. This action is solely for the reissuance of entitlements described herein.

Said PUBLIC HEARING MEETING: A virtual meeting will be held via Teleconference with the City Council on Tuesday, April 6, 2021 at 6:00 a.m., at which time a presentation by staff and comments from the community will be considered.

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in California as a result of the threat of COVID-19. On March 17, 2020, Governor Newsom issued Executive Order N-25-20 (amending Executive Order N-20-20 issued on March 12, 2020), which allows a local legislative body to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public wishing to observe and to address the local legislative body. Pursuant to Executive Order N-25-20, please be advised that members of the Commerce City Council will participate in meettings telephonically only.

Further, in the interest of maintaining appropriate social distancing, and restricting gatherings of over ten (10) people, due to the health risks associated with COVID-19 pursuant to Federal, State and County orders, directives and/or guidelines, this meeting is closed to the public and will instead be streamed live, accessible at www.ci.commerce.ca.us. Members of the public may participate telephonically by calling and submitting their comments at 323-887-4442, or may submit written correspondence through email at cityclerk@commerce.ca.us.

Per Government Code Section 58500, you may challenge the above-listed item in court, you may be limited to raising only those issues you or someone else raised at the public scanning meeting and during the comment period described in this notice in written correspondence delivered to the city office, as, or prior to, or the public hearing.

Published at the Commerce Community News 3/26/21

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1c
A Regular Meeting of the City Council, Successor Agency, Housing Assistance Agency, and Water Authority was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Mayor/Chairman/President Elias called the Study Session to order at 4:30 p.m. and the regular meeting to order at 6:04 p.m. on behalf of the City Council, Successor Agency, Housing Assistance, and Water Authority.

PRESENT: Camacho, Lara, Lutz, Sanchez, Elias
ABSENT: None

STUDY SESSION:

- Water Rate Study

Finance Director Garcia and IMEG representatives John Wright and Arisha Ashraf provided a PowerPoint presentation highlighting the history of water rate increases; 5-year capital needs; project scope; rate study process; Proposition 218 key requirements; financial planning; projected capital improvement expenditures; key financial planning assumptions and scenarios; cost of service study; rate design; bill impacts and next steps/timeline.

Council members inquired about rate increases, best practices, customer types, emergencies, priority projects, infrastructure, water utility and on-going water rate increases.

In response to Council members’ inquiries, Mr. Wright stated that utility companies adopt rates over a 3 to 4 year period. He further stated that various sources are used to identify customers and that billing data is broken-down into different classifications. In cases of water emergencies, he stated that the cost is spread across all customers. He stated that the order of top priority projects is PFAS, regulatory requirement and changes, and to layout a structure for long term policies and goals.

Recessed at 5:49 p.m.

ALL COUNCIL MEMBERS WERE PRESENT

Reconvened at 6:04 p.m.

ALL COUNCIL MEMBERS WERE PRESENT

INVOCATION: Delivered by Councilmember Camacho
PLEDGE OF ALLEGIANCE: Led by Mayor Pro Tem Dr. Sanchez

SPECIAL PRESENTATION:

- Proclamation – March 1st COVID-19 Memorial Day
- Whole Child

Constanza Pachon, The Whole Child CEO, provided a brief overview of The Whole Child program and services including family housing, mental health services, and parent enrichment.

PUBLIC HEARING:

City Council:

1. Public Hearing – Substantial Amendment No. 3 to the Community Development Block Grant Fiscal Year 2019-20 and 2020-21 Action Plans for a Small Business Grant Program, Emergency Senior Meal Program and Senior Center Parking Lot Improvements.

Mayor Elias opened the public hearing and noted that there was no written communications or public comments to provide public testimony.

Mayor Elias closed the public hearing.

Motion by Councilmember Camacho, seconded by Mayor Pro Tem Dr. Sanchez to: 1) Approve Resolution No. 7118 ratifying a substantial amendment to the fiscal year (FY) 2019-20 and 2020-21 Annual Action Plans; 2) Authorize a FY 2019-20 appropriation of $200,000 in Coronavirus Aid, Relief and Economic Security (CARES) Act CDBG-CV funds for the Small Business Grant Program and approve the Small Business Grant Program Manual; 3) Authorize a FY 2019-20 appropriation of $91,146 in CARES Act CDBG-CV funds for administration of the CDBG-CV programs; 4) Authorize a FY 2019-20 appropriation of $100,000 in CARES Act CDBG-CV funds for the Emergency Senior Meal Program (ESMP); 5) Reallocate the FY 2020-21 Senior Resource Federal Passport Program ($49,474) CDBG funds to the Senior Center ADA Parking Lot Improvements; and 6) Authorize the City Manager or the Community and Economic Development Director to amend the existing agreement in a form approved by the City Attorney with AvantGarde, LLC in the amount not-to-exceed $31,500, to provide administration services for the Small Business Grant Program. Motion carries by the following roll call vote:

Resolution No. 7118 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, APPROVING SUBSTANTIAL AMENDMENT NO. 3 ALLOCATING FISCAL YEAR 2019-20 COVID-19 CARES ACT CDBG-CV FUNDING IN THE AMOUNT OF $200,000 FOR THE SMALL BUSINESS GRANT PROGRAM, $91,146 FOR CDBG-CV ADMINISTRATION, $100,000 FOR THE EMERGENCY SENIOR MEAL PROGRAM, AND REDISTRIBUTING FISCAL YEAR 2020-21 CDBG
FUNDING IN THE AMOUNT OF $49,474 TO THE SENIOR CENTER ADA PARKING LOT IMPROVEMENT PROJECT IN ACCORDANCE WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) REGULATIONS

AYES: Camacho, Lara, Lutz, Sanchez, Elias
NOES: None

Housing Assistance Agency:


Chairman Elias opened the public hearing and noted that there was no written communications or public comments to provide public testimony.

Chairman Elias closed the public hearing.

Motion by Commissioner Camacho, seconded by Commissioner Lara to: 1) Conduct a public hearing for the City of Pico Rivera Housing Assistance Agency’s goals, objectives and policies identified on the 5-Year Public Housing Agency Plan for Fiscal Years 2020-2025; and 2) Authorize the City of Pico Rivera Housing Assistance Agency staff to submit the Civil Rights Certification form to the U.S. Department of Housing and Urban Development (HUD). Motion carries by the following roll call vote:

AYES: Camacho, Lara, Lutz, Sanchez, Elias
NOES: None

PUBLIC COMMENTS:

Written communications were received by the following:

Jose Sanchez:
- Addressed the City Council regarding Rosemead Boulevard southbound lanes trench botched repair.

Maria Aguilar:
- Addressed the City Council regarding rent control.

Diego Rubalcava-Alvarez:
- Addressed the City Council regarding a typo on the March 23, 2021 City Council minutes.

Mayor Elias read from the Code of Ethics and Conduct policy pertaining to sections: (7) Conflict of Interest, (12) Advocacy and (14) Council Administrative Support. He asked if the social media platform is included in the policy. City Attorney Alvarez-Glasman stated that opinions expressed by City Council members on their individual social media
platforms are included in the Code of Ethics and Conduct policy; however, City Council members are entitled to their first amendment rights.

City Manager Carmona stated, for the record, that the March 9, 2021 minutes have been amended to correct a typo changing the word judiciary to fiduciary.

**CONSENT CALENDAR ITEMS:**

City Council:

3. **Minutes:**
   - Approved City Council meeting of March 9, 2021 and special meeting of March 11, 2021

4. **Approved 13th Warrant Register of the 2020-2021 Fiscal Year.**  
   Check Numbers: 286937-286986; 286987-286992; 286993-287015  
   Special Check Numbers: None

5. **Authorize California Choice Energy Authority to Enter into a Long-Term Renewable Energy Agreement with Duran Mesa, LLC on Behalf of Pico Rivera Innovative Municipal Energy.**  
   1. Authorized California Choice Energy Authority to enter into a long-term renewable energy agreement with Duran Mesa Wind, LLC on behalf of Pico Rivera Innovative Municipal Energy (PRIME).

Successor Agency:

6. **Minutes:**
   - Approved Successor Agency regular meeting of January 12, 2021

Housing Assistance Agency:

7. **Minutes:**
   - Approved Housing Assistance Agency regular meeting of October 13, 2020

Water Authority:

8. **Minutes:**
   - Approved Water Authority regular meeting of February 23, 2021

9. **PFAS Treatment System Project (CIP No. 50042) – Award Professional Services Agreement for Dual Media Pressure Vessel Systems.**  
   (500)

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

   1. Received and filed report and authorized staff to notify customers of the detection of perfluorobutane sulfonic acid (PFBS) in the 2021 annual Consumer Confidence Report for Water Quality.

Motion by Councilmember Camacho, seconded by Councilmember Lara to approve Consent Calendar Items No. 1, 2, 3, 4, 5, 6, 7, 8, and 10. Motion carries by the following roll call vote:

**AYES:** Camacho, Lara, Lutz, Sanchez, Elias

**NOES:** None

**CONSENT CALENDAR ITEMS PULLED FOR FURTHER CLARIFICATION:**

**Water Authority:**

9. PFAS Treatment System Project (CIP No. 50042) – Award Professional Services Agreement for Dual Media Pressure Vessel Systems.

Councilmember Lara suggested providing a matrix comparison of the Request for Proposal (RFP) on future agenda reports for the purpose of transparency. City Manager Carmona stated that a summarization of the RFP process would be provided in future agenda reports.

Motion by Councilmember Lara, seconded by Councilmember Dr. Sanchez to: 1) Award a Professional Services Agreement to Aqueous Vets for the procurement of dual media pressure vessel systems for treatment of per- and polyfluoroalkyl substances (PFAS) – PFAS Treatment System Project (CIP No. 50042) in the amount of $3,513,179 and authorized the Executive Director to execute the agreement in a form approved by the General Counsel, and 2) Amend the fiscal year (FY) 2020-21 adopted budget by appropriating $3,513,179 in Water Authority Fund (Fund 550.70.7340.54500.50042) to CIP No. 50042. Motion carries by the following roll call vote:

**AGREEMENT NO. 21-51**

**AYES:** Camacho, Lara, Lutz, Sanchez, Elias

**NOES:** None

**REGULAR AGENDA:**

City Council:
11. **Approve Amendment No. 1 to Professional Service Agreement No. 20-1956 with TerraVerde Energy, LLC.**

TerraVerde Energy Vice President, David Burdick gave a PowerPoint presentation on Solar PV and Battery Energy Storage projects and Programs update highlighting: 1) the City’s project opportunities including the project sizing, benefits summary and the City project’s next steps; 2) the El Rancho Unified School District (ERUSD) project opportunities including the project scenarios, financial benefits, and the ERUSD project next steps; and 3) PRIME’s Solar and Battery Program opportunity including the distributed PPA program framework, the proposed pilot program and its financials, TerraVerde’s proposed program services, and TerraVerde’s fees.

Councilmember Lutz inquired about the methods of outreach to customers. Senior PRIME Analyst McGee stated that PRIME in collaboration with TerraVerde will be contacting a list of targeted commercial clients.

Council members expressed that the program is an innovative solar project and a great opportunity in moving the City forward.

Motion by Councilmember Camacho, seconded by Mayor Pro Tem Dr. Sanchez to: 1) Authorize the City Manager to execute Amendment No. 1 to Agreement No. 20-1956 with TerraVerde Energy, LLC (TerraVerde) to continue Distributed Energy Resources (DER) project management; and 2) Appropriate funds for fiscal year (FY) 2020-21 in the amount of $20,000 for the completion of Task Order 2, DER Program & Implementation and Customer Engagement. Motion carries by the following roll call vote:

**Agreement No. 20-1956-1**

**AYES:** Camacho, Lara, Lutz, Sanchez, Elias

**NOES:** None

**CITY MANAGER/STAFF REPORTS:**

City Manager Carmona reported that staff is currently working on confirming dates for the City Council Retreat.

A PowerPoint presentation was given by Neighborhood Housing Services (NHS) non-profit representative, Jesse Ibarra that included an overview of the non-profit services such as financial counseling and education services, project management services, mission-driven real estate brokerage, neighborhood revitalization, COVID-19 NHS response, Center Economic Recovery, home grant funding, and innovative programs for local government.

**GOOD OF THE ORDER (INTERGOVERNMENTAL AGENCY MEETINGS, AB 1234 REPORTS, NEW BUSINESS, OLD BUSINESS):**

Mayor Pro Tem Dr. Sanchez reported on the upcoming Drive-Thru Easter Eggstravaganza and the Senior 50+ Eggstravaganza Drive-Thru Parade. She asked for
a general timeline for the reopening of City facilities and requested a list of existing group homes within the City and the nature of the businesses. City Attorney Alvarez-Glasman stated that the state regulates homes in residential locations. Group homes, he stated, are generally located in residential communities and those that house six people or less fall under the single family residential dwelling rules limiting the local municipality’s ability to regulate. He further stated that his office, in collaboration with City staff, would provide to City Council a report addressing the group homes, the City’s regulating options and the detail of the nature of those homes.

Councilmember Camacho reported on the Economic Development Ad Hoc Committee and his meeting with Union Pacific regarding properties owned by the agency that are located within the City parameters and in need of maintenance and upkeep. He further stated he would like to address the clean-up of railroad properties within the City’s jurisdiction owned by BNSF at the next Economic Development Ad Hoc Committee.

Councilmember Camacho invited residents to participate in the “Prepare Pico Rivera” meeting in collaboration with the American Red Cross on March 25th, acknowledged residents and organizations who partnered and collaborated with the food distribution events during the COVID-19 pandemic and expressed his gratitude to the City Council for commemorating March 1st as COVID-19 Memorial Day.

Councilmember Lara provided an update on the COVID-19 vaccine and proposed beautification murals for the City’s railroad overpasses and junction boxes. Mayor Elias suggested presenting the beautification proposal to the Economic Development Ad Hoc Committee for further discussion. Councilmember Lara requested to agendize a resolution for discussion and approval of a Vote of No Confidence in the Los Angeles County District Attorney Gascon at the next City Council meeting with Mayor Elias seconding the item. Mayor Elias suggested that the proposed resolution be discussed with the Safety Ad Hoc Committee.

Councilmember Lutz inquired about park fitness stations and asked staff to report on funding options at the next City Council meeting. He also suggested exploring the idea of a dog park and expressed his condolences to the family of fallen Deputy Albanese.

Mayor Elias requested that the item on printing the City Profile publication in both English and Spanish be presented to City Council at the next meeting with a second by Councilmember Lutz. He asked staff to review the City’s code violations related to hoarding abatements for efficiencies and reminded City Council to provide names of Veteran representatives for the Veterans Advisory Committee.

Recessed to Closed Session at 7:44 p.m.

ALL COUNCIL MEMBERS WERE PRESENT

Reconvened at 9:10 p.m.

ALL COUNCIL MEMBERS WERE PRESENT
CLOSED SESSION(S):

City Council:

a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
   Pursuant to Government Code Section 54956.8
   Property: Pico Rivera Golf Course, 3260 Fairway Drive
   Agency Negotiator: City Manager Steve Carmona
   Negotiating Party: U.S. Army Corps of Engineers
   Under Negotiation: Terms of Lease

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

Successor Agency:

b. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
   Pursuant to Government Code Section 54956.9(d)(4)
   One Matter

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

ADJOURNMENT:

Mayor/Chairman/President Elias adjourned the City Council meeting at 9:11 p.m. in memory of Art Macias, former Public Works City employee, Rudy Barron and Delia Alvidrez. There being no objection it was so ordered.

AYES: Camacho, Lara, Lutz, Sanchez, Elias
NOES: None

_______________________________
Raul Elias, 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/Successor Agency/Housing Assistance Agency/Water Authority regular meeting dated March 23, 2021 and approved by the City Council on April 13, 2021.

_____________________________________________________
Anna M. Jerome, City Clerk
A Regular Meeting of the Parks and Recreation Commission was held in the Parks and Recreation Community Room, 6767 Passons Boulevard, Pico Rivera, California and virtually. Chair Contreras called the meeting to order at 6:05 p.m.

PRESENT: Chair John Contreras, Vice-Chair Jacob A. Rodriguez (arrived at 6:13 p.m.), Commissioners: Gloria Aguirre, Michael D. Lay, and Patricia A. Saucedo.

PUBLIC COMMENT: No public comment.

AGENDA ITEMS:

1. MINUTES:
   - Parks and Recreation Commission Meeting of October 8, 2020

      Recommendation: Approve

A motion was made by Commissioner Saucedo, seconded by Commissioner Lay, and carried on to roll call vote to approve the Minutes of October 8, 2020.

2. NEW BUSINESS:
   a) Vote on Parks and Recreation Commission DARK for month of December

Discussion occurred as to the need for the Parks and Recreation Commission going DARK for the month of December as opposed to the need to have a meeting to continue the review of Resolution No. 6743.

A motion was made by Commissioner Saucedo, seconded by Commissioner Lay, and carried on to roll call vote to approve having a December 10, 2012 Parks and Recreation Commission meeting, from 6-7:30 p.m., with the sole business being Resolution No. 6743.

3. OLD BUSINESS:
   a) Resolution No. 6743

Chair Contreras informed the commissioner they would begin where they left off last, page 13 item J., and as agreed to in a past meeting, thirty (30) minutes would be dedicated to the review of the resolution.

Chair Contreras systematically went page by page, beginning with page 13 item J. He asked if any Commissioner had comments to make; no comments were made for item J.

There was discussion on item K. concerning what the item was regarding. Supervisor, Candice West clarified that the item was concerning the application and recognition of Community Sports Organizations for eligibility of facility usage. Once clarified, there were no comments on item K.

Chair Contreras then asked if the Commissioners were okay with the remaining items on page 15; no comments were made.
Chair Contreras then asked if the Commissioner were okay with items on page 16; Commissioner Saucedo asked if item M. no. 2 was to remain at 67% residency requirement. Discussion occurred as to how the percentage of 67% was decided upon; Commissioners agreed that it was to remain at 67%. There were no further comments for items on page 16.

Chair Contreras proceeded to ask about items on pages 17 and 18; there were no comments on either page.

On page 19, Supervisor West, asked that Commissioners more thoroughly define what “tournaments” are. The language, as it stands, was reviewed and Supervisor West commented that in its current state [sports] organizations are different in what each considers a “tournament”, whereas one organization may have a tournament that lasts for several days, with over a 1,000 participants, other organizations’ tournaments require only using fields for a couple of days with many less players.

Discussion occurred as to whether or not the number of free tournaments, offered to the Community Sports Organizations (CSO) should be more or less than the current number of two (2) free per primary season, and one (1) free per off-season to each organization. Chair Contreras, and Commissioners Aguirre and Saucedo all recommended that the number of free tournaments not be reduced. Discussion occurred as to the different CSOs’ tournament field usage; soccer versus baseball, interleague versus non-interleague play, and authorized versus non-authorized tournaments.

Interim Parks and Recreation Director, Pamela Yugar, commented that there be some fee associated with tournaments during the COVID-19 pandemic and even after; as the City’s costs to provide disease transmission prevention supplies will greatly increase when CSOs are allowed to resume play.

Additional discussion occurred about the costs associated with the City providing necessary supplies, including restroom provisions, and staffing for CSO tournaments. Commissioner Saucedo requested that Supervisor West provide the Commission with a break-down of tournament costs, and the average number of tournaments per year/per organization so that the Commission may be able to make a more informed decision regarding this subject. Vice Chair Rodriguez agreed with receiving the information about tournaments from Supervisor West, as well as the Commission further defining what a tournament should be defined as. Supervisor West responded that a break-down would be provided at the December 10th Commission meeting.

Commissioner Lay requested that the suggested language, recommended by previous Commissioner Corona, to allow for two (2) free tournaments per season, per organization, per age group be eliminated as some organizations have at least six (6) different age groups which could result in 12 or more free tournaments during a regular season. All Commissioners agreed with the removal of Commissioner Corona’s recommended language concerning “age groups” for item Tournaments No. 2.

No further decisions were made regarding page 19, item Tournaments; this item is to be carried to the December 10, 2020 Commission meeting for further consideration.

4. ORGANIZATION RECOGNITION REVIEW:

   a) None.
5. DEPARTMENTAL REPORT:

a) Director’s Report

Interim Director Yugar introduced herself, gave a brief overview of her experience working within Parks and Recreation, and noted that she is really proud to be able to work in the City of Pico Rivera. She then requested that Supervisor West review the Director’s Report as she [P. Yugar] was not with the City of Pico Rivera when most of the items occurred.

Supervisor West reviewed the Senior Services section of the report, noting that the Seniors’ were very excited to have the “Senior Drive-thru Halloween Parade”, with over 200 participating in the event. Staff were equally happy to be able to see and talk with some of their Senior Center “regulars”!

Supervisor West then reviewed the Smith Park section of the report, making particular note that she is really pleased with all of the community input received for the Smith Park Aquatic Center Proposition 68 application.

West continued to report on REACH operations, where she noted that programming has focused on helping participants with their homework as distance learning continues. Many participants are having great difficulty in completing many of their assignments and REACH staff are working their best to help those in need. She also commented that the REACH program held a joint supply distribution event with a Halloween celebration for those in the program.

Supervisor West reviewed the events happening at Rio Hondo Park, particularly the “Youth Center Drive-Thru School Supplies Distribution” where donated backpacks and supplies to handed out to Teen Club members.

Supervisor West also reviewed the ongoing Virtual Programs and Special Events that occurred in the previous months including, the pre-recorded online videos showcasing cooking lessons, toddler time activities, and story time; the virtual Halloween costume and home decorating contests, the Veterans Day online celebration displaying over 48 pictures of local Veterans; and the in-person Halloween Spooktacular Drive-Thru Haunted Road that offered a socially distanced “Halloween experience”, including toy/candy bags that were handed out to upwards of 3,500 children.

Lastly, Supervisor West reviewed the up-coming events for December 2020 including the Virtual Tree Lighting and Joy Toy Distribution events as shown below.

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Event</th>
<th>Location</th>
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</thead>
<tbody>
<tr>
<td>12/6</td>
<td>5:30 p.m.</td>
<td>Virtual Tree Lighting</td>
<td>Virtual</td>
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<tr>
<td>Sunday</td>
<td></td>
<td></td>
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<tr>
<td>12/17</td>
<td>2:00 p.m.</td>
<td>Joy Toy Distribution</td>
<td>Various Locations Throughout Pico Rivera</td>
</tr>
</tbody>
</table>
Commissioner Saucedo asked where the Joy Toy Distribution would be taking place to which Interim Director Yugar commented that the toys would be handed out in the various sections of the City, bringing the event to patron's neighborhoods instead of having them come to one location. This was being done in consideration of COVID-19 pandemic restrictions.

In addition, Commissioner Saucedo asked how a resident can sign up for the Emergency Senior Meal Program, to which Supervisor West responded that they could register over-the-telephone by calling either the Parks and Recreation Administration office or the Senior Center.

6. COMMISSIONER REPORTS – Park Facility Issues

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<thead>
<tr>
<th>Facility</th>
<th>Commissioner Reporting</th>
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</thead>
<tbody>
<tr>
<td>Senior Center</td>
<td>Commissioner Saucedo and Commissioner Aguirre</td>
</tr>
<tr>
<td>Pico Park</td>
<td>Commissioner Saucedo</td>
</tr>
<tr>
<td>Rio Hondo Park</td>
<td>Commissioner Aguirre and Youth Ex Officio Stepanian</td>
</tr>
<tr>
<td>Streamland Park</td>
<td>Vice-Chair Rodriguez</td>
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<tr>
<td>Smith Park</td>
<td>Chair Contreras</td>
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<tr>
<td>Rivera Park</td>
<td>Commissioner Saucedo and Commissioner Lay</td>
</tr>
<tr>
<td>Youth Center</td>
<td>Vice-Chair Rodriguez and Youth Ex Officio Stepanian</td>
</tr>
<tr>
<td>Golf Course</td>
<td>Chair Contreras</td>
</tr>
</tbody>
</table>

Ex Officio Stepanian was absent from the meeting.

Commissioner Saucedo had nothing to report for the Senior Center, Pico Park, or Rivera Park. However, she asked about the City’s new Parklet Program. Chair Contreras commented that the City installed a “parklet container” to encourage patronage of the businesses on Durfee Avenue, near the railroad underpass project. He further commented that this is a pilot project and if it does well may be expanded to other business areas. Interim Director Yugar noted that the parklet container had a beautiful mural painted on it by local resident Alexis Torres.

Commissioner Aguirre had nothing to report for the Senior Center or Rio Hondo Park but did ask that if there was any way to get involved with Senior Center programs during the pandemic she would happily do so.

Interim Director Yugar noted that the Department of Parks and Recreation would be holding at least one more community outreach meeting, most likely in January 2021, for each of the proposed Proposition 68 grant applications [Smith Park Aquatic Center and Rio Hondo Park]. She asked if the Commissioners would each attend one of the meetings to act as spokespersons for the City. She commented that the State of California extended the deadline for grant submission to March 2021 and this was a good opportunity to reach out to the community one more time, and get the Commissioners involved. Commissioner Aguirre asked if swim team participants had been made aware of the meetings to which Supervisor West responded that all aquatic center participants (swim lessons, swim team, etcetera) had been invited, as well as, putting door hangers on residences within several blocks of the pool and sending direct mailers out to those within a ½ mile of the facility.

Vice Chair Rodriguez had nothing to report upon for Streamland Park or the Youth Center.

Commissioner Lay had nothing to report about Rivera Park.
Chair Contreras had nothing to report on for Smith Park but commented that the Pico Rivera Golf Course was doing very well and he was happy that they are continuing to thrive and offer programs to the community throughout the pandemic. He further commented that the Golf Course would be offering a holiday “Glow Ball” event for $25 per participant.

7. CITY COUNCIL MEETING ATTENDANCE REMINDER

• No scheduled attendance at this time.

ADJOURNMENT:

Chair Contreras reminded Commissioners of the next meeting December 10, 2020. He adjourned the meeting by acknowledging the sacrifice that U.S. Veterans and their families make for our country and thanked them for their service in honor of Veterans Day. The Parks and Recreation Commission Meeting was adjourned at 7:15 p.m. by Chair Contreras.

________________________________________
John Contreras, Chair
Parks and Recreation Commission

________________________________________
Pamela Yugar, Interim Director of Parks and Recreation
14th WARRANT REGISTER OF THE 2020 - 2021 FISCAL YEAR

MEETING DATE: 04/13/21

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SPECIAL CHECK TOTAL: $0.00

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GRAND TOTAL

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Vendor Totals: 1 Invoice, $10,145.75

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Invoice Items

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G/L Account: 100.40.4032-52200 (General Fund.Public Works.Park Maintenance-Departmental Supplies)

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G/L Account: 100-20809 (General Fund-Employee Paid Payroll Loan)

Invoice Items

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| Vendor         | 345 - Cosby Oil Company | Totals | Invoices | 4 | $8,865.39 |

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| Vendor         | 874 - COSTAR REALTY INFORMATION, INC. | Totals | Invoices | 1 | $1,175.00 |

<p>| Vendor         | 770 - County of Los Angeles Dept of Public Works | | | | | | | | | | |</p>
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Vendor 663 - Dangelo Co

Vendor 970 - DE LAGE LANDEN FINANCIAL SERVICES, INC.
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**P.O. Number**
2021-00000061  
Item Description: Furniture & Equipment - Change Order-Citywide Copier Lease FY20-21  
Quantity: 1.0000  
Unit of Measure: Each  
Amount/Unit: 1,310.8700  
Total Amount: 1,310.87  
G/L Account: 100.90.9002-57300 (General Fund.Non-Departmental.Duplicating-Printing-Paper-Furniture & Equipment)  
Vendor Catalog Part Number:  
Contract Number: 

**Invoice Items**
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Vendor: 970 - DE LAGE LANDEN FINANCIAL SERVICES, INC.  
Invoices Total: 1  
$1,310.87

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Amount/Unit: 1,115.4900  
Total Amount: 1,115.49  
G/L Account:  
Project:  
Amount:  

**Invoice Items**
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Vendor: 970 - DE LAGE LANDEN FINANCIAL SERVICES, INC.  
Invoices Total: 1  
$1,310.87

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**P.O. Number**  
Payroll - 03/04/2021 Benefit DeltaCare (DHMO)  
Quantity: 1.0000  
Unit of Measure: Each  
Amount/Unit: 1,115.4900  
Total Amount: 1,115.49  
G/L Account:  
Project:  
Amount:  

**Invoice Items**
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Vendor: 970 - DE LAGE LANDEN FINANCIAL SERVICES, INC.  
Invoices Total: 1  
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**Payroll - Adjustments/Credits/Cobra**

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**Vendor 738 - DISCOUNT SCHOOL SUPPLY**

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**Vendor 738 - DISCOUNT SCHOOL SUPPLY**

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P.O. Number: 2021-00000336
Item Description: Advertising & Publication - legal Ads and notices on Cerritos Newspaper
G/L Account: Project 100.12.1200-52300 (General Fund.City Clerk.City Clerk Administration-Advertising & Publications)
Amount: 927.78
Invoice Items: 1

Vendor 2001 - Eastern County Newspaper Group, Inc. Totals
Invoices: 1
Total: $927.78

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P.O. Number: 2021-00000151
Item Description: Contracted Services - HVAC maintenance services per Agreement # 18-1812
G/L Account: Project 100.40.4031-54500 (General Fund.Public Works.Facilities Maintenance-Contracted Services)
Amount: 8,221.00
Invoice Items: 1

Vendor 1618 - Emcor Services Mesa Energy Totals
Invoices: 1
Total: $8,221.00

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P.O. Number: 2021-00000269
Item Description: Street Paintings/Markings - RED TRAFFIC PAINT
G/L Account: Project 100.40.4030-54660 (General Fund.Public Works.Street Maintenance-Street Paintings/Markings)
Amount: 978.48
Invoice Items: 1

Vendor 1040 - Ennis Paint, Inc Totals
Invoices: 1
Total: $978.48

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P.O. Number: 2021-00000269
Item Description: General Construction - Telegraph Rd. Pothole Restoration Project
G/L Account: Project 100.40.4030-54660 (General Fund.Public Works.Street Maintenance-Street Paintings/Markings)
Amount: 14,958.30
Invoice Items: 1

Vendor 1994 - Garrett J Gentry General Engineering, Inc Totals
Invoices: 1
Total: $14,958.30

Run by Ricky on 03/18/2021 03:31:35 PM
### AP WARRANT REGISTER 03-18-2021

**Payment Date Range:** 03/18/21 - 03/18/21  
**Report By Vendor - Invoice Detail Listing**

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**P.O. Number:** 202.70.7300-54635  
**Item Description:** 202.70.7300-54635 (SB1- Traffic Congestion Relief.Capital Improvement Projects.Capital Improvement Projects-General Construction)  
**Contract Number:** CIP.S21331 (Capital Improvement Program, Telegraph Rd Traffic Enhancements Project Phase II)

| Vendor: 1994 - Garrett J Gentry General Engineering, Inc |

#### Invoice Items

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<tr>
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**G/L Account:** 100.80.8102-57300 (General Fund.Parks And Recreation.Special Events-Furniture & Equipment)

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**G/L Account:** 100.80.8102-57300 (General Fund.Parks And Recreation.Special Events-Furniture & Equipment)

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**G/L Account:** 100.40.4033-53500 (General Fund.Public Works.Fleet Maintenance-Small Tools & Equipment)

**Vendor:** 419 - Garvey Equipment Company  
**Invoices:** 1  
**Total:** $14,958.30

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**G/L Account:** 100.40.4033-53500 (General Fund.Public Works.Fleet Maintenance-Small Tools & Equipment)

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**G/L Account:** 100.40.4033-53500 (General Fund.Public Works.Fleet Maintenance-Small Tools & Equipment)

**Vendor:** 985 - GRM Information Management Services, Inc  
**Invoices:** 2  
**Total:** $5,057.76

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Vendor 527 - Inland Water Works Supply Co.

Vendor 181 - LA County Sheriffs Department

Vendor 1507 - Lincoln Financial Group
### AP WARRANT REGISTER 03-18-2021

#### Payment Date Range: 03/18/21 - 03/18/21

Report By Vendor - Invoice Detail Listing

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**P.O. Number** | **Item Description** | **Quantity** | **U/M** | **Amount/Unit** | **Total Amount** | **Vendor Catalog Part Number** | **Contract Number** |
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Payroll - 03/18/2021 Deduction Lincoln

Financial Supplement

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**P.O. Number** | **Item Description** | **Quantity** | **U/M** | **Amount/Unit** | **Total Amount** | **Vendor Catalog Part Number** | **Contract Number** |
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Run by Ricky on 03/18/2021 03:31:35 PM
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**P.O. Number: 2021-00000149**

Contracted Services - Landscaping services for FY 2020-21

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**Invoice Items** 1

Vendor 1688 - Mariposa Landscapes, Inc Totals 1 $18,750.00

Vendor 1251 - Matt-Chlor, Inc

25341

PLANT MAINTENANCE AND REPAIR

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**G/L Account**: 100.40.4032-54500 (General Fund.Public Works.Park Maintenance-Contracted Services)

**Invoice Items** 1

Vendor 1251 - Matt-Chlor, Inc Totals 1 $84.65

Vendor 1697 - Minuteman Press

53681

VARIOUS MAILING FOR PRIME, POSTCARDS, MAILERS, 3/3/21

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**Invoice Items** 2

Vendor 1697 - Minuteman Press Totals 1 $115.69

Vendor 1423 - MSA-Dental Pool

Run by Ricky on 03/18/2021 03:31:35 PM
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### Item Description: Payroll - 03/04/2021 Benefit Delta Dental (DPPO)

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- **G/L Account**: 207-20808 (Measure R-Benefits Deduction) 3.02
- **G/L Account**: 590-20808 (Sports Arena Complex-Benefits Deduction) .79
- **G/L Account**: 205-20808 (Proposition A-Benefits Deduction) 8.57
- **G/L Account**: 206-20808 (Proposition C-Benefits Deduction) 1.89
- **G/L Account**: 550-20808 (Water Authority-Benefits Deduction) 201.41
- **G/L Account**: 291-20808 (Housing - Section 8-Benefits Deduction) 62.91
- **G/L Account**: 560-20808 (PRIME - CCA-Benefits Deduction) 16.28
- **G/L Account**: 208-20808 (Measure M-Benefits Deduction) 3.78
- **G/L Account**: 230-20808 (Lighting Assessment District-Benefits Deduction) 27.22

### Item Description: Payroll - 03/18/2021 Benefit Delta Dental (DPPO)

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- **G/L Account**: 699-20808 (Miscellaneous State Grant-Benefits Deduction) .76
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Run by Ricky on 03/18/2021 03:31:35 PM
#### AP WARRANT REGISTER 03-18-2021

**Payment Date Range 03/18/21 - 03/18/21**

**Report By Vendor - Invoice Detail Listing**

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**Vendor 1075 - Nationwide Cost Recovery Services, LLC Totals**

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**Vendor 1398 - Nationwide Retirement Solutions**

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**P.O. Number** | **Item Description** | **Quantity** | **U/M** | **Amount/Unit** | **Total Amount** | **Vendor Catalog Part Number** | **Contract Number** |
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Vendor 1398 - Nationwide Retirement Solutions | Totals | Invoices 1 | $26,028.48 |

Vendor 1489 - Nationwide RS

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**P.O. Number** | **Item Description** | **Quantity** | **U/M** | **Amount/Unit** | **Total Amount** | **Vendor Catalog Part Number** | **Contract Number** |
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Vendor 1899 - NV5, Inc.

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Vendor 937 - Ocean Blue Environmental Services, Inc.

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Invoices 1

Vendor 1899 - NV5, Inc.

Invoices 1

Vendor 937 - Ocean Blue Environmental Services, Inc.

Invoices 1

Vendor 1899 - NV5, Inc.

Total Amount $776.28

Vendor 1899 - NV5, Inc.

Total Amount $303.00

Vendor 937 - Ocean Blue Environmental Services, Inc.

Total Amount $5,170.36
## AP WARRANT REGISTER 03-18-2021

 Payment Date Range 03/18/21 - 03/18/21  
 Report By Vendor - Invoice Detail Listing

### Invoice Number: 18892328  
**Vendor:** 1115 - Pac Van  
**Invoice Description:** 20FT STORAGE CONATINER FOR SPECIAL EVENTS  
**P.O. Number:** 2021-00000320  
**Quantity:** 1.0000  
**U/M:** Each  
**Amount/Unit:** .8000  
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### Invoice Number: 2063204  
**Vendor:** 1032 - Pacific Telemanagement Services (PTS)  
**Invoice Description:** PAY PHONES FOR PR CITY HALL & PUBLIC LIBRARY MARCH 2021  
**P.O. Number:** 2021-00000044  
**Quantity:** 1.0000  
**U/M:** Each  
**Amount/Unit:** 113.0000  
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2. **Vendor:** 1115 - Pac Van  
3. **Vendor:** 1032 - Pacific Telemanagement Services (PTS)  
4. **Vendor:** 315 - Passage Entertainment
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## AP WARRANT REGISTER 03-18-2021

### Payment Date Range 03/18/21 - 03/18/21

### Report By Vendor - Invoice Detail Listing

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Vendor 161 - Pico Water District Totals | $12,656.52 |

Vendor 602 - Postmaster-Santa Fe Springs Post Office Totals | $3,200.00 |

Vendor 520 - PRMPCEA Totals | $520.00 |
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Vendor 747 - Rousselle Company Inc.

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2021-000561 | HISTORICAL MUSEUM PEST CONTROL FEBRUARY 2021 | Paid by EFT #7829 |             | 02/18/2021  | 03/18/2021 | 03/10/2021 | 03/18/2021    | 03/18/2021    | 55.00 |
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|                | G/L Account | Project | Amount |                       |       |       |               |             |       |
|                | 100.40.4031-54500 (General Fund.Public Works.Facilities Maintenance-Contracted Services) |                     |       |       |       |               |             |       |
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## AP WARRANT REGISTER 03-18-2021

**Payment Date Range**: 03/18/21 - 03/18/21  
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### Vendor Totals

- **Vendor**: 726 - S & J Supply Co., Inc.  
  **Invoices**: 4  
  **Total**: $5,219.99

- **Vendor**: 1552 - S & S LaBarge Golf Inc  
  **P.O. Number**: 1552 - S & S LaBarge Golf Inc  
  **Invoices**: 1  
  **Total**: $28,800.39

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Run by Ricky on 03/18/2021 03:31:35 PM
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Vendor 154 - Southland Transit, Inc. Totals

Vendor 1782 - Sulzer Electro-Mechanical Services (US) Inc

Vendor 1461 - Super Birthday, Inc

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### AP WARRANT REGISTER 03-18-2021

**Payment Date Range:** 03/18/2021 - 03/18/2021  
**Report By Vendor - Invoice Detail Listing**

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**P.O. Number | Item Description | Quantity | U/M | Amount/Unit | Total Amount | Vendor Catalog Part Number | Contract Number**

| 690-20808 (Reach Grants-Benefits Deduction) | 9.50 |
| 560-20808 (PRIME - CCA-Benefits Deduction) | 56.43 |
| 210-20808 (Transportation Dev Acccount-Benefits Deduction) | 1.88 |
| 201-20808 (Gas Tax-Benefits Deduction) | 1.89 |
| 208-20808 (Measure M-Benefits Deduction) | 5.99 |
| 230-20808 (Lighting Assessment District-Benefits Deduction) | 55.12 |

Payroll - 03/18/2021 Benefit Short Term Disability

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Payroll - Rounding

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**Vendor:** 435 - The Sherwin-Williams Co.

**Vendor:** 1466 - The Lincoln National Life Insurance Company

**Totals:**  
**Invoices:** 1  
**Total Invoice Net Amount:** $11,279.88

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Run by Ricky on 03/18/2021 03:31:35 PM  
Page 35 of 42
### AP WARRANT REGISTER 03-18-2021

**Payment Date Range:** 03/18/21 - 03/18/21  
**Report By Vendor - Invoice**  
**Detail Listing**

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Run by Ricky on 03/18/2021 03:31:35 PM  
Page 36 of 42
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Vendor 550 - Uhaul

Vendor 1511 - United Way Of Greater Los Angeles

Vendor 607 - VERNOLA'S TOWING SERVICE

Vendor 695 - Vulcan Materials Co.
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Vendor 265 - Water Replenishment District of So. California

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## AP WARRANT REGISTER 03-18-2021
### Payment Date Range 03/18/2021 - 03/18/2021
### Report By Vendor - Invoice
### Detail Listing

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## AP WARRANT REGISTER 03-18-2021

**Payment Date Range**: 03/18/2021 - 03/18/2021  
**Report By Vendor - Invoice**  
**Detail Listing**

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Vendor 354 - Willdan Engineering Totals Invoices 6

Grand Totals Invoices 122

$2,269.50 $365,111.24
PAYROLL REGISTER P/P 02/27/21 - 03/12/21

Pay Date: 03/18/21

VOID ACH CKS

- 

VOID CKS

- 

SPECIAL CKS

- 

CKS
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1,009.64

ACH
537494 - 537818 488,030.33

488,030.33

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| 6068           | RESTROOM SUPPLIES | Paid by Check #287065 | 03/01/2021 | 03/25/2021 | 03/25/2021 | 03/22/2021 | 03/25/2021 | 228.11 |
| P.O. Number    | Item Description    | Quantity | U/M | Amount/Unit | Total Amount | Vendor Catalog Part Number | Contract Number |
| 2021-0000112   | Plumbing Supplies - Plumbing supplies for City facility maintenance | 1.0000 | Each | 228.1100 | 228.11 | |
| G/L Account    | Project | Amount | 100.40.4031-53440 (General Fund.Public Works.Facilities Maintenance-Plumbing Supplies) | 228.11 |
| Invoice Items  | 1 |

Vendor 299 - A. M. Plumbing Supply Totals Invoices 2 $696.25

| 311813-00      | SUPPLIES #262 | Paid by EFT #7866 | 02/12/2021 | 03/25/2021 | 03/25/2021 | 03/22/2021 | 03/25/2021 | 386.85 |
| P.O. Number    | Item Description    | Quantity | U/M | Amount/Unit | Total Amount | Vendor Catalog Part Number | Contract Number |
| 2021-0000105   | Electrical Services - Electrical supplies for City facility maintenance | 1.0000 | Each | 386.8500 | 386.85 | |
| G/L Account    | Project | Amount | 100.40.4031-53410 (General Fund.Public Works.Facilities Maintenance-Electrical Maintenance) | 386.85 |
| Invoice Items  | 1 |

| 311901-00      | TOOLS #262 | Paid by EFT #7866 | 02/24/2021 | 03/25/2021 | 03/25/2021 | 03/22/2021 | 03/25/2021 | 156.26 |
| P.O. Number    | Item Description    | Quantity | U/M | Amount/Unit | Total Amount | Vendor Catalog Part Number | Contract Number |
| 2021-0000105   | Small Tools & Equipment - Small tools & equipment for City facility maintenance | 1.0000 | Each | 156.2600 | 156.26 | |
| G/L Account    | Project | Amount | 100.40.4031-53500 (General Fund.Public Works.Facilities Maintenance-Small Tools & Equipment) | 156.26 |
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## AP WARRANT REGISTER 03-25-2021

### Payment Date Range 03/25/21 - 03/25/21

**Report By Vendor - Invoice Detail Listing**

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**Note:**
- **Vendor 1298P:** 627 - County of LA, Agricultural Comm, Weights & Measure
  - Invoice Number: 1298P
  - Invoice Description: PESTICIDE WORKER SAFETY TRAINING
  - Status: Paid by Check #287071
  - Invoice Date: 02/18/2021
  - Due Date: 03/25/2021
  - G/L Date: 03/25/2021
  - Received Date: 03/22/2021
  - Payment Date: 03/25/2021
  - Invoice Net Amount: $517.42

- **Vendor 52172:** 383 - Crocker Signs & Screen Printing
  - Invoice Number: 52172
  - Invoice Description: NUMBERS FOR VEHICLES
  - Status: Paid by Check #287072
  - Invoice Date: 03/04/2021
  - Due Date: 03/25/2021
  - G/L Date: 03/25/2021
  - Received Date: 03/22/2021
  - Payment Date: 03/25/2021
  - Invoice Net Amount: $29.64

- **Vendor 52182:** 383 - Crocker Signs & Screen Printing
  - Invoice Number: 52182
  - Invoice Description: 6" NUMBERS FOR VEHICLES
  - Status: Paid by Check #287072
  - Invoice Date: 03/10/2021
  - Due Date: 03/25/2021
  - G/L Date: 03/25/2021
  - Received Date: 03/22/2021
  - Payment Date: 03/25/2021
  - Invoice Net Amount: $43.16

- **Vendor 409561:** 1040 - Ennis Paint, Inc
  - Invoice Number: 409561
  - Invoice Description: RED TRAFFIC PAINT
  - Status: Paid by EFT #7869
  - Invoice Date: 02/28/2021
  - Due Date: 03/25/2021
  - G/L Date: 03/25/2021
  - Received Date: 03/22/2021
  - Payment Date: 03/25/2021
  - Invoice Net Amount: $978.48

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### AP WARRANT REGISTER 03-25-2021

Payment Date Range: 03/25/21 - 03/25/21
Report By Vendor - Invoice
Detail Listing

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| Vendor 404 - Fiesta Cooperative Inc | Totals | Invoices | 1 | | | | | | $7,469.60 |

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Vendor: 985 - GRM Information Management Services, Inc
Vendor: 1556 - Hasa, Inc
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| Vendor 1556 - Hasa, Inc | Totals | Invoices | 1 | $626.91 |

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| Vendor 389 - Healthfirst-North Medial Group | Totals | Invoices | 1 | $163.50 |

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| Vendor 389 - Healthfirst-North Medial Group | Totals | Invoices | 1 | $851.35 |

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| Vendor 774 - Home Depot | Totals | Invoices | 2 | $1,990.66 |

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Vendor 1675 - Keenan & Associates

Vendor 2015 - j2 Cloud Services, LLC

Totals

Invoices 6

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  **G/L Account**
  100.60.6000-54500 (General Fund.Human Resources.Human Resources Administration-Contracted Services)

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  **Vendor** 1675 - Keenan & Associates

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| Vendor | 1947 - L. A. Pressure Supply LLC | Totals | Invoices | 1 | $1,250.00 |

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  **G/L Account**
  100.40.4031-53500 (General Fund.Public Works.Facilities Maintenance-Small Tools & Equipment)

  **Sales Tax - PRESSURE WASHER MAINTENANCE REPAIR**

  **Item Description**

  **Amount**
  11.69

  **Invoice Items**
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  **Vendor** 1947 - L. A. Pressure Supply LLC

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  **G/L Account**
  205.80.8410-54500 (Proposition A.Parks And Recreation.Proposition A-Contracted Services)

  **Vendor** 754 - L.A. County Metropolitan Trans Authority (TAP)

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  **G/L Account**
  205.80.8410-54500 (Proposition A.Parks And Recreation.Proposition A-Contracted Services)

  **NonCIP.9127 (Non Capital Improvement Project, MTA #110-04 and MTA #250-06 Bus Pass Buydown)**

  **Vendor** 754 - L.A. County Metropolitan Trans Authority (TAP)

| Vendor | 181 - LA County Sheriffs Department | Totals | Invoices | 1 | $20.00 |

  **Invoice Items**
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  **Vendor** 181 - LA County Sheriffs Department
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**Vendor** 181 - LA County Sheriffs Department

Invoices: 3

Total: $1,019,119.29

**Vendor** 676 - MOOD MEDIA

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**Vendor** 394 - Nationwide Environmental Services

Invoices: 1

Total: $158.71

Run by Ricky on 03/25/2021 10:40:35 AM
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<td>STREET SWEEPING SERVICES FOR MARCH 2021</td>
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**G/L Account**

100.40.4030-54500 (General Fund.Public Works.Street Maintenance-Contracted Services)

**Invoice Items**

1

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Vendor **394 - Nationwide Environmental Services**

**Invoices** 2

Total $49,442.03

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Vendor **555 - Oromill Lumber, Inc.**

**Invoices** 2

Total $349.65

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Vendor **1115 - Pac Van**
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<td>03/25/2021</td>
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<td>Contracted Services - Storage container units at REACH school sites</td>
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**Vendor** 1115 - Pac Van
- **Total Invoices:** 1
- **Total:** $88.21

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**Vendor** 688 - PARS
- **Total Invoices:** 1
- **Total:** $300.00

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**Vendor** 965 - PETTY CASH
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<td>(General Fund.Parks And Recreation.Marketing &amp; Promotions-Postage)</td>
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## AP WARRANT REGISTER 03-25-2021

Payment Date Range 03/25/21 - 03/25/21  
Report By Vendor - Invoice Detail Listing

### Invoice Number 25295
- **Invoice Description:** MONTHLY ELEVATOR MAINTENANCE SERVICE MARCH 2021  
- **Status:** Paid by Check #287088  
- **Invoice Net Amount:** $342.51

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<td>2021-0000098</td>
<td>Contracted Services - Elevator maintenance service for City hall</td>
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<td>100.40.4031-54500 (General Fund.Public Works.Facilities Maintenance-Contracted Services)</td>
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### Invoice Items
- **Vendor:** 977 - Specialized Elevator Corporation  
- **Invoices:** 1  
- **Total:** $342.51

### Invoice Number 5228-6
- **Invoice Description:** PAINT FOR STREETS GRAFFITI REMOVAL  
- **Status:** Paid by EFT #7875  
- **Invoice Net Amount:** $171.42

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<td>2021-0000119</td>
<td>Graffiti Abatement - Nationwide weekend graffiti removal</td>
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<td>100.40.4030-54640 (General Fund.Public Works.Street Maintenance-Graffiti Abatement)</td>
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### Invoice Items
- **Vendor:** 435 - The Sherwin-Williams Co.  
- **Invoices:** 1  
- **Total:** $171.42

### Invoice Number 9319-5
- **Invoice Description:** PAINT FOR WEEKEND GRAFFITI REMOVAL  
- **Status:** Paid by EFT #7875  
- **Invoice Net Amount:** $71.85

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<td>1.0000</td>
<td>Each</td>
<td>71.8500</td>
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### Invoice Items
- **Vendor:** 435 - The Sherwin-Williams Co.  
- **Invoices:** 2  
- **Total:** $243.27

### Invoice Number 1415 - Titan Health & Safety - LaCarlos C. Jordan
- **Invoice Description:** CPR, AED, FIRST AID COURSE & CERTIFICATION  
- **Status:** Paid by Check #287089  
- **Invoice Net Amount:** $3,280.00

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<tr>
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### Invoice Items
- **Vendor:** 435 - The Sherwin-Williams Co.  
- **Invoices:** 2  
- **Total:** $3,280.00
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<td></td>
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<td>1415 - Titan Health &amp; Safety - LaCarlos C. Jordan</td>
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<td>1475 - KAILI TORRES</td>
<td>AMAZON E-GIFT CARS PURCHASED FOR MYREC REGISTRATION RAFFLE</td>
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<td>1475 - KAILI TORRES</td>
<td>Departmental Supplies - AMAZON E-GIFT CARS PURCHASED FOR MYREC REGISTRATION RAFFLE</td>
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<td>Project</td>
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| Invoice Items | 1 |
| Vendor 1475 - KAILI TORRES | Totals | Invoices | 1 |
| 1 |

| Vendor 312 - Tyler Technologies, Inc. | MYCIVIC CITIZEN ENGAGEMENT - SUBSCRIPTION APRIL 2021 | Paid by Check #287091 | 025-324238 | $100.00 |
| P.O. Number | Item Description | Quantity | U/M | Amount/Unit | Total Amount | Vendor Catalog Part Number | Contract Number |
| 312 - Tyler Technologies, Inc. | Software License - City's App for FY 2020-21 | 1.0000 | Each | 275.6300 | 275.63 | |
| G/L Account | Amount | Project | |
| 100.60.6040-52805 (General Fund.Human Resources.Information Systems-Software Licensing) | 275.63 | |

| Invoice Items | 1 |
| Vendor 312 - Tyler Technologies, Inc. | Totals | Invoices | 1 |
| 1 |

| Vendor 550 - Uhaul | PROPANE FOR UNIT 273 | Paid by Check #287092 | 5400500301 | $69.69 |
| P.O. Number | Item Description | Quantity | U/M | Amount/Unit | Total Amount | Vendor Catalog Part Number | Contract Number |
| 550 - Uhaul | Asphalt Maintenance - Propane & supplies for asphalt maintenance | 1.0000 | Each | 69.6900 | 69.69 | |
| G/L Account | Amount | Project | |
| 100.40.4030-54605 (General Fund.Public Works.Street Maintenance-Asphalt Maintenance) | 69.69 | |

| Invoice Items | 1 |
| Vendor 550 - Uhaul | Totals | Invoices | 1 |
| 1 |

Vendor 974 - WEBSTER'S BEE REMOVAL SERVICE

Run by Ricky on 03/25/2021 10:40:35 AM
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<th>Status</th>
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<th>Invoice Date</th>
<th>Due Date</th>
<th>G/L Date</th>
<th>Received Date</th>
<th>Payment Date</th>
<th>Invoice Net Amount</th>
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<td>974 - WEBSTER'S BEE REMOVAL SERVICE</td>
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<td>2021-00000122</td>
<td>Median Island Maintenance - Landscaping materials, tools &amp; supplies for Median Island</td>
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<td>1.0000 Each 2,972.9700</td>
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Vendor 974 - WEBSTER'S BEE REMOVAL SERVICE

Vendor 366 - Whittler Fertilizer Company

Vendor GLORIA AGUIRRE

Vendor DAHLIA COMMUNITY CORPORATION
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<th>Status</th>
<th>Held Reason</th>
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<th>Due Date</th>
<th>G/L Date</th>
<th>Received Date</th>
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<tr>
<td>4436-002/0321</td>
<td>REFUND: DUPLICATE PAYMENT FOR WATER SERVICES ON AUGUST 2020</td>
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<td>03/25/2021</td>
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<td>Amount/Unit</td>
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Vendor | **DAHLIA COMMUNITY CORPORATION** |

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<th>Vendor</th>
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</thead>
<tbody>
<tr>
<td>Vendor</td>
<td>ADRIAN MCEACHREN</td>
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Vendor | **COMMISSIONER STIPEND FOR MEETING 3/11/21** |

<table>
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<th>Quantity</th>
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<th>Amount/Unit</th>
<th>Total Amount</th>
<th>Vendor Catalog Part Number</th>
<th>Contract Number</th>
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</thead>
<tbody>
<tr>
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<td>Professional Services - COMMISSIONER STIPEND FOR MEETING 3/11/21</td>
<td>1.0000</td>
<td>Each</td>
<td>75.0000</td>
<td>75.00</td>
<td>100.80.8240-52900 (General Fund.Parks And Recreation.Parks and Recreation Commission-Commission Stipends)</td>
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<tr>
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<td>Invoice Items</td>
<td>1</td>
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Vendor | **JACOB RODRIGUEZ** |

<table>
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<tr>
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Vendor | **COMMISSIONER STIPEND FOR MEETING 3/11/21** |

<table>
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<tr>
<th>P.O. Number</th>
<th>Item Description</th>
<th>Quantity</th>
<th>U/M</th>
<th>Amount/Unit</th>
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<th>Vendor Catalog Part Number</th>
<th>Contract Number</th>
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<tr>
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<td>Professional Services - COMMISSIONER STIPEND FOR MEETING 3/11/21</td>
<td>1.0000</td>
<td>Each</td>
<td>75.0000</td>
<td>75.00</td>
<td>100.80.8240-52900 (General Fund.Parks And Recreation.Parks and Recreation Commission-Commission Stipends)</td>
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<td></td>
<td>Invoice Items</td>
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</table>

Vendor | **JACOB RODRIGUEZ** |

| Vendor | ROCIO E SANTOS | Totals | Invoices | 1 | $75.00 |

Vendor | **COMMISSIONER STIPEND FOR MEETING 3/11/21** |

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<tr>
<th>P.O. Number</th>
<th>Item Description</th>
<th>Quantity</th>
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<th>Amount/Unit</th>
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<tbody>
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<td>Professional Services - COMMISSIONER STIPEND FOR MEETING 3/11/21</td>
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<td>Each</td>
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<td>100.80.8240-52900 (General Fund.Parks And Recreation.Parks and Recreation Commission-Commission Stipends)</td>
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Vendor | **JACOB RODRIGUEZ** | Totals | Invoices | 1 | $75.00 |

Vendor | **ROCIO E SANTOS** | Totals | Invoices | 1 | 

Run by Ricky on 03/25/2021 10:40:35 AM
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<tr>
<th>Invoice Number</th>
<th>Invoice Description</th>
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GRAND TOTAL | $227.91
### AP WARRANT REGISTER 04-01-2021

**Payment Date Range 04/01/21 - 04/01/21**  
**Report By Vendor - Invoice**  
**Detail Listing**

#### Vendor: 429 - 1st Jon Inc
- **Invoice Number**: 78106
- **Invoice Description**: PORTABLE RESTROOM RENTAL PLAYGROUND RENOVATION
- **Status**: Paid by Check #287108
- **Invoice Date**: 03/03/2021
- **Due Date**: 04/01/2021
- **G/L Date**: 04/01/2021
- **Received Date**: 03/25/2021
- **Payment Date**: 04/01/2021
- **Invoice Net Amount**: 138.59

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#### Vendor: 78462
- **Invoice Description**: PORTABLE RESTROOM RENTAL PLAYGROUND RENOVATION
- **Status**: Paid by Check #287108
- **Invoice Date**: 03/15/2021
- **Due Date**: 04/01/2021
- **G/L Date**: 04/01/2021
- **Received Date**: 03/25/2021
- **Payment Date**: 04/01/2021
- **Invoice Net Amount**: 106.10

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<td>699.70.7300-54500 (Miscellaneous State Grant.Capital Improvement Projects.Capital Improvement Projects-Contracted Services)</td>
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#### Vendor: 698 - AAA Electrical Supply, Inc.
- **Invoice Number**: 311762-00
- **Invoice Description**: SMITH PARK LOBBY
- **Status**: Paid by EFT #7906
- **Invoice Date**: 03/01/2021
- **Due Date**: 04/01/2021
- **G/L Date**: 04/01/2021
- **Received Date**: 03/25/2021
- **Payment Date**: 04/01/2021
- **Invoice Net Amount**: 200.00

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#### Vendor: 386 - Alvarez-Glasman & Colvin
- **Invoice Number**: 2021APRILATTYFEE
- **Invoice Description**: CITY ATTY RETAINER FEE FOR APRIL 2021
- **Status**: Paid by Check #287109
- **Invoice Date**: 04/01/2021
- **Due Date**: 04/01/2021
- **G/L Date**: 04/01/2021
- **Received Date**: 04/01/2021
- **Payment Date**: 04/01/2021
- **Invoice Net Amount**: 8,900.00

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**G/L Account**  
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550-20807 (Water Authority-Employee Paid Life Ins Liab)  
230-20807 (Lighting Assessment District-Employee Paid Life Ins Liab)

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### Vendor 327 - Auto-Chlor System

**Invoice Number:** 214100500262  
**Date:** 03/11/2021  
**Description:** DISHWASHER MAINTENANCE, MARCH 2021  
**Status:** Held Reason: Paid by Check #287111

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550-20809 (Water Authority-Employee Paid Payroll Loan)  
230-20809 (Lighting Assessment District-Employee Paid Payroll Loan)
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Vendor 769 - Culligan Water of Santa Ana

Vendor 1784 - Downey Chess Club

Vendor 600 - Fidelity Security Life Insurance/EyeMed
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| Invoice Items | 4 |

Vendor 600 - Fidelity Security Life Insurance/EyeMed Totals Invoices 1 $3,084.17

Vendor 625 - Franchise Tax Board

040121 EMPLOYEE DEDUCTION FOR P/E Paid by Check #287117

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Invoice Items 1

Vendor 625 - Franchise Tax Board Totals Invoices 1 $309.11

Vendor 1884 - Geographic Technologies Group, Inc.

G20-14450 GEO ADAPTOR REPAIR SUPPORT Paid by Check #287118

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Invoice Items 1

Vendor 1884 - Geographic Technologies Group, Inc. Totals Invoices 1 $400.00

Vendor 1666 - Hose-Man, Inc
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<td>291-20807 (Housing - Section 8-Employee Paid Life Ins Liab)</td>
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Payroll - Rounding
- 1.0000 Each (.0700) (.07)

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Invoice Items 3

Vendor 1115 - Pac Van

18954797
REACH RIVERA STORAGE BIN, 3/17/21-4/13/21
Paid by Check #287127
03/17/2021 04/01/2021 04/01/2021 03/25/2021 04/01/2021
93.09

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G/L Account 690.80.8105-54500 (REACH Grants.Parks And Recreation.REACH-Contracted Services)

Amount 93.09

Invoice Items 1

Vendor 2008 - PB Loader Corporation

IN0017634
DEPARTMENT EXPENSE
Paid by Check #287128
03/12/2021 04/01/2021 04/01/2021 03/25/2021 04/01/2021
1,400.18

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Amount 130.18

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Amount 1,270.00

Invoice Items 2
## AP WARRANT REGISTER 04-01-2021

**Payment Date Range 04/01/21 - 04/01/21**

**Report By Vendor - Invoice Detail Listing**

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<td>LADIES &amp; VETERANS AUXILIARY PARK TOT LOT PLAYGROUND RENOVATION</td>
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P.O. Number | Item Description | Quantity | U/M | Amount/Unit | Total Amount |
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699.70.7300-54500 (Miscellaneous State Grant.Capital Improvement Projects.Capital Improvement Projects-Contracted Services) | CIP.50031 (Capital Improvement Program, VLA Park Playground Renovation) | 1 | |

Vendor 1977 - PLAYCORE WISCONSIN, INC DBA GAME TIME Totals Invoices 2 $62,539.98

Vendor 520 - PRMPCEA

040121 | UNION DUES FOR P/E 03/26/21 | Paid by EFT #7913 | 04/01/2021 | 04/01/2021 | 04/01/2021 | 04/01/2021 | 04/01/2021 | 520.00 |

P.O. Number | Item Description | Quantity | U/M | Amount/Unit | Total Amount |
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Payroll - 04/01/2021 Deduction PRMPCEA-Mid Mgr | | 1.0000 | Each | 325.0000 | 325.00 |

G/L Account | Project | Amount |
-----------|---------|--------|
550-20812 (Water Authority-Union Dues Liab) | | 14.30 |
205-20812 (Proposition A-Union Dues Liab) | | .73 |
100-20812 (General Fund-Union Dues Liab) | | 276.02 |
291-20812 (Housing - Section 8-Union Dues Liab) | | 13.00 |
699-20812 (Reach Grants-Union Dues Liab) | | 7.95 |
560-20812 (PRIME - CCA-Union Dues Liab) | | 13.00 |
Payroll - 04/01/2021 Deduction PRMPCEA-Prof & Conf | | 1.0000 | Each | 195.0000 | 195.00 |

G/L Account | Project | Amount |
-----------|---------|--------|
550-20812 (Water Authority-Union Dues Liab) | | 26.60 |
206-20812 (Proposition C-Union Dues Liab) | | 5.67 |
205-20812 (Proposition A-Union Dues Liab) | | 13.00 |
699-20812 (Miscellaneous State Grant-Union Dues Liab) | | .65 |
207-20812 (Measure R-Union Dues Liab) | | 5.12 |
100-20812 (General Fund-Union Dues Liab) | | 126.09 |
560-20812 (PRIME - CCA-Union Dues Liab) | | 13.00 |
210-20812 (Transportation Dev Acccount-Union Dues Liab) | | .81 |
201-20812 (Gas Tax-Union Dues Liab) | | .81 |
208-20812 (Measure M-Union Dues Liab) | | 3.25 |

Vendor 1992 - RHA LANDSCAPE ARCHITECTS-PLANNERS, INC.
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### AP WARRANT REGISTER 04-01-2021

**Payment Date Range:** 04/01/21 - 04/01/21  
**Report By Vendor - Invoice**

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#### Vendor: 692 - SEIU Local 721-COPE

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#### Vendor: 692 - SEIU Local 721-COPE Totals

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#### Vendor: 1097 - State Water Resources Control Board (SWRCB) Totals

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<td>Graffiti Abatement - Paint for Citywide graffiti abatement</td>
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Vendor 147 - TKE Engineering Inc.

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<td>Departmental Expenses - Chg Order acct # 100.40.4010.54400 $138,456.16 (1.28.19)</td>
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Vendor 1548 - United Waterworks, Inc
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Vendor 1548 - United Waterworks, Inc

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Vendor 1511 - United Way Of Greater Los Angeles

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Vendor 695 - Vulcan Materials Co.

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Vendor 1511 - United Way Of Greater Los Angeles

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Vendor 695 - Vulcan Materials Co.
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Run by Ricky on 04/01/2021 03:06:12 PM
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### Vendors

- **ALEJANDRA CERDA**
  - Vendor: 1917 - WGI Enterprises, Inc
  - Invoice: 1
  - Total: $5,281.76

- **TERRY LINAREZ**
  - Vendor: TERRY LINAREZ
  - Invoice: 1
  - Total: $200.00

- **JENNIFER OROZCO**
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  - Invoice: 1
  - Total: $200.00
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Invoices 1 Total: $200.00

Vendor JENNIFER OROZCO

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<td>Amount/Unit</td>
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Invoices 1 Total: $200.00

Vendor RAQUEL RODRIGUEZ

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Invoices 1 Total: $30.00

Vendor SABBIA URICH

Vendor SHIHTING WU
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**G/L Account**

100.00.0000-46510 (General Fund.Non-Departmental Revenue.Non-Departmental Revenue-Parks and Rec - Contract Programs)

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# PAYROLL REGISTER P/P 03/13/21 - 03/26/21

Pay Date: 04/01/21

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<td>TOTAL</td>
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To: Mayor and City Council

From: City Manager

Meeting Date: April 13, 2021

Subject: PURCHASE PRICE BETWEEN THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT AND LOS ANGELES COUNTY FOR TAX DEFAULTED PROPERTY IN THE SAN GABRIEL FLOOD CONTROL CHANNEL

Recommendation:

1. Pursuant to the Revenue and Taxation Code Section 3775, approve a resolution disclaiming interest in purchasing tax defaulted property (APN 6379-001-005) and agreeing to the purchase price in the amount of $5,776 to be paid by the Los Angeles County Flood Control District to the Board of Supervisors of Los Angeles County; and

2. Authorize the Mayor to execute Chapter 8 Agreement No. 2839 in the form acceptable by the City Attorney.

Fiscal Impact:

There will be no impact to the General Fund.

Background:

The Los Angeles County Flood Control District (LACFCD) is in the process of purchasing a 1.8 acre parcel located between the San Gabriel River and the San Gabriel Spreading Grounds. The parcel (Assessor Parcel No. 6379-001-005) was previously privately owned but the property tax was defaulted upon and the parcel has reverted to the Los Angeles County Treasurer and Tax Collector (TTC). LACFCD which maintains the San Gabriel River is proposing to purchase the property as part of their normal flood control efforts. The property is zoned Public-Facilities (P-F), and because of its location, the parcel cannot be developed for residential or commercial purposes and is subject to an easement held in favor of the LACFCD.

Pursuant to the Revenue and Taxation Code Section 3775, “Whenever the county or the State is the purchaser, the price shall be agreed upon between the county board of supervisors and the State Controller and the governing body of any city in which such property may be located and such price shall be paid to the county tax collector for
distribution”. Because the property is located within the City boundaries, the City must agree upon the purchasing price even though the City is not part of the sale of the property.

The Board of Supervisors of Los Angeles County has agreed to sell and the LACFCD has agreed to purchase the parcel, subject to the “Power to Sell” tax-defaulted property held by the Los Angeles County Treasurer and Tax Collector. The LACFCD has requested that the City approve the parcel selling price of $5,776. The price reflects unpaid taxes, penalties and other administrative fees.

**Conclusion:**

The subject property has no development value for the City and is primarily utilized for flood control purposes. Staff recommends that the City consent to the purchase price of $5,776 offered by the LACFCD to the Board of Supervisors of Los Angeles County.

Steve Carmona

SC:MG:JG:jj

Enclosure: 1) Resolution/Exhibit A and Exhibit B
RESOLUTION NO. _____
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA DISCLAIMING ANY INTEREST IN PURCHASING TAX DEFAULTED PROPERTY (APN 6379-001-005), AND AGREEING TO THE PURCHASE PRICE TO BE PAID BY THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT TO THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY

WHEREAS, the California Revenue and Taxation Code ("R&TC") , Chapter 8 of Part 6 of Division 1 ("Chapter 8"), beginning with Section 3791, allows public agencies, taxing agencies and nonprofit organizations to enter into Chapter 8 agreements to purchase tax- defaulted property; and

WHEREAS, pursuant to R&TC Section 3775, whenever the county or the state is the purchaser, the price shall be agreed upon between the County Board of Supervisors and the State Controller and the governing body of any city in which such property may be located, and such price shall be paid to the County Tax Collector for distribution; and

WHEREAS, since there exists certain property that has defaulted in the payment of property taxes, penalties and administrative fees consisting of a 1.8 acre vacant lot, Assessor Parcel No. 6379-001-005, which Parcel cannot be meaningfully developed for residential or commercial purposes and is subject to a parcel-wide easement held in favor of the Los Angeles County Flood Control District, as more fully depicted in the aerial photo and parcel map attached hereto as Exhibit "A"; and

WHEREAS, the Board of Supervisors of Los Angeles County ("County") has agreed to sell and the Los Angeles County Flood Control District ("District") has agreed to purchase the Parcel, subject to the "Power to Sell" held by the Los Angeles County Treasurer and Tax Collector ("TIC"); and

WHEREAS, the District has requested that the City of Pico Rivera ("City") approve the Parcel's selling price of Five Thousand Seven Hundred Seventy Six Dollars and Four Cents ($5,776.04), the District is willing to pay the County, which amount represents tax-defaulted taxes, penalties and other administrative fees; and

WHEREAS, given the nature and location of the Parcel, and the easement overlay held by the District, the City has no interest in acquiring the Parcel, and does not object to the sales price offered by the District; and

WHEREAS, the District also requests that the Mayor of the City be authorized to execute a Chapter 8 Agreement, Sale Number 2839, agreeing to the selling price as stated above, in a form substantially similar to the Chapter 8 Agreement to Purchase Los Angeles County Tax-Defaulted Property, attached hereto as Exhibit "B".

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pico Rivera as follows:

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

SECTION 2. The City Council of the City of Pico Rivera does hereby disclaim any interest in purchasing the Parcel, APN 6379-001-005, and agrees to the purchase price offered by the District of Five Thousand Seven Hundred Seventy Six Dollars and Four Cents ($5,776.04).

SECTION 3. The Mayor is hereby authorized to execute the Chapter 8 "Agreement to Purchase Los Angeles County Tax Defaulted Property, Sale Number 2839", solely for purposes of agreeing to the selling price of the Parcel as between the Board of Supervisors of Los Angeles County and the District, in a form acceptable to the City Attorney.

SECTION 4. The City Clerk shall attest to the passage of this resolution and it shall thereupon be in full force and effect.

APPROVED AND PASSED this 13 day of April, 2021.

___________________________
Raul Elias, Mayor

ATTEST:  APPROVED AS TO FORM:

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

AYES:
NOES:
ABSENT:
ABSTAIN:
AGREEMENT TO PURCHASE
LOS ANGELES COUNTY TAX-DEFAULTED PROPERTY
/Public/Taxing Agency

This Agreement is made this __________ day of __________, 20 __, by and between the Board of Supervisors of Los Angeles County, State of California, and the Los Angeles County Flood Control District (Purchaser), pursuant to the provisions of Division 1, Part 6, Chapter 8, of the Revenue and Taxation Code.

The real property situated within said county, hereinafter set forth and described in Exhibit A attached hereto and made a part hereof, is tax-defaulted and is Subject to the Tax Collector’s Power to Sale by said county for the nonpayment of taxes, pursuant to provision of law.

It is mutually agreed as follows:

1. That as provided by Section 3800 of the Revenue and Taxation Code, the cost of giving notice of this agreement shall be paid by the PURCHASER.

2. That the PURCHASER agrees to pay the total purchase price listed for each real property described in Exhibit A within 14 days after the date this agreement becomes effective. Upon payment of said sum to the tax collector, the Tax Collector shall execute and deliver a deed conveying title to said property to PURCHASER.

3. That the PURCHASER agrees that the real property be used for the public use specified on Exhibit A of this agreement.

4. That if said PURCHASER is a taxing agency, as defined in Revenue and Taxation Code section 121, it will not share in the distribution of the payment required by this Agreement.

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
COUNTY COUNSEL

By __________________________
Deputy County Counsel

If all or any portion of any individual parcel listed in Exhibit A is redeemed prior to the effective date of this agreement, this agreement shall be null and void only as it pertains to that individual parcel.

§§3791, 3791.3, 3793 R&T Code
Revised 11/15

CHAPTER 8 AGREEMENT SALE NUMBER 2639
The undersigned hereby agree to the terms and conditions of this agreement and are authorized to sign for said agencies.

ATTEST: ____________________________________________
Los Angeles County
Flood Control District
(Seal)

By ____________________________________________
Title

Pursuant to the provisions of Section 3775 of the Revenue and Taxation Code the governing body of the City of Pico Rivera of Los Angeles County hereby agrees to the selling price as provided in this agreement.

ATTEST: ______________________________
City of Pico Rivera
(Seal)

By ____________________________________________
Mayor

ATTEST: BOARD OF SUPERVISORS, COUNTY OF LOS ANGELES

By ____________________________________________
Executive Officer-Clerk of the Board of Supervisors

By ____________________________________________
Deputy
(Seal)

This agreement was submitted to me before execution by the Board of Supervisors and I have compared the same with the records of Los Angeles County relating to the real property described therein.

_________________________________________
Los Angeles County Tax Collector

Pursuant to the provisions of Sections 3775 and 3795 of the Revenue and Taxation Code, the State Controller agrees to the selling price hereinbefore set forth and approves the foregoing agreement this __________ day of __________, _____.

BETTY T. YEE
CALIFORNIA STATE CONTROLLER

By: ____________________________________________
Jennifer Montecinos, Manager
Tax Administration Section
EXHIBIT A
REAL PROPERTY DESCRIPTION AND PURCHASE PRICE

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<td>CITY OF PICO RIVERA</td>
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<tr>
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<td>VACANT LOT (NO ADDRESS ASSIGNED)</td>
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<tr>
<td>Assessor's Identification Number</td>
<td>6379-001-005</td>
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<tr>
<td>Legal Description</td>
<td>THAT CERTAIN PARCEL OF LAND IN RANCHO PASO DE BARTOLO, FINALLY CONFIRMED TO PIO PICO ET AL, AS SHOWN ON MAP RECORDED IN BOOK 23, PAGES 55 AND 56, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE REGISTRAR-RECORDER/COUNTY CLERK OF THE COUNTY LOS ANGELES, DESCRIBED IN TAX DEED TO AURELIO DE LA ROSA, RECORDED ON APRIL 3, 2009, AS DOCUMENT NO. 20090483517, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID REGISTRAR-RECORDER/COUNTY CLERK.</td>
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<td>Purpose of Acquisition</td>
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Note: The estimated purchase price is based on the amount due as of Nov 1, 2021, the anticipated completion date, and includes the projected costs of the Chapter 8 Agreement Sale, which consists of notification, publication, postage, title report, recording, and State and transfer taxes, if applicable.
To: Mayor and City Council
From: City Manager
Meeting Date: April 13, 2021
Subject: ANNUAL SIGNING AND STRIPING IMPROVEMENTS PROJECT (CIP NO. 50039) – AWARD CONSTRUCTION

Recommendation:

1. Award a construction contract for a not-to-exceed amount of $70,633 to Safe USA, Inc. for the Annual Signing and Striping Improvements Project, CIP No. 50039; and authorize the City Manager to execute the contract (Enclosure 1) in a form approved by the City Attorney; and

2. Approve the Total Project Cost (Enclosure 2).

Fiscal Impact:

The adopted budget fiscal year (FY) 2020-21 includes appropriations in the amount of $100,000 in Measure R Funds (Account No. 207.70.7300.54500-50039). No additional funding is required at this time. There is no fiscal impact to the General Fund.

Discussion:

The Capital Improvement Program (CIP) includes funding for improvements and rehabilitation of roadway signing and striping on an annual basis. Signing and striping improvements consist of removing and replacing existing roadway signage, restriping existing roadway markings, including worn and faded legends and crosswalks. New striping is completed using thermoplastic, a more durable type of roadway paint. Installation of raised pavement markers per Caltrans standard details is also included to increase safety and visibility during inclement weather and low-light conditions.

Staff evaluated the condition of existing pavement markings on the major arterials throughout the City. Based on the evaluation, Beverly Road from Fir Street to Durfee Avenue, and Rosemead Boulevard from Havenwood Drive/Manzanar Avenue to approximately 270-feet south of Whittier Boulevard were selected as the highest priority based on their condition and the amount of vehicular traffic on these roads.

On January 12, 2021, the City Council authorized the City Clerk to advertise the Notice Inviting Bids (NIB) for the construction of this project. The NIBs, including the bid documents, were posted on Planet Bids through the City’s website on January 28, 2021. Staff followed the informal bidding procurement procedure per the Pico Rivera
Municipal Code (PRMC) Section 3.48.040 and Section 3.48.070 since the project is under $100,000.

On March 10, 2021, four (4) bids were received and opened by the City Clerk. The following summarizes the bids received:

<table>
<thead>
<tr>
<th>CONSTRUCTION COMPANY</th>
<th>BID AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCI</td>
<td>$70,349.75</td>
</tr>
<tr>
<td>Safe USA, Inc.</td>
<td>$70,633.00</td>
</tr>
<tr>
<td>Sterndahl Enterprisers</td>
<td>$89,345.00</td>
</tr>
<tr>
<td>Superior Pavement Markings</td>
<td>$119,040.00</td>
</tr>
</tbody>
</table>

Upon evaluation of the bids, it was discovered that PCI’s bid proposal did not include a letter of assent to the Community Workforce Agreement from the prime contractor and the Skilled and Trained Workforce Certification. Due to these irregularities, staff along with the City Attorney recommends rejecting PCI’s bid as non-responsive.

Subsequently, staff determined Safe USA, Inc. to be the apparent low and responsible bidder. Staff has verified Safe USA, Inc. references and found their past performance on jobs of similar size and scope to be satisfactory. Safe USA, Inc. has performed work for the City of Whittier and City of Highland. Their bid, bonds and insurance documents are in order and their contractor’s license is current. The anticipated schedule for the project is as follows:

- Award Construction ……………… April 2021
- Start Construction ………………. May 2021
- Complete Construction …………. June 2021

Conclusion:

Staff recommends rejection of PCI’s bid and award a construction contract to Safe USA, Inc. in a not-to-exceed amount of $70,633. Construction management and inspection services will be provided by the Engineering Division staff from the Department of Public Works.

Steve Carmona

SC:MH:NC:lg

Enclosures: 1) Construction Contract
            2) Total Project Cost
            3) Project Location Maps
CITY OF PICO RIVERA CONTRACT FOR
ANNUAL SIGNING AND STRIPING IMPROVEMENTS (CIP NO. 50039)

THIS CONTRACT ("Contract") is made and entered this 13th day of April, 2021 ("Effective Date"), by and between the CITY OF PICO RIVERA, a California municipal corporation ("City") and Safe USA, Inc., a California corporation ("Contractor"). The Contractor’s California State Contractor’s license number is 874085.

In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Contract Documents. The Contract Documents consist of this Contract, the Notice Inviting Bids, Instructions to Bidders, Bid Proposal (including documentation accompanying the Bid Proposal and any post-Bid Proposal documentation submitted before the Notice of Award), the Bonds, permits from regulatory agencies with jurisdiction, General Provisions, Special Provisions, Plans, Standard Plans, Standard Specifications, Reference Specifications, Addenda, Change Orders, and Supplemental Agreements. In the event there is a conflict between the terms of the Contract Documents, the more specific or stringent provision shall govern. City shall decide which option is the more specific or stringent provision. The Contract Documents are attached hereto and incorporated herein by reference.

2. Scope of Services. The Contractor shall perform and provide all materials, tools, equipment, labor, and services necessary to complete the Work in a good and workmanlike manner for the project identified as ANNUAL SIGNING AND STRIPING IMPROVEMENTS ("Project"), as described in the Contract Documents.

3. Compensation.

3.1 Contract Price and Basis for Payment. In consideration for the Contractor’s full, complete, and timely performance of the Work required by the Contract Documents, the City shall pay the Contractor for the actual quantity of Work required under the Bid Items awarded by the City performed in accordance with the lump sum prices and unit prices for Bid Items, set forth in the Bidder’s Bid Schedule submitted with the Bid Proposal. The sum of the unit prices and lump sum prices for the Bid Items, awarded by the City is Seventy Thousand Six Hundred Thirty Three Dollars ($70,633.00). It is understood and agreed that the quantities set forth in the Bidder’s Proposal for which unit prices are fixed are estimates only and that the City will pay and the Contractor will accept, as full payment for these items of work, the unit prices set forth in the Bidder’s Proposal multiplied by the actual number of units performed, constructed, or completed as directed by the Engineer.

3.2 Payment Procedures. Based upon applications for payment submitted by the Contractor to the City, the City shall make payments to the Contractor in accordance with Section 9 of the Standard Specifications, as modified by Section 9 of the General Provisions.

3.3 Substitution of Securities. Pursuant to Public Contracts Code Sec. 22300 Contractor shall be allowed to substitute securities for any moneys withheld by the City to ensure performance under a contract, unless, federal regulations or policies, or both, do not allow the substitution of securities. At the request and expense of the Contractor, securities equivalent to the amount withheld shall be deposited with the City, or with a state or federally chartered bank in this state as the escrow agent, who shall then pay those moneys to the Contractor. Upon satisfactory completion of the contract, the securities shall be returned to the contractor.
4. **Contract Time.**

4.1 **Initial Notice to Proceed.** The City shall issue the “Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials.” The date specified in the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials constitutes the date of commencement of the Contract Time of **12 Working Days.** The Contract Time includes the time necessary to fulfill preconstruction requirements, place the order for materials, and to complete construction of the Project (except as adjusted by subsequent Change Orders).

The Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials shall further specify that the Contractor must complete the preconstruction requirements and order materials within **3 Working Days** after the date of commencement of the Contract Time; this duration is part of the Contract Time.

Preconstruction requirements include, but are not limited to, the following:

- Submitting and obtaining approval of Traffic Control Plans
- Submitting and obtaining approval of the Stormwater Pollution Prevention Plan (SWPPP)/Water Pollution Control Plan (WPCP)
- Submitting and obtaining approval of critical required submittals
- Installation of the approved Project Identification Signs
- Obtaining an approved no fee Encroachment Permit
- Obtaining a Temporary Use Permit for a construction yard
- Notifying all agencies, utilities, residents, etc., as outlined in the Contract Documents

4.2 **Notice to Proceed with Construction.** After all preconstruction requirements are met and materials have been ordered in accordance with the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials, the City shall issue the “Notice to Proceed with Construction,” at which time the Contractor shall diligently prosecute the Work, including corrective items of Work, day to day thereafter, within the remaining Contract Time.

5. **Liquidated Damages for Delay and Control of Work.**

5.1 **Liquidated Damages.** The Contractor and the City have agreed to liquidate damages pursuant to Section 6-9 of the General Provisions.

6. **Early Completion.**

Not applicable.

7. **Work after Stop Work Notice.** Any work completed by the Contractor after the issuance of a Stop Work Notice by the City shall be rejected and/or removed and replaced as specified in the applicable Section of the Special Provisions.
8. **Antitrust Claims.** In entering into this Contract, the Contractor offers and agrees to assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. § 15) or under the Cartwright Act (Business and Professions Code Section 16700 et seq.) arising from purchases of goods, services, or materials pursuant to the Contract. This assignment shall be made and become effective at the time the City tenders final payment to the Contractor without further acknowledgment by the parties.

9. **Prevailing Wages.** The City and the Contractor acknowledge that the Project is a public work to which prevailing wages apply. The City has entered into the “Community Workforce Agreement” (“CWA”) with the Los Angeles and Orange Counties Building and Construction Trades Council attached as Appendix II to the Bid Documents, which requires the payment of prevailing wages on general public works contracts of greater than $250,000 and specialty contracts of greater than $50,000 and certain labor compliance provisions. Specialty contracts are entered into between the City and specialty contractors as defined in Business and Professions Code Section 7058, including Sections 832.02 through 832.62 of Title 16 of the California Code of Regulations. The Contractor awarded the Contract for the Work and all Subcontractors must agree to be bound by the CWA during performance of the Work. Each Contractor must submit a completed and executed Letter of Assent with its Bid Proposal; failure of a Bid Proposal to be accompanied by the Contractor’s completed and executed Letter of Assent will render the Bid Proposal non-responsive and rejected. If awarded a Contract, the successful Contractor shall comply with provisions of the CWA, including without limitation: (i) craft labor hiring practices; (ii) alternative dispute resolution procedures for Site grievances and jurisdictional disputes; and (iii) prevailing wage rate responsibilities. The CWA shall not apply if the City receives funding or assistance from any Federal, State, local or other public entity for the Construction Contract if a requirement, condition or other term of receiving that funding or assistance, at the time of the awarding of the contract, is that City not require, bidders, contractors, subcontractors or other persons or entities to enter into an agreement with one or more labor organization or enter into an an agreement that contains any of the terms of the CWA. Public Works projects not covered by the CWA shall be subject to the prevailing wage requirements of the California Uniform Public Construction Cost Accounting Act which has been adopted by the City.

10. **Workers’ Compensation.** Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of Labor Code Section 1861, by signing this Contract, the Contractor certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the Work of this Contract.”

11. **Miscellaneous Statutory Requirements**

11.1. **Contractor License.** Contractor shall possess a California contractor’s license type for the performance of the Project.
11.2 Ineligible Contractor Prohibited. Any contractor or subcontractor who is ineligible to perform work on a public works project pursuant to Section 1777.1 or 1777.7 of the Labor Code is prohibited from performing work under this Contract.

11.3 Compliance with SB 854 Registration. This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. No prime contractor or subcontractor may be listed on a bid proposal for a public works project (submitted on or after March 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. No prime contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. The Contractor will be required to post job site notices as described in 8 California Code of Regulation section 16451(d).

11.4 Trenches, Excavations and Unknown Conditions. Pursuant to California Public Contract Code Section 7104, in the event the work included in this Contract requires excavations more than four (4) feet in depth, the following shall apply.

(a) Contractor shall promptly, and before the following conditions are disturbed, notify City, in writing, of any: (1) material that Contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law; (2) Subsurface or latent physical conditions at the site different from those indicated; or (3) Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the contract.

(b) City shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in Contractor’s cost of, or the time required for, performance of any part of the work shall issue a change order per Section 3-3 of the General Provisions.

(c) That, in the event that a dispute arises between City and Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in Contractor’s cost of, or time required for, performance of any part of the work, Contractor shall not be excused from any scheduled completion date provided for by the contract, but shall proceed with all work to be performed under the contract. Contractor shall retain any and all rights provided either by contract or by law which pertain to the resolution of disputes and protests between the contracting parties.

11.5 Trench and Pipeline Safety. If this Contract is for more than $25,000 and involves excavation of any trench five feet or more in depth, the Contractor shall submit a detailed plan of shoring, bracing, sloping or other provisions to be made for worker protection in accordance with Labor Code Section 6705. Such plan shall be approved by a qualified representative of the City.

11.6 Utility Relocation. City is responsible for removal, relocation, or protection of existing main or trunkline utilities to the extent such utilities were not identified in the invitation for bids or specifications. City shall reimburse contractor for any costs incurred in locating, repairing damage not caused by contractor and removing or relocating such unidentified utility facilities, including equipment idled during such work. Contractor shall not be assessed liquidated
damages for delay arising from the removal or relocation of such unidentified utility facilities.

11.7 Third Party Claims Notification. The City shall timely notify the Contractor in writing of any third party claims relating to the contract.

11.8 Unfair Business Practices Claims. The Contractor or subcontractor offers and agrees to assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act (Chapter 2, (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the City renders final payment to the Contractor without further acknowledgment by the parties. (Section 7103.5, California Public Contract Code.).

11.9 Day’s Work. Contractor acknowledges that under California Labor Code sections 1810 and following, 8 hours of labor constitutes a legal day’s work. Contractor will forfeit as a penalty to City the sum of $25.00 for each worker employed in the execution of this Contract by Contractor or any subcontractor for each calendar day during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Labor Code section 1810. (Labor Code § 1813).

11.10 Hazardous Materials and Unknown Conditions. Contractor shall notify City in writing of the discovery of any of the following conditions, without disturbing the condition, as soon as Contractor, or any of Contractor’s subcontractors, agents or employees have knowledge and reporting is possible:

1 The presence of any material that the Contractor believes is hazardous waste, as defined in Section 25117 of the Health and Safety Code;

2 Subsurface or latent physical conditions at the site differing from those indicated in the specifications; or,

3 Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of this character provided for in this Contract.

Pending a determination by City of appropriate action to be taken, Contractor shall provide security measures (e.g., fences) adequate to prevent the hazardous waste or physical conditions from causing bodily injury to any person.

City shall promptly investigate the reported conditions. If City, through its Director of Community Development and Public Works, or her designee, and in the exercise of its sole discretion, determines that the conditions do materially differ, or do involve hazardous waste, and will cause a decrease or increase in the Contractor’s cost of, or time required for, performance of any part of the work, then City shall issue a change order.

In the event of a dispute between City and Contractor as to whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in the Contractor’s cost of, or time required for, performance of any part of the work, Contractor shall not be excused from any scheduled completion date, and shall proceed with all work to be performed under the
Contract Agreement
SAFE USA, INC.
Page 6 of 9

Contract. Contractor shall retain any and all rights which pertain to the resolution of disputes and protests between the parties.

11.11 Payroll Records. Contractor shall maintain the certified payroll records required by Labor Codes Sec. 1776 and shall report such records directly to the California Labor Commissioner as required by Labor Code Sec. 1771.4. Contractor and any subcontractor shall (1) keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776, (2) certify and make such payroll records available for inspection as provided by Section 1776, and (3) inform the City of the location of the records. The Contractor shall inform the City of the location of the records enumerated under Labor Code Sec. 1776, including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address. The Contractor has ten days in which to comply subsequent to receipt of a written notice requesting these records, or as a penalty to the City, the Contractor shall forfeit $100.00 for each Day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due.

11.12 Employment of Apprentices. Nothing in this Contract prevents Contractor or any subcontractor from employing properly registered apprentices in the execution of the Contract. Contractor is responsible for compliance with Labor Code section 1777.5 for all apprenticeable occupations. This statute requires that contractors and subcontractors must submit contract award information to the applicable joint apprenticeship committee, must employ apprentices in apprenticeable occupations in a ratio of not less than one hour of apprentice’s work for every five hours of labor performed by a journeyman (unless an exception is granted under §1777.5), must contribute to the fund or funds in each craft or trade or a like amount to the California Apprenticeship Council, and that contractors and subcontractors must not discriminate among otherwise qualified employees as apprentices solely on the ground of sex, race, religion, creed, national origin, ancestry or color. Only apprentices defined in Labor Code section 3077, who are in training under apprenticeship standards and who have written apprentice contracts, may be employed on public works in apprenticeable occupations.

12. Termination.

12.1 Termination for Convenience. The City may terminate this contract, in whole or in part, with 30 days written notice to the Contractor when it is in the City’s best interest. The Contractor shall be paid its costs, including contract close-out costs, and profit on work performed up to the time of termination. The Contractor shall promptly submit its termination claim to City to be paid the Contractor. If the Contractor has any property in its possession belonging to the City, the Contractor will account for the same, and dispose of it in the manner the City directs. The Contractor may terminate this contract, in whole, with 90 days written notice to the City.

12.2 Termination for Default. If at any time the Contractor is determined to be in material breach of the Contract, a Notice of Potential Breach of Contract shall be prepared by the City, and will be served upon the Contractor and its sureties. If the Contractor continues to neglect or refuses to comply with the Contract or with the Notice of Potential Breach of Contract to the satisfaction of the City within the time specified in such Notice, the City shall have the authority to terminate the Contract for this Project.
12.3 Waiver of Remedies for any Breach. In the event that City elects to waive its remedies for any breach by Contractor of any covenant, term or condition of this Contract, such waiver by City shall not limit City’s remedies for any succeeding breach of that or of any other term, covenant, or condition of the Contract.

13. Community Workforce Agreement. Contractor acknowledges and agrees that Contractor and its Subcontractors of any tier each agree to comply with the terms and conditions of the Community Workforce Agreement (“CWA”) executed between the City and the Los Angeles and Orange Counties Building and Construction Trades Council, attached hereto as part of the Contract Documents. Contractor must submit a completed and executed Letter of Assent.

14. Titles. The titles used in this Contract are for convenience only and shall in no way define, limit or describe the scope or intent of this Contract or any part of it.

15. Authority. Any person executing this Contract on behalf of the Contractor warrants and represents that he or she has the authority to execute this Contract on behalf of the Contractor and has the authority to bind the Contractor to the performance of its obligations hereunder.

16. Entire Contract. This Contract, including the Contract Documents and any other documents incorporated herein by specific reference, represents the entire and integrated Contract between the City and the Contractor. This Contract supersedes all prior oral or written negotiations, representations or agreements. This Contract may not be modified or amended, nor any provision or breach waived, except in a writing signed by both parties that expressly refers to this Contract.

17. Attorney’s Fees and Costs. If either party to this Contract is required to initiate or defend or made a party to any action or proceeding in any way connected with this Contract, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney’s fees. Attorney’s fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

18. Independent Contractor - The Contractor is and shall at all times remain as to the City, a wholly independent contractor. Neither the City, nor any of its officers, employees or agents shall have control over the conduct of the Contractor or any of the Contractors’ officers, employees or agents, except as herein set forth. The Contractor shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the City, nor shall City officers, employees or agents be deemed the officers, employees, or agents of Contractor as a result of this Contract.

19. Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and shall be deemed to be given when served personally or deposited in the U.S. Mail, prepaid, first-class mail, return receipt requested, addressed as follows:
To City:  City of Pico Rivera  
6615 Passons Boulevard  
Pico Rivera, California 90660  
Attention:  City Engineer  

To Contractor:  Jacob Coplenas  
Safe USA, Inc.  
1030 N. Mountain Ave., No. 180  
Ontario, CA 91762  

20. **Prohibition Against Assignment.** The experience, knowledge, capability and reputation of Contractor, its principals and employees were a substantial inducement for the City to enter into this Contract. Neither this Contract nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Contractor, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Contract shall be void. No approved transfer shall release the Contractor or any surety of Contractor of any liability hereunder without the express consent of City.  

21. **Counterparts.** This Contract may be executed in counterpart originals, duplicate originals, or both, each of which is deemed to be an original for all purposes.  

IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year first above written.  

[Signatures on following page]
CITY OF PICO RIVERA

By: ____________________________
    Steve Carmona, City Manager

ATTEST:

By: ____________________________
    Anna M. Jerome, City Clerk

By: ____________________________
    Arnold M. Alvarez-Glasman, City Attorney

Dated: __________________________

Safe USA, Inc.
("CONTRACTOR")

By: ____________________________
    Jacob Coplenas
    President
    NAME
    TITLE

By: ____________________________
    NAME
    TITLE

PROOF OF AUTHORITY TO BIND CONTRACTING PARTY REQUIRED
ANNUAL SIGNING AND STRIPING IMPROVEMENTS PROJECT  
CIP No. 50039  

ESTIMATED PROJECT COST & BUDGET  

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Project Administration</td>
<td>$10,000</td>
</tr>
<tr>
<td>Construction</td>
<td>$70,633</td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>$10,595</td>
</tr>
<tr>
<td>Construction Management &amp; Inspection</td>
<td>$8,772</td>
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</table>

**TOTAL ESTIMATED PROJECT COST:** $100,000

<table>
<thead>
<tr>
<th>Funding</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure R- Fund 207 (Appropriated FY 2020-21)</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

**TOTAL PROJECT BUDGET:** $100,000
A Regular Meeting of the Successor Agency to the Pico Rivera Redevelopment Agency was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Meeting was jointly held with the City Council, Successor Agency to the Pico Rivera Redevelopment Agency, Housing Assistance Agency and the Water Authority. Items appear as listed on the combined agenda for the meeting of March 23, 2021.

Chairman Elias called the meeting to order at 6:04 p.m. on behalf of the Successor Agency.

PRESENT: Camacho, Lara, Lutz, Sanchez, Elias
ABSENT: None

PUBLIC COMMENTS: None.

CONSENT CALENDAR:

6. Minutes:
   • Approved Successor Agency regular meeting of January 12, 2021

Motion by Director Camacho, seconded by Director Lara to approve Consent Calendar Item No. 6. Motion carries by the following roll call vote:

AYES: Camacho, Lara, Lutz, Sanchez, Elias
NOES: None

CONSENT CALENDAR ITEMS PULLED FOR FURTHER DISCUSSION: None

REGULAR AGENDA: None.

CLOSED SESSION(S):

Successor Agency:

b. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
   Pursuant to Government Code Section 54956.9(d)(4)
   One Matter

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

ADJOURNMENT:

Chairman Elias adjourned the Successor Agency to the Redevelopment Agency meeting at 9:11 p.m. in memory of Art Macias, former Public Works City employee, Rudy Barron and
Delia Alvidrez. There being no objection it was so ordered.

**AYES:** Camacho, Lara, Lutz, Sanchez, Elias

**NOES:** None

-----------------------------------
Raul Elias, Chairman

**ATTEST:**

________________________________________________________________________
Anna M. Jerome, Agency Secretary

I hereby certify that the foregoing is a true and correct report of the proceedings of the Successor Agency regular meeting dated March 23, 2021 and approved by the Successor Agency on April 13, 2021.

________________________________________________________________________
Anna M. Jerome, Agency Secretary
A Regular Meeting of the Housing Assistance Agency was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Meeting was jointly held with the City Council, Successor Agency to the Pico Rivera Redevelopment Agency, Housing Assistance Agency and Water Authority. Items appear as listed on the combined agenda for the meeting of March 23, 2021.

Chairman Elias called the meeting to order at 6:04 p.m. on behalf of the Housing Assistance Agency.

PRESENT: Camacho, Lara, Lutz, Sanchez, Elias
ABSENT: None

PUBLIC HEARING:

Housing Assistance Agency:


Chairman Elias opened the public hearing and noted that there was no written communications or public comments to provide public testimony.

Chairman Elias continued the public hearing.

Motion by Commissioner Camacho, seconded by Commissioner Lara to: 1) Conduct a public hearing for the City of Pico Rivera Housing Assistance Agency’s goals, objectives and policies identified on the 5-Year Public Housing Agency Plan for Fiscal Years 2020-2025; and 2) Authorize the City of Pico Rivera Housing Assistance Agency staff to submit the Civil Rights Certification form to the U.S. Department of Housing and Urban Development (HUD). Motion carries by the following roll call vote:

AYES: Camacho, Lara, Lutz, Sanchez, Elias
NOES: None

PUBLIC COMMENTS: None.

CONSENT CALENDAR:

Housing Assistance Agency:
7. **Minutes:**
   - Approved Housing Assistance Agency regular meeting of October 13, 2020

Motion by Commissioner Camacho, seconded by Commissioner Lara to approve Consent Calendar Item No. 7. Motion carries by the following roll call vote:

**AYES:** Camacho, Lara, Lutz, Sanchez, Elias  
**NOES:** None

**CONSENT CALENDAR ITEMS PULLED FOR FURTHER DISCUSSION:** None

**REGULAR AGENDA:** None.

**ADJOURNMENT:**

The Housing Assistance Agency meeting was adjourned at 9:11 p.m. in memory of Art Macias, former Public Works City employee, Rudy Barron and Delia Alvidrez. There being no objection it was so ordered.

**AYES:** Camacho, Lara, Lutz, Sanchez, Elias  
**NOES:** None

________________________________________
Raul Elias, Chairman

**ATTEST:**

________________________________________
Anna M. Jerome, Agency Secretary

I hereby certify that the foregoing is a true and correct report of the proceedings of the Housing Assistance Agency dated March 23, 2021, and received and filed by the Housing Assistance Agency on April 13, 2021.

________________________________________
Anna M. Jerome, Agency Secretary
A Regular 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, Successor Agency to the Pico Rivera Redevelopment Agency, Housing Assistance Agency and Water Authority. Items appear as listed on the combined agenda for the meeting of March 23, 2021.

Authority President Elias called the meeting to order at 6:04 p.m.

PRESENT: Camacho, Lara, Lutz, Sanchez, Elias
ABSENT: None

PUBLIC COMMENTS: None

CONSENT CALENDAR:

Water Authority:

8. Minutes:
   • Approved Water Authority regular meeting of February 23, 2021

9. PFAS Treatment System Project (CIP No. 50042) – Award Professional Services Agreement for Dual Media Pressure Vessel Systems. (500)

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

10. Notification Concerning the Detection of Perfluorobutane Sulfonic Acid (PFBS) in the Groundwater. (1700)

   1. Received and filed report and authorized staff to notify customers of the detection of perfluorobutane sulfonic acid (PFBS) in the 2021 annual Consumer Confidence Report for Water Quality.

Motion by Commissioner Camacho, seconded by Commissioner Lara to approve Consent Calendar Items No. 8 and 10. Motion carries by the following roll call vote:

AYES: Camacho, Lara, Lutz, Sanchez, Elias
ABSENT: None

CONSENT CALENDAR ITEMS PULLED FOR FURTHER DISCUSSION:

Water Authority:
9. PFAS Treatment System Project (CIP No. 50042) – Award Professional Services Agreement for Dual Media Pressure Vessel Systems. (500)

Councilmember Lara suggested providing a matrix comparison of the Request for Proposal (RFP) on future agenda reports for the purpose of transparency. City Manager Carmona stated that a summarization of the RFP process would be provided in future agenda reports.

Motion by Councilmember Lara, seconded by Councilmember Dr. Sanchez to: 1) Award a Professional Services Agreement to Aqueous Vets for the procurement of dual media pressure vessel systems for treatment of per- and polyfluoroalkyl substances (PFAS) – PFAS Treatment System Project (CIP No. 50042) in the amount of $3,513,179 and authorized the Executive Director to execute the agreement in a form approved by the General Counsel, and 2) Amend the fiscal year (FY) 2020-21 adopted budget by appropriating $3,513,179 in Water Authority Fund (Fund 550.70.7340.54500.50042) to CIP No. 50042. Motion carries by the following roll call vote:

Agreement No. 21-51

AYES: Camacho, Lara, Lutz, Sanchez, Elias
NOES: None

REGULAR AGENDA: None

ADJOURNMENT:

President Elias adjourned the Water Authority meeting at 9:11 p.m. in memory of Art Macias, former Public Works City employee, Rudy Barron and Delia Alvidrez. There being no objection it was so ordered.

AYES: Camacho, Lara, Lutz, Sanchez, Elias
ABSENT: None

________________________________
Raul Elias, 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 regular meeting dated March 23, 2021 and received and filed by the Water Authority on April 13, 2021.
Anna M. Jerome, Authority Secretary
To: President and Commissioners
From: Executive Director
Meeting Date: April 13, 2021
Subject: ELECTRICAL PANEL REPLACEMENT AT PLANT NO. 3 (CIP NO. 50027) – AWARD CONSTRUCTION

Recommendation:

1. Award a construction contract for a not-to-exceed amount of $412,800 to GA Technical Services, Inc. for the Electrical Switchboard Replacement at Plant No. 3 Project, CIP No. 50027; and authorize the Executive Director to execute the contract (Enclosure 1) in a form approved by the City Attorney;

2. Award a Professional Services Agreement for a not-to-exceed amount of $79,360 to AKM Consulting Engineers for Construction Management and Inspection Services; and authorize the Executive Director to execute the contract (Enclosure 2) in a form approved by the City Attorney;

3. Approve a change order to YAO Engineering’s professional services agreement in a not-to-exceed amount of $13,578.

4. Amend the fiscal year (FY) 2020-21 adopted budget by appropriating $568,000 in Water Authority Funds (Fund 550) to CIP No. 50027, Account No. 550.70.7340-54500-50027; and

5. Approve the Total Project Cost (Enclosure 3).

Fiscal Impact:

Design funds in the amount of $48,032 were appropriated as part of the FY 2019-20 Water Authority Budget. Design is complete and project is ready for construction.

An amendment in the amount of $568,000 to Account No. 550.70.7340.54500-50027 is needed to cover the cost for bidding support, construction, construction management and inspection services to complete the project.

The requested $568,000 will cover $412,800 for construction, $79,360 construction management, $13,578 for additional design support services, and $62,262 for contingency. The Total Project Cost for this project is estimated at $616,032 as shown in Enclosure 3.
Discussion:

The project consists of removing and replacing the existing motor control center, adding three (3) variable frequency drives (VFDs) with soft starters, relocating the Edison meter panel outside the pump building and installing an emergency generator transfer switch at the facility. The new control panels will replace the existing mechanical type motor control components with more reliable solid state devices currently being used at other water facilities. The new panels will include a SCADA control system upgrade at Plant No. 3 for uniformity with the SCADA systems currently installed at Plant No. 1 and Plant No. 2.

On September 8, 2020, the Pico Rivera Water Authority (PRWA) Commissioners authorized the Authority Secretary to advertise the Notice Inviting Bids (NIB) for the construction of the project. On October 8, 2020, bids were received and opened by the Authority Secretary in a public forum; however, due to discrepancies and irregularities in the bids received, all bids were rejected on January 12, 2021 and authorization to re-advertise for construction was granted by the Commissioners.

On January 25, 2021 and February 5, 2021, the NIB for the construction of the project was re-advertised in the Cerritos Newspaper. The NIB was also posted on Planet Bids through the City's website on January 22, 2021 and on March 2, 2021, nine (9) bids were received and opened by the Authority Secretary. The following table summarizes the bids received:

<table>
<thead>
<tr>
<th>CONSTRUCTION COMPANY</th>
<th>BID AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GA Technical Services, Inc.</td>
<td>$412,800</td>
</tr>
<tr>
<td>Inter-Pacific</td>
<td>$574,900</td>
</tr>
<tr>
<td>Vellutini Corporation dba Royal Electric Co.</td>
<td>$666,666</td>
</tr>
<tr>
<td>Pacific Industrial Electric</td>
<td>$690,355</td>
</tr>
<tr>
<td>Preferred Power Solutions, Inc.</td>
<td>$713,970</td>
</tr>
<tr>
<td>Leed Electric, Inc.</td>
<td>$749,916</td>
</tr>
<tr>
<td>CSI Electrical Contractors</td>
<td>$894,087</td>
</tr>
<tr>
<td>Arnaz Engineering</td>
<td>$875,000</td>
</tr>
<tr>
<td>Metro Builders &amp; Engineers Group, Ltd.</td>
<td>$756,906</td>
</tr>
</tbody>
</table>

Staff reviewed the submitted bids and found GA Technical Services, Inc. to be the apparent lowest responsible bidder. Staff has verified GA Technical Services, Inc. references and found their past performance on jobs of similar size and scope to be satisfactory. GA Technical Services, Inc. has performed work for the City of Huntington Beach and Orange County Fire Authority. Their bid, bonds and insurance documents are in order and their contractor’s license is current.
Construction Management/Inspection Contract
Being that this is a specialized project with a main focus on electrical improvements, staff solicited proposals from professional construction management firms to provide construction management and inspection services. Proposals from two (2) consulting firms were received and evaluated using the Qualifications-Based Selection (QBS) process, which entails a selection process based on qualifications and performance. After reviewing the proposals, staff selected AKM Consulting Engineers as the preferred Construction Management and Inspection firm. Their proposed hourly rates and associated fees are reasonable and consistent with industry standards, therefore, staff recommends the award of a not-to-exceed amount of $79,360 to AKM Consulting Engineers.

Design Services Agreement
A change order to YAO’s Engineering professional services agreement in the amount of $13,578 is needed in order to complete design support services. The requested additional appropriation for YAO’s Engineering design services including bid support, will cover the significant review and evaluation of bids received for both bid openings. It also includes the hours associated to respond to bidder’s questions and generation of addendums.

Conclusion:

Plant No. 3 provides water to the southern region of the water system from Well No. 11 and 12. The existing electrical panels at Plant No. 3 are more than 60 years old and are past their useful service life. These control panels do not have the capacity for future expansion or the connections for an emergency generator in the event of a prolonged power failure.

Staff recommends awarding a construction contract to GA Technical Services, Inc. in a not-to-exceed amount of $412,800, award a professional services agreement to AKM Consulting Engineers in a not-to-exceed amount of $79,360 for construction management and inspection services, authorize a change order to YAO’s Engineering’s professional services agreement in a not-to-exceed amount of $13,578, and authorize the additional appropriation in the amount of $568,000, including $62,262 for contingency to complete the project.

Steve Carmona

SC:MH:NC:AR:lg

Enclosures: 1) Construction Contract Agreement
2) Professional Services Agreement
3) Total Project Cost
PICO RIVERA WATER AUTHORITY CONTRACT FOR

ELECTRICAL SWITCHBOARD REPLACEMENT AT PLANT NO. 3 (CIP NO. 50027)

THIS CONTRACT ("Contract") is made and entered this 13th day of April, 2021 ("Effective Date"), by and between the PICO RIVERA WATER AUTHORITY ("PRWA") and GA Technical Services, Inc., ("Contractor"). The Contractor’s California State Contractor’s license number is 816080. The Contractor and the PRWA are sometimes referred to herein collectively as the “Parties” and singularly as “Party.”

In consideration of the mutual covenants hereinafter set forth, the Parties hereto agree as follows:

1. Contract Documents. The Contract Documents consist of this Contract, the Notice Inviting Bids, Instructions to Bidders, Bid Proposal (including documentation accompanying the Bid Proposal and any post-Bid Proposal documentation submitted before the Notice of Award), the Bonds, permits from regulatory agencies with jurisdiction, General Provisions, Special Provisions, Plans, Standard Plans, Standard Specifications, Reference Specifications, Addenda, Change Orders, and Supplemental Agreements. In the event there is a conflict between the terms of this Contract and the Contract Documents, the more specific or stringent provision shall govern. PRWA shall decide which document contains the more specific or stringent provision. The Contract Documents are attached hereto and incorporated herein by reference.

2. Scope of Services. The Contractor shall perform and provide all materials, tools, equipment, labor, and services necessary to complete the Work in a good and workmanlike manner for the project identified as Electrical Switchboard Replacement At Plant No. 3 ("Work"); Project No. 50027 ("Project"), as more particularly described in the Contract Documents.

3. Compensation.

3.1 Contract Price and Basis for Payment. In consideration for the Contractor’s full, complete, and timely performance of the Work required by the Contract Documents, the PRWA shall pay the Contractor for the actual quantity of Work required under the Bid Items awarded by the PRWA performed in accordance with the lump sum prices and unit prices for Bid Items, set forth in the Bidder’s Bid Schedule submitted with the Bid Proposal. The sum of the unit prices and lump sum prices for the Bid Items, awarded by the PRWA is Four Hundred Twelve Thousand Eight Hundred and 00/100 dollars ($412,800.00) ("Contract Price"). It is understood and agreed that the quantities set forth in the Bidder’s Proposal for which unit prices are fixed are estimates only and that the PRWA will pay and the Contractor will accept, as full payment for these items of work, the unit prices set forth in the Bidder’s Proposal multiplied by the actual number of units performed, constructed, or completed as directed by the City Engineer.

3.2 Payment Procedures. Based upon applications for payment submitted by the Contractor to the PRWA, the PRWA shall make payments to the Contractor in accordance with Section 9 of the Standard Specifications, as modified by Section 9 of the General Provisions.

3.3 Substitution of Securities. Pursuant to Public Contracts Code Sec. 22300, Contractor shall be allowed to substitute securities for any moneys withheld by the PRWA to ensure performance under a contract, unless, federal regulations or policies, or both, do not allow the substitution of securities. At the request and expense of the Contractor, securities equivalent to the amount withheld shall be deposited with the PRWA, or with a state or federally chartered
bank in this state as the escrow agent, who shall then pay those moneys to the Contractor. Upon satisfactory completion of the contract, the securities shall be returned to the Contractor.


4.1 Initial Notice to Proceed. The PRWA shall issue the “Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials.” The date specified in the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials constitutes the date of commencement of the Contract Time of \(180\) Calendar Days. The Contract Time includes the time necessary to fulfill preconstruction requirements, place the order for materials, and to complete construction of the Project (except as adjusted by subsequent Change Orders).

The Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials shall further specify that the Contractor must complete the preconstruction requirements and order materials within \(10\) Calendar Days after the date of commencement of the Contract Time; this duration is part of the Contract Time.

Preconstruction requirements include, but are not limited to, the following:

- Submitting and obtaining approval of the Stormwater Pollution Prevention Plan (SWPPP)/Water Pollution Control Plan (WPCP)
- Submitting and obtaining approval of critical required submittals
- Obtaining an approved no fee Encroachment Permit
- Notifying all agencies, utilities, residents, etc., as outlined in the Contract Documents

4.2 Notice to Proceed with Construction. After all preconstruction requirements are met and materials have been ordered in accordance with the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials, the PRWA shall issue the “Notice to Proceed with Construction,” at which time the Contractor shall diligently prosecute the Work, including corrective items of Work, day to day thereafter, within the remaining Contract Time.

5. Liquidated Damages for Delay and Control of Work.

5.1 Liquidated Damages. The Contractor and the PRWA have agreed to liquidate damages pursuant to Section 6-9 of the General Provisions.

6. Early Completion.

Not applicable.

7. Work after Stop Work Notice. Any Work completed by the Contractor after the issuance of a Stop Work Notice by the PRWA shall be rejected and/or removed and replaced as specified in the applicable Section of the Special Provisions.

8. Antitrust Claims. In entering into this Contract, the Contractor offers and agrees to assign to the PRWA all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. § 15) or under the Cartwright Act (Business and Professions
Code Section 16700 et seq.) arising from purchases of goods, services, or materials pursuant to the Contract. This assignment shall be made and become effective at the time the PRWA tenders final payment to the Contractor without further acknowledgment by the Parties.

9. **Prevailing Wages.** The PRWA and the Contractor acknowledge that the Project is a public work to which prevailing wages apply. The PRWA has entered into the “Community Workforce Agreement” (“CWA”) with the Los Angeles and Orange Counties Building and Construction Trades Council attached as Appendix II to the Bid Documents, which requires the payment of prevailing wages on general public works contracts of greater than $250,000, and specialty contracts of greater than $50,000, and certain labor compliance provisions. Specialty contracts are entered into between the PRWA and specialty contractors as defined in Business and Professions Code Section 7058, including Sections 832.02 through 832.62 of Title 16 of the California Code of Regulations. The Contractor awarded the Contract for the Work and all Subcontractors must agree to be bound by the CWA during performance of the Work. Each Contractor must submit a completed and executed Letter of Assent with its Bid Proposal; failure of a Bid Proposal to be accompanied by the Contractor’s completed and executed Letter of Assent will render the Bid Proposal non-responsive and rejected. If awarded a contract, the successful Contractor shall comply with provisions of the CWA, including without limitation: (i) craft labor hiring practices; (ii) alternative dispute resolution procedures for Site grievances and jurisdictional disputes; and (iii) prevailing wage rate responsibilities. The CWA shall not apply if the PRWA receives funding or assistance from any Federal, State, local or other public entity for the construction Contract if a requirement, condition or other term of receiving that funding or assistance, at the time of the awarding of the contract, is that PRWA not require, bidders, contractors, subcontractors or other persons or entities to enter into an agreement with one or more labor organization or enter into an agreement that contains any of the terms of the CWA. Public works projects not covered by the CWA shall be subject to the prevailing wage requirements of the California Uniform Public Construction Cost Accounting Act which has been adopted by the PRWA.

10. **Workers’ Compensation.** Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of Labor Code Section 1861, by signing this Contract, the Contractor certifies as follows:

   “I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the Work of this Contract.”

11. **Miscellaneous Statutory Requirements**

   11.1. **Contractor License.** Contractor shall possess a California contractor’s license type for the performance of the Project.

   11.2 **Ineligible Contractor Prohibited.** Any contractor or subcontractor who is ineligible to perform work on a public works project pursuant to Section 1777.1 or 1777.7 of the Labor Code is prohibited from performing work under this Contract.
11.3 Compliance with SB 854 Registration. This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. No prime contractor or subcontractor may be listed on a bid proposal for a public works project (submitted on or after March 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. No prime contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. The Contractor will be required to post job site notices as described in California Code of Regulation, title 8, section 16451(d).

11.4 Trenches, Excavations and Unknown Conditions. Pursuant to California Public Contract Code Section 7104, in the event the Work included in this Contract requires excavations more than four (4) feet in depth, the following shall apply.

(a) Contractor shall promptly, and before the following conditions are disturbed, notify PRWA, in writing, of any: (1) material that Contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law; (2) Subsurface or latent physical conditions at the site different from those indicated; or (3) Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract.

(b) PRWA shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in Contractor's cost of, or the time required for, performance of any part of the Work, it shall issue a change order per Section 3-3 of the General Provisions.

(c) In the event that a dispute arises between PRWA and Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in Contractor's cost of, or time required for, performance of any part of the Work, Contractor shall not be excused from any scheduled completion date provided for by the Contract, but shall proceed with all Work to be performed under the Contract. Contractor shall retain any and all rights provided either by contract or by law which pertain to the resolution of disputes and protests between the contracting Parties.

11.5 Trench and Pipeline Safety. If this Contract is for more than $25,000 and involves excavation of any trench five (5) feet or more in depth, the Contractor shall submit a detailed plan of shoring, bracing, sloping or other provisions to be made for worker protection in accordance with Labor Code Section 6705. Such plan shall be approved by a qualified representative of the PRWA.

11.6 Utility Relocation. PRWA is responsible for removal, relocation, or protection of existing main or trunkline utilities to the extent such utilities were not identified in the invitation for bids or specifications. PRWA shall reimburse Contractor for any costs incurred in locating, repairing damage not caused by Contractor and removing or relocating such unidentified utility facilities, including equipment idled during such work. Contractor shall not be assessed liquidated damages for delay arising from the removal or relocation of such unidentified utility facilities.
11.7 Third Party Claims Notification. The PRWA shall timely notify the Contractor in writing of any third party claims relating to the Contract.

11.8 Unfair Business Practices Claims. The Contractor or subcontractor offers and agrees to assign to the PRWA all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act (Chapter 2, commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the PRWA renders final payment to the Contractor without further acknowledgment by the Parties. (Section 7103.5, California Public Contract Code.).

11.9 Day’s Work. Contractor acknowledges that under California Labor Code sections 1810 and following, eight (8) hours of labor constitutes a legal day’s work. Contractor will forfeit as a penalty to PRWA the sum of $25.00 for each worker employed in the execution of this Contract by Contractor or any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Labor Code section 1810. (Labor Code § 1813).

11.10 Hazardous Materials and Unknown Conditions. Contractor shall notify PRWA in writing of the discovery of any of the following conditions, without disturbing the condition, as soon as Contractor, or any of Contractor’s subcontractors, agents or employees have knowledge and reporting is possible:

(1) The presence of any material that the Contractor believes is hazardous waste, as defined in Section 25117 of the Health and Safety Code;

(2) Subsurface or latent physical conditions at the site differing from those indicated in the specifications; or,

(3) Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of this character provided for in this Contract.

Pending a determination by PRWA of appropriate action to be taken, Contractor shall provide security measures (e.g., fences) adequate to prevent the hazardous waste or physical conditions from causing bodily injury to any person.

PRWA shall promptly investigate the reported conditions. If PRWA, through its Director of Community Development and Public Works, or her designee, and in the exercise of its sole discretion, determines that the conditions do materially differ, or do involve hazardous waste, and will cause a decrease or increase in the Contractor’s cost of, or time required for, performance of any part of the work, then PRWA shall issue a change order.

In the event of a dispute between PRWA and Contractor as to whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in the Contractor’s cost of, or time required for, performance of any part of the Work, Contractor shall not be excused from any scheduled completion date, and shall proceed with all Work to be performed under the Contract. Contractor shall retain any and all rights which pertain to the resolution of disputes and
protests between the Parties.

11.11 **Payroll Records.** Contractor shall maintain the certified payroll records required by Labor Code Sec. 1776 (Section 1776) and shall report such records directly to the California Labor Commissioner as required by Labor Code Sec. 1771.4. Contractor and any subcontractor shall (1) keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776, (2) certify and make such payroll records available for inspection as provided by Section 1776, and (3) inform the PRWA of the location of the records. The Contractor shall inform the PRWA of the location of the records enumerated under Section 1776, including the street address, PRWA, and county, and shall, within five (5) working days, provide a notice of a change of location and address. The Contractor has ten (10) calendar days in which to comply subsequent to receipt of a written notice requesting these records, or as a penalty to the PRWA, the Contractor shall forfeit $100.00 for each day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due.

11.12 **Employment of Apprentices.** Nothing in this Contract prevents Contractor or any subcontractor from employing properly registered apprentices in the execution of the Contract. Contractor is responsible for compliance with Labor Code section 1777.5 for all apprenticeable occupations. This statute requires that contractors and subcontractors must submit contract award information to the applicable joint apprenticeship committee, must employ apprentices in apprenticeable occupations in a ratio of not less than one hour of apprentice’s work for every five hours of labor performed by a journeyman (unless an exception is granted under §1777.5), must contribute to the fund or funds in each craft or trade or a like amount to the California Apprenticeship Council, and that contractors and subcontractors must not discriminate among otherwise qualified employees as apprentices solely on the ground of sex, race, religion, creed, national origin, ancestry or color. Only apprentices defined in Labor Code section 3077, who are in training under apprenticeship standards and who have written apprentice contracts, may be employed on public works in apprenticeable occupations.

12. **Termination.**

12.1 **Termination for Convenience.** The PRWA may terminate this Contract, in whole or in part, with thirty (30) days’ written notice to the Contractor when it is in the PRWA’s best interest. The Contractor shall be paid its costs, including contract close-out costs, and profit on Work performed up to the time of termination. The Contractor shall promptly submit its termination claim to PRWA to be paid the Contractor. If the Contractor has any property in its possession belonging to the PRWA, the Contractor will account for the same, and dispose of it in the manner the PRWA directs. The Contractor may terminate this Contract, in whole, with ninety (90 days’ written notice to the PRWA.

12.2 **Termination for Default.** If at any time the Contractor is determined to be in material breach of the Contract, a Notice of Potential Breach of Contract shall be prepared by the PRWA, and will be served upon the Contractor and its sureties. If the Contractor continues to neglect or refuses to comply with the Contract or with the Notice of Potential Breach of Contract to the satisfaction of the PRWA within the time specified in such Notice, the PRWA shall have the authority to terminate the Contract for this Project.
12.3 Waiver of Remedies for any Breach. In the event that PRWA elects to waive its remedies for any breach by Contractor of any covenant, term or condition of this Contract, such waiver by PRWA shall not limit PRWA’s remedies for any succeeding breach of that or of any other term, covenant, or condition of the Contract.

13. Community Workforce Agreement. Contractor acknowledges and agrees that Contractor and its Subcontractors of any tier each agree to comply with the terms and conditions of the Community Workforce Agreement (“CWA”) executed between the PRWA and the Los Angeles and Orange Counties Building and Construction Trades Council, attached hereto as part of the Contract Documents. Contractor must submit a completed and executed Letter of Assent.

14. Titles. The titles used in this Contract are for convenience only and shall in no way define, limit or describe the scope or intent of this Contract or any part of it.

15. Authority. Any person executing this Contract on behalf of the Contractor warrants and represents that he or she has the authority to execute this Contract on behalf of the Contractor and has the authority to bind the Contractor to the performance of its obligations hereunder.

16. Entire Contract. This Contract, including the Contract Documents and any other documents incorporated herein by specific reference, represents the entire and integrated Contract between the PRWA and the Contractor. This Contract supersedes all prior oral or written negotiations, representations or agreements. This Contract may not be modified or amended, nor any provision or breach waived, except in a writing signed by both parties that expressly refers to this Contract.

17. Attorney’s Fees and Costs. If either Party to this Contract is required to initiate or defend or made a party to any action or proceeding in any way connected with this Contract, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney’s fees. Attorney’s fees shall include attorney's fees on any appeal, and in addition a Party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

18. Independent Contractor - The Contractor is and shall at all times remain as to the PRWA, a wholly independent contractor. Neither the PRWA, nor any of its officers, employees or agents shall have control over the conduct of the Contractor or any of the Contractors’ officers, employees or agents, except as herein set forth. The Contractor shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the PRWA, nor shall PRWA officers, employees or agents be deemed the officers, employees, or agents of Contractor as a result of this Contract.

18.1 The Parties further acknowledge the following: (i) that Contractor shall provide the services outlined in the Scope of Services directly to PRWA; (ii) Contractor maintains a business location at the address listed under Section 19 that is separate and distinct from the PRWA; (iii) Contractor contracts with other businesses to provide the same or similar services and maintains a clientele without restriction from the PRWA; (iv) Contractor advertises and holds itself out to the public as available to provide the same or similar services; (v) unless otherwise specified in this Contract, Contractor provides its own tools,
vehicles, and equipment necessary for performing the Scope of Services; (vi) Contractor has proposed and negotiated its own rates; and (vii) consistent with the nature and demands of the project and the PRWA’s business hours and PRWA staff availability, Contractor may set its own hours and location of work.

19. Notice. Any notice, demand, request, document, consent, approval, or communication either Party desires or is required to give to the other party or any other person shall be in writing and shall be deemed to be given when served personally or deposited in the U.S. Mail, prepaid, first-class mail, return receipt requested, addressed as follows:

To PRWA: Pico Rivera Water Authority
6615 Passons Boulevard
Pico Rivera, California 90660
Attention: City Engineer

To Contractor: Frank Cervantes
GA Technical Services, Inc.
1226 W. 9th Street
Upland, CA 91786

20. Prohibition Against Assignment. The experience, knowledge, capability and reputation of Contractor, its principals and employees were a substantial inducement for the PRWA to enter into this Contract. Neither this Contract nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of PRWA. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Contractor, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Contract shall be void. No approved transfer shall release the Contractor or any surety of Contractor of any liability hereunder without the express consent of PRWA.

21. Counterparts. This Contract may be executed in counterpart originals, duplicate originals, or both, each of which is deemed to be an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year first above written.

[Signatures on following page]
"PRWA"
PICO RIVERA WATER AUTHORITY

By: ________________________________
   Steve Carmona, Executive Director

ATTEST:

By: ________________________________
   Anna M. Jerome, Authority Secretary

APPROVED AS TO FORM:

By: ________________________________
   Arnold M. Alvarez-Glasman, General Counsel

"CONTRACTOR"
GA TECHNICAL SERVICES, INC.

Dated: ________________________________

By: ________________________________
   Frank Cervantes, President

By: Lorena Cervantes Vice-President

NAME    TITLE

PROOF OF AUTHORITY TO BIND
CONTRACTING PARTY REQUIRED
AGREEMENT NO. _______
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE PICO RIVERA WATER AUTHORITY AND
AKM CONSULTING ENGINEERS

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the Pico Rivera Water Authority ("PRWA") and AKM Consulting Engineers, ("Consultant"). PRWA and Consultant are sometimes hereinafter individually referred to as a “Party” and collectively referred to as “Parties.”

2. RECITALS

2.1 PRWA has determined that it requires professional services from a consultant to provide Construction Management and Inspection Services.

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

2.3 PRWA desires to retain Consultant and Consultant desires to serve PRWA to perform these professional services in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

3. DEFINITIONS

3.1 “Scope of Services”: Such professional services as are set forth in the Consultant’s October 13, 2020 proposal to PRWA attached hereto as Exhibit “A” and incorporated herein by this reference.

3.2 “Approved Fee Schedule”: Such compensation rates as are set forth in the Consultant’s October 13, 2020 proposal to PRWA attached hereto as Exhibit “B.”

3.3 “Commencement Date”: April 12, 2021

3.4 “Expiration Date”: December 31, 2021

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the Parties or terminated in accordance with Section 22 below.
5. **CONSULTANT’S SERVICES**

5.1 Consultant shall perform the services identified in the Scope of Services ("Services"). PRWA shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement. In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the sum of Seventy Nine Thousand Three Hundred Sixty Dollars ($79,360) unless specifically approved in advance, in writing, by PRWA.

5.2 Consultant shall perform all work to the highest professional standards of Consultant’s profession and in a manner reasonably satisfactory to PRWA.

5.3 PRWA may request additional services under this Agreement. All such work, however, must be authorized in writing by the PRWA Board or the Executive Director, as applicable, prior to commencement. Consultant shall perform such services, and PRWA shall pay for such additional services in accordance with the Approved Fee Schedule, or as otherwise mutually agreed upon by the Parties in writing. Any work incurred by Consultant which is not expressly authorized by this Agreement will not be reimbursed by PRWA.

6. **COMPENSATION**

6.1 PRWA agrees to compensate Consultant for the Services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such Services, payment in accordance with the Approved Fee Schedule.

6.2 Consultant shall submit to PRWA an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within ten (10) business days of receipt of each invoice, PRWA shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of each invoice, PRWA shall pay all undisputed amounts included on the invoice. PRWA shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

6.3 Payments for any Services requested in writing by PRWA and not included in the Scope of Services shall be made to Consultant by PRWA on a time-and-materials basis using Consultant’s Approved Fee Schedule. Fees for such additional services shall be paid within sixty (60) days of the date Consultant issues an invoice to PRWA for such services.
7. **BUSINESS LICENSE**

Consultant shall obtain a City business license prior to commencing performance under this Agreement.

8. **COMPLIANCE WITH LAWS**

Consultant shall keep informed of State, Federal and Local laws, ordinances, codes and regulations that in any manner affect those employed by it or in any way affect the performance of its Services pursuant to this Agreement. The Consultant shall at all times comply with such laws, ordinances, codes and regulations, including all federal and state grant funding requirements applicable to this Agreement. Without limiting the generality of the foregoing, if Consultant is an out-of-state corporation or LLC, it must be qualified and registered to do business in the State of California pursuant to sections 2105 and 17708.02 of the California Corporations Code. The City, its officers and employees shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

9. **CONFLICT OF INTEREST**

Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both: (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute; and (ii) PRWA has not consented in writing prior to Consultant's performance of such work.

10. **PERSONNEL**

Consultant 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 Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such Services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant’s services under this Agreement, but PRWA reserves the right, for good cause, to require Consultant to exclude any employee from performing services on PRWA’s premises. Emin Kayiran, Director of Construction Management Services, shall be Consultant’s project administrator and shall have direct responsibility for management of Consultant’s performance under this Agreement. No change shall be made in Consultant’s project administrator without PRWA’s prior written consent.
11. **OWNERSHIP OF WRITTEN PRODUCTS**

All reports, documents or other written material ("written products") developed by Consultant in the performance of this Agreement shall be and remain the property of PRWA without restriction or limitation upon its use or dissemination by PRWA. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant. If any state, federal, or local law requires mandatory copyright protection for Consultant’s work product, PRWA shall comply with such laws to the extent feasible.

12. **INDEPENDENT CONSULTANT**

12.1 Consultant is, and shall at all times remain as to PRWA, a wholly independent consultant. Consultant shall have no power to incur any debt, obligation, or liability on behalf of PRWA or otherwise to act on behalf of PRWA as an agent. Neither PRWA nor any of its officers, employees or agents shall have control over the conduct of Consultant or any of Consultant’s employees, except as set forth in this Agreement. Consultant shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of PRWA.

12.2 The Parties further acknowledge and agree that nothing in this Agreement shall create or be construed to create a partnership, joint venture, employment relationship, joint-employer relationship, or any other relationship between Consultant or Consultant’s employees except as set forth in this Agreement.

12.3 PRWA shall have no direct or indirect control over Consultant’s employees or sub-consultants with respect to wages, hours, and working conditions. In addition, PRWA shall not deduct from the Compensation paid to Consultant any sums required for Social Security, withholding taxes, FICA, state disability insurance or any other federal, state or local tax or charge which may or may not be in effect or hereinafter enacted or required as a charge or withholding on the compensation paid to Consultant, Consultant’s employees or subconsultants. PRWA shall have no responsibility to provide Consultant, its employees or subconsultants with workers’ compensation insurance or any other insurance.

12.4 The Parties further acknowledge the following: (i) that Consultant shall provide the services outlined in the Scope of Services directly to PRWA; (ii) Consultant maintains a business location at the address listed under Section 14 that is separate and distinct from the PRWA; (iii) Consultant contracts with other businesses to provide the same or similar services and maintains a clientele without restriction from the PRWA; (iv) Consultant advertises and holds itself out to the public as available to provide the same or similar services; (v) unless otherwise specified in this Agreement, Consultant provides its own tools, vehicles, and equipment necessary for performing the Scope of Services; (vi) Consultant has proposed and negotiated its own rates; and (vii) consistent with the nature and demands of the project and the City’s business hours and PRWA staff availability, Consultant may set its own hours and location of work.
13. **CONFIDENTIALITY**

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by PRWA. PRWA shall grant such consent if disclosure is legally required. Upon request, all PRWA data and any copies thereof shall be returned to PRWA upon the termination or expiration of this Agreement.

14. **NON-LIABILITY OF PRWA OFFICIALS AND EMPLOYEES**

No official or employee of the PRWA shall be personally liable to Consultant in the event of any default or breach by PRWA, or for any amount which may become due to Consultant.

15. **INDEMNIFICATION**

15.1 The Parties agree that PRWA, 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 PRWA. Consultant acknowledges that PRWA would not enter into this Agreement in the absence of Consultant’s commitment to indemnify and protect PRWA as set forth herein. Notwithstanding the foregoing, to the extent Consultant's services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.2 To the full extent permitted by law, Consultant shall indemnify, hold harmless and defend PRWA, 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 Consultant or any of its officers, employees, servants, agents, or subconsultants in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of PRWA’s choice and expert witness fees and consultant fees. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.
15.3 PRWA shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due PRWA from Consultant as a result of Consultant’s failure to pay PRWA promptly any indemnification arising under this Section 15 or related to Consultant’s failure to either: (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

15.4 The obligations of Consultant under this Section 15 will not be limited by the provisions of any workers’ compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to PRWA, its officers, agents, employees and volunteers.

15.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 15 from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend PRWA, 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 Consultant’s subconsultants or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of PRWA’s choice and expert witness fees and consultant fees.

15.6 PRWA does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by PRWA, or the deposit with PRWA, 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.

15.7 PERS ELIGIBILITY INDEMNITY. In the event that Consultant or any employee, agent, or subconsultant of Consultant 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 PRWA, Consultant shall indemnify, defend, and hold harmless PRWA for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subconsultants, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of PRWA.
Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subconsultants 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 PRWA, including but not limited to eligibility to enroll in PERS as an employee of PRWA and entitlement to any contribution to be paid by PRWA for employer contribution and/or employee contributions for PERS benefits.

16. **INSURANCE**

16.1 During the term of this Agreement, Consultant 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 Consultant’s performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

16.1.1 Comprehensive general liability, and Umbrella or Excess Liability Insurance covering all operations by or on behalf of Consultant providing insurance for bodily injury liability and property damage liability for the following and including coverage for:

16.1.1.1 Premises, operations, and mobile equipment

16.1.1.2 Products and completed operations

16.1.1.3 Broad form property damage (including completed operations)

16.1.1.4 Explosion, collapse, and underground hazards

16.1.1.5 Personal Injury

16.1.1.6 Contractual liability

in the amount of One Million Dollars ($1,000,000) per occurrence combined single limit; Two Million Dollars ($2,000,000) aggregate for products/completed operation; Two Million Dollars ($2,000,000) general aggregate (General aggregate must apply separately to Consultant’s work under this Agreement.); and Five Million Dollars ($5,000,000) umbrella or excess liability.

16.1.2 Automobile Liability Insurance for owned, hired and non-owned vehicles utilized by Consultant, its employees or subconsultants, in the amount of One Million Dollars ($1,000,000) per accident for bodily injury and property damage.

16.1.3 Worker’s Compensation Insurance as required by the laws of the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than One Million Dollars ($1,000,000)
per accident for bodily injury or disease.

16.1.4 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) per occurrence of claim/ Two Million Dollars ($2,000,000) in the aggregate.

16.2 Consultant shall require each of its subconsultants, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

16.3 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.

16.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect PRWA may either: (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant’s expense, the premium thereon.

16.5 At all times during the term of this Agreement, Consultant shall maintain on file with PRWA’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 PRWA as an additional insured. Consultant shall, prior to commencement of work under this Agreement, file with PRWA’s Risk Manager such certificate(s).

16.6 Consultant 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. Consultant shall provide such proof to PRWA at least two weeks prior to the expiration of the coverages.

16.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming PRWA, 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 PRWA. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

16.8 The general liability and automobile policies of insurance provided by Consultant shall be primary to any coverage available to PRWA. Any insurance or self-insurance maintained by PRWA, its officers, employees, agents or volunteers, shall be in excess of Consultant’s insurance and shall not contribute with it.

16.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant’s employees, agents or subconsultants, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the PRWA.
16.10 Any deductibles or self-insured retentions must be declared to and approved by the PRWA. At the option of PRWA, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to PRWA, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

16.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant’s liability or as full performance of Consultant’s duties to indemnify, hold harmless and defend under Section 15 of this Agreement.

16.12 If Consultant maintains broader coverage and/or higher limits than the minimums shown above, the PRWA requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the PRWA.

17. MUTUAL COOPERATION

17.1 PRWA shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available to PRWA for the proper performance of Consultant’s Services under this Agreement.

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

18. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. PRWA shall have the right to access and examine such records, without charge, during normal business hours. PRWA shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

19. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

20. NOTICES

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

If to PRWA:  
Steve Carmona, Executive Director  
Pico Rivera Water Authority  
PO Box 1016  
6615 Passons Blvd.  
Pico Rivera, California 90660-1016  
Facsimile: (562) 801-4765  
With a courtesy copy to:

Arnold M. Alvarez-Glasman, General Counsel  
13181 Crossroads Parkway North  
Suite 400 - West Tower  
City of Industry, CA 91746  
Facsimile: (562) 692-2244

If to Consultant:  
Zeki, Kayiran, President  
AKM Consulting Engineers  
553 Wald, Irvine, CA 92618

21. SURVIVING COVENANTS

The Parties agree that the covenants contained in Sections 13, 15 and Paragraph 17.2 of Section 17, of this Agreement shall survive the expiration or termination of this Agreement.

22. TERMINATION

22.1. PRWA shall have the right to terminate this Agreement for any reason on five (5) calendar days’ written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days’ written notice to PRWA. The effective date of termination shall be upon the date specified in the notice of termination. Consultant agrees that in the event of such termination, PRWA’s obligation to pay Consultant shall be limited to payment only for those Services satisfactorily rendered, as solely determined by PRWA, prior to the effective date of termination. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All PRWA data, documents, objects, materials or other tangible things shall be returned to PRWA upon the termination or expiration of this Agreement.

22.2. If PRWA terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed, as solely determined by the City, at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the Services required by this Agreement.
23. ASSIGNMENT

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without PRWA’s prior written consent, and any attempt to do so shall be void and of no effect. PRWA shall not be obligated or liable under this Agreement to any Party other than Consultant.

24. NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

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

24.2 Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant state either that it is an equal opportunity employer or that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

24.3 Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement except contracts or subcontracts for standard commercial supplies or raw materials.

25. WARRANTIES

25.1 Each Party has received independent legal advice from its attorneys with respect to the advisability of entering into and executing this Agreement, or been provided with an opportunity to receive independent legal advice and has freely and voluntarily waived and relinquished the right to do so. Each Party who has not obtained independent counsel acknowledges that the failure to have independent legal counsel will not excuse such Party’s failure to perform under this Agreement.

25.2 In executing this Agreement, each Party has carefully read this Agreement, knows the contents thereof, and has relied solely on the statements expressly set forth herein and has placed no reliance whatsoever on any statement, representation, or promise of any other party, or any other person or entity, not expressly set forth herein, nor upon the failure of any other party or any other person or entity to make any statement, representation or disclosure of any matter whatsoever.

25.3 It is agreed that each Party has the full right and authority to enter into this Agreement, and that the person executing this Agreement on behalf of either Party has the full right and authority to fully commit and bind such Party to the provisions of this Agreement.
26. CAPTIONS

26.1 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement.

26.2 Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

27. NON-WAIVER

27.1 The waiver by PRWA or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. In no event shall the making by PRWA of any payment to Consultant constitute or be construed as a waiver by PRWA of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by PRWA shall in no way impair or prejudice any right or remedy available to PRWA with regard to such breach or default. No term, covenant or condition of this Agreement shall be deemed to have been waived by PRWA or Consultant unless in writing.

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

27.3 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in PRWA’s sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

28. COURT COSTS AND ATTORNEY FEES

In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the Party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants’ fees and expert witness fees, if any, and attorneys’ fees expended in such action. The venue for any litigation shall be Los Angeles County, California.
29. **SEVERABILITY**

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

30. **GOVERNING LAW**

This Agreement shall be governed and construed in accordance with the laws of the State of California.

31. **COUNTERPARTS**

This Agreement may be signed in any one or more counterparts all of which taken together shall be but one and the same Agreement. Any signed copy of this Agreement or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile or email transmission, shall for all purposes be treated as if it were delivered containing an original manual signature of the Party whose signature appears in the facsimile or email and shall be binding upon such Party in the same manner as though an originally signed copy had been delivered.

32. **ENTIRE AGREEMENT**

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between PRWA and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by PRWA and Consultant.

**TO EFFECTUATE THIS AGREEMENT,** the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

[Signatures on following page]
“PRWA”
PICO RIVERA WATER AUTHORITY

“CONSULTANT”
AKM CONSULTING ENGINEERS

______________________________ ___________________________________
Steve Carmona, Executive Director    Zeki Kayiran, President

Dated: ________________________    Dated: _____________________________

ATTEST:                                APPROVED AS TO FORM:

_____________________________ ___________________________________
Anna M. Jerome, Authority Secretary    Arnold M. Alvarez-Glasman, General Counsel
EXHIBIT A
SCOPE OF SERVICES

Scope of Work

Task 1 - Pre-Construction Meeting

The entire Project Team will participate and attend the meeting. The agenda will be generated by and meeting conducted by the Construction Manager.

The meeting shall be attended by representatives of the City, the Construction Management Team, the design engineer, the Contractor and their major subcontractors and suppliers, and all other project stakeholders such as local authorities including police and fire departments, other affected utility/facility owner’s personnel, and any other regulatory agency having jurisdiction over the project. The meeting will review the project objectives, introduce key personnel for the City, AKM, the design engineer, the Contractor and define their roles on the project, discuss the Contractor’s initial CPM Construction Schedule; review labor compliance requirements, progress payment procedures, and project record keeping; establish project lines of communication, appropriate project site conduct, and other project procedures; and discuss public relation concerns and procedures.

An agenda will be prepared by AKM and distributed to the City’s project staff a minimum of five (5) business days prior to the meeting. A written record of attendance and detailed meeting minutes of items discussed shall be prepared and distributed to all attendees by AKM. Our meeting minutes will clearly and completely document all items that were discussed including all discussion points raised regarding the items, rather than providing an expanded agenda with bullet points. A list of Action Items will be created at this meeting and our team will follow-up to ensure that the items are taken care of in a timely manner.

Task 2 - Submittals

Shop Drawings / Submittals - AKM will maintain a project submittal register to track each submittal and identify the date the submittal was received by AKM, the date it was transmitted to the City and the Design Engineer for review, the date the submittal comments are due back to the Contractor, the date the submittal was returned by
the City and the Design Engineer and the noted status of the submittal (for example: no exceptions taken, revise and resubmit, make corrections noted or submit specified items). The submittal register will also track each re-submittal as noted above when re-submittal for an item is required. AKM will distribute comments back to the Contractor as well as the final submittals. The submittal log/schedule will be updated.

We anticipate our Construction Management Team to review certain submittals, (i.e. SWPPP/BMP Plan, CPM schedules, submittal schedule, the schedule of values, the project specific safety plan, Contractor's QA/QC plan, etc.) we will review all required submittals in a thorough and expedient manner within the required timeframes to facilitate construction progress.

During Construction, AKM's Construction Manager/Inspector will review all reports, certifications and testing reports, such as mill certifications for reinforcement bar, compaction testing and laboratory materials testing. All tests will be documented and logged. Test reports that are incomplete or indicate non-compliance will be sent to the Contractor for revisions. AKM will discuss the results of the test with the City and provide recommendations for action.

Task 3: Consultation and Meetings

Consultation and Meetings: Project Meetings will be conducted by the Construction Manager. He will also develop the agenda and seek input from the City.

Attendees at the progress meetings will include key representatives from the City, AKM, the design engineer, the Contractor, and any other agencies having jurisdiction over the project. The following are typical items that are addressed during meetings: Work completed during the previous 2 weeks, overall schedule review, submittal status, schedule of work for the next two weeks, future items requiring coordination, RFIs, status, as-built drawings, maintenance, progress payments, contract change orders, site maintenance and safety, and Contractor performance relative to project schedule, cost, and frequency of non-compliance notices and/or corrective work.

Meeting agendas will be provided in advance of the meeting. Our Construction Manager/Inspector will take comments and/or additions to the agenda items up to 24-hours prior to a meeting. All meeting minutes will contain action items that resulted from the meeting’s discussions. The action items list will be updated and discussed at each meeting to verify that issues are being resolved and do not slip through the cracks. Following the meeting, AKM will draft and distribute meeting minutes within two (2) business days.

RFIs: All requests for information or clarification of interpretations, meanings and intent of the project Contract Documents will be forwarded to the Construction Manager and Inspector by the Contractor. Responses to issues pertaining solely to construction activities will generally be addressed by AKM’s assigned Construction Manager in consultation with the City.

Issues pertaining to project design, interpretation, and/or meaning and intent of the Contract Documents will be forwarded to the Design Engineer for review and response with a copy to the City. A complete log of requests for information or clarifications will be tracked in a log. Our Team will monitor response times and preemptively inform the City of contractural response durations in advance of the deadlines.

Task 4: Record Drawings

The Construction Inspector will meet with the Contractor’s Project Manager to verify that the as-built drawings are consistent and updated. It is suggested that this review occur directly following each progress meeting.

The Construction Inspector will be responsible for keeping their own as-built drawing set and verify consistency on a regular basis with the Contractor’s set. Our set will be completed as a PDF mockup.

Task 5: Change Orders

The Construction Manager will be responsible for managing the change order process and provide input as necessary for resolution of change orders or claims. When time and material work is ordered, or disputed work arises, time and material or disputed work logs will be maintained by the inspector.

Our team will preemptively monitor for potential conflicts that may result in a contract change order. Daily notifications of any conflicts observed or potential contract change orders will be made in the daily reports noting the time of a dispute, time of notification by the Contractor and of any action taken by the Inspector. Detailed accounts of any disputes with the Contractor relating to the project scope of work will also be documented in the daily report. AKM will immediately notify the City in writing when a conflict, dispute, design problem and/or potential contract change order arises. We will also open a “Risk Item” in the project file to track the evolution of the issue.
Task 6 - Construction Observation

We are providing a highly qualified and experienced Construction Inspector to verify compliance of the daily construction work. Daily observation and quality assurance of the proposed work will constitute enforcing strict adherence to the City Standards and regulations; the project plans and specifications and requirements and standards of permitting agencies at all times during the Contractor's prosecution of the work. Inspection services will verify that the construction is in accordance with all Contract Documents. This will be achieved through thorough visual inspections and observations, physical testing, and documentation of all construction activities occurring on site, and material and equipment manufactured or stored off site. Prior to beginning construction, and particular work tasks, the Construction Inspector will be responsible for verifying that the Contractor has all applicable submittals and shop drawings onsite to control the work. He will continually verify that the submittals and shop drawings are adhered to during the work.

Daily reports will be prepared by the Construction Inspector for each day on the project. The daily report will contain a written summary of work completed and all construction activities occurring at the site. The summary will contain specific times and durations that work or events occurred. The daily report will also document weather conditions; drawing and specification references for work completed; traffic control measures taken by the Contractor; quantity of materials used; quantity of materials not used yet stored on site; work completed as a percentage of the apparent bid item, equipment on site and whether the equipment was used or idle, time that equipment was used on the project; and the names, labor classifications, and hours worked for all Contractor employees.

Detailed descriptions will be provided to document any conversations with the Contractor's Field Superintendent or other Contractor personnel, directives given to the Contractor, non-compliance notices issued, any construction issues identified by the Contractor, and any visitors to the project site and their purpose for being there.

The Construction Inspector will make notations in the daily report regarding the safety measures employed by the Contractor; any safety concerns, violations, or deficiencies noticed; and action taken by the Contractor to correct them.

Time noted and dated photographs of construction activities will be included in the daily report. The photographs will contain descriptive captions explaining the work, location of the work at the project site, and position/direction the photograph was taken from.

Sketches, drawings, or details will be prepared as necessary to explain and document daily construction activities, and will be included in the daily report. Daily reports will be completed the same day the observations are conducted to ensure the accuracy and completeness of the report.

Start-up and Commissioning - The startup and commissioning/testing plans will be reviewed by the Construction Manager and Inspector. During field testing of each individual item of equipment and system demonstration, the Construction Inspector will carefully observe and document the results. The Construction Inspector will also be responsible for coordinating with the necessary City and Design Engineering personnel for the testing and startup activities.

The Construction Management Team will coordinate with the necessary parties for startup and final testing of the completed improvements. All equipment will be required to be individually tested and verified prior to scheduling...
the system operational testing, or startup testing. This will entail verifying that manufacturer’s representatives have verified proper installation of their equipment and/or instrumentation and the Contractor has executed and submitted the Manufacturer’s Certificate of Functionality Compliance. Additionally, testing and startup will include electrical testing including insulation resistance, resistance to ground testing, and circuit breaker testing; flow meter and verifying that the proper signals are being read by the PLCs and central control; and coordination of integration with the existing SCADA system. The automation planned will require thorough checking of all the instrument and control loops and the PLC control strategy must be verified, line by line.

Our Construction Manager will coordinate the training programs and curriculum submittals with the City. He will develop and keep a master schedule of all training programs and curriculum as well as anticipated training dates which will be coordinated with the City and their operations staff.

Task 7 - Schedules

The baseline CPM schedule will be the barometer from which Contractor’s performance will be evaluated. During the preconstruction phase of the project, the Contractor will be required to submit a baseline CPM schedule which will be refined following a scheduling meeting conducted between the ARK, the City, and the Contractor. During this period ARK will review the schedule for the overall feasibility and duration of specific activities as well as evaluate interrelated activity constraints and analyze all logic relationships (i.e. predecessor and successor activities).

Task 8 - Pay Requests

Our Construction Manager will review the Contractor’s submitted schedule of values at the beginning of the project and prior to mobilization. He will verify that a sufficient breakdown of the bid items is provided in order to allow for equitable reimbursements through monthly progress payments. He will also verify that the breakdown is logical and accurate to avoid front or end loading of particular items.

During the progress of work the Construction Inspector will track and measure actual quantities of work daily including materials and equipment used and incorporated, as well as labor. At the conclusion of each month, the Construction Inspector will compare the data tabulated throughout the month to the project schedule of values to determine the approximate cost of the work completed. The approximate costs will serve as a basis for determining the appropriate monthly progress pay quantities. Once the Construction Inspector and the Contractor agree on the quantities and all required paperwork requisite to payment release such as the CPM schedule update and narrative, certified payroll reports, preliminary lien releases from subcontractors and suppliers, and as-built drawing updates are received, ARK will transmit the costs per bid item to the City recommending monthly payment quantities. Requests for quantities exceeding that which have actually been completed will not be accepted.

Task 9 - Close-Out

During the course of the Project, the Construction Inspector will keep a running list of issues and corrections requiring resolution. The list will include a description of the issue, date the issue was first observed, and date the issue was resolved. The goal of the list will be to create a real-time punch list to resolve issues prior to the end of the project maximizing the size of final punch lists. Once ARK determines the Project has reached substantial completion the City will be notified and a final inspection/walk through will be recommended to ascertain any unfinished work or corrections to be made. It is anticipated that the final inspection/walk through will include the City staff, the Design Engineer and ARK. Based on the findings and results of the final inspection/walk through, ARK will develop a final punch list of work to be completed and/or corrected. The final punch list will include all necessary outstanding paperwork such as final operations and maintenance manuals, required guarantees, certifications, affidavits, warranties, lien releases, as-built drawings, permit close-out verification and other documents required by the project’s Contract Documents. Once all items have been completed to the satisfaction of the City and the Design Engineer, the Construction Manager will recommend final acceptance.

Prior to the end of construction, our Construction Inspector will develop a list of all required spare parts, separated by discipline and will include model number and manufacturer. The list will be used as a checklist to verify receipt and transfer of all require spare parts.

Following completion of project, the final as-built drawings will be reviewed and when determined to be complete, will be transmitted to the City for review and/or approval. ARK will provide final as-built drawings both in hard copy and PDF format to the Design Engineer for production of mylars and final electronic documents with in 1-week
of their receipt from the Contractor. The approval of final as-built drawings will be requisite to the release of final payment.

A recommendation for final acceptance will occur once all required documents and spare parts have been verified to be submitted and approved, and following completion of the punch list as described above. AKM will first make a recommendation to the City for notice of completion and once concurrence is received, we will prepare and distribute the notice.

A complete electronic copy of all project documents and correspondence will be made and organized. The file will be transmitted to the City at the conclusion of the project.
EXHIBIT B
APPROVED FEE SCHEDULE

AKM's proposed project staff hours and fee estimate is summarized and presented below. The proposed staff hours has been developed to properly address the project scope of work contained in our proposal. The proposed fee reflects our understanding of the scope of work based upon the City’s Request for Proposal, and information provided by the City. We will be happy to refine the scope of work as desired by the City of Pico Rivera, and make changes to the fee proposal to correspond to the final scope of work.

All charges for AKM's services are a not-to-exceed fee and are in accordance with the City's RFP. A rate schedule, used for the creation of our fee, has been included in this fee proposal as well. The rate schedule is used for invoicing purposes, progress payments, and extra work that may be requested. If any additional work is required, AKM will obtain pre-approval from the City of Pico Rivera before proceeding with the work.

<table>
<thead>
<tr>
<th>Task No.</th>
<th>Description</th>
<th>Labor Hours and Rates by Classification</th>
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<td>Pre-Construction Conference</td>
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<td>C</td>
<td>Document Management</td>
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<td>Inspection Items and Checklists</td>
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<td>Initial Schedule Analysis and Monthly Review</td>
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EXHIBIT C
TERMS FOR COMPLIANCE WITH CALIFORNIA LABOR LAW REQUIREMENTS

1. This Agreement calls for services that, in whole or in part, constitute “public works” as defined in Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code (“Chapter 1”). Further, Consultant acknowledges that this Agreement is subject to (a) Chapter 1 and (b) the rules and regulations established by the Department of Industrial Relations (“DIR”) implementing such statutes. Therefore, as to those Services that are “public works”, Consultant shall comply with and be bound by all the terms, rules and regulations described in 1(a) and 1(b) as though set forth in full herein.

2. California law requires the inclusion of specific Labor Code provisions in certain contracts. The inclusion of such specific provisions below, whether or not required by California law, does not alter the meaning or scope of Section 1 above.

3. Consultant shall be registered with the Department of Industrial Relations in accordance with California Labor Code Section 1725.5, and has provided proof of registration to PRWA prior to the Effective Date of this Agreement. Consultant shall not perform work with any subconsultant that is not registered with DIR pursuant to Section 1725.5. Consultant and subconsultants shall maintain their registration with the DIR in effect throughout the duration of this Agreement. If the Consultant or any subconsultant ceases to be registered with DIR at any time during the duration of the project, Consultant shall immediately notify PRWA.

4. Pursuant to Labor Code Section 1771.4, Consultant’s Services are subject to compliance monitoring and enforcement by DIR. Consultant shall post job site notices, as prescribed by DIR regulations.

5. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages for each craft, classification, or type of worker needed to perform the Agreement are on file at City Hall and will be made available to any interested party on request. Consultant acknowledges receipt of a copy of the DIR determination of such prevailing rate of per diem wages, and Consultant shall post such rates at each job site covered by this Agreement.

6. Consultant shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Consultant shall, as a penalty to PRWA, forfeit $200.00 for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Consultant or by any subconsultant.

7. Consultant shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Consultant and each subconsultant to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform PRWA of the location of the records.
8. Consultant shall comply with and be bound by the provisions of Labor Code seq. concerning the employment of apprentices on public works projects. Consultant shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Consultant shall provide PRWA with a copy of the information submitted to any applicable apprenticeship program. Within 60 days after concluding work pursuant to this Agreement, Consultant and each of its subconsultants shall submit to PRWA a verified statement of the journeyman and apprentice hours performed under this Agreement.

9. The Consultant shall not perform Work with any Subconsultant that has been debarred or suspended pursuant to California Labor Code Section 1777.1 or any other federal or state law providing for the debarment of consultants from public works. The Consultant and Subconsultants shall not be debarred or suspended throughout the duration of this Contract pursuant to Labor Code Section 1777.1 or any other federal or state law providing for the debarment of consultants from public works. If the Consultant or any subconsultant becomes debarred or suspended during the duration of the project, the Consultant shall immediately notify PRWA.

10. Consultant acknowledges that eight hours labor constitutes a legal day’s work. Consultant shall comply with and be bound by Labor Code Section 1810. Consultant shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Consultant shall, as a penalty to PRWA, forfeit $25.00 for each worker employed in the performance of this Agreement by the Consultant or by any subconsultant for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Consultant in excess of eight hours per day, and 40 hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay.

11. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Consultant hereby certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

12. For every subconsultant who will perform work on the project, Consultant shall be responsible for such subconsultant’s compliance with Chapter 1 and Labor Code Sections 1860 and 3700, and Consultant shall include in the written contract between it and each subconsultant a copy of those statutory provisions and a
requirement that each subconsultant shall comply with those statutory provisions. Consultant shall be required to take all actions necessary to enforce such contractual provisions and ensure subconsultant’s compliance, including without limitation, conducting a periodic review of the certified payroll records of the subconsultant and upon becoming aware of the failure of the subconsultant to pay his or her workers the specified prevailing rate of wages. Consultant shall diligently take corrective action to halt or rectify any failure.

13. To the maximum extent permitted by law, Consultant shall indemnify, hold harmless and defend (at Consultant’s expense with counsel reasonably acceptable to Pico Rivera Water Authority) PRWA, its officials, officers, employees, agents and independent consultants serving in the role of PRWA officials, and volunteers from and against any demand or claim for damages, compensation, fines, penalties or other amounts arising out of or incidental to any acts or omissions listed above by any person or entity (including Consultant, its subconsultants, and each of their officials, officers, employees and agents) in connection with any work undertaken or in connection with the Agreement, including without limitation the payment of all consequential damages, attorneys’ fees, and other related costs and expenses. All duties of Consultant under this Section shall survive the termination of the Agreement.
**PICO RIVERA WATER AUTHORITY**

**ELECTRICAL SWITCHBOARD REPLACEMENT AT PLANT NO. 3**  
**CIP No. 50027**

**ESTIMATED PROJECT COST & BUDGET**

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<th>Description</th>
<th>Estimated Amount</th>
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<tr>
<td>Design Services (YAO Engineering)</td>
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<td>Change Order for Design Services (YAO Engineering)</td>
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<td>Construction (GA Technical Services, Inc.)</td>
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<td>Construction Contingency</td>
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<td>Construction Management and Inspection Services (AKM Consulting)</td>
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**TOTAL ESTIMATED PROJECT COST:** $616,032

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<tr>
<th>Funding Source</th>
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<td>Water Authority (550 Fund)</td>
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<tr>
<td>FY 2020-21 Requested Appropriation - Water Authority (Fund 550)</td>
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**TOTAL BUDGET:** $616,032
To: Mayor and City Council
From: City Manager
Meeting Date: April 13, 2021
Subject: DISCUSSION AND CONSIDERATION OF A RESOLUTION EXPRESSING A VOTE OF NO CONFIDENCE IN LOS ANGELES COUNTY DISTRICT ATTORNEY GEORGE GASCÓN

Recommendation:

1. Discuss for consideration and approval a resolution supporting a vote of no confidence in Los Angeles County District Attorney George Gascón brought forth by Councilmember Lara and seconded by Mayor Elias; or

2. Direct staff to take an alternative action.

Fiscal Impact:

There is no direct impact to the General Fund as a result of the approval of this resolution.

Background:

At the March 23, 2021 City Council meeting, Councilmember Andrew Lara and Mayor Raul Elias requested an item proposing a vote of no confidence in Los Angeles County District Attorney George Gascón to be placed on the agenda for consideration. The District Attorney (DA) is an elected county official established by Government Code Section §26500-26543 and is responsible for the prosecution of criminal violations of state law and county ordinances occurring within the county in which they are elected. The Los Angeles County DA’s Office prosecutes felony crimes and misdemeanor crimes in unincorporated areas and in 78 of the county’s 88 cities, including the City of Pico Rivera.

The Los Angeles County DA’s Office has a legal responsibility to execute laws enacted by voters or the state legislature. These laws protect the public and uphold prosecutorial policies. The DA also oversees investigation, apprehension and prosecution of these in court. Los Angeles County DA George Gascón was elected as part of the November 3, 2020 General Election, capturing 54% of the Los Angeles County vote. Similarly, DA George Gascón captured 56% of the ballots casted by the residents of the City of Pico Rivera. Since his December 7, 2020 swearing-in ceremony, he has issued numerous special directives to reform criminal prosecutions in Los Angeles County.
Three (3) of these directives are briefly described in this report and a more comprehensive list of directives (total of nine (9)) is outlined as Enclosure 2 in this report. These directives were discussed in the April 9, 2021 Safety Ad Hoc Committee meeting. The summary of this discussion can be presented by the Committee Chair during the City Council meeting, as these discussions will take place after the posting of this agenda.

**Special Directive 20-06: Pretrial Release Policy (Elimination of Cash Bail)**
This Special Directive sets forth new policies and protocols on pretrial release and the use of cash bail. It prohibits Deputy District Attorneys (DDAs) from requesting cash bail for any misdemeanor, non-serious felony or non-violent felony offense. While there is list of these felonies in this directive, there are 19 pretrial release conditions for the DDAs to consider. If none of the 19 conditions are sufficient to ensure a return to court and public safety, then a DDA can consider requesting bail at an arraignment for:

- Felony offenses involving acts of violence on another person; or
- Felony offenses where the defendant has threatened another with great bodily harm; or
- Felony sexual assault offenses on another person.

It also asserts that DDAs shall not object to the release of anyone currently incarcerated in Los Angeles County on cash bail who would be eligible for release under this Special Directive.

**Special Directive 20-07: Misdemeanor Case Management**
This Special Directive listed numerous misdemeanor charges that shall be declined or dismissed before arraignment and without conditions unless “exceptions” or “factors for consideration” exist. The misdemeanors include:

- Trespassing,
- Disturbing the Peace,
- Criminal Threats,
- Drinking in Public,
- Public Intoxication,
- Under the Influence of Controlled Substance,
- Driving Without a Valid License,
- Driving on a Suspended License,
- Drug and Paraphernalia Possession,
- Minor in Possession of Alcohol,
- Loitering,
- Loitering to Commit Prostitution, and
- Resisting Arrest.
Exceptions and factors for consideration listed in Special Directive 20-07 include repeat offenders in the preceding 24 months; however, misdemeanors such as drug and paraphernalia possession, minor in possession of alcohol, drinking in public, public intoxication, under the influence of controlled substance and loitering to commit prostitution do not have exceptions or factors of consideration identified.

**Special Directive 20-08: Sentencing Enhancements/Allegations**

This Special Directive provides that the following sentence enhancements or sentencing allegations shall not be filed in any cases and shall be withdrawn in pending matters:

- Any prior-strike enhancements, including the Three Strikes Law; STEP Act enhancements (also known as “gang enhancements”); violations of bail; and firearm allegations.

Amendments 20-08.1 and 20-08.2 were issued on December 15, 2020, and December 18, 2020, to make further clarification of Special Directive 20-08, including:

- DDAs may pursue the following allegations, enhancements and alternative sentencing schemes: Hate Crime; Elder and Dependent Adult Abuse; Child Physical Abuse; Child and Adult Sexual Abuse; Human Sex Trafficking; and Financial Crime.

The DA’s office has a legal and ethical responsibility to execute laws by voters or the legislature that are intended to protect the public and uphold prosecutorial policies. The proposed resolution would affirm a vote of no confidence for DA George Gascón.

**Conclusion:**

Pursuant to City Council direction to bring forward the resolution presented, it is recommended the City Council consider the request from Councilmember Lara and the recommendations discussed in the Safety Ad Hoc Committee on Friday, April 9, 2021 regarding the resolution to affirm a vote of no confidence for County District Attorney George Gascón.

Steve Carmona

SC:MG:JF

Enclosures: 1) Resolution  
2) Special Directives
RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, EXPRESSING A VOTE OF NO CONFIDENCE IN LOS ANGELES COUNTY DISTRICT ATTORNEY GEORGE GASCÓN

WHEREAS, the City of Pico Rivera (the “City”) places a high priority on public safety and protecting its community; and

WHEREAS, the City has a history of supporting legislation and ballot initiatives that increase public safety and protect the community; and

WHEREAS, Los Angeles County District Attorney George Gascón unilaterally issued a series of Special Directives in December 2020 including Special Directives 20-06, 20-07, and 20-08; and

WHEREAS, Special Directive 20-06: Pretrial Release Policy, eliminated cash bail for any misdemeanor, non-serious felony, or non-violent felony offense; and

WHEREAS, Special Directive 20-07: Misdemeanor Case Management, lists numerous misdemeanor charges that will be declined or dismissed before arraignment and without conditions unless “exceptions” or “factors for consideration” exist. These misdemeanor charges include trespassing, disturbing the peace, criminal threats, drinking in public, drug and paraphernalia possession, under the influence of controlled substance in public, public intoxication, resisting arrest, driving without a valid license or with a suspended license, minor in possession of alcohol, loitering, and loitering to commit prostitution; and

WHEREAS, Special Directive 20-08: Sentencing Enhancements/Allegations eliminates several sentence enhancements, including the Three Strikes Law, gang enhancements, and violations of bail; and

WHEREAS, some of the Special Directives issued by Los Angeles County District Attorney George Gascón contradict state laws that were enacted through the state legislature as well as the legislative ballot initiative process to prevent and prosecute crime and protect the general public; and

WHEREAS, policies that aim to restructure or amend prosecutorial directives need to be consistent with state law and issued with reasonable intent and priority to enhance public safety and protect the general public and victims’ rights.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pico Rivera as follows:

SECTION 1. The City Council of the City of Pico Rivera expresses a vote of no confidence in Los Angeles County District Attorney George Gascón and hereby directs
staff to transmit the resolution to applicable and interested offices and organizations.

**SECTION 2.** That Los Angeles County District Attorney George Gascón rescind Special Directives 20-06, 20-07, and 20-08.

**SECTION 3.** The City Council of the City of Pico Rivera insists that Los Angeles County District Attorney George Gascón uphold the laws of the state, whether they were established by the state legislature or the voters of this state, and demands no Special Directives be issued by Los Angeles County District Attorney George Gascón which contradict these laws.

**SECTION 4.** The City Clerk shall attest to the passage of this resolution and it shall thereupon be in full force and effect.

APPROVED AND PASSED this 13th day of April, 2021.

__________________________________
Raul Elias, Mayor

ATTEST:                                APPROVED AS TO FORM:

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

AYES:
NOES:
ABSENT:
ABSTAIN:
SD 20-06: Pretrial Release Policy

SD 20-06 sets forth new policies and protocols on pretrial release and the use of cash bail. The SD prohibits Deputy District Attorneys (DDAs) from requesting cash bail for any misdemeanor, non-serious felony, or non-violent felony offense. If cash bail is requested for other offenses, DDAs must recommend cash bail amounts that are aligned with the accused's ability to pay. Furthermore, bail and/or pretrial detention may only be considered if there are no other options to protect public safety and reasonably ensure the defendant's return to court. Additionally, DDAs shall not object to the release of anyone currently incarcerated in Los Angeles County on cash bail who would be eligible for release under this SD.

SD 20-07: Misdemeanor Case Management

SD 20-07 states that the following misdemeanor charges shall be declined or dismissed before arraignment and without conditions unless exceptions or factors for consideration exist: trespassing, disturbing the peace, driving without a valid license, driving on a suspended license, criminal threats, drug and paraphernalia possession, minor in possession of alcohol, drinking in public, under the influence of a controlled substance, public intoxication, loitering, loitering to commit prosecution, and resisting arrest. Exceptions and factors for consideration include repeat offenders in the preceding 24 months. However, some misdemeanors listed do not have exceptions or factors of consideration identified.

SD 20-08: Sentencing Enhancements/Allegations

SD 20-08 states that the following sentence enhancements or sentencing allegations shall not be filed in any cases and shall be withdrawn in pending matters: any prior strike enhancements, including the Three Strikes Law; STEP Act enhancements (also known as gang enhancements); violations of bail; and firearm allegations. This directive was further amended to state that DDAs may pursue the following allegations, enhancements, and alternative sentencing schemes: hate crime, elder and dependent adult abuse, child physical abuse, child and adult sexual abuse, human sex trafficking, and financial crimes.

SD 20-09 Youth Justice

SD 20-09 implements policies for crimes involving youth. Pursuant to this SD, youth accused of misdemeanors will not be prosecuted. If necessary and appropriate, youth accused of misdemeanor offenses and low-level felonies will be referred to pre-filing,
community-based diversion programs. Youth will not be charged for crimes involving property damage or minor altercations with group home staff, foster parents, and/or other youth if the youth's behaviors can reasonably be related to the child's mental health or trauma history. The SD also provides that filings will generally consist of the lowest potential code section that corresponds to the alleged conduct and mandate one count per incident. Furthermore, youth will not be sent to the adult court system and enhancements shall not be filed on youth petitions.

**SD 20-10 Habeas Corpus Litigation Unit**

SD 20-10 establishes policies regarding the Habeas Corpus Litigation (HABLIT) Unit's review of non-capital cases. This SD is specific to a legal petition brought by detained or imprisoned inmates to challenge the constitutionality of the conviction and/or sentencing conditions.

**SD 20-11 Death Penalty Policy**

SD 20-11 provides that the DA's Office will not seek the death penalty in any case charged on or after December 8, 2020. The DA's Office will also not defend any existing death sentences and will engage in a thorough review of every existing death penalty judgment from Los Angeles County.

**SD 20-12 Victim Services**

SD 20-12 establishes policies related to services currently provided by the Bureau of Victim Services (BVS). These new policies include the following: (1) BVS will contact all victims of violent crime within 24 hours of receiving notification; (2) BVS will contact the families of individuals killed by law enforcement and provide support services; (3) BVS will support survivors and all others harmed by violence and crime regardless of immigration status, reporting, cooperation, or documentation; (4) BVS will establish a Victim Emergency Fund; and (5) BVS will not require cooperation as a condition of offering services.

**SD 20-13 Conviction Integrity Unit**

SD 20-13 establishes policies regarding the Conviction Integrity Unit (CIU). These policies relate to case review criteria, access to discovery, investigations in claims of wrongful conviction, and case resolution. This SD also provides that the CIU shall develop and maintain a database to track errors and other causes of wrongful convictions uncovered in the course of its case reviews. Pursuant to this SD, the database will track
official misconduct, including the names of law enforcement officers found to have committed misconduct or whose testimony has otherwise been proven to be unreliable.

**SD 20-14 Resentencing**

SD 20-14 provides that the DA's Office will seek to review and remediate every sentence that does not comport with the new Sentencing Enhancement and Juvenile Policies. The DA's Office specifically commits to an expedited review of the following categories of cases: (1) Those who have already served 15 years or more; (2) Those who are currently 60 years of age or older; (3) Those who are at increased risk of COVID-19; (4) Those who have been recommended for resentencing by the California Department of Corrections and Rehabilitation; (5) Those who are criminalized survivors; and (6) Those who were 17 years of age or younger at the time of the offense and were prosecuted as an adult.
To: Mayor and City Council
From: City Manager
Meeting Date: April 13, 2021
Subject: APPROVE A RESOLUTION ESTABLISHING A “COVID-19 MEMORIAL DAY”

Recommendation:

1. Approve a resolution designating the first Monday of March as “COVID-19 Memorial Day” in remembrance and recognition of those who have died as a result of COVID-19 and those who have been impacted by this pandemic.

Fiscal Impact:

There is no direct impact to the General Fund as a result of the approval of this resolution.

Background:

At the March 23, 2021 City Council meeting, the City Council introduced a proclamation establishing the first Monday of March as “COVID-19 Memorial Day” to honor the lives of those who have died as a result of the COVID-19 pandemic and those who continue to suffer from the impacts of this virus. This proclamation is brought today as a resolution for formal approval by the legislative body.

The proposed resolution is based on a resolution circulated nationwide by the U.S. Conference of Mayors. Mayors throughout the United States are currently sponsoring similar resolutions in their cities. On March 1, 2021, the United States death toll exceeded 500,000. This massive death toll and the lives affected by the pandemic has had widespread effects in the City of Pico Rivera. While Pico Rivera residents have grappled with the loss of family, neighbors, community members and friends, the City Council would like to memorialize the lives lost and affected by COVID-19, highlighting the devastating effects on human life, our community, and our economy. And, as the death toll continues to climb, the City Council would like to urge residents to continue taking preventative measures to mitigate the spread of the virus, in tribute to those whose lives have been lost and those who have been impacted due to the COVID-19 pandemic.
Conclusion:

Staff recommends approval of this resolution to establish a “COVID-19 MEMORIAL DAY” in remembrance and recognition of those who have lost their lives and those who have been impacted by this pandemic.

Steve Carmona

SC:JF

Enclosure: 1) Resolution
RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA, PROCLAIMING THE FIRST MONDAY IN MARCH AS COVID-19 MEMORIAL DAY

WHEREAS, COVID-19 is an illness caused by the SARS-CoV-2 virus that can transmit from person to person and has spread across the world, creating a global pandemic that is having devastating effects on human life, our community, and our economy; and

WHEREAS, The symptoms and severity of COVID-19 can vary dramatically by individual and the long-term health implications remains largely unknown, as many people experience lingering side-effects of the disease long after they no longer test positive; and

WHEREAS, To slow the spread of COVID-19 and stay healthy, observance of public health orders and the Governor’s executive orders has created impacts for City of Pico Rivera businesses to comply with capacity limitations, temporary closures and public health guidance; and

WHEREAS, Pico Rivera residents have grappled with the challenges of distance learning and working from home, while others have experienced job loss or lost income; and

WHEREAS, The City of Pico Rivera has taken effective actions to protect the public safety of residents and employees, and found innovative ways to provide municipal services; and

WHEREAS, The Shop Pico Rivera program supported local businesses while Pico Rivera Cares created partnerships with nonprofits and offered aid to residents in need through various food drives held throughout the year; and

WHEREAS, the City of Pico Rivera joins the United States Conference of Mayors in remembrance of those who have lost their lives, honor of those who continue to suffer impacts of this virus, and commemorate them in an appropriate manner.

WHEREAS, the City of Pico Rivera proclaimed at its City Council meeting on the twenty-third day of March, 2021 to memorialize the lives lost to COVID-19 by formal resolution.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and the City Council of the City of Pico Rivera do hereby proclaim the first Monday in March as COVID-19 Memorial Day and will forever memorialize this day in the community by remembering friends, neighbors, and family, who have dealt with the struggles and losses associated with COVID-19.
RESOLUTION NO. _____
Page 2 of 2

APPROVED AND PASSED this 13\textsuperscript{th} day of April, 2021.

________________________________________
Raul Elias, 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: April 13, 2021
Subject: AUTHORIZATION APPROVING THE ISSUANCE OF PENSION OBLIGATION BONDS AND AUTHORIZATION TO FILE VALIDATION ACTION

Recommendation:

1. Approve a resolution authorizing the issuance of bonds to refund certain pension obligations of the City, approving the form and authorizing the execution of a trust agreement and purchase contract, authorizing judicial validation proceedings relating to the issuance of such bonds and approving additional actions related thereto; and

2. Approve Professional Services Agreements with Columbia Capital Management as municipal advisor, Stradling Yocca Carlson and Rauth as validation and bond counsel, and Nixon Peabody as disclosure counsel. The underwriter selection will be submitted for approval at a subsequent City Council meeting.

Fiscal Impact:

The projected total annual cash flow savings of up to $15,000,000, over currently scheduled unfunded actuarial liability (UAL) payments if 100% of the current UAL is financed by the Pension Bonds over the 25 year term. Future new UAL following the impacts of issuing Pension Bonds will depend on future CalPERS investment returns.

With City Council's authorization to commence the next phase of the process to issue Pension Obligation Bonds, the City's municipal advisor, Columbia Capital Management, will begin conducting robust scenario analysis to help determine the most beneficial terms for the bond issuance. These options will be presented at a future City Council meeting, along with options for the adoption of the Pension Policy.

Background:

The City provides retirement benefits to its employees by contracting with the California Public Employees' Retirement System (CalPERS). CalPERS offers a defined benefit plan where retirement benefits are based on a formula, rather than contributions and
earnings to a savings plan. Retirement benefit formulas (e.g. 2.5% at 55, 2.0% at 60 or 2% at 62 depending on hiring date) are calculated based on an employee's years of service credit, age at retirement and final compensation, which is determined by an employee's average salary, excluding overtime, for a defined period of employment. Retirement formulas for employee groups vary based upon date of entering CalPERS membership (Classic or PEPRA if entered into CalPERS service after January 1, 2013).

Retirement benefits are funded by contributions from both employees and the City (normal annual service costs) as well as investment earnings. CalPERS invests pension assets with the goal of earning sufficient returns, currently 7%, over the long-term to pay defined benefits as promised and to cover CalPERS expenses. When investment earnings do not meet expectations, UAL bases are generated for the losses and must be paid off over a 20-year period. When investment returns are above expectations, UAL bases are generated and the gains are amortized over 20 years also.

CalPERS actuaries perform annual evaluations of the plan to determine the accrued actuarial liability (defined benefits that will be owed in the future) for each member agency. The accrued actuarial liability is determined by discounting future benefits payable using a rate equal to the expected long-term earnings rate of CalPERS investments. The accrued actuarial liability is inversely related to the discount rate as a lower discount rate will result in a higher unfunded actuarial liability. If CalPERS lowers their assumed investment earnings rate, the outstanding UAL at the time will increase which occurred in the past. CalPERS reduced their assumed investment earnings rate for the 2018-19 fiscal year from 7.375 to 7.25 and to 7.00% for the 2019-20 fiscal year. The funded status of the plan is determined by the difference between the accumulated financial assets of the plan (fiduciary position) and the accrued actuarial liability. If the fiduciary position is less than the accrued actuarial liability, the plan is underfunded and an UAL exists. Employers have the sole responsibility to pay down the UAL by increasing contributions since the accrued benefits earned by an employee/retiree may not be reduced per California law.

According to the latest analysis from the City's CalPERS Actuary, the City's UAL for the employees and retirees is $40.9 million as of June 30, 2019. The UAL consists of the City's total accrued pension liability of $117.6 million which is 65.2 percent funded by fiduciary assets (investments and cash) of $76.6 million.

The discount rate, which signifies CalPERS assumed return on investments, is used by CalPERS actuaries to calculate the UAL. In the event that CalPERS reduces the current discount rate of 7%, all agencies in CalPERS will be impacted by higher liabilities and, consequently, additional UAL payment contributions.

When CalPERS last reduced its discount rate, causing employer liabilities to significantly increase, CalPERS implemented a "ramp up" strategy to smooth out the increases in UAL contributions. As opposed to a fixed-level payment schedule,
CalPERS started using a 25-year amortization schedule where payments are ramped up in the beginning years and ramped down in the final years. For agencies desiring to accelerate the payoff of their UAL, CalPERS allows additional discretionary payments at any time. Similar to bonded debt or a mortgage, the UAL is "amortized" (gradually reduced or paid off with regular payments covering principal and interest) over the term of the loan. The interest cost to the City for amortizing the UAL of $40.9 million, can be calculated using CalPERS discount rate of 7%. At the current discount rate of 7%, the interest cost for the FY 2020-21 is roughly $2.7 million. The budgeted amortization contribution set by CalPERS is $5.0 million in FY 2019-20, which is about $1.2 million less than the calculated interest cost of $6.2 million due to the "ramp up" strategy. Any payment to CalPERS less than the calculated interest cost results in "negative amortization", meaning the UAL will actually increase by the difference.

**Procurement:**

Per Pico Rivera Municipal Code, Section 3.20.105.A: The City may award purchase orders and contracts in any amount for personal or professional services provided that the award shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the service required and shall be subject to the provisions of Government Code Section 4526, when applicable.

In May 2020, after the City began exploring this refinancing, staff issued a request for proposal (RFP) for bond and disclosure counsel, and received proposals from the two (2) firms recommended above, Stradling Yocca Carlson and Rauth as validation and bond counsel, and Nixon Peabody as disclosure counsel.

In January 2021, the City issued a request for proposal (RFP) to select municipal financial advisors (MFA’s) to assist with structuring and facilitating bond transactions, conducting cost and benefit analysis for financial opportunities, developing financial policies and procedures, staying abreast of the latest developments in the municipal financial markets, implementing best practices and other duties as needed. Of the six (6) proposals received, the City selected Columbia Capital Management to assist the City in refinancing the 2001 Tax Allocation Bonds. The City selected the remaining (5) firms to be on-call for various future financial services.

**On-Call Municipal Financial Advisors**

- Harrell & Company Advisors, LLC
- Urban Futures, Inc.
- Kosmont Transaction Services
- The Bayshore Consulting Group, Inc
- Wildan Financial Services
Discussion:

The resolution being presented to the City Council authorizes the issuance of Pension Obligation Bonds and authorizes staff and bond counsel to submit the necessary documents to the Los Angeles County Superior Court to start the judicial validation process. The first step in the bond issuance process takes at least 90 days. This will also set the parameters for the total bond issuance and the maximum true interest cost that the City is willing to accept. While the validation action is being processed, the City's disclosure counsel will work with the City and the financing team to prepare a Preliminary Official Statement and Continuing Disclosure Certificate, and will bring those documents back to the City Council for approval at a later meeting.

Below are substantially final form financing documents that are being approved by the adoption of the resolution, together with any changes, deletions, or additions approved by the Mayor, the City Manager or the Director of Finance:

- Trust Agreement between the City and the Trustee, which sets forth the material terms and provisions relating to the Pension Bonds.

- Bond Purchase Agreement between the City and the Underwriter, pursuant to which the Pension Bonds will be sold with a negotiated method of sale, such terms and provisions including a not-to-exceed principal amount of $45,000,000, a not-to-exceed true interest cost of 4.5%, and an underwriter's discount not-to-exceed 1% of the principal amount of the Pension Bonds.

As of July 2019, the most recent CalPERS valuation date, the funded status of the City of Pico Rivera CALPERS retirement plan was projected to be 65.2%. This means that the retirement plan has a current shortfall of 34.8% of the amount needed to meet all the retirement plans payment obligation. The average public agency (county, city or special district) was 70.2% funded. The City's UAL was approximately $40.9 million. CalPERS most recent return on investments of 4.7% percent for the fiscal year ended June 30, 2020, which was below their target investment return of 7%, will be factored into next year's valuation report likely resulting in an increase in the City's UAL. CalPERS requires that the City make annual payment on its $40.9 million UAL. Current year's payments total $3.1 million and the amount is expected to increase through 2031 where the payment may peak at $4.3 million. If CalPERS earns less than 7% on the City's retirement account, the UAL and annual payments will increase.

The demand on the City General Fund over the next 20 years will likely be significant, given needed increases in City services, community priorities and infrastructure needs.

Staff is recommending that the City issue Pension Obligation Bonds (POB's) in an effort to reduce the escalating cost of the UAL scheduled payments. POB’s will allow the City to restructure all or a substantial portion of the UAL. Debt service payments on the
POBs are expected to be significantly less than the currently scheduled UAL payments. POB’s will not have any impact on future UAL due to future CalPERS investment under performance.

As part of issuance of POB’s, staff will be working with the City’s municipal advisor and bond underwriter to analyze various approaches to maximize the benefit of the POBs, with the following goals in mind:

- Maintain City service levels while funding future increasing pension benefit obligations.
- Establish a minimum pension funding level.
- Fully amortize debt by paying principal and interest each year to avoid negative amortization which ultimately increases UAL and interest costs.
- Utilize level dollar repayment schedules to avoid future debt service spikes. Level dollar payment amortization becomes a decreasing percentage of the annual budget over time and facilitates the budget process and long-term financial planning.

The final recommended POB debt structure will be presented to the City Council at a future meeting. The Good Faith Estimates required by SB 450 for the POBs is included as Exhibit A to this report.

Since the CalPERS report for June 30, 2019, municipal borrowing rates have fallen dramatically, making the cost of borrowing more attractive compared to the 7% annual charge (interest rate) currently assessed by CalPERS on the City’s UAL. For the current fiscal year, the City will pay $3,116,319 for UAL to CalPERS.

Staff has been reviewing the actions of other CalPERS participants regarding Pension Policies and other pension management strategies. As part of the POB issuance, staff intends to contract for actuarial services to independently evaluate the City’s UAL position under a variety of UAL repayment scenarios. These different scenarios will enable the City to develop a long-term financial plan and budget depending on future anticipated outcomes. An independent actuary can provide updated actuarial information which is not available from CalPERS.

Assuming the proposed issuance of POB’s is approved, staff together with the City’s municipal advisor intends to solicit bond underwriting proposals with the next month. Once a bond underwriter is approved, the finance team will work on preparing a preliminary bond official statement and pension policy for future City Council approval. No bonds can be issued until the Superior Court Validation process is completed which is not expected until September of 2021. Assuming the Validation is approved, staff will draft the following and seek City Council approval:

- Preliminary Bond Official Statement,
- Pension Policy,
Final structure of the POBs, and
City will obtain a rating for the POBs. A bond rating in the “AA” category is expected. The final bond interest rate will depend on bond market conditions at time of sale.

Staff will also contact our CalPERS assigned actuary regarding the impact of issuing POBs under various prepayment scenarios. Assuming POBs are issued by October 2021, CalPERS will recalculate the required UAL payment for FY 2022-23. In addition, the City’s next actuarial valuation reports will be updated to reflect the payment of bond proceeds in October 2021 and factor this into our FY 2022-23 required UAL payment. The required UAL payment will depend on the amount contributed from bond proceeds. If the proposed legal validation action is approved by the courts, staff will provide a detailed analysis to the City Council on the size and term of the proposed pension bonds, the risks involved, and the expected outcome prior to the issuance of pension bonds.

**Conclusion:**

Staff therefore recommends that City Council approve the resolution and to authorize the City Manager and Finance Director to take all administrative and budgetary actions necessary to perform the bond issuance. Staff will present the Pension Policy and Pension Obligation Bond structuring and alternatives at a future City Council meeting.

Steve Carmona

SC:AG:ep

**Enclosures:**
1) Resolution/Exhibit A
2) Trust Agreement – Pico Rivera 2021 Pension Obligation Bonds
3) Bond Purchase Agreement – Pico Rivera 2021 Pension Obligation Bonds
4) Professional Service Agreement – Columbia Capital Management
5) Professional Service Agreement – Stradling Yocca Carlson and Rauth
6) Professional Service Agreement – Nixon Peabody
RESOLUTION NO. ___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA, CALIFORNIA AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND PURCHASE CONTRACT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS AND APPROVING ADDITIONAL ACTIONS RELATED THERETO

WHEREAS, the City of Pico Rivera (the “City”) has previously adopted a retirement plan pursuant to the Public Employees’ Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the “Retirement Law”) and elected to become a contracting member of the California Public Employees’ Retirement System (“PERS”); and

WHEREAS, the Retirement Law and the contract (the “PERS Contract”) effective February 1, 1959, between the Board of Administration of PERS and the City Council of the City (the “City Council”) obligates the City: (i) to make contributions to PERS to fund pension benefits for certain City employees; (ii) to amortize the unfunded accrued actuarial liability with respect to such pension benefits; and (iii) to appropriate funds for the foregoing purposes; and

WHEREAS, the City desires to authorize the issuance of its City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”) pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), in a maximum principal amount not to exceed that required for the purpose of refunding all or a portion of the City’s current obligation to PERS for fiscal year 2021-22, pursuant to the PERS Contract, to pay all or a portion of the unfunded accrued actuarial liability of the City (the “Unfunded Liability”) with respect to pension benefits under the Public Employees’ Retirement Law and the PERS Contract, to pay capitalized interest on the Bonds and to pay the costs of issuance of such Bonds, including the underwriter’s discount and any original issue discount on such Bonds; and

WHEREAS, the City expects that the need may arise in the future to issue additional refunding bonds (the “Additional Bonds”) pursuant to the Bond Law to amortize the accrued and Unfunded Liability of the City to PERS as required by the Retirement Law and the PERS Contract and to fund all or a portion of the normal contributions required by the PERS Contract; and

WHEREAS, the Bonds will be issued under and secured by a Trust Agreement (such Trust Agreement, in the form attached hereto as Exhibit A, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to as the "Trust Agreement");
herein as the “Trust Agreement”) by and between the City and a trustee to be selected by the City (the “Trustee”); and

WHEREAS, the City has determined the advisability of filing a judicial validation action to determine the validity of the Bonds, the Additional Bonds and the Trust Agreement, and the actions proposed to be taken in connection therewith; and

WHEREAS, in compliance with SB 450, the City has obtained from its Municipal Advisor required good faith estimates relating to the Bonds, and such estimates are disclosed and set forth in an exhibit to the staff report submitted herewith; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pico Rivera as follows:

SECTION 1. The City Council does hereby find and declare that the above recitals are true and correct.

SECTION 2. The issuance of the Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form and shall have terms as provided in the Trust Agreement, as the same shall be completed in accordance with this Resolution. The title of the Bonds may be changed to reflect the year in which the Bonds are issued, and to reflect the appropriate series designation, as directed by the City Manager of the City.

SECTION 3. The Trust Agreement, in substantially the form attached hereto as Exhibit A, is hereby approved. The Mayor, the Mayor Pro Tem, the City Manager, the Assistant City Manager or the Director of Finance, and their authorized designees (the “Designated Officers”) are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Designated Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Designated Officer. The City Clerk is hereby authorized and directed to attest the Trust Agreement for and in the name and on behalf of the City. The City Manager, the Assistant City Manager and the Director of Finance are each hereby authorized to work with the Municipal Advisor (as identified in Section 8) to select the Trustee for the Bonds.
SECTION 4. The City hereby authorizes and approves the issuance of Additional Bonds pursuant to the Bond Law, as authorized by the Trust Agreement, from time to time, to refund all or a portion of the Unfunded Liability and the City’s obligation to PERS pursuant to the PERS Contract for the then-current fiscal year, provided that the City Manager, or the designee thereof, first certifies to the City Council in writing that such actions will result in cost savings to the City. The City Council authorizes any one of the Designated Officers, or their designees, to execute and deliver one or more other trust agreements and/or one or more supplemental agreements supplementing or amending the Trust Agreement and providing for the issuance of Additional Bonds (each, an “Additional Trust Agreement”); provided, however, that: (i) each series of Additional Bonds shall be in a principal amount not to exceed the sum of: (a) the Unfunded Liability of the City to PERS under the PERS Contract and the Retirement Law remaining unpaid on the date of issuance of such Additional Bonds; plus (b) the obligation to PERS for the current or subsequent fiscal year pursuant to the PERS Contract; plus (c) the costs of issuing the Additional Bonds; (ii) the stated interest rate on the Additional Bonds shall not exceed the discount rate assumed by PERS with respect to the amortization of the Unfunded Liability at the time such Additional Bonds are issued; and (iii) the Additional Bonds issued pursuant to such Additional Trust Agreement shall mature not later than 30 years from the date of their issuance.

Each Unfunded Liability refunded by the Bonds and each series of Additional Bonds pursuant to the Trust Agreement and each Additional Trust Agreement constitutes an obligation imposed by law, pursuant to the Constitution and laws of the State of California and an obligation of the City not limited as to payment from any special source of funds. The Unfunded Liability refunded by the Bonds pursuant to the Trust Agreement and each series of Additional Bonds pursuant to an Additional Trust Agreement shall not, however, constitute an obligation of the City for which the City is obligated or permitted to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation.

SECTION 5. The form of the Bond Purchase Agreement (the “Purchase Contract”) by and between the City and an underwriter or underwriters to be selected by the City (the “Underwriter”) in substantially the form attached hereto as Exhibit B, and the sale of the Bonds to the Underwriter pursuant thereto upon the terms and conditions set forth therein, are hereby approved. Subject to such approval and to the provisions hereof, the Designated Officers are each hereby authorized and directed to evidence the City’s acceptance of the offers made by the Purchase Contract by executing and delivering the Purchase Contract in said form with such changes therein as the Designated Officer or Designated Officers executing the same may approve and such matters as are authorized by this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof by any one of the Designated Officers. The City Manager, the Assistant City Manager and the Director of Finance are each hereby authorized to work with the Municipal Advisor to select the Underwriter for the Bonds.
SECTION 6. The Designated Officers are each authorized, on behalf of the City, to establish and determine: (i) the final principal amount of the Bonds, provided that the aggregate initial principal amount of the Bonds shall not be greater than the lesser of: (a) $45,000,000; or (b) the sum of: (1) the City’s obligation to PERS for the remainder of fiscal year 2021-22, as evidenced by the PERS Contract; plus (2) the Unfunded Liability as calculated by PERS or another actuary selected by the Designated Officer; plus (3) the costs of issuing the Bonds as approved by such Designated Officer; (ii) the final interest rates on various maturities of the Bonds, provided that the true interest cost of the Bonds shall not exceed 4.5% and that the maturity date of the Bonds shall not be later than the last date which PERS has determined for the amortization of the Unfunded Liability of the City in accordance with its current procedures; and (iii) the Underwriter’s discount for the purchase of the Bonds, not to exceed 1.0% of the principal amount of the Bonds.

SECTION 7. The Designated Officers are hereby authorized to negotiate and execute an insurance policy and debt service reserve fund insurance policy for the Bonds (and such other agreements that may be required by the insurer in connection therewith) if it is determined that the policies will result in interest rate savings for the City, and to pay the insurance premium of such policies from the proceeds of the issuance and sale of the Bonds.

SECTION 8. Stradling Yocca Carlson & Rauth, a Professional Corporation (“SYCR”), is hereby retained to act as Bond Counsel to the City, Nixon Peabody LLP (“Nixon”) is hereby retained to act as Disclosure Counsel to the City and Columbia Capital Management, LLC (“Columbia”), is hereby retained to serve as Municipal Advisor to the City, in connection with the issuance of the Bonds. The Designated Officers are, and each of them is, hereby authorized to execute contracts with SYCR, Nixon and Columbia in substantially the respective forms on file with the Clerk, together with such changes as may be approved by the Designated Officer(s) signing such contracts, which changes shall be deemed approved by the execution and delivery of such contract by such Designated Officer(s).

SECTION 9. In order to determine the validity of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements, and the actions authorized hereby to be taken in connection therewith, the City Council hereby authorizes the City Attorney, in concert with SYCR, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements in the Superior Court of Los Angeles County, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure. The City Council further authorizes the Designated Officers and all other officers, employees and agents of the City to take any and all actions, including the execution and delivery of appropriate documentation, as may be required to conclude such judicial validation proceedings.

SECTION 10. The Designated Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for
carrying out the transactions contemplated hereby, including, but not limited to, the 
preparation of an Official Statement (and a Preliminary Official Statement) for use in 
connection with the offering and sale of the Bonds, the execution and delivery of a 
continuing disclosure undertaking and the execution and delivery of any documents 
required by PERS in order to complete the issuance of the Bonds and the refunding of 
the Unfunded Liability. All actions heretofore taken by the Designated Officers and by 
any other officers, employees or agents of the City with respect to the issuance of the 
Bonds, or in connection with or related to any of the agreements or documents 
referenced herein, are hereby approved, confirmed and ratified.

SECTION 12. The City Clerk shall attest to the passage of this resolution and it 
shall thereupon be in full force and effect.

APPROVED AND PASSED this 13th day of April, 2021.

__________________________
Raul Elias, Mayor

ATTEST:  
APPROVED AS TO FORM:

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

AYES:  
NOES:  
ABSENT:  
ABSTAIN:
EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Pension Obligation Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City of Pico Rivera by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the City of Pico Rivera that, based on the financing plan and current market conditions, its’ good faith estimate of the aggregate principal amount of the Pension Obligation Bonds to be sold is $42,600,000 (the "Estimated Principal Amount"), which excludes approximately $0.00 of net premium estimated to be generated based on current market conditions. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of the bonds.

True Interest Cost of the Pension Obligation Bonds. The Municipal Advisor has informed the City of Pico Rivera that, assuming that the Estimated Principal Amount of the Pension Obligation Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its’ good faith estimate of the true interest cost of the Pension Obligation Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Pension Obligation Bonds, is 3.25%.

Finance Charge of the Pension Obligation Bonds. The Municipal Advisor has informed the City of Pico Rivera that, assuming that the Estimated Principal Amount of the Pension Obligation Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its’ good faith estimate of the finance charge for the Pension Obligation Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Pension Obligation Bonds), is $600,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City of Pico Rivera that, assuming that the Estimated Principal Amount of the Pension Obligation Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its’ good faith estimate of the amount of proceeds expected to be received by the City of Pico Rivera or the sale of the Pension Obligation Bonds, less the finance charge of the Pension Obligation Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Pension Obligation Bonds, is $42,000,000.

Total Payment Amount. The municipal advisor has informed the City of Pico Rivera that, assuming that the Estimated Principal Amount of the Pension Obligation Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its’ good faith estimate of the total payment amount, which means the sum total of all payments the City of Pico Rivera will make to pay debt service on the Pension Obligation Bonds, plus the finance charge for the Pension Obligation Bonds, as described above, not paid with the
proceeds of the Pension Obligation Bonds, calculated to the final maturity of the Pension Obligation Bonds, is $61,981,712 (excluding any offsets from capitalized interest).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Pension Obligation Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Pension Obligation Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Pension Obligation Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Pension Obligation Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Pension Obligation Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the financing plan or finance charges, or a combination of such factors. The actual date of sale of the Pension Obligation Bonds and the actual principal amount of Pension Obligation Bonds sold will be determined by the City of Pico Rivera, based on the timing of the need for proceeds of the Pension Obligation Bonds and other factors. The actual interest rates borne by the Pension Obligation Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Pension Obligation Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City of Pico Rivera.
TRUST AGREEMENT

by and between

CITY OF PICO RIVERA

and

_____________________,

as Trustee

Dated as of _____ 1, 2021

Relating to

$____
CITY OF PICO RIVERA
PENSION OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)
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This TRUST AGREEMENT is dated as of _____ 1, 2021, and is made by and between the CITY OF PICO RIVERA, a general law city that is duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California (the “City”), and ____________, a national banking association that is organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

RECITALS

A. The City is a member of the California Public Employees’ Retirement System (“PERS”) and, as such, is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of PERS and the City Council of the City, effective February 1, 1959 (as amended, the “PERS Contract”), to make contributions to PERS: (a) to fund pension benefits for its employees who are members of PERS; (b) to amortize the unfunded actuarial liability with respect to such pension benefits; and (c) to appropriate funds for the purposes described in clauses (a) and (b).

B. The City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) to issue bonds for the purpose of refunding certain obligations of the City, including the obligations set forth in the PERS Contract.

C. For the purpose of refunding the City’s unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the “Unfunded Liability”), and to pay costs of issuance, including underwriter’s discount and any original issue discount, the City has determined to issue its $____ aggregate principal amount of City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”), all pursuant to and secured by this Trust Agreement providing for the issuance of the Bonds, all in the manner provided herein.

The City and the Trustee hereby agree as follows, each for the benefit of the other and the benefit of holders of the Bonds (as defined below) issued in accordance with this Trust Agreement.

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01 Certain Defined Terms. The terms defined in this Article I shall, for all purposes of this Trust Agreement, have the meanings that are specified below unless the context clearly requires otherwise.

“Account” means any account established pursuant to this Trust Agreement.

“Additional Bonds” means bonds issued in accordance with Section 2.06 hereof.

“Annual Debt Service” means, for any Bond Year, the sum of the aggregate amount of principal required to be paid on Bonds during such Bond Year either at maturity or pursuant to a
mandatory sinking fund payment and the interest due on the Bonds on each Interest Payment Date
during such Bond Year.

“Authorized City Representative” means the Mayor, the Mayor Pro Tem, the City
Manager, the Assistant City Manager or the Director of Finance of the City, or their authorized
designees.

“Authorized Denominations” means $5,000 and any integral multiple thereof.

“Beneficial Owner” means, whenever used with respect to a Bond, the person in whose
name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of
such Participant or such person’s subrogee.

“Bond” or “Bonds” means the bonds issued under this Trust Agreement and designated as
“City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable).”

“Bond Counsel” means: (a) Stradling Yocca Carlson & Rauth, a Professional Corporation;
or (b) a firm of attorneys nationally recognized as experts in the area of municipal finance who are
familiar with the transactions contemplated under this Trust Agreement and acceptable to the City.

“Beneficial Owner” means the Account of that name established within the Revenue
Fund pursuant to Section 6.02 hereof.

“Bond Principal Account” means the Account of that name established within the Revenue
Fund pursuant to Section 6.02 hereof.

“Bond Year” means the twelve-month period commencing on each _____ 2 and ending on
the next succeeding ____ 1, except that the first Bond Year shall commence on the Closing Date and
end on _____ 1, 202__.

“Book-Entry Bonds” means the Bonds held by DTC (or its nominee) as the registered owner
thereof pursuant to the terms and provisions of Section 3.03 hereof.

“Business Day” means a day: (a) other than a day on which banks located in the City of New
York, New York or the cities in which the Principal Office of the Trustee or any Paying Agent are
located, are required or authorized by law or executive order to close; and (b) on which the New
York Stock Exchange is open.

“Closing Date” means ________ , 2021.

“Consultant” means the accountant, attorney, consultant, municipal finance consultant or
investment banker, or firm thereof, retained by the City to perform acts and carry out the duties
provided for such Consultant in this Trust Agreement. Such accountant, attorney, consultant,
municipal finance consultant or investment banker, or firm thereof, shall be nationally recognized
within its profession for work of the character required.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate
related to the Bonds that is executed and delivered by the City and acknowledged and accepted by
the dissemination agent listed therein, dated the Closing Date, as originally executed and as it may be
amended from time to time in accordance with the terms thereof.
“Costs of Issuance” means all costs and expenses incurred by the City in connection with the issuance of the Bonds and the refunding of the Unfunded Liability, including, but not limited to, out-of-pocket expenses of the City, costs and expenses of printing and copying documents and the Bonds and the fees, costs and expenses of Rating Agencies, credit providers or enhancers, the Trustee, counsel to the Trustee, Bond Counsel, accountants, municipal advisor, financial consultant, disclosure counsel and other consultants and the premium for any municipal bond insurance and surety bond insurance.

“Defeasance Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”); (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated; and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively (or any combination thereof), which shall be authorized to be used to effect defeasance of the Bonds.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Event of Default” means any occurrence or event specified in Section 11.01 hereof.

“Fiduciary or Fiduciaries” means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the City designates as its fiscal year.

“Fund” means any fund established pursuant to this Trust Agreement.

“Holder,” or “Bondholder,” “owner” or “registered owner” means the registered owner of any Bonds, including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

“Information Services” means any one or more of the national information services that Trustee determines are in the business of disseminating notices of redemption of obligations such as the Bonds.

“Interest Payment Date” means ____ 1 and _____ 1 of each year commencing _____ 1, 202__.

“Mail” means by first-class United States mail, postage prepaid.

“Moody’s” means Moody’s Investors Service, Inc., New York, New York, and its successors, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.
“**Outstanding**,” with respect to the Bonds, means all Bonds which have been authenticated and delivered under this Trust Agreement, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby.

(b) Bonds deemed to be paid in accordance with Section 10.02 hereof.

(c) Bonds in lieu of which other Bonds have been authenticated under Sections 3.02 and 3.04 hereof.

(d) Bonds that have become due (at maturity, on redemption, or otherwise) and for the payment of which sufficient moneys, including interest accreted or accrued to the due date, are held by the Trustee or a Paying Agent.

(e) For purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds Outstanding under this Trust Agreement, Bonds held by or for the account of the City or by any person controlling, controlled by or under common control with the City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged. Nothing herein shall be deemed to prevent the City from purchasing Bonds from any party out of any funds available to the City.

“**Participant**” means the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“**Paying Agent**” means any paying agent for the Bonds, or successor thereto, appointed by the City pursuant to Sections 7.01 or 7.02 hereof, and any successor appointed pursuant to Section 7.04 hereof.

“**Permitted Investments**” means the following:

(1) 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 (“U.S. Government Securities”).

(2) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

   a. Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
   b. Federal Housing Administration – debentures

---

* The following are explicitly excluded from the securities enumerated in 2 and 3:

(i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
(ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
(iv) Collateralized Mortgage-Backed Obligations (“CMOs”).
c. General Services Administration – participation certificates
d. Government National Mortgage Association (“GNMAs”) – guaranteed mortgage-backed securities and guaranteed participation certificates
e. Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
g. U.S. Maritime Administration – guaranteed Title XI financings
h. Washington Metropolitan Area Transit Authority – guaranteed transit bonds

(3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

b. Federal Home Loan Mortgage Corporation (“FHLMC”) – participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
c. Federal Home Loan Banks – consolidated debt obligations
d. Student Loan Marketing Association – debt obligations
e. Resolution Funding Corporation – debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund, and including funds for which the Trustee or its affiliates provide investment advisory or other management services.

(7) Certificates of deposit, deposit accounts, federal funds or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank’s short-term certificates of deposit are rated P-1 by Moody’s and A-1 or better by S&P (not considering holding company ratings).
(8) Investments in money-market funds rated AAAm or AAAm-G by S&P, including funds for which the Trustee and its affiliates provide investment advisory or other management services.

(9) Repurchase agreements that meet the following criteria:

a. A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

b. Acceptable providers shall consist of: (i) registered broker/dealers subject to Securities Investors’ Protection Corporation (“SIPC”) jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; or (ii) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P.

c. The repurchase agreement shall require termination thereof if the counterparty’s ratings are suspended, withdrawn or fall below A3 or P-1 from Moody’s, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

d. The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA, FNMA or FHLMC. The repurchase agreement shall require: (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly; (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date; and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.

e. The repurchase securities shall be delivered free and clear of any lien to the Trustee or to an independent third party acting solely as agent (“Agent”) for the Trustee, and such Agent is: (i) a Federal Reserve Bank; or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than $50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.
f. A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

g. The repurchase agreement shall have a term of one year or less, or shall be due on demand.

h. The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities:

(i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
(ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 9(d) above; or
(iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(10) Investment agreements, collateralized at 102%, (also referred to as guaranteed investment contracts) that meet the following criteria:

a. A master agreement or specific investment agreement governs the transaction.

b. Acceptable providers of uncollateralized investment agreements shall consist of: (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody’s and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody’s and AAA by S&P; and (iii) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P.

c. Acceptable providers of collateralized investment agreements shall consist of: (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody’s and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody’s and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody’s and A+ by S&P; and (iv) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P. Required collateral levels shall be as set forth in 10(f) below.

d. The investment agreement shall provide that if the provider’s ratings fall below Aa3 by Moody’s or AA- by S&P, the provider shall within ten (10) days either: (i) repay the principal amount plus any accrued
and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

e. The investment agreement must provide for termination thereof if the provider’s ratings are suspended, withdrawn or fall below A3 from Moody’s or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty to the City.

f. The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below (“Permitted Collateral”) which shall be maintained at the following collateralization levels at each valuation date:

(i) U.S. Government Securities at 104% of principal plus accrued interest; or
(ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.

g. The investment agreement shall require the Trustee to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

(i) the last quoted “bid” price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;
(ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
(iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

h. Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.

i. The provider shall grant the Trustee a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under item 10(f) above, the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral.
j. The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days’ notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

(i) In the event of a deficiency in the debt service account;
(ii) Upon acceleration after an event of default;
(iii) Upon refunding of the Bonds in whole or in part;
(iv) Reduction of any debt service reserve requirement for the Bonds; or
(v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the City’s obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to any debt service reserve fund established for the Bonds.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities:

(i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
(ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
(iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
(iv) Failure by the provider to make a payment or observe any covenant under the agreement;
(v) The guaranty (if any) is terminated, repudiated or challenged; or
(vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.
(I) The investment agreement must incorporate the following general criteria:

(i) “Cure periods” for payment default shall not exceed two (2) business days;

(ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee;

(iii) Neither the agreement nor guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines);

(iv) If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.

(v) The provider shall be required to immediately notify the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider’s ratings; and

(vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim.

(11) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to: (i) any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider’s ratings are suspended, withdrawn or fall below A3 or P-1 from Moody’s or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.
(d) Permitted securities shall include the investments listed in items 1, 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

(i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

(ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider’s failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

(iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.

(iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider’s estate.

(v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines).

(12) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the City or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement.

(13) Maturity of investments shall be governed by the following:

a. Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

b. Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

c. Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

(14) Any other investment which the City is permitted by law to make, including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d), (f), (h) and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided
further that investments authorized pursuant to paragraphs (k) and (m) of Section 53601 are not permitted.

To the extent that any of the requirements concerning Permitted Investments embodies a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion from counsel to such party, that such requirement has been met.

“PERS” means the California Public Employees’ Retirement System.

“PERS Contract” has the meaning assigned that term in the Recitals to this Trust Agreement.

“Principal Office of the Trustee” means the office of the Trustee at the address set forth in Section 14.06 of this Trust Agreement, provided for transfer, exchange, registration, surrender and payment of Bonds means care of the corporate trust operations office of [____________] in [____________] or such other office designated by the Trustee.

“Rating Agencies” means Moody’s and S&P.

“Rating Category” means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Record Date” means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Fund” means the Fund of that name established pursuant to Section 6.03 hereof.

“Refunding Law” has the meaning assigned that term in the Recitals to this Trust Agreement.

“Registrar” means, for purposes of this Trust Agreement, the Trustee or its successor or assignee.

“Representation Letter” means the Letter of Representations from the City to DTC with respect to the Bonds.

“Requisition” means a written requisition, substantially in the form of Exhibit “B” hereto.

“Responsible Officer” means an officer of the Trustee assigned by the Trustee to administer this Trust Agreement.

“Retirement Law” has the meaning assigned that term in the Recitals to this Trust Agreement.

“Revenue Fund” means the Fund of that name established pursuant to Section 6.02 hereof.
“S&P” means S&P Global Ratings, LLC, a Standard & Poor’s Financial Services LLC business, and its successors, and, if such company shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Securities Depositories” means any of The Depository Trust Company or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or if no such depositories, as the City may indicate in a certificate of the City delivered to the Trustee.

“State” means the State of California.

“Total Bond Obligation” means, as of any date of calculation, the aggregate principal amount of the Bonds then Outstanding.

“Trust Agreement” means this Trust Agreement dated as of _____ 1, 2021 between the City and the Trustee, as it may be amended, supplemented or otherwise modified from time to time.

“Trustee” means the entity named as such in the heading of this Trust Agreement until a successor replaces it, and thereafter means such successor.

“Unfunded Liability” has the meaning assigned that term in the Recitals to this Trust Agreement.

Section 1.02 Other Definitional Provisions. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Trust Agreement. Any of the terms defined in Section 1.01 may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

ARTICLE II

THE BONDS

Section 2.01 Issuance of Bonds; Form; Dating. Bonds may be issued by the City under the terms of this Trust Agreement only to refund the City’s Unfunded Liability under the PERS Contract and the Retirement Law and to pay the Costs of Issuance in connection with the issuance of the Bonds. The Bonds shall be designated “City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable)” and shall be issued in Authorized Denominations. The Bonds shall be issued hereunder in the aggregate principal amount of ____. Interest on the Bonds shall be payable on each ____ 1 and _____ 1, commencing _____ 1, 202__.

Section 2.02 Description of the Bonds. Each Bond shall be issued in fully registered form and shall be numbered as determined by the Trustee. The Bonds shall be dated the Closing Date. The Bonds shall be issued in Authorized Denominations; provided, however, that the Bonds shall initially be Book-Entry Bonds.
The Bonds shall mature on the dates, in the principal amounts, and interest thereon shall be computed at the rates, as shown below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(_____ I)</td>
<td>$</td>
<td>%</td>
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Section 2.03  Interest on the Bonds. Interest on each Bond of each maturity shall be payable at the respective per annum rates set forth in Section 2.02 hereof and shall be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months. Interest on each Bond shall accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless: (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

Section 2.04  Medium of Payment. Principal, premium, if any, and interest on the Bonds shall be payable in currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on each Interest Payment Date by check of the Trustee sent by Mail, or by wire transfer to any Holder of $1,000,000 or more of Bonds, to the account specified by such Holder in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Holder thereof on the Record Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Bonds upon redemption or maturity will be made upon presentation and surrender of each such Bond, at the Principal Office of the Trustee.
Section 2.05 Form. The Bonds shall be substantially in the form set forth in Exhibit “A” attached hereto and by this reference incorporated herein. The Bonds may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the City.

Section 2.06 Additional Bonds. From time to time, the City may enter into: (i) one or more other trust agreements or indentures; and/or (ii) one or more agreements supplementing and/or amending this Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund all or any portion of any Unfunded Liability under the PERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to PERS. Such Additional Bonds may be issued on a parity with the Bonds.

ARTICLE III
EXECUTION, AUTHENTICATION AND EXCHANGE OF BONDS; BOOK ENTRY BONDS

Section 3.01 Execution and Authentication; Registration.

(a) The Bonds will be signed for the City with the manual or facsimile signature of the City Manager of the City. The City may deliver to the Trustee or its agent duly executed Bonds for authentication from time to time by the Trustee or its agent as such Bonds may be required. Bonds executed and so delivered and authenticated will be valid. In case any officer of the City whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Trust Agreement, such person was not such officer.

(b) A Bond will not be valid until the Trustee or its agent executes the certificate of authentication on such Bond by manual signature. Such signature will be conclusive evidence that such Bond has been authenticated under this Trust Agreement. The Trustee may appoint an authenticating agent acceptable to the City to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so. Each reference in this Trust Agreement to authentication by the Trustee includes authentication by such agent.

(c) Bonds may be presented at the Principal Office of the Trustee, unless a different office has been designated for such purpose, for registration, transfer and exchange. The Registrar will keep a register of such Bonds and of their transfer and exchange.

Section 3.02 Transfer or Exchange of Bonds. Subject to Section 3.03:

(a) All Bonds shall be issued in fully registered form. Upon surrender for transfer of any Bond at the Principal Office of the Trustee, the Trustee shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of Authorized Denominations of the same maturity for the aggregate principal amount which the Bondholder is entitled to receive.
(b) All Bonds presented for transfer, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the City, duly executed by the Bondholder or by his duly authorized attorney. The Trustee also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

(c) Bonds delivered upon any transfer as provided herein, or as provided in Section 3.04, shall be valid obligations of the City, evidencing the same debt as the Bond surrendered, shall be secured by this Trust Agreement and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

(d) The City, the Trustee and the Paying Agent shall treat the Bondholder, as shown on the registration books kept by the Trustee, as the person exclusively entitled to payment of principal, premium, if any, and interest with respect to such Bond and to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

(e) 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 and any Bond that has been selected for redemption.

Section 3.03 Book-Entry Bonds.

(a) Except as provided in paragraph (c) of this Section 3.03, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Except as provided in paragraph (d) of this Section 3.03, payment of principal, interest and premium, if any, for any Bonds registered in the name of Cede & Co. shall be made as provided in the Representation Letter.

(b) The Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond for each separate stated maturity of the Bonds. The Trustee, the Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of, or interest on, the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the City shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to Bondholders under this Trust Agreement; (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as a Bondholder. The Trustee shall pay, from funds held under the terms of this Trust Agreement or otherwise provided by the City, all principal or redemption price of and interest on the Bonds only to DTC as provided in the Representation Letter and all such payments
shall be valid and effective to satisfy and discharge fully the City’s obligations with respect to the principal or redemption price of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive authenticated Bonds evidencing the obligation of the City to make payments of principal or redemption price and interest pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name “Cede & Co.” in this Trust Agreement shall refer to such new nominee of DTC.

(c) In the event that the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City and the Trustee shall be obligated to deliver Bond certificates as described in this Trust Agreement. In the event that Bond certificates are issued, the provisions of this Trust Agreement shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City and the Trustee to do so, the Trustee and the City will cooperate with DTC in taking appropriate action after reasonable notice: (i) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account; or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or redemption price of and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Trust Agreement by the City or the Trustee with respect to any consent or other action to be taken by Bondholders, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) If the City purchases, or causes the Trustee to purchase, any of the Bonds, such purchase of Bonds shall be deemed to have occurred upon the purchase of beneficial ownership interests in the Bonds from a Participant. Upon receipt by DTC of notice from the City and a Participant that a purchase of beneficial ownership interests in the Bonds has been made by the City from such Participant, DTC shall surrender to the Trustee the Bonds referenced in such notice and, if the principal amount referenced in said notice is less than the principal amount of the Bonds so surrendered, the Trustee shall authenticate and deliver to DTC, in exchange for the Bonds so surrendered, a new Bond or Bonds, as the case may be, in Authorized Denominations and in a principal amount equal to the difference between: (i) the principal amount of the Bonds so surrendered; and (ii) the principal amount referenced in said notice.
(g) Notwithstanding any provision herein to the contrary, the City and the Trustee may agree to allow DTC, or its nominee, Cede & Co., to make a notation on any Bond redeemed in part to reflect, for informational purposes only, the principal amount and date of any such redemption.

(h) In the event that DTC notifies the City that it is discontinuing the book-entry system for the Bonds, the City may either appoint another entity to hold the Bonds in book-entry form or deliver Bond certificates to the beneficial owners or Participants, as directed by DTC.

Section 3.04 Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event that any Bond is mutilated or defaced but identifiable by number and description, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the City and the Trustee proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the City for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The City shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event that any Bond is lost, stolen or destroyed, the City may execute and the Trustee may authenticate and deliver a new Bond of like date, maturity and denomination as the Bond lost, stolen or destroyed; provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it.

(c) The City and the Trustee shall charge the Holder of such Bond all transfer taxes, if any, and their reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is provided for by the Trustee, as determined by the Trustee. In the event any such Bond has matured or has 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.

Section 3.05 Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the Trustee for cancellation pursuant to this Trust Agreement, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.04 or transfer pursuant to Section 3.02, such Bond shall be cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall, upon the City’s request, be furnished by the Trustee to the City.

Section 3.06 Temporary Bonds.

(a) Pending preparation of definitive Bonds, the City may execute and the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitation and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds.

(b) If temporary Bonds shall be issued, the City shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place
designated by the Bondholder, without charge to the Bondholder thereof, definitive Bonds of an equal aggregate principal amount, of the same series, maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Bonds to be issued and authenticated hereunder.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Notices to Trustee; Notices to Bondholders; Notices to DTC.

(a) Notice of redemption shall be given by the Trustee, not less than 20 nor more than 60 days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to clause (i) above shall be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to clause (ii) above and the Information Services pursuant to clause (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee.

(b) Each notice of redemption shall state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or part. Each such notice shall also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon shall cease to accrue.

(c) Failure to give the notices described in this Section 4.01 or any defect therein shall not in any manner affect the redemption of any Bonds. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee.

(d) Any notice of redemption may condition redemption of the Bonds on the availability of sufficient funds to effect the redemption, and the City shall have the right to rescind any notice of optional redemption previously sent pursuant to this Section 4.01. Any such notice of rescission shall be sent in the same manner as the notice of redemption. Neither the City nor the Trustee shall incur any liability, to Bond Owners, DTC, or otherwise, as a result of a rescission of a notice of redemption.

Section 4.02 Optional Redemption of Bonds. The Bonds maturing on or after _______ 1, 20__ may be redeemed at the option of the City from any source of funds on any date on or after _______ 1, 20__ in whole or in part from such maturities as are selected by the City and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with
accrued interest to the date of redemption, without premium. In the event of an optional redemption pursuant to this Section 4.02, the City shall provide the Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed.

**Section 4.03 Mandatory Sinking Fund Redemption of Bonds.** The Bonds maturing _____ 1, 20__ (the “20__ Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

<table>
<thead>
<tr>
<th>Redemption Date</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(_____ 1)</td>
<td></td>
</tr>
<tr>
<td>20__</td>
<td>$___</td>
</tr>
<tr>
<td>20__</td>
<td>___</td>
</tr>
<tr>
<td>20__*</td>
<td>___</td>
</tr>
</tbody>
</table>

* Final maturity.

On or before each _____ 15 next preceding any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption pro-rata from all Term Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and shall call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of Section 4.01. At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before each _____ 1 next preceding any mandatory sinking fund redemption date, it may: (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption; or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the provisions of this Section 4.03) and cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Term Bonds or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount of the Term Bonds so delivered to the Trustee by the City against the obligation of the City on such mandatory sinking fund redemption date.

**Section 4.04 Payment of Bonds Called for Redemption; Effect of Redemption Call.**

(a) Upon surrender to the Trustee or the Trustee’s agent, Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

(b) On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein relating to such Bonds as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Bonds shall cease to accrue, such Bonds shall cease to be entitled to any lien, benefit or security under this Trust Agreement and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.
(c) Bonds which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be deposited in the Redemption Fund or otherwise held in trust for the Holders of the Bonds to be redeemed, all as provided in this Trust Agreement, shall not be deemed to be Outstanding under the provisions of this Trust Agreement.

Section 4.05 Selection of Bonds for Redemption: Bonds Redeemed in Part. If less than all of the Bonds are called for redemption, the City will designate the maturities from which the Bonds are to be redeemed. For so long as the Bonds are registered in book entry form and DTC or a successor securities depository is the sole registered owner of such Bonds, if fewer than all of such Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Bonds to be so redeemed will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations.

In connection with any repayment of principal of the Bonds pursuant to the pass-through distribution of principal as described above, the Trustee will direct DTC to make a pass-through distribution of principal to the owners of the Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Trustee that includes a table of factors reflecting the relevant scheduled redemption payments and DTC’s applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, “pro rata” means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where: (a) the numerator is equal to the amount due to the owners of the Bonds on a payment date; and (b) the denominator is equal to the total original par amount of the Bonds.

It is the City’s intent that redemption allocations made by DTC with respect to the Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, the City cannot provide any assurance that DTC, DTC’s direct and indirect participants, or any other intermediary will allocate the redemption of such Bonds on such basis.

If the Bonds are not registered in book-entry form and if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis, and the particular Bonds of such maturity and bearing such interest rate to be redeemed will be selected by lot, provided that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations.

Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.
ARTICLE V

APPLICATION OF PROCEEDS;
SOURCE OF PAYMENT OF BONDS

Section 5.01 Application of Proceeds and City Contribution. The net proceeds of the sale of the Bonds received by the Trustee, $____ (consisting of the _____.00 principal amount of the Bonds, less $____ in underwriter’s discount), shall be deposited by the Trustee as follows:

(i) $_____ shall be deposited into the Costs of Issuance Fund; and

(ii) $_____ shall be transferred to PERS and used to pay the Unfunded Liability relating to the Miscellaneous Plan.

The City shall provide written payment instructions to the Trustee for the above-described transfer to PERS, upon which the Trustee may conclusively rely.

The Trustee may establish and maintain for so long as is necessary one or more temporary funds and accounts under this Trust Agreement, including but not limited to a temporary fund for holding the proceeds of the Bonds.

Section 5.02 Sources of Payment of Bonds; Semi-Annual Payments by the City.

(a) The City shall provide for payment of principal or redemption price of and interest on the Bonds from any source of legally available funds of the City. If any Bonds are Outstanding, the City shall, no later than three Business Days preceding each Interest Payment Date beginning ____ 1, 20__, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the portion of the Annual Debt Service coming due on such Interest Payment Date (less amounts on deposit in the Revenue Fund).

(b) The Bonds shall be obligations of the City payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the City, and shall be subject to appropriation in accordance with Section 8.01 hereof. The Bonds do 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.

ARTICLE VI

CREATION OF CERTAIN FUNDS AND ACCOUNTS

Section 6.01 Creation of Costs of Issuance Fund. There is hereby created a Fund to be held by the Trustee designated “City of Pico Rivera 2021 Taxable Pension Obligation Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”). Funds on deposit in the Costs of Issuance Fund shall be used to pay or to reimburse the City for the payment of Costs of Issuance. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee upon receipt of a Requisition in the form of Exhibit “B” executed by an Authorized City Representative.

At such time as the City delivers to the Trustee written notice that all Costs of Issuance have been paid or otherwise notifies the Trustee in writing that no additional amounts from the Costs of Issuance Fund will be needed to pay Costs of Issuance, the Trustee shall transfer all amounts then
remaining in the Costs of Issuance Fund to the Bond Interest Account or as otherwise directed by the City. At such time as no amounts remain in the Costs of Issuance Fund, such Fund shall be closed.

**Section 6.02 Creation of Revenue Fund and Certain Accounts.** There is hereby created a Fund to be held by the Trustee designated “City of Pico Rivera 2021 Taxable Pension Obligation Bonds Revenue Fund” (the “Revenue Fund”). There are hereby created in the Revenue Fund two separate Accounts designated “Bond Interest Account” and “Bond Principal Account”.

(a) All amounts received by the Trustee from the City in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account (including amounts deposited pursuant to Section 6.03) shall be held for the security and payment of interest on the Bonds pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City shall promptly deposit funds to such Account to cure such deficiency. On ____ 2 of each year beginning ____ 2, 20__, so long as no Event of Default has occurred and is continuing, if directed by the City, the Trustee shall transfer all amounts on deposit in the Bond Interest Account to the City to be used for any lawful purpose.

(b) All amounts received by the Trustee from the City in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City shall promptly deposit funds to such Account to cure such deficiency.

(c) The moneys in such Funds and Accounts shall be held by the Trustee in trust and applied as herein provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under this Trust Agreement and for the further security of such holders until paid out or transferred as hereinafter provided.

**Section 6.03 Creation of Redemption Fund.** A Fund to be held by the Trustee is hereby created and designated the “City of Pico Rivera 2021 Taxable Pension Obligation Bonds Redemption Fund” (the “Redemption Fund”). All moneys deposited by the City with the Trustee for the purpose of redeeming Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner, at the times and upon the terms and conditions specified in this Trust Agreement; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of written instructions from an Authorized City Representative, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the City.

**Section 6.04 Moneys Held in Redemption Fund.** All moneys which shall have been withdrawn from the Revenue Fund and deposited in the Redemption Fund for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Bonds.

**Section 6.05 Unclaimed Moneys.** Any moneys which shall be set aside or deposited in the Redemption Fund, the Bond Principal Account, the Bond Interest Account or any other Fund or
Account for the benefit of Holders of Bonds and which shall remain unclaimed by the Holders of such Bonds for a period of one year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the City, and thereafter the Holders of such Bonds shall look only to the City for payment and the City shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Trustee and any Paying Agent shall have no responsibility with respect to any of such moneys.

ARTICLE VII

CONCERNING PAYING AGENT

Section 7.01 Paying Agent; Appointment and Acceptance of Duties. The City hereby appoints the Trustee as the Paying Agent for the Bonds.

Section 7.02 Paying Agent - General Responsibilities.

(a) The City may at any time or from time to time appoint a different Paying Agent or Paying Agents for the Bonds, and each Paying Agent, if other than the Trustee, shall be a commercial bank with trust powers and shall designate to the City and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, and premium or interest on, Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(ii) to keep such books and records as shall be consistent with industry practice, to make such books and records available for inspection by the City and the Trustee at all reasonable times upon reasonable prior notice; and

(iii) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held by such Paying Agent.

(b) The Paying Agent shall perform the duties and obligations set forth in this Trust Agreement, and in particular shall hold all sums delivered to it by the Trustee for the payment of principal or premium of and interest on the Bonds for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided.

(c) In performing its duties hereunder, the Paying Agent shall be entitled to all of the rights, protections and immunities accorded to the Trustee under the terms of this Trust Agreement.

Section 7.03 Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or
Section 7.04 Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Trust Agreement in accordance with the provisions set forth in this Trust Agreement for the removal of the Trustee by giving at least 60 days’ written notice to the City and the other Fiduciaries. Any Paying Agent may be removed at any time upon 30 days prior written notice by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized City Representative. Any successor Paying Agent shall be appointed by the City with the approval of the Trustee and shall be a commercial bank with trust powers or trust company organized under the laws of any state of the United States, having capital stock and surplus aggregating at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Trust Agreement.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall assign and deliver any moneys and Bonds, including authenticated Bonds, held by it to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE VIII

COVENANTS OF THE CITY

Section 8.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal, premium, if any, and interest on every Bond at the place and on the dates and in the manner specified herein and in the Bonds, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained herein and in the Bonds. The City agrees that time is of the essence in this Trust Agreement. The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any, and interest when due, are absolute and unconditional, without any right of set-off or counter claim.

The City shall in each Fiscal Year include in its budget a provision to provide funds in an amount that is sufficient to pay the principal, premium, if any, and interest on the Bonds coming due in such Fiscal Year, but only to the extent that such amounts exceed the amount of available funds then on deposit in the Revenue Fund, and shall make annual appropriations for all such amounts. If the amount of such principal, premium, if any, and interest on the Bonds coming due in any Fiscal Year exceeds the sum of amounts budgeted in respect thereof together with amounts then on deposit in the Revenue Fund, then the City shall amend or supplement the budget to provide for such excess amounts. The covenants contained in this Section shall be deemed to be and shall 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 Trust Agreement agreed to be carried out and performed by the City.

Section 8.02 Performance of Covenants by City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations
and provisions contained in this Trust Agreement, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City covenants that it is duly authorized under the Constitution and laws of the State to issue the Bonds.

Section 8.03 Instruments of Further Assurance. The City covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all of the rights and obligations of the City under and pursuant to this Trust Agreement. The City shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instructions and take such further action as may be reasonable and as may be required to effectuate the purposes of this Trust Agreement or any provisions hereof; provided, however, that no such instruments or actions shall pledge the full faith and credit or the taxing powers of the State.

Section 8.04 No Inconsistent Action. The City covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of this Trust Agreement.

Section 8.05 No Adverse Action. The City covenants that it will not take any action which will have a material adverse effect upon the rights of the Holders of the Bonds.

Section 8.06 Maintenance of Powers. The City covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to applicable law and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

Section 8.07 Covenants of City Binding on Successors.

(a) All covenants, stipulations, obligations and agreements of the City contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law. If the powers or duties of the City shall hereafter be transferred by amendment of any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the City, and if such transfer shall relate to any matter or thing permitted or required to be done under this Trust Agreement by the City, then the entity that shall succeed to such powers or duties of the City shall act and be obligated in the place and stead of the City as provided in this Trust Agreement, and all such covenants, stipulations, obligations and agreements herein shall be binding upon such successor or successors thereof from time to time and upon any officer, board, body, district, authority or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(b) Except as otherwise provided in this Trust Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the City by the provisions of this Trust Agreement shall be exercised or performed by the City or by such officers, board, body, district, authority or commission as may be required by law to exercise such powers or to perform such duties.
Section 8.08  Trust Agreement to Constitute a Contract. This Trust Agreement is executed by the City for the benefit of the Bondholders and constitutes a contract with the Bondholders.

Section 8.09  City to Perform Pursuant to Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under this Trust Agreement; provided, however, that the obligations of the City to comply with the provisions of the Continuing Disclosure Certificate shall be enforceable by any Participating Underwriter or any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds; provided, further, that the Trustee shall not be required to take any enforcement action whatsoever except at the written direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with security and indemnity to its satisfaction, including without limitation, attorney’s fees and expenses. The Participating Underwriters’, Holders’ and Trustee’s rights to enforce the provisions of the Continuing Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City’s obligations under the Continuing Disclosure Certificate. Notwithstanding the foregoing, the City shall be entitled to amend or rescind the Continuing Disclosure Certificate to the extent permitted by law.

ARTICLE IX

INVESTMENTS

Section 9.01  Investments Authorized. Money held by the Trustee in any fund or account hereunder shall be invested by the Trustee in Permitted Investments pending application as provided herein solely at the prior written direction of an Authorized City Representative, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The City shall direct the Trustee prior to 12:00 p.m. Pacific time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in investments authorized under clause (8) contained in the definition of “Permitted Investments.” The Trustee may rely on the City’s certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the City. Money held in any fund or account hereunder may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of an Authorized City Representative, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 9.01. Any investments and reinvestments shall be made after giving full consideration to the time at which funds are required to be available hereunder and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by this Trust Agreement. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

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

Section 9.02 Reports. The Trustee shall furnish at least quarterly to the City a report (which may be in the form of its regular statements) of all investments made by the Trustee and of all amounts on deposit in each fund and account maintained hereunder.

Section 9.03 Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account hereunder, all Permitted Investments shall be valued at the market value thereof not later than July 1 of each year. With the prior written approval of an Authorized City Representative, the Trustee may sell at the best price obtainable or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

Section 9.04 Application of Investment Earnings. Investments in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. Interest earnings on investments in any Fund or Account shall be deposited in the Bond Interest Account of the Revenue Fund.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Bonds; Release of Trust Agreement. Bonds or portions thereof (such portions to be in an Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of this Trust Agreement except for the purposes of payment from moneys and Defeasance Securities. When all Bonds which have been issued under this Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents, have been paid or are duly provided for, then the Trustee shall cancel, discharge and release this Trust Agreement, shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge and shall assign and deliver to the City any amounts at the time subject to this Trust Agreement which may then be in the Trustee’s possession, except funds or securities in which such funds are invested and held by the Trustee or the Paying Agents for the payment of the principal, premium, if any, and interest on the Bonds.

Section 10.02 Bonds Deemed Paid.

(a) A Bond shall be deemed to be paid within the meaning of this Article X and for all purposes of this Trust Agreement when: (i) payment with respect thereto of the principal, interest and premium, if any, either: (1) shall have been made or caused to be made in accordance with the terms of the Bonds and this Trust Agreement; or (2) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such
payment: (x) moneys sufficient to make such payment; and/or (y) Defeasance Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment as certified to the Trustee by a Consultant who is a certified public accountant, and (ii) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of payment from such moneys and Defeasance Securities.

(b) Notwithstanding the foregoing paragraph, no deposit under clause (i)(2) of the immediately preceding paragraph shall be deemed a payment of such Bonds until: (i) proper notice of redemption of such Bonds shall have been given in accordance with Section 4.01, or in the event that such Bonds are not to be redeemed within the next succeeding 60 days, until the City shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Bonds in accordance with Section 4.01, that the deposit required by clause (a)(i)(2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article X and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Bonds; or (ii) the maturity of such Bonds.

ARTICLE XI
DEFAULTS AND REMEDIES

Section 11.01 Events of Default. Each of the following events shall constitute and is referred to in this Trust Agreement as an “Event of Default”:

(a) a failure to pay the principal or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) and (b) of this Section 11.01) contained in the Bonds or in this Trust Agreement on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee; provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within such period and is being diligently pursued; or

(d) if the City files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature or consents in writing to the appointment of a trustee or receiver for itself.

Upon its actual knowledge of the occurrence of any Event of Default, the Trustee shall immediately give written notice thereof to the City.
Section 11.02 Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and shall upon the written direction of the holders of a majority of the Total Bond Obligation of the Bonds then Outstanding and, in each case, receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders hereunder, as the case may be, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Refunding Law or any other law to which it is subject and this Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Trust Agreement;

(2) bring suit upon the defaulted Bonds;

(3) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders hereunder.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

Section 11.03 Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Trust Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the City, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 11.04 Bondholders’ Right to Direct Proceedings on their Behalf. Anything in this Trust Agreement to the contrary notwithstanding, Holders of a majority in Total Bond Obligation shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Trustee under this Trust Agreement to be taken in connection with the enforcement of the terms of this Trust Agreement or exercising any trust or power conferred on the Trustee by this Trust Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Trust Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 11.05 Limitation on Bondholders’ Rights to Institute Proceedings. No owner of any Bond shall have the right to institute any suit, action or proceeding at law in equity, for the protection or enforcement of any right or remedy under this Trust Agreement, or applicable law with
respect to such Bond, unless: (a) such owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the owners of not less than a majority in Total Bond Obligation shall have made written request upon the Trustee to exercise the powers heretofore granted or to institute such suit, action or proceeding in its own name; (c) such owner or said owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or failed 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; and (e) the Trustee shall not have received contrary directions from the owners of a majority in aggregate principal amount of the Total Bonds Obligation.

Section 11.06 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Trust Agreement, the right of any Bondholder to receive payment of the principal of and interest on such Holder’s Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 11.07 Proceedings by Trustee Without Possession of Bonds. All rights of action under this Trust Agreement or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, as the case may be, subject to the provisions of this Trust Agreement.

Section 11.08 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Trust Agreement or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 11.08.

Section 11.09 No Waiver of Remedies. No delay or omission of the Trustee or of any Bondholder 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 given by this Article XI to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.10 Application of Moneys.

(a) Any moneys received by the Trustee for the benefit of Bondholders, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article XI, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including without limitation reasonable fees and reasonable expenses of its attorneys), shall be deposited in the Revenue Fund and all moneys so deposited in the Revenue Fund during the continuance of an Event of Default shall be applied: (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, as the case may be, in the order of maturity of the
installments of such interest (if the amount available for such interest installments shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment), and if the amount available for such interest shall not be sufficient to make payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due; and (ii) second, to the payment to the persons entitled thereto of the unpaid principal, as applicable, of any of the Bonds which shall have become due with interest on such Bonds at their respective rate from the respective dates upon which they became due (if the amount available for such unpaid principal and interest shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among Holders of Bonds), and, if the amount available for such principal and interest shall not be sufficient to make full payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 11.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 11.11 Severability of Remedies. It is the purpose and intention of this Article XI to provide rights and remedies to the Trustee and the Bondholders which may be lawfully granted under the provisions of applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Trust Agreement and by applicable law.

Section 11.12 Additional Events of Default and Remedies. So long as any Bonds are Outstanding, the Events of Default and remedies as set forth in this Article XI may be supplemented with additional Events of Default and remedies as set forth from time to time in a supplemental agreement.

ARTICLE XII

TRUSTEE; REGISTRAR

Section 12.01 Acceptance of Trusts. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Trust Agreement, but only upon the additional terms set forth in this Article XII, to all of which the City agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.
Section 12.02 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

(b) Except during the continuance of an Event of Default:

   (i) the Trustee need perform only those duties that are specifically set forth in this Trust Agreement and no others; and

   (ii) in the absence of negligence on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

   (i) this paragraph does not limit the effect of paragraph (b) of this Section 12.02;

   (ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts;

   (iii) the Trustee shall not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Bondholders or the City in the manner provided in this Trust Agreement; and

   (iv) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) Every provision of this Trust Agreement that in any way relates to the Trustee is subject to all the paragraphs of this Section 12.02.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the City.

Section 12.03 Rights of Trustee.

(a) The recitals of facts contained herein and in the Bonds shall be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of this Trust Agreement or of the Bonds or of any Permitted Investment and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate
of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Holder of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the opinion of such counsel shall be authorization for any action taken or not taken in reliance on such opinion, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent or receiver selected by it.

(c) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(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, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(e) The Trustee shall not be responsible for the application or handling by the City of any moneys transferred to or pursuant to any requisition or request of the City in accordance with the terms and conditions hereof.

(f) Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article XII.

(g) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.
The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Trust Agreement provided, however, that: (x) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions; (y) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions; and (z) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 12.04 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

Section 12.05 Trustee’s Disclaimer. The Trustee makes no representations as to the validity or adequacy of this Trust Agreement or the Bonds, it shall not be accountable for the City’s use of the proceeds from the Bonds paid to the City and it shall not be responsible for any statement in any official statement or other disclosure document or in the Bonds other than its certificate of authentication.

Section 12.06 Notice of Defaults. If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice to Bondholders if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Section 12.07 Compensation of Trustee. The City shall from time to time, but only in accordance with a written agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its reasonable advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. The Trustee shall not otherwise have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder, except as provided in Section 11.10, but may take whatever legal actions are lawfully available to it directly against the City. To the extent permitted by applicable law, the City agrees to indemnify and save the Trustee, its officers, employees, directors and agents, harmless against any costs, expenses, claims or liabilities whatsoever, including, without limitation, fees and expenses of its attorneys, that it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The agreement contained in this Section shall survive the payment of the Bonds, the discharge of this Trust Agreement and the appointment of a successor trustee.

Section 12.08 Eligibility of Trustee. This Trust Agreement shall always have a Trustee that is a trust company, a bank or an association having trust powers and is organized and doing business under the laws of the United States or any state or the District of Columbia, is subject to supervision or examination by United States, state or District of Columbia authority and has a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.
Section 12.09 Replacement of Trustee.

(a) The Trustee may resign as trustee hereunder by notifying the City in writing prior to the proposed effective date of the resignation. The Holders of a majority in Total Bond Obligation of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the City’s consent. The City may remove the Trustee, by notice in writing delivered to the Trustee 30 days prior to the proposed removal date; provided, however, that the City shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless: (i) the Trustee fails to comply with the foregoing Section; (ii) the Trustee is adjudged a bankrupt or an insolvent; (iii) the Trustee otherwise becomes incapable of acting; or (iv) the City determines that the Trustee’s services are no longer satisfactory to the City. No resignation or removal of the Trustee under this Section shall be effective until a new Trustee has taken office. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Trust Agreement, the City shall promptly appoint a successor Trustee.

(b) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Trust Agreement. If a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the City delivers notice of removal, the retiring Trustee, the City or the Holders of a majority in Total Bond Obligation of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 12.10 Successor Trustee or Agent by Merger. If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust business) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

Section 12.11 Registrar. The City shall appoint the Registrar for the Bonds and may from time to time remove a Registrar and name a replacement upon notice to the Trustee. The City hereby appoints the Trustee as Registrar. Each Registrar, if other than the Trustee, shall designate to the Trustee, the Paying Agent, and the City its principal office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the City and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Trustee, and the Paying Agent at all reasonable times.

Section 12.12 Other Agents. The City or the Trustee may from time to time appoint other agents to perform duties and obligations under this Trust Agreement which agents may include, but not be limited to, authenticating agents all as provided by resolution of the City.

Section 12.13 Several Capacities. Anything in this Trust Agreement to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, Registrar and any other agent as appointed to perform duties or obligations under this Trust Agreement or an escrow agreement, or in any combination of such capacities, to the extent permitted by law.
Section 12.14 Accounting Records and Reports of Trustee.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all Funds and Accounts established pursuant to this Trust Agreement and held by the Trustee. Such books of record and account shall be available for inspection by the City and any Bondholder, or his agent or representative duly authorized in writing, upon prior reasonable notice, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the City and to each Bondholder who shall have filed his name and address with the Trustee for such purpose (at such Bondholder’s cost), on an annual basis (or, with respect to the City, such other interval that the City may request), a complete financial statement (which may be its regular account statements and which need not be audited) covering receipts, disbursements, allocation and application of moneys in any of the funds and accounts established pursuant to this Trust Agreement for the preceding year.

Section 12.15 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

ARTICLE XIII

MODIFICATION OF THIS TRUST AGREEMENT

Section 13.01 Limitations. This Trust Agreement shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of this Article XIII.

Section 13.02 Supplemental Agreements Not Requiring Consent of Bondholders.

(a) The City may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver supplemental agreements supplementing and/or amending this Trust Agreement as follows:

(i) to cure any defect, omission, inconsistency or ambiguity in this Trust Agreement;

(ii) to add to the covenants and agreements of the City in this Trust Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;

(iii) to confirm, as further assurance, any interest of the Trustee in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the City provided pursuant to this Trust Agreement or to otherwise add security for the Bondholders;

(iv) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;
(v) to modify, alter, amend or supplement this Trust Agreement in any other respect which, in the judgment of the City, is not materially adverse to the Bondholders;

(vi) to qualify the Bonds for a rating or ratings by any Rating Agency; and

(vii) to provide for the issuance of Additional Bonds in accordance with this Trust Agreement.

(b) Before the City shall, pursuant to this Section 13.02, execute any supplemental agreement, there shall have been delivered to the City an opinion of Bond Counsel to the effect that such supplemental agreement: (i) is authorized or permitted by this Trust Agreement and the Refunding Law; and (ii) will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms, subject to the typical exceptions.

Section 13.03 Supplemental Agreement Requiring Consent of Bondholders.

(a) Except for any supplemental agreement entered into pursuant to Section 13.02, the Holders of not less than a majority in Total Bond Obligation shall have the right from time to time to consent to and approve the execution by the City of any supplemental agreement deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in a supplemental agreement; provided, however, that, unless approved in writing by the Holders of all the Bonds then Outstanding, nothing contained herein shall permit or be construed as permitting: (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds; or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing contained herein, including the provisions of Section 13.03(b) below, shall, unless approved in writing by the Holders of all the Bonds then Outstanding, permit or be construed as permitting: (1) a preference or priority of any Bond or Bonds over any other Bond or Bonds; or (2) a reduction in the aggregate principal amount of Bonds the consent of the Holders of which is required for any such supplemental agreement. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the execution of any supplemental agreement as authorized in Section 13.02.

(b) If at any time the City shall desire to enter into any supplemental agreement for any of the purposes of this Section 13.03, the City shall cause notice of the proposed execution of the supplemental agreement to be given by Mail to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that a copy thereof is on file at the office of the City for inspection by all Holders.

(c) Within two weeks after the date of the first mailing of such notice, the City may execute and deliver such supplemental agreement in substantially the form described in such notice, but only if there shall have first been delivered to the City: (i) the required consents, in writing, of Holders; and (ii) an opinion of Bond Counsel stating that such supplemental agreement is authorized or permitted by this Trust Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms.

(d) If Holders of not less than the percentage of Bonds required by this Section 13.03 shall have consented to and approved the execution and delivery thereof as herein
provided, no Holders shall have any right to object to the adoption of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City from executing the same or from taking any action pursuant to the provisions thereof.

Section 13.04 Effect of Supplemental Agreements. Upon execution and delivery of any supplemental agreement pursuant to the provisions of this Article XIII, this Trust Agreement and all supplemental agreements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement and all supplemental agreements of the City, the Trustee, the Registrar, any Paying Agent and all Holders shall thereafter be determined, exercised and enforced under this Trust Agreement and all supplemental agreements, subject in all respects to such modifications and amendments.

Section 13.05 Supplemental Agreements to be Part of this Trust Agreement. Any supplemental agreement adopted in accordance with the provisions of this Article XIII shall thereafter form a part of this Trust Agreement or the supplemental agreement which they supplement or amend, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Trust Agreement which they supplement or amend for any and all purposes.

ARTICLE XIV
MISCELLANEOUS PROVISIONS

Section 14.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Paying Agent, the Trustee, and the Bondholders any right, remedy or claim under or by reason of this Trust Agreement, this Trust Agreement being intended to be for the sole and exclusive benefit of the City, the Paying Agent, the Trustee and the Bondholders.

Section 14.02 Severability. In case any one or more of the provisions of this Trust Agreement, or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or of Bonds, and this Trust Agreement and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 14.03 No Personal Liability of City Officials; Limited Liability of City to Bondholders.

(a) No covenant or agreement contained in the Bonds or in this Trust Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in their individual capacity, and neither the members of the City Council of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) Except for the payment when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in this Trust Agreement, the City shall not have any obligation or liability to the
Bondholders with respect to this Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in this Trust Agreement.

Section 14.04 Execution of Instruments; Proof of Ownership.

(a) Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(i) the fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution; and

(ii) the ownership of Bonds shall be proved by the registration books kept under the provisions of Section 3.01 hereof;

(b) Nothing contained in this Section 14.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the City in pursuance of such request or consent.

Section 14.05 Governing Law; Venue. This Trust Agreement is made in the State under the Constitution and laws of the State and is to be so construed. If any party to this Trust Agreement initiates any legal or equitable action to enforce the terms of this Trust Agreement, to declare the rights of the parties under this Trust Agreement or which relates to this Trust Agreement in any manner, each such party agrees that the place of making and for performance of this Trust Agreement shall be the City, and the proper venue for any such action is the Superior Court of the State of California, County of Los Angeles.

Section 14.06 Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Trust Agreement or the Bonds must be in writing except as expressly provided otherwise in this Trust Agreement or the Bonds.

(b) The Trustee shall give written notice to the Rating Agencies if at any time: (i) a successor Trustee is appointed under this Trust Agreement; (ii) there is any amendment to this Trust Agreement; (iii) Bonds are to be redeemed pursuant to Section 4.02; (iv) Bonds are defeased.
prior to maturity pursuant to Article X; or (v) the Bonds shall no longer be Book-Entry Bonds. Notice in the case of an event referred to in clause (ii) hereof shall include a copy of any such amendment.

(c) Except as otherwise required herein, all notices required or authorized to be given to the City, the Trustee and Paying Agent, and the Rating Agencies pursuant to this Trust Agreement shall be in writing and shall be sent by registered or certified mail, postage prepaid, to the following addresses:

1. if to the City, to:

   City of Pico Rivera
   6615 Passons Boulevard
   Pico Rivera, California 90660
   Attention: City Manager
   Telephone: (562) 801-4371

2. if to the Trustee and Paying Agent, to:

   [_______________________]
   [_______________________]
   Attention: [_______________________]

3. if to S&P, to:

   S&P Global Ratings
   55 Water Street
   New York, New York 10041

or to such other addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof given as set forth above.

Section 14.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, shall not be a Business Day, such payment may, unless otherwise provided in this Trust Agreement be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

Section 14.08 Captions. The captions and table of contents in this Trust Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Trust Agreement.

Section 14.09 Counterparts. This Trust Agreement may be signed in several counterparts, each of which will be an original, but all of them together constitute the same instrument.
IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement by their officers thereunto duly authorized as of the date first above written.

CITY OF PICO RIVERA

By: __________________________
    City Manager

ATTEST:

__________________________________________
City Clerk

[____________________], as Trustee

By: __________________________
    Authorized Officer
EXHIBIT “A”

FORM OF BOND

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the City or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. ____ $_____________

CITY OF PICO RIVERA
PENSION OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

Neither the faith and credit nor the taxing power of the State of California or any public agency is pledged to the payment of the principal of, or interest on, this Bond.

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<th>Maturity</th>
<th>Interest Rate Per Annum</th>
<th>Dated Date</th>
<th>CUSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>_____ 1, ____</td>
<td>_____%</td>
<td>_____, 2021</td>
<td>____________</td>
</tr>
</tbody>
</table>

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ________________ AND NO/100 DOLLARS

THE CITY OF PICO RIVERA, a general law city that is duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California (the “City”), for value received, hereby promises to pay to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest on such principal sum at the rates determined as herein provided on each Interest Payment Date (hereinafter defined) from the Interest Payment Date next preceding the date of authentication and delivery thereof, unless: (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from its Dated Date; provided, however, that if at the time of authentication of any Bond interest thereon is
in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from its Dated Date. The principal hereof and premium, if any, hereon are payable when due upon presentation hereof at the Principal Office of [_______________], as trustee (together with any successor as trustee under the Trust Agreement (hereinafter defined), the “Trustee”), in lawful money of the United States of America.

This Bond is one of a duly authorized issue of City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”) of the designation indicated on the face hereof. Said authorized issue of Bonds is limited in aggregate principal amount as provided in the Trust Agreement and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as provided in the Trust Agreement, all issued and to be issued pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”). This Bond is issued pursuant to the Trust Agreement dated as of _____ 1, 2021 by and between the City and [________________], as trustee, providing for the issuance of the Bonds and setting forth the terms and authorizing the issuance of the Bonds (said Trust Agreement as amended, supplemented or otherwise modified from time to time being the “Trust Agreement”). Reference is hereby made to the Trust Agreement and to the Refunding Law for a description of the terms on which the Bonds are issued and to be issued, and the rights of the registered owners of the Bonds; and all the terms of the Trust Agreement and the Refunding Law are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. All capitalized terms that are used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement.

The City is required under the Trust Agreement to make payments on the Bonds from any source of legally available funds. The City has covenanted to make the necessary annual appropriations for such purpose.

The obligation of the City to make payments on the Bonds 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.

This Bond is one of the Bonds described in the Trust Agreement.

Interest on Bonds

Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds or the principal portion thereof called for redemption will cease to bear interest after the specified redemption date, provided that notice has been given pursuant to the Trust Agreement and sufficient funds for redemption are on deposit at the place of payment on the redemption date.

Redemption of Bonds

Optional Redemption. The Bonds maturing on or after _____ 1, 20__ may be redeemed at the option of the City from any source of funds on any date on or after _____ 1, 20__ in whole or in part from such maturities as are selected by the City and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of
redemption, without premium. In the event of an optional redemption of the Bonds, the City will provide the Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed.

**Mandatory Sinking Fund Redemption of Bonds.** The Bonds maturing ____ 1, 20__ (the “20__ Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

<table>
<thead>
<tr>
<th>Redemption Date (___ 1)</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20__</td>
<td>$___</td>
</tr>
<tr>
<td>20__</td>
<td>___</td>
</tr>
<tr>
<td>20*</td>
<td>___</td>
</tr>
</tbody>
</table>

* Final maturity.

**Certain Defined Terms**

“**Interest Payment Date**” means ____ 1 and ____ 1 of each year, commencing ____ 1, 20__.

“**Record Date**” means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

**Other Provisions**

The rights and obligations of the City and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing 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 that this Bond is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement or the Refunding Law.

This Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.
IN WITNESS WHEREOF, THE CITY OF PICO RIVERA, a general law city that is duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California, has caused this Bond to be executed in its name and on its behalf by the City Manager, and attested by the City Clerk, and this Bond to be dated as of the Dated Date.

CITY OF PICO RIVERA

By: ____________________________
Its: City Manager

ATTEST:

________________________________________
City Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-mentioned Trust Agreement and authenticated the date set forth below.

Dated: ________ __, 20__

[_______________________], as Trustee

By: ____________________________
Authorized Signatory
[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

________________________________________
City Clerk of the City of Pico Rivera
[FORM OF ASSIGNMENT]

For value received _____________________ hereby sells, assigns and transfers unto ____________________ (Tax I.D. No.: __________________) the within Bond and hereby irrevocably constitute and appoints ____________________ attorney, to transfer the same on the books of the City at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _______________

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.
EXHIBIT “B”

FORM OF REQUISITION

TO: [__________________]  City of Pico Rivera Use Only

Request No. __

DISBURSEMENT REQUEST: REGARDING _____ CITY OF PICO RIVERA PENSION OBLIGATION BONDS, SERIES 2021 (FEDERALLY TAXABLE)

You are hereby requested to pay from the Costs of Issuance Fund established by the Trust Agreement with respect to the above-referenced bonds, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of all ( ) or a portion ( ) of the Costs of Issuance described below.

Name of Payee: __________________________
Address: ________________________________

Amount: $____________
Method of Payment: ______________________
Service Provided: _________________________

The undersigned hereby certifies that:

(i) s/he is an Authorized City Representative;

(ii) this requisition for payment is in accordance with the terms and provisions of Section 6.01 of the Trust Agreement;

(iii) each item to be paid with the requisitioned funds represents either incurred or due and payable Costs of Issuance;

(iv) such Costs of Issuance have not been paid from other funds withdrawn from the Costs of Issuance Fund; and

(v) to the best of the signatory’s knowledge no Event of Default has occurred and is continuing under the Trust Agreement.

Dated: ________________  CITY OF PICO RIVERA

By: ________________________________
    Name:
    Title:
$________
CITY OF PICO RIVERA
PENSION OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

BOND PURCHASE AGREEMENT
_________ __, 2021

City of Pico Rivera
6615 Passons Boulevard
Pico Rivera, California 90660

Ladies and Gentlemen:

_______ (the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the City of Pico Rivera, California (the “City”), which, upon the acceptance by the City, will be binding upon the City and the Underwriter. This offer is made subject to acceptance by the City by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City. Capitalized terms that are used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement (as such term is defined herein).

Section 1. Purchase and Sale. Upon the terms and conditions and on the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”) in the aggregate principal amount of $________. The Bonds shall be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on ____ 1 and ____ 1 in each year, commencing ________ 1, 20__ (each, an “Interest Payment Date”) and will bear interest at the rates and on the dates as set forth in Exhibit A. The purchase price for the Bonds shall be $________ (which represents the principal amount of the Bonds in the amount of $________, less an Underwriter’s discount of $_______).

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering yields set forth in the Official Statement (defined herein); however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds. The Underwriter agrees that, in connection with the public offering and initial delivery of the Bonds to the purchasers thereof from the Underwriter, the Underwriter will deliver or cause to be delivered to each purchaser a copy of the final Official Statement prepared in connection with the Bonds, for the time period required under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). Terms defined in the Preliminary Official Statement, and to be set forth in the final Official Statement are used herein as so defined.

The City acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the City and the
Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the only obligations that the Underwriter has to the City with respect to the transaction that is contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the City has consulted its own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent that it has deemed appropriate.

Section 2. The Bonds. The Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) and the Trust Agreement, dated as of ________ 1, 2021 (the “Trust Agreement”), between the City and ______________________________, as trustee (together with any successor as trustee under the Trust Agreement, the “Trustee”). The Bonds shall be obligations of the City payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the City and the payment thereof shall not be subject to appropriation. The Bonds do 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. The Bonds otherwise shall be as described in the Preliminary Official Statement and the Official Statement, the Refunding Law and the Legal Documents. The Underwriter’s agreement to purchase the Bonds from the City is made in reliance upon the City’s representations, covenants and warranties and on the terms and conditions set forth in this Purchase Agreement.

The City is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of the California Public Employees’ Retirement System (“PERS”), established under Government Code sections 20000 through 21500 of (the “Retirement Law”), and the City Council of the City, effective February 1, 1959 (as amended, the “PERS Contract”), to make contributions to PERS: (a) to fund pension benefits for its employees who are members of PERS; (b) to amortize the unfunded actuarial liability with respect to such pension benefits; and (c) to appropriate funds for the purposes described in clauses (a) and (b). The City participates in one retirement plan (with tiers within such plan) under the PERS Contract.

The proceeds of the Bonds will be used: (i) to refund the City’s obligations to PERS evidenced by the one retirement plan in which the City participates pursuant to the PERS Contract and representing the current unfunded accrued liability (the “Unfunded Liability”) with respect to certain pension benefits under the Retirement Law; and (ii) to pay certain costs associated with the issuance and delivery of the Bonds.

Section 3. Public Offering. The Underwriter agrees to make an initial public offering of all the Bonds at the public offering prices (or yields) set forth on Exhibit A 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 it deems 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 at prices lower than such initial public offering prices.
Section 4. The Official Statement. By its acceptance of this Purchase Agreement, the City ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds, dated _______, 2021 (including the cover page, all appendices and all information incorporated therein 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”) that the City has deemed “final” as of its date, for purposes of Rule 15c2-12 except for certain omissions permitted to be omitted therefrom by Rule 15c2-12. The City hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information that was previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the City and the Underwriter (the “Official Statement”)) in such quantity as the Underwriter shall reasonably request to comply with Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). To the extent required by applicable MSRB Rules, the City hereby confirms that it does not object to distribution of the Official Statement in electronic form.

Section 5. Closing. At 8:00 a.m., California time, on __________, 2021, or at such other time or date as the City and the Underwriter mutually agree upon, the City shall deliver or cause to be delivered to the Trustee, and the Trustee shall deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York (“DTC”), the Bonds in definitive form, duly executed and authenticated. Concurrently with the delivery of the Bonds, the City shall deliver the documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), or another place to be mutually agreed upon by the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents referenced herein, is called the “Closing.”

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of $5,000 and any integral multiple thereof as provided in the Trust Agreement, and shall be made available to the Underwriter at least one (1) business day before the Closing for purposes of inspection and packaging. The City acknowledges that the services of DTC will be used initially by the Underwriter to permit the issuance of the Bonds in book-entry form, and agrees to cooperate fully with the Underwriter in employing such services.

Section 6. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter as follows.

(a) The City is a general law city and municipal corporation of the State of California (the “State”), duly organized and validly existing pursuant to the Constitution and laws of the State.

(b) The City had full legal right, power and authority to adopt Resolution No. _____, adopted by a majority of the City Council of the City (the “City Council”) on April 13, 2021 (the “Approving Resolution”) and Resolution No. _____ adopted by a majority of the City Council on ________, 2021 (the “Official Statement Resolution” and, together with the Approving Resolution, the “Resolutions”), and the City has, and upon the Closing will have, full legal right, power and authority: (i) to execute and deliver the Trust Agreement, the Continuing Disclosure
Certificate relating to the Bonds (the “Continuing Disclosure Certificate”) and this Purchase Agreement (collectively, the “Legal Documents”), and to perform its obligations under the Legal Documents, and has by official action duly 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; (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Legal Documents and the Resolutions.

(c) The City Council has duly and validly adopted the Resolutions at meetings of the City Council that were duly noticed and held and at each which a quorum was present, and the Resolutions have not been modified or amended and are in full force and effect; and the City Council has duly approved the execution and delivery of the Bonds and the other Legal Documents and the performance by the City of its obligations contained therein, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by each of said documents.

(d) The Bonds and the other Legal Documents will be duly executed and delivered by the City on or before the date of the Closing, and the Bonds, when authenticated and delivered to the Underwriter in accordance with the Trust Agreement, and the other Legal Documents will constitute legally valid and binding obligations, enforceable against the City in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally.

(e) The City is, and on the date of the Closing will be, in compliance, in all respects, with the Legal Documents.

(f) The City is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America 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, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, in each case which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the Legal Documents.

(g) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the City that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the Trust Agreement.

(h) The adoption of the Resolutions and the execution and delivery by the City of the Legal Documents and the approval by the City of the Official Statement and compliance with the provisions on the City’s part contained in the Legal Documents, will not conflict with, or result in a violation or breach of, or constitute a default under, any law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which conflict, breach or default has or may have a material adverse effect on the ability of the City to carry out its obligations under the Legal Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any
nature whatsoever upon any of the properties or assets of City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument, except as provided by the Legal Documents.

(i) Prior to the date hereof, the City has provided to the Underwriter for its review the Preliminary Official Statement, which the City has deemed final for purposes of Rule 15c2-12, has approved the distribution of the Preliminary Official Statement and the Official Statement and has duly authorized the execution and delivery of the Official Statement (including in electronic form). The Preliminary Official Statement, at the date thereof, and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading. As of the date hereof and on the Closing, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading.

(j) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without first consulting with the Underwriter. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(k) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2020 as set forth in the Preliminary Official Statement and in the Official Statement fairly represent the financial position and results of operations of the City as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles. Except as disclosed in the Preliminary Official Statement or the Official Statement or as otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial position and results of operations of the City or in its operations since June 30, 2020 and, except as disclosed in the Preliminary Official Statement or the Official Statement or as otherwise disclosed in writing to the Underwriter, there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(l) As of the time of acceptance hereof and as of the date of the Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the knowledge of the City, threatened: (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or contesting the power of the City to enter into the Legal Documents; (iii) which may result in any material adverse change to the financial condition of the City or to its ability to make payment of principal or redemption price of and interest on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact
required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clause (i) through (iv) of this sentence.

(m) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. Except as otherwise disclosed in the Preliminary Official Statement, the City has not failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of enumerated events in the past five years and, the City has been in material compliance during the past five years with its continuing disclosure obligations in accordance with Rule 15c2-12.

(n) Any certificate that is signed by any officer of the City who is authorized to execute such certificate in connection with the issuance, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter as to the statements made therein but not of the person signing such certificate.

(o) The City will promptly apply the proceeds of the Bonds to refund the Unfunded Liability as of the date of issuance of the Bonds and to pay costs associated with the issuance and delivery of the Bonds.

(p) During the period from the date hereof until the Closing, the City agrees to furnish the Underwriter with copies of any documents that it files with any regulatory authority which are reasonably requested by the Underwriter.

(q) The City is not in material default, nor has the City been in material default at any time, as to the payment of principal or interest with respect to a material obligation issued by the City or with respect to a material obligation guaranteed by the City as guarantor.

(r) As of the date hereof, the City does not have any revenue bonds, capital lease obligations, installment payment obligations or other material financial obligations, nor other material obligations secured by payments from the general fund of the City, except as disclosed in the Preliminary Official Statement and the Official Statement.

(s) The default judgment dated __________, 2021 entered in favor of the City in connection with City of Pico Rivera v. All Persons Interested, etc. was duly entered, the appeal period has run without any appeal having been filed, and the default judgment is in full force and effect.

(t) The City had, prior to the adoption of the Approving Resolution, and has, in full force and effect, a Debt Management Policy that complies with Government Code Section 8855(i).

Section 7. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the date of the Closing shall be subject, at the option of the Underwriter, to the accuracy in all respects of the statements of the officers and other officials of the City, as well as authorized
representatives of the City Attorney, Bond Counsel, Disclosure Counsel and the Trustee made in any
certificates or other documents furnished pursuant to the provisions hereof, to the performance by the
City of its obligations to be performed hereunder at or prior to the date of the Closing, and to the
following additional conditions:

(a) The representations, warranties and covenants of the City contained herein
shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the
date of the Closing;

(b) At the time of Closing, the Legal Documents shall be in full force and effect
as valid and binding agreements between or among the various parties thereto, and the Legal
Documents, the Preliminary Official Statement and the Official Statement shall not have been
amended, modified or supplemented except as may have been agreed to in writing by the
Underwriter, and all such reasonable actions as, in the opinion of Bond Counsel, are reasonably
deemed necessary in connection with the transactions contemplated hereby, shall have been done and
taken;

(c) At the time of the Closing, no default shall have occurred or be existing under
the Legal Documents, or any other agreement or document pursuant to which any of the City’s
financial obligations were executed and delivered, and the City shall not be in default in the payment
of principal or interest with respect to any of its financial obligations, which default would result in
any material adverse change to the financial condition of the City or adversely impact its ability to
make payments of the principal or redemption price of and interest on the Bonds when due;

(d) In recognition of the desire of the City and the Underwriter to effect a
successful public offering of the Bonds, and in view of the potential adverse impact of any of the
following events on such a public offering, this Purchase Agreement shall be subject to termination
in the absolute discretion of the Underwriter by notification, in writing, to the City prior to delivery
of and payment for the Bonds, if at any time prior to such time:

(i) there shall have occurred any outbreak or escalation of hostilities,
declaration by the United States of America of a national emergency or war or other calamity or
crisis the effect of which on financial markets is materially adverse such as to make it, in the sole
judgment of the Underwriter, impractical to proceed with the purchase or delivery of the Bonds as
contemplated by the Official Statement (exclusive of any amendment or supplement thereto); or

(ii) a general banking moratorium shall have been declared by federal,
State or New York authorities, or the general suspension of trading on any national securities
exchange; or

(iii) any event shall occur which makes untrue any statement or results in
an omission to state a material fact necessary to make the statements in the Preliminary Official
Statement and the Official Statement, in the light of the circumstances under which they were made,
not misleading, which event, in the reasonable opinion of the Underwriter would materially or
adversely affect the ability of the Underwriter to market the Bonds; or

(iv) any legislation, ordinance, rule or regulation shall be introduced in, or
be enacted by any governmental body, department or agency of the State, or a decision by any court
of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Bonds; or

(v) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States of America or by any legislation in or by the Congress of the United States of America or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States of America, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States of America, the Treasury Department of the United States of America, 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 the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States of America, or the favorable reporting for passage of legislation to either House of the Congress of the United States of America by a Committee of such House to which such legislation has been referred for consideration; or

(vi) an order, decree or injunction shall have been issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(vii) legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement; or

(viii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or
(ix) the New York Stock Exchange, or other national securities exchange or association or any governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of broker dealers; or

(x) trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(xi) any rating of the Bonds or the rating of any general fund obligations of the City shall have been downgraded or withdrawn by a national rating service, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(xii) any action shall have been taken by any government in respect of its monetary affairs which, in the reasonable opinion of the Underwriter, has a material adverse effect on the United States securities market, rendering the marketing and sale of the Bonds, or enforcement of sale contracts with respect thereto impracticable; or

(xiii) the commencement of any action, suit or proceeding described in Section 6(l).

(e) at or prior to the Closing, the Underwriter shall receive or have received the following documents, in each case to the reasonable satisfaction, in form and substance, of the Underwriter and ________________, __________, California (“Underwriter’s Counsel”):

(i) a copy of the default judgment, dated ___________, 2021, entered in favor of the City in connection with City of Pico Rivera v. All Persons Interested, etc., Case No. ________________ filed in the Superior Court of California, County of Los Angeles;

(ii) the Resolutions, certified as of the date of the Closing by an authorized official of the City;

(iii) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(iv) the approving opinion of Bond Counsel, dated the date of the Closing and addressed to the City, in substantially the form attached as an appendix to the Official Statement, together with a reliance letter thereon addressed to the Underwriter;

(v) a supplemental opinion of Bond Counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that:

(A) the statements on the cover of the Official Statement and in the Official Statement under the captions [“INTRODUCTION,” “THE BONDS,” “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,” “VALIDATION,” and “TAX MATTERS,” and in Appendices C and D], excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of
the Bonds, the Trust Agreement, and Bond Counsel’s final opinion relating to the Bonds, are accurate in all material respects as of the date of the Closing;

(B) the Purchase Agreement has been duly authorized, executed and delivered by the City and is the valid, legal and binding agreement of the City enforceable in accordance with its terms, except that the rights and obligations under the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein; and

(C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(vi) the Preliminary Official Statement and the Official Statement, the latter executed on behalf of the City;

(vii) evidence that the rating(s) on the Bonds are as described in the Official Statement;

(viii) a certificate, dated the date of the Closing, signed by a duly authorized officer of the City satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing by the City, and the City has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the date of the Closing; (ii) to the best of such officer’s knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information relating to DTC and its book entry system) did not as of its date and do not as of the date of the Closing contain an untrue 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 in any material respect; (iv) the City is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America 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 would have a material adverse impact on the City’s ability to perform its obligations under the Legal Documents, 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 default or an event of default under any such instrument; and (v) no further consent is required for inclusion of its audited financial statements in the Preliminary Official Statement and the Official Statement;

(ix) an opinion, dated the date of the Closing and addressed to the Underwriter, the Trustee and the Bond Counsel, of the City Attorney of the City of Pico Rivera, substantially in the form attached as Exhibit B;
(x) a letter of Nixon Peabody LLP, Los Angeles, California, Disclosure Counsel to the City dated the date of the Closing and addressed to the Underwriter substantially to the effect that, on the basis of the information made available to them in the course of their participation in the preparation of the Official Statement as Disclosure Counsel, 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 Official Statement, no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the City in connection with the preparation of the Official Statement which caused them to believe that: (A) the Preliminary Official Statement as of its date or as of ________, 2021 (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Preliminary Official Statement under the captions [“TAX MATTERS,”] and in [Appendix A and Appendices C through F] to the Preliminary Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, Underwriter’s discount and CUSIP numbers; or (B) the Official Statement as of its date or as of the date of the Closing (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the captions [“TAX MATTERS,”] and in [Appendix A and Appendices C through F] to the Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(xi) an opinion of counsel to the Trustee, addressed to the Underwriter and the City, dated the date of the Closing, to the effect that:

(A) the Trustee is a national banking association that is duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Trust Agreement;

(B) the Trust Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the City, the Trust Agreement constitutes the valid, legal and binding obligation of the Trustee enforceable in accordance with its terms, except as 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;

(C) the Trustee has duly authenticated the Bonds upon the order of the City;
the Trustee’s actions in executing and delivering the Trust Agreement are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to the best of such counsel’s knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel’s knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee’s ability to complete the transactions contemplated by the Trust Agreement.

(xii) a certificate, dated the date of the Closing, signed by a duly authorized officer of the Trustee satisfactory in form and substance to the Underwriter, to the effect that:

(A) the Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Trust Agreement;

(B) the Trustee is duly authorized to enter into the Trust Agreement and has duly executed and delivered the Trust Agreement, and assuming due authorization and execution by the City, the Trust Agreement is legal, valid and binding upon the Trustee and enforceable against the Trustee in accordance with its terms;

(C) the Trustee has duly authenticated the Bonds under the Trust Agreement and delivered the Bonds to or upon the order of the Underwriter;

(D) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

(E) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or threatened against or affecting the Trustee, which would materially adversely impact the Trustee’s ability to complete the transactions contemplated by the Trust Agreement.

(xiii) the preliminary and final forms required to be delivered to the California Debt and Investment Advisory Commission (“CDIAC”) pursuant to Section 53583 of the Government Code of the State of California and Section 8855(i) and (j) of the Government Code;

(xiv) a copy of the executed Blanket Issuer Letter of Representations by and between the City and DTC relating to the book-entry system;
(xv) an opinion of _____, as Underwriter’s Counsel, substantially to the effect that:

(A) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(B) based upon an examination which they have made, and without having undertaken to determine independently or assuming any responsibility for the accuracy or completeness or fairness of the statements, and based on its participation in the conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the City and others and on the records, documents, certificates, opinions and matters therein mentioned, such counsel advises the Underwriter as a matter of fact and not opinion that, during the course of such counsel’s representation of the Underwriter on this matter: (a) as of the date of the Preliminary Official Statement and as of the date of the Official Statement, no facts had come to the attention of the attorneys in such counsel’s firm rendering legal services to the Underwriter in connection with the Preliminary Official Statement which caused it to believe that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (b) as of the date of the Official Statement and as of the date of the Closing, no facts had come to the attention of the attorneys in such counsel’s firm rendering legal service to the Underwriter in connection with the Official Statement which caused it to believe as of the date of the Official Statement and as of the date of the Closing that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, such counsel expressly excludes from the scope of this paragraph and expresses no view or opinion about: (i) with respect to the Preliminary Official Statement, any difference in information contained therein compared to what is contained in the Official Statement, whether or not related to pricing or sale of the Bonds, and whether any such difference is material and should have been included in the Preliminary Official Statement; and (ii) with respect to both the Preliminary Official Statement and the Official Statement, any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, management discussion and analysis, environmental matters, environmental litigation, any statements about compliance with prior continuing disclosure undertakings, information relating to DTC and its book-entry system, [Appendix A and Appendices C through F] thereto, and information relating to ratings, rating agencies, tax exemption, included or referred to therein or omitted therefrom, which such counsel expressly excludes from the scope of this paragraph and as to which such counsel expresses no opinion or view, and no responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement; and

(C) the Continuing Disclosure Certificate satisfies the requirements contained in Rule 15c2-12 for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by Rule 15c2-12;
(xvi) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement and executed by the City;

(xvii) a certificate of the PERS actuary setting forth the [amount of the discounted prepayment of the annual contribution of the City to PERS for Fiscal Year 2021-22 together with] acknowledgment of payment of the Unfunded Liability; and

(xviii) such additional legal opinions, proceedings, instruments or other documents as the Underwriter or Underwriter’s Counsel may reasonably request.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, this Purchase Agreement shall terminate, and except as set forth in Section 9 hereof, neither the Underwriter nor the City shall be under further obligation hereunder.

Section 8. Changes in Official Statement. Within 90 days after the Closing or within 25 days following the “end of the underwriting period” (as such term is defined in Rule 15c2-12), whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, or the City shall occur as a result of which it is necessary, in the reasonable opinion of the City, after consultation with the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the City will forthwith prepare and furnish to the Underwriter an amendment or supplement 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 purchaser, not misleading. The City shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the “end of the underwriting period” will be the date of the Closing unless the Underwriter otherwise notifies the City in writing that it still owns some or all of the Bonds.

Section 9. Expenses. (a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, and the City shall pay out of the proceeds of the Bonds or any other legally available funds of the City, all expenses incidental to the performance of the City’s obligations hereunder, including but not limited to the cost of printing and delivering the Legal Documents to the Underwriter, the costs of printing and shipping and electronic distribution of the Preliminary Official Statement and the Official Statement in reasonable quantities, the fees and disbursements of the City, the Trustee and its counsel, Bond Counsel, Disclosure Counsel, City Attorney, the City’s actuaries, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City in connection with the issuance and sale of the Bonds, rating agency fees, advertising expenses, and any other expenses not specifically enumerated in paragraph (b) of this section incurred in connection with the issuance and sale of the Bonds. The City shall pay out of the proceeds of the Bonds, for any expenses incurred by the Underwriter on behalf of the City’s employees and representatives which are incidental to implementing this Purchase Agreement, including meals, transportation, and lodging of those employees and representatives.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the City shall be under no obligation to pay, and the Underwriter shall be responsible for and pay
(which may be included as an expense component of the Underwriter’s discount), MSRB, CUSIP Bureau and CDIAC fees and expenses to qualify the Bonds for sale under any “blue sky” laws, and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this section, including the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and disbursements of Underwriter’s Counsel.

**Section 10. Notices.** Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to ________________, ________________, ________________, California ____ , Attention: __________. Any notice or communication to be given to the City under this Purchase Agreement may be given by delivering the same in writing at the address first set forth above, Attention: City Manager. All notices or communications hereunder by any party shall be given and served upon each other party.

**Section 11. Parties in Interest.** This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

**Section 12. Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**Section 13. Governing Law.** This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

[UNDERWRITER]

By: ____________________________
    Authorized Officer

Accepted:

CITY OF PICO RIVERA

By: ____________________________
    City Manager

Time of Execution: ____ : ____
### Maturity Schedule

**City of Pico Rivera**  
Pension Obligation Bonds, Series 2021  
(Federally Taxable)

<table>
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<tr>
<th>Maturity Date (___ 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
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<td>$________ % Term Bond due ___ 1, 20__; Yield _____%; Price ___%</td>
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<tr>
<td>$________ % Term Bond due ___ 1, 20__; Yield _____%; Price ___%</td>
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<td></td>
</tr>
</tbody>
</table>
EXHIBIT B

FORM OF CITY ATTORNEY OPINION

_______, 2021

City of Pico Rivera
Pico Rivera, California

[UNDERWRITER]

City of Pico Rivera
Pension Obligation Bonds, Series 2021
(Federally Taxable)

Ladies and Gentlemen:

We have acted as counsel to the City of Pico Rivera (the “City”) in connection with the issuance and sale by the City of $______ aggregate principal amount of its City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”). We have examined and relied upon originals (or copies certified or otherwise identified to our satisfaction) of such documents, records and other instruments as we deem necessary or appropriate for the purposes of this opinion, including, without limitation: (i) those documents relating to the existence, organization and operation of the City; (ii) Resolution No. _____, adopted by a majority of the City Council of the City (the “City Council”) on April 13, 2021 (the “Approving Resolution”) and Resolution No. _____, adopted by a majority of the City Council on ___, 2021 (the “Official Statement Resolution” and, together with the Approving Resolution, the “Resolutions”); (iii) all necessary documentation of the City relating to the authorization, execution and delivery of the Trust Agreement, dated as of ______ 1, 2021 (the “Trust Agreement”), between the City and ______________________, as trustee; (iv) the default judgment dated ________, 2021, entered in favor of the City in connection with City of Pico Rivera v. All Persons Interested, etc., Case No. ______________ filed in the Superior Court of California, County of Los Angeles; (v) the Purchase Agreement, dated ________, 2021 (the “Purchase Agreement”), executed by ______________ (the “Underwriter”), and accepted by the City; (v) the Preliminary Official Statement, dated ________, 2021 (the “Preliminary Official Statement”), relating to the Bonds; (v) the Official Statement, dated ________, 2021 (the “Official Statement”), relating to the Bonds; (vi) the Continuuing Disclosure Certificate, dated ________, 2021 (the “Continuing Disclosure Certificate”), of the City relating to the Bonds; and (vii) such other records, documents, certificates, opinions, and other matters as are in our judgment necessary or appropriate to enable us to render the opinions expressed herein. All capitalized terms used herein and not otherwise defined shall have the meaning given to such terms as set forth in the Trust Agreement.

Based on the foregoing, and with regard to State of California (the “State”) law and United States federal law, we are of the opinion that:

(a) The City is a general law city and municipal corporation of the State, duly organized and validly existing pursuant to the Constitution and laws of the State.
(b) The Resolutions approving and authorizing the execution and delivery of the Bonds, the Trust Agreement, the Purchase Agreement, and the Continuing Disclosure Certificate (collectively, the “Legal Documents”) and approving and authorizing the issuance of the Bonds and the delivery of the Official Statement and other actions of the City were duly adopted at meetings of the governing body of the City which were called and held pursuant to law and with all public notice required by law and at each of which a quorum was present and acting throughout, and such Resolutions are now in full force and effect and have not been amended or superseded in any way.

(c) Except as disclosed in the Preliminary Official Statement and in the Official Statement, there is no action, suit or proceeding pending, or to the best of our knowledge, threatened against the City: (i) to restrain or enjoin the execution or delivery of the Legal Documents; (ii) in any way contesting or affecting the validity of the Legal Documents, the Resolutions or the authority of the City to enter into the Legal Documents; or (iii) in any way contesting or affecting the powers of the City in connection with any action contemplated by the Official Statement, the Resolutions or the Legal Documents.

(d) The execution and delivery of the Legal Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject, which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the Legal Documents.

(e) No authorization, approval, consent, or other order of the State or any other governmental body within the State is required for the valid authorization, execution and delivery of the Legal Documents or the consummation by the City of the transactions on its part contemplated therein, 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.

Very truly yours,
1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the City of Pico Rivera, a California municipal corporation ("City") and Columbia Capital Management, LLC, ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as a “Party” and collectively referred to as “Parties.”

2. RECITALS

2.1 City has determined that it requires professional services from a consultant to provide Municipal Advisory Services issued by the City of Pico Rivera.

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

NOW, THEREFORE, for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

3. DEFINITIONS

3.1 “Scope of Services”: Such professional services as are set forth in the Consultant’s January 22, 2021 proposal to City attached hereto as Exhibit “A” and incorporated herein by this reference.

3.2 “Approved Fee Schedule”: Such compensation rates as are set forth in the Consultant’s March 9, 2021 proposal to City attached hereto as Exhibit “B.”

3.3 “Commencement Date”: March 9, 2021

3.4 “Expiration Date”: March 9, 2026

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the Parties or terminated in accordance with Section 22 below.
5. CONSULTANT’S SERVICES

5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement. In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the sum of eighty five thousand dollars ($85,000) unless specifically approved in advance, in writing, by City.

5.2 Consultant shall perform all work to the highest professional standards of Consultant’s profession and in a manner reasonably satisfactory to City.

6. COMPENSATION

6.1 City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule.

6.2 Consultant shall submit to City an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within ten (10) business days of receipt of each invoice, City shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of each invoice, City shall pay all undisputed amounts included on the invoice. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

6.3 Payments for any services requested in writing by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant’s standard fee schedule. Fees for such additional services shall be paid within sixty (60) days of the date Consultant issues an invoice to City for such services.

7. BUSINESS LICENSE

Consultant shall obtain a City business license prior to commencing performance under this Agreement.

8. COMPLIANCE WITH LAWS

Consultant shall keep informed of State, Federal and Local laws, ordinances, codes and regulations that in any manner affect those employed by it or in any way
affect the performance of its services pursuant to this Agreement. The Consultant shall at all times comply with such laws, ordinances, codes and regulations. Without limiting the generality of the foregoing, if Consultant is an out-of-state corporation or LLC, it must be qualified and registered to do business in the State of California pursuant to sections 2105 and 17708.02 of the California Corporations Code. The City, its officers and employees shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

9. CONFLICT OF INTEREST

Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both: (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute; and (ii) City has not consented in writing prior to Consultant’s performance of such work.

10. PERSONNEL

Consultant 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 Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant’s services under this Agreement, but City reserves the right, for good cause, to require Consultant to exclude any employee from performing services on City’s premises. Jeff White, Managing Member, shall be Consultant’s project administrator and shall have direct responsibility for management of Consultant’s performance under this Agreement. No change shall be made in Consultant’s project administrator without City’s prior written consent.

11. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material ("written products") developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant. If any state, federal, or local law requires mandatory copyright protection for Consultant’s work product, City shall comply with such laws to the extent feasible.

12. INDEPENDENT CONSULTANT
12.1 Consultant is, and shall at all times remain as to City, a wholly independent consultant. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its officers, employees or agents shall have control over the conduct of Consultant or any of Consultant’s employees, except as set forth in this Agreement. Consultant shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of City.

12.2 The Parties further acknowledge and agree that nothing in this Agreement shall create or be construed to create a partnership, joint venture, employment relationship, joint-employer relationship, or any other relationship between Consultant or Consultant’s employees except as set forth in this Agreement.

12.3 City shall have no direct or indirect control over Consultant’s employees or sub-consultants with respect to wages, hours, and working conditions. In addition, City shall not deduct from the Compensation paid to Consultant any sums required for Social Security, withholding taxes, FICA, state disability insurance or any other federal, state or local tax or charge which may or may not be in effect or hereinafter enacted or required as a charge or withholding on the compensation paid to Consultant, Consultant’s employees or subconsultants. City shall have no responsibility to provide Consultant, its employees or subconsultants with workers’ compensation insurance or any other insurance.

13. CONFIDENTIALITY

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data and any copies thereof shall be returned to City upon the termination or expiration of this Agreement.

14. NON-LIABILITY OF CITY OFFICIALS AND EMPLOYEES

No official or employee of the City shall be personally liable to Consultant in the event of any default or breach by City, or for any amount which may become due to Consultant.

15. INDEMNIFICATION

15.1 The Parties agree that City, 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 City. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant’s commitment to indemnify and protect City as set forth herein. Notwithstanding the foregoing, to the extent Consultant’s services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.2 To the full extent permitted by law, Consultant shall indemnify, hold harmless and defend City, 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 Consultant or any of its officers, employees, servants, agents, or subconsultants in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees. Notwithstanding the foregoing, to the extent Consultant’s Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.3 City shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant’s failure to pay City promptly any indemnification arising under this Section 15 or related to Consultant’s failure to either: (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers’ compensation laws.

15.4 The obligations of Consultant under this Section 15 will not be limited by the provisions of any workers’ compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

15.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 15 from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, 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 Consultant’s subconsultants or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees.

15.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, 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.

15.7 PERS ELIGIBILITY INDEMNITY. In the event that Consultant or any employee, agent, or subconsultant of Consultant 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 City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subconsultants, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subconsultants 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 City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

16. INSURANCE

16.1 During the term of this Agreement, Consultant 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 Consultant’s performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

16.1.1 Comprehensive general liability, and Umbrella or Excess Liability Insurance covering all operations by or on behalf of Consultant providing insurance for bodily injury liability and property damage liability for the following and including coverage for:

16.1.1.1 Premises, operations, and mobile equipment
16.1.1.2 Products and completed operations

16.1.1.3 Broad form property damage (including completed operations)

16.1.1.4 Explosion, collapse, and underground hazards

16.1.1.5 Personal Injury

16.1.1.6 Contractual liability

in the amount of One Million Dollars ($1,000,000) per occurrence combined single limit; Two Million Dollars ($2,000,000) aggregate for products/completed operation; Two Million Dollars ($2,000,000) general aggregate (General aggregate must apply separately to Consultant’s work under this Agreement.); and Four Million Dollars ($4,000,000) umbrella or excess liability.

16.1.2 Automobile Liability Insurance for owned, hired and non-owned vehicles utilized by Consultant, its employees or subconsultants, in the amount of One Million Dollars ($1,000,000) per accident for bodily injury and property damage.

16.1.3 Worker’s Compensation Insurance as required by the laws of the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

16.1.4 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) per occurrence of claim/ Two Million Dollars ($2,000,000) in the aggregate.

16.2 Consultant shall require each of its subconsultants, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

16.3 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.

16.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either: (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant’s expense, the premium thereon.

16.5 At all times during the term of this Agreement, Consultant shall maintain on file with City’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 City as an additional insured. Consultant shall,
prior to commencement of work under this Agreement, file with City’s Risk Manager such certificate(s).

16.6 Consultant 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. Consultant shall provide such proof to City at least two weeks prior to the expiration of the coverages.

16.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City, 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 City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

16.8 The general liability and automobile policies of insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant’s insurance and shall not contribute with it.

16.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant’s employees, agents or subconsultants, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.

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

16.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant’s liability or as full performance of Consultant’s duties to indemnify, hold harmless and defend under Section 15 of this Agreement.

16.12 If Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

17. **MUTUAL COOPERATION**

17.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available to City for the proper performance of Consultant’s services under this Agreement.
17.2 In the event any claim or action is brought against City relating to Consultant’s performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require.

18. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

19. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

20. NOTICES

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

If to City:
Steve Carmona, City Manager
City of Pico Rivera
PO Box 1016
6615 Passons Blvd.
Pico Rivera, California 90660-1016
Facsimile: (562) 801-4765

If to Consultant:
Compliance Officer
Columbia Capital Management, LLC
100 N. Brand Blvd., Suite 605
Glendale, CA 91203
(818) 385-4900

With a courtesy copy to:
Arnold M. Alvarez-Glasman, City Attorney
13181 Crossroads Parkway North
Suite 400 - West Tower
City of Industry, CA 91746
Facsimile: (562) 692-2244
21. **SURVIVING COVENANTS**

The Parties agree that the covenants contained in Sections 13, 15 and Paragraph 17.2 of Section 17, of this Agreement shall survive the expiration or termination of this Agreement.

22. **TERMINATION**

22.1. City shall have the right to terminate this Agreement for any reason on five (5) calendar days’ written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days' written notice to City. The effective date of termination shall be upon the date specified in the notice of termination. Consultant agrees that in the event of such termination, City’s obligation to pay Consultant shall be limited to payment only for those services satisfactorily rendered, as solely determined by the City, prior to the effective date of termination. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

22.2 If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed, as solely determined by the City, at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

23. **ASSIGNMENT**

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City’s prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any Party other than Consultant.

24. **NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY**

24.1 In the performance of this Agreement, Consultant shall not discriminate against any employee, subconsultant, or employment applicant because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation. Consultant will take affirmative action to ensure that subconsultants, employees, and employment applicants are treated without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.
24.2 Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant state either that it is an equal opportunity employer or that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

24.3 Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement except contracts or subcontracts for standard commercial supplies or raw materials.

25. WARRANTIES

25.1 Each Party has received independent legal advice from its attorneys with respect to the advisability of entering into and executing this Agreement, or been provided with an opportunity to receive independent legal advice and has freely and voluntarily waived and relinquished the right to do so. Each Party who has not obtained independent counsel acknowledges that the failure to have independent legal counsel will not excuse such Party’s failure to perform under this Agreement.

25.2 In executing this Agreement, each Party has carefully read this Agreement, knows the contents thereof, and has relied solely on the statements expressly set forth herein and has placed no reliance whatsoever on any statement, representation, or promise of any other party, or any other person or entity, not expressly set forth herein, nor upon the failure of any other party or any other person or entity to make any statement, representation or disclosure of any matter whatsoever.

25.3 It is agreed that each Party has the full right and authority to enter into this Agreement, and that the person executing this Agreement on behalf of either Party has the full right and authority to fully commit and bind such Party to the provisions of this Agreement.

26. CAPTIONS

26.1 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement.

26.2 Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).
27. NON-WAIVER

27.1 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. In no event shall the making by City of any payment to Consultant constitute or be construed as a waiver by City of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by City shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

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

27.3 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City’s sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

28. COURT COSTS AND ATTORNEY FEES

In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the Party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants’ fees and expert witness fees, if any, and attorneys’ fees expended in such action. The venue for any litigation shall be Los Angeles County, California.

29. SEVERABILITY

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

30. GOVERNING LAW
This Agreement shall be governed and construed in accordance with the laws of the State of California.

31. COUNTERPARTS

This Agreement may be signed in any one or more counterparts all of which taken together shall be but one and the same Agreement. Any signed copy of this Agreement or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile or email transmission, shall for all purposes be treated as if it were delivered containing an original manual signature of the Party whose signature appears in the facsimile or email and shall be binding upon such Party in the same manner as though an originally signed copy had been delivered.

32. ENTIRE AGREEMENT

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.
TO EFFECTUATE THIS AGREEMENT, the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“CITY”
CITY OF PICO RIVERA

“CONSULTANT”
COLUMBIA CAPITAL MANAGEMENT, LLC

Steve Carmona, City Manager

Dated:________________________

Jeff White, Managing Member

Dated: March 12, 2021

ATTEST:

ANNA M. JEROME, CITY CLERK

APPROVED AS TO FORM:

ARNOLD M. ALVAREZ-GLASMAN, CITY ATTORNEY

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EXHIBIT A
SCOPE OF SERVICES

Municipal Advisory Services

Introduction

Municipal advisory services include providing advice to or on behalf of a municipal entity regarding municipal financial products or issuing municipal securities, including advice regarding the structure, timing, terms, and other similar matters concerning such financial products or issues.

The City intends to enter into on-call agreements with qualified firms offering municipal advisory services for any or all of the City’s current obligations, and may select more than one proposer for the various elements described below and place the qualified Firms in the Municipal Advisory Pool (Pool).

The City’s anticipated debt financing projects and programs over the proposed term of the On-Call Agreement are likely to include the following:

1. The City is interested at looking at refinancing opportunity for the following transactions.

<table>
<thead>
<tr>
<th>OUTSTANDING DEBT</th>
<th>INTEREST RATE</th>
<th>OUTSTANDING BALANCE</th>
<th>MATURITY DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999 Series A Lease Revenue Bonds (Water)</td>
<td>3.25%-5.5%</td>
<td>$12,340,000</td>
<td>May 2029</td>
</tr>
<tr>
<td>2016 Lease Revenue Bonds (Refinancing)</td>
<td>2.67%-5.25%</td>
<td>$27,740,000</td>
<td>July 2040</td>
</tr>
<tr>
<td>2018 Series A COPS (Street Improvement Bonds)</td>
<td>3.37%-5.00%</td>
<td>$14,490,000</td>
<td>August 2048</td>
</tr>
</tbody>
</table>

2. The City is also interested in contracting with an experienced financial advisor consulting firm to provide pension and other post-employment benefit (OPEB) strategies to finance those liabilities. The City is a member of the California Public Employees Retirement System (CalPERS) and provides various tiers of retiree benefits based on an employee’s hire date and status as a CalPERS member. As of the date of the last actuarial valuation provided by CalPERS, the City’s unfunded liability approximates $41 million.

Unlike pension benefits, the City does not have a dedicated funding source for retiree health benefits. Retiree health premiums are paid directly from the General Fund on a “pay-as-you-go” basis. As of the last actuarial valuation, the City’s OPEB unfunded liability is approximately $21 million.
Scope of Services

The City of Pico Rivera reserves the right to engage the services of an independent pricing agent in negotiating sales of its securities and/or terms and conditions of swaptions or swaps. The firm selected will be required to provide the following base level services and other general advisory services as may be requested from time to time:

1. Assist the City of Pico Rivera in updating and implementing strategies, plans, and policies. This includes analyzing short-term, intermediate, long-term financing options, and ongoing surveys of the financial activities of public agencies, including those with public utilities.

2. Provide the City of Pico Rivera with information, judgments, and forecasts regarding economic, capital market, and money market conditions.

3. Advise the City of Pico Rivera on the timing, method, and structure of its security sales and provide, when requested, consultation in negotiating the components of the underwriters’ spread and the pricing and other terms of the securities offered.

4. Assist the City of Pico Rivera in preparing and reviewing documents necessary for the sale of its securities and the investment of the proceeds thereof.

5. Assist the City of Pico Rivera, in coordination with the City’s bond counsel, in ensuring that applicable laws and regulations relating to security offerings are followed.

6. Assist the City of Pico Rivera with forming and implementing a rating strategy to optimize the City’s credit ratings including preparing any presentation before rating agencies, or other parties as appropriate.

7. Assist the City of Pico Rivera in evaluating the performance of syndicate members, distribution of bonds, settlement, and post-settlement analyses.

8. Assist the City of Pico Rivera in restructuring its debt, including changes in variable rate exposure and early retirement of outstanding obligations.

9. Assist City of Pico Rivera in reviewing and analyzing legislation that may have a financial impact on the City of Pico Rivera.
10. Solicit bids related to escrow funds, insurance, swap rates, and other bids the City of Pico Rivera may request.

11. When requested, assist the City of Pico Rivera in negotiating contracts, such as swaptions, investment agreements, purchases, and sales of assets.

12. Upon request, prepare special studies of a financial nature and review new financial products or techniques which may be proposed to the City of Pico Rivera from time to time.

13. Assist City of Pico Rivera in reviewing draft financial and rating agency reports prior to publication.

14. Assist the City of Pico Rivera in developing and maintaining mailing lists for its financial statements.

15. Cooperate and coordinate with the City of Pico Rivera on financial matters.

16. Attend meetings as requested and, upon request, attend meetings of the Board of Directors and the Investment Committee. From time to time, the Municipal Advisor will be asked to meet with staff and to make presentations to the Finance Committee, the Board of Directors or selected City project committees.

A fee structure for the services to be provided should be furnished in a separate envelope or under separate cover as part of your proposal and should indicate any billing practices that are believed to be unusual. Please identify in your proposal billing practices relating to direct costs, and indirect costs, if applicable. The City of Pico Rivera prefers to receive monthly billing statements. The City reserves the right to negotiate fees prior to awarding a contract. The City reserves the right to reject any or all proposals relating to municipal advisory services.

In recognizing that the City of Pico Rivera may issue new money bonds, will continue to restructure and reduce its outstanding debt, and engage in forward and/or current refunding’s to reduce interest costs, please provide fee quotations as follows:

1. Specify an annual retainer (which would be paid at the end of each month) and expenses for general municipal advisory work, indicating the total number of hours of work you propose to provide the City under such retainer. List the work, provide a schedule of hourly rates for each individual to be assigned to this account, as well as an average composite rate, and provide the total number of hours of work for each assigned individual.
2. Upon approval of specific transactions or other non-routine work by the Board, indicate in your proposal how you will charge the City of Pico Rivera for such assignments.

In addition to reserving its right to negotiate an agreement, the City of Pico Rivera reserves its right to negotiate fees for services not anticipated by the proposer in its annual retainer prior to authorizing commencement of such work. Should the hours projected to be worked exceed the number of hours specified as part of the proposer’s annual retainer, the City of Pico Rivera reserves its right to negotiate an adjustment in fees to compensate the Municipal Advisor.
FEES AND COSTS

Hourly fee for Non-Transaction Work – for work requested by the City outside of a transaction, a blended rate of $295 per hour, billed to the City in arrears not more frequently than monthly.

Transaction fee for POBs/OPEBs* - $75,000-$85,000 based upon the scope and complexity of the work to be performed and determined in writing between the City and CCM at the time the City Council indicates its interest in proceeding with the transaction.

Transaction fee for Lease, COP and Revenue Bonds* - $60,000-$75,000 based upon the scope and complexity of the work to be performed and determined in writing between the City and CCM at the time the City Council indicates its interest in proceeding with the transaction.

Transaction fee for Development Financings* - $60,000-$85,000 based upon the scope and complexity of the work to be performed and determined in writing between the City and CCM at the time the City Council indicates its interest in proceeding with the transaction.

*For each transaction plus up to $5,000 in actual, documented out-of-pocket costs, which would only be billed if incurred.
EXHIBIT C
TERMS FOR COMPLIANCE WITH CALIFORNIA LABOR LAW REQUIREMENTS

1. This Agreement calls for services that, in whole or in part, constitute “public works” as defined in Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code (“Chapter 1”). Further, Consultant acknowledges that this Agreement is subject to (a) Chapter 1 and (b) the rules and regulations established by the Department of Industrial Relations (“DIR”) implementing such statutes. Therefore, as to those Services that are “public works”, Consultant shall comply with and be bound by all the terms, rules and regulations described in 1(a) and 1(b) as though set forth in full herein.

2. California law requires the inclusion of specific Labor Code provisions in certain contracts. The inclusion of such specific provisions below, whether or not required by California law, does not alter the meaning or scope of Section 1 above.

3. Consultant shall be registered with the Department of Industrial Relations in accordance with California Labor Code Section 1725.5, and has provided proof of registration to City prior to the Effective Date of this Agreement. Consultant shall not perform work with any subconsultant that is not registered with DIR pursuant to Section 1725.5. Consultant and subconsultants shall maintain their registration with the DIR in effect throughout the duration of this Agreement. If the Consultant or any subconsultant ceases to be registered with DIR at any time during the duration of the project, Consultant shall immediately notify City.

4. Pursuant to Labor Code Section 1771.4, Consultant’s Services are subject to compliance monitoring and enforcement by DIR. Consultant shall post job site notices, as prescribed by DIR regulations.

5. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages for each craft, classification, or type of worker needed to perform the Agreement are on file at City Hall and will be made available to any interested party on request. Consultant acknowledges receipt of a copy of the DIR determination of such prevailing rate of per diem wages, and Consultant shall post such rates at each job site covered by this Agreement.

6. Consultant shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Consultant shall, as a penalty to City, forfeit $200.00 for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Consultant or by any subconsultant.

7. Consultant shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Consultant and each subconsultant to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified
in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform City of the location of the records.

8. Consultant shall comply with and be bound by the provisions of Labor Code seq. concerning the employment of apprentices on public works projects. Consultant shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Consultant shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within 60 days after concluding work pursuant to this Agreement, Consultant and each of its subconsultants shall submit to City a verified statement of the journeyman and apprentice hours performed under this Agreement.

9. The Consultant shall not perform Work with any Subconsultant that has been debarred or suspended pursuant to California Labor Code Section 1777.1 or any other federal or state law providing for the debarment of consultants from public works. The Consultant and Subconsultants shall not be debarred or suspended throughout the duration of this Contract pursuant to Labor Code Section 1777.1 or any other federal or state law providing for the debarment of consultants from public works. If the Consultant or any subconsultant becomes debarred or suspended during the duration of the project, the Consultant shall immediately notify City.

10. Consultant acknowledges that eight hours labor constitutes a legal day’s work. Consultant shall comply with and be bound by Labor Code Section 1810. Consultant shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Consultant shall, as a penalty to City, forfeit $25.00 for each worker employed in the performance of this Agreement by the Consultant or by any subconsultant for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and 40 hours during any one week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Consultant in excess of eight hours per day, and 40 hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay.

11. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Consultant hereby certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”
12. For every subconsultant who will perform work on the project, Consultant shall be responsible for such subconsultant’s compliance with Chapter 1 and Labor Code Sections 1860 and 3700, and Consultant shall include in the written contract between it and each subconsultant a copy of those statutory provisions and a requirement that each subconsultant shall comply with those statutory provisions. Consultant shall be required to take all actions necessary to enforce such contractual provisions and ensure subconsultant’s compliance, including without limitation, conducting a periodic review of the certified payroll records of the subconsultant and upon becoming aware of the failure of the subconsultant to pay his or her workers the specified prevailing rate of wages. Consultant shall diligently take corrective action to halt or rectify any failure.

13. To the maximum extent permitted by law, Consultant shall indemnify, hold harmless and defend (at Consultant’s expense with counsel reasonably acceptable to City) City, its officials, officers, employees, agents and independent consultants serving in the role of City officials, and volunteers from and against any demand or claim for damages, compensation, fines, penalties or other amounts arising out of or incidental to any acts or omissions listed above by any person or entity (including Consultant, its subconsultants, and each of their officials, officers, employees and agents) in connection with any work undertaken or in connection with the Agreement, including without limitation the payment of all consequential damages, attorneys’ fees, and other related costs and expenses. All duties of Consultant under this Section shall survive the termination of the Agreement.
AGREEMENT NO. _______
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF PICO RIVERA AND
STRADLING, YOCCA, CARLSON & RAUTH

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is entered into by and between the City of Pico Rivera, a California municipal corporation (“City”) and Stradling, Yocca, Carlson & Rauth (Attorneys at Law), (“Consultant”). City and Consultant are sometimes hereinafter individually referred to as a “Party” and collectively referred to as “Parties.”

2. RECITALS

2.1 City has determined that it requires professional services from a consultant to provide professional services.

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

NOW, THEREFORE, for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

3. DEFINITIONS

3.1 “Scope of Services”: Such professional services as are set forth in the Scope of Services attached hereto as Exhibit “A” and incorporated herein by this reference.

3.2 “Approved Fee Schedule”: Such compensation rates as are set forth in the Scope of Services attached hereto as Exhibit “A.”

3.3 “Commencement Date”: April 13, 2021

3.4 “Expiration Date”: April 13, 2022

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the Parties or terminated in accordance with Section 22 below.

5. CONSULTANT’S SERVICES

5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or
decrease in compensation, shall be incorporated by written amendment to this Agreement. In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the sum of $92,500. Ninety two thousand five hundred dollars ($92,500) unless specifically approved in advance, in writing, by City.

5.2 Consultant shall perform all work to the highest professional standards of Consultant’s profession and in a manner reasonably satisfactory to City.

6. COMPENSATION

6.1 City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule.

6.2 Consultant shall submit to City an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within ten (10) business days of receipt of each invoice, City shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of each invoice, City shall pay all undisputed amounts included on the invoice. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

6.3 Payments for any services requested in writing by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant’s standard fee schedule. Fees for such additional services shall be paid within sixty (60) days of the date Consultant issues an invoice to City for such services.

7. BUSINESS LICENSE

Consultant shall obtain a City business license prior to commencing performance under this Agreement.

8. COMPLIANCE WITH LAWS

Consultant shall keep informed of State, Federal and Local laws, ordinances, codes and regulations that in any manner affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. The Consultant shall at all times comply with such laws, ordinances, codes and regulations. Without limiting the generality of the foregoing, if Consultant is an out-of-state corporation or LLC, it must be qualified and registered to do business in the State of California pursuant to sections 2105 and 17708.02 of the California Corporations Code. The City, its officers and employees shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

9. CONFLICT OF INTEREST

Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by
Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both: (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute; and (ii) City has not consented in writing prior to Consultant's performance of such work.

10. PERSONNEL

Consultant 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 Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant's services under this Agreement, but City reserves the right, for good cause, to require Consultant to exclude any employee from performing services on City's premises. Vanessa S. Legbandt, Shareholder shall be Consultant’s project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant’s project administrator without City’s prior written consent.

11. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material (“written products”) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant. If any state, federal, or local law requires mandatory copyright protection for Consultant’s work product, City shall comply with such laws to the extent feasible.

12. INDEPENDENT CONSULTANT

12.1 Consultant is, and shall at all times remain as to City, a wholly independent consultant. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its officers, employees or agents shall have control over the conduct of Consultant or any of Consultant’s employees, except as set forth in this Agreement. Consultant shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of City. 12.2 The Parties further acknowledge and agree that nothing in this Agreement shall create or be construed to create a partnership, joint venture, employment relationship, joint-employer relationship, or any other relationship between Consultant or Consultant’s employees except as set forth in this Agreement.

12.3 City shall have no direct or indirect control over Consultant’s employees or sub-consultants with respect to wages, hours, and working conditions. In addition, City shall not deduct from the Compensation paid to Consultant any sums required for Social Security, withholding taxes, FICA, state disability insurance or any other federal, state or local tax or charge which may or may not be in effect or hereinafter enacted or required
as a charge or withholding on the compensation paid to Consultant, Consultant’s employees or subconsultants. City shall have no responsibility to provide Consultant, its employees or subconsultants with workers’ compensation insurance or any other insurance.

12.4 The Parties further acknowledges the following: (i) that Consultant shall provide the services outlined in the Scope of Services directly to City; (ii) Consultant maintains a business location at the address listed under Section 20 that is separate and distinct from the City; (iii) Consultant contracts with other businesses to provide the same or similar services and maintains a clientele without restriction from the City; (iv) Consultant advertises and holds itself out to the public as available to provide the same or similar services; (v) unless otherwise specified in this Agreement, Consultant provides its own tools, vehicles, and equipment necessary for performing the Scope of Services; (vi) Consultant has proposed and negotiated its own rates; and (vii) consistent with the nature and demands of the project and the City’s business hours, Consultant may set its own hours and location of work.

13. **CONFIDENTIALITY**

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data and any copies thereof shall be returned to City upon the termination or expiration of this Agreement.

14. **NON-LIABILITY OF CITY OFFICIALS AND EMPLOYEES**

No official or employee of the City shall be personally liable to Consultant in the event of any default or breach by City, or for any amount which may become due to Consultant.

15. **INDEMNIFICATION**

15.1 The Parties agree that City, 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 City. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant’s commitment to indemnify and protect City as set forth herein. Notwithstanding the foregoing, to the extent Consultant’s services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.2 To the full extent permitted by law, Consultant shall indemnify, hold harmless and defend City, 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 Consultant or any of its officers, employees, servants, agents, or subconsultants in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice and expert witness fees and consultant fees. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.3 City shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant's failure to pay City promptly any indemnification arising under this Section 15 or related to Consultant's failure to either: (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

15.4 The obligations of Consultant under this Section 15 will not be limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

15.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 15 from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, 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 Consultant's subconsultants or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice and expert witness fees and consultant fees.

15.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, 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.

15.7 PERS ELIGIBILITY INDEMNITY. In the event that Consultant or any employee, agent, or subconsultant of Consultant 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 City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subconsultants, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subconsultants 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 City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

16. INSURANCE

16.1 During the term of this Agreement, Consultant 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 Consultant’s performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

16.1.1 Comprehensive general liability, and Umbrella or Excess Liability Insurance covering all operations by or on behalf of Consultant providing insurance for bodily injury liability and property damage liability for the following and including coverage for:

16.1.1.1 Premises, operations, and mobile equipment

16.1.1.2 Products and completed operations

16.1.1.3 Broad form property damage (including completed operations)

16.1.1.4 Explosion, collapse, and underground hazards

16.1.1.5 Personal Injury

16.1.1.6 Contractual liability

in the amount of One Million Dollars ($1,000,000) per occurrence combined single limit; Two Million Dollars ($2,000,000) aggregate for products/completed operation; Two Million Dollars ($2,000,000) general aggregate (General aggregate must apply separately to Consultant’s work under this Agreement.); and Five Million Dollars ($5,000,000) umbrella or excess liability.

16.1.2 Automobile Liability Insurance for owned, hired and non-owned vehicles utilized by Consultant, its employees or subconsultants, in the amount of One Million Dollars ($1,000,000) per accident for
bodily injury and property damage.

16.1.3 Worker’s Compensation Insurance as required by the laws of the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

16.1.4 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) per occurrence of claim/ Two Million Dollars ($2,000,000) in the aggregate.

16.2 Consultant shall require each of its subconsultants, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

16.3 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.

16.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either: (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant’s expense, the premium thereon.

16.5 At all times during the term of this Agreement, Consultant shall maintain on file with City’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 City as an additional insured. Consultant shall, prior to commencement of work under this Agreement, file with City’s Risk Manager such certificate(s).

16.6 Consultant 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. Consultant shall provide such proof to City at least two weeks prior to the expiration of the coverages.

16.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City, 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 City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

16.8 The general liability and automobile policies of insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant’s insurance and shall not contribute with it.

16.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant’s employees, agents or subconsultants, from waiving
the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.

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

16.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant’s liability or as full performance of Consultant’s duties to indemnify, hold harmless and defend under Section 15 of this Agreement.

16.12 If Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

17. **MUTUAL COOPERATION**

17.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available to City for the proper performance of Consultant’s services under this Agreement.

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

18. **RECORDS AND INSPECTIONS**

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

19. **PERMITS AND APPROVALS**

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

20. **NOTICES**

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

If to City:
Steve Carmona, City Manager
City of Pico Rivera
PO Box 1016
6615 Passons Blvd.
Pico Rivera, California 90660-1016
Facsimile: (562) 801-4765

If to Consultant:
Vanessa S Legbandt
Stradling, Yocca, Carlson & Rauth
660 Newport Center Drive,
Suite 1600
Newport Beach, CA 92660-6422
Phone: (949) 725-4000
Facsimile: (949) 725-4100

With a courtesy copy to:
Arnold M. Alvarez-Glasman, City Attorney
13181 Crossroads Parkway North
Suite 400 - West Tower
City of Industry, CA  91746
Facsimile: (562) 692-2244

21. **SURVIVING COVENANTS**

The Parties agree that the covenants contained in Sections 13, 15 and Paragraph 17.2 of Section 17, of this Agreement shall survive the expiration or termination of this Agreement.

22. **TERMINATION**

22.1 City shall have the right to terminate this Agreement for any reason on five (5) calendar days' written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days' written notice to City. The effective date of termination shall be upon the date specified in the notice of termination. Consultant agrees that in the event of such termination, City’s obligation to pay Consultant shall be limited to payment only for those services satisfactorily rendered, as solely determined by the City, prior to the effective date of termination. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

22.2 If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed, as solely determined by the City, at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

23. **ASSIGNMENT**

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City’s prior written consent, and any attempt
to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any Party other than Consultant.

24. NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

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

24.2 Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant state either that it is an equal opportunity employer or that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

24.3 Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement except contracts or subcontracts for standard commercial supplies or raw materials.

25. WARRANTIES

25.1 Each Party has received independent legal advice from its attorneys with respect to the advisability of entering into and executing this Agreement, or been provided with an opportunity to receive independent legal advice and has freely and voluntarily waived and relinquished the right to do so. Each Party who has not obtained independent counsel acknowledges that the failure to have independent legal counsel will not excuse such Party’s failure to perform under this Agreement.

25.2 In executing this Agreement, each Party has carefully read this Agreement, knows the contents thereof, and has relied solely on the statements expressly set forth herein and has placed no reliance whatsoever on any statement, representation, or promise of any other party, or any other person or entity, not expressly set forth herein, nor upon the failure of any other party or any other person or entity to make any statement, representation or disclosure of any matter whatsoever.

25.3 It is agreed that each Party has the full right and authority to enter into this Agreement, and that the person executing this Agreement on behalf of either Party has the full right and authority to fully commit and bind such Party to the provisions of this Agreement.

26. CAPTIONS

26.1 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this
Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement.

26.2 Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

27. **NON-WAIVER**

27.1 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. In no event shall the making by City of any payment to Consultant constitute or be construed as a waiver by City of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by City shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

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

27.3 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City’s sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

28. **COURT COSTS AND ATTORNEY FEES**

In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the Party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants’ fees and expert witness fees, if any, and attorneys’ fees expended in such action. The venue for any litigation shall be Los Angeles County, California.

29. **SEVERABILITY**

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

30. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of California.

31. COUNTERPARTS

This Agreement may be signed in any one or more counterparts all of which taken together shall be but one and the same Agreement. Any signed copy of this Agreement or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile or email transmission, shall for all purposes be treated as if it were delivered containing an original manual signature of the Party whose signature appears in the facsimile or email and shall be binding upon such Party in the same manner as though an originally signed copy had been delivered.

32. ENTIRE AGREEMENT

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

TO EFFECTUATE THIS AGREEMENT, the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“CITY”  “CONSULTANT”
CITY OF PICO RIVERA  STRADLING, YOCCA, CARLSON & RAUTH

______________________________ ___________________________________
Steve Carmona, City Manager  Vanessa S. Legbandt, Shareholder
Dated: ________________________    Dated: _____________________________

ATTEST:  APPROVED AS TO FORM:

______________________________ ___________________________________
Anna M. Jerome, City Clerk  Arnold M. Alvarez-Glasman, City Attorney
Dated: ________________________    Dated: _____________________________
April 6, 2021

**Attorney-Client Privileged**

Steven Carmona, City Manager
City of Pico Rivera
6615 Passons Boulevard
Pico Rivera, California 90660

Re:  *Engagement Letter and Contract for Legal Services*

Dear Mr. Carmona:

Thank you for asking Stradling Yocca Carlson & Rauth (“we” or “us”) to provide legal services to the City of Pico Rivera (the “City”, “you” or “Pico Rivera”) in connection with the proposed City of Pico Rivera Pension Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”) and the judicial validation action in connection with the Bonds (the “Validation Action”). This letter confirms the terms of our engagement.

1. **Legal Services to be Provided.** You are engaging us to provide legal services to you in connection with the Bonds. If additional services are requested by you and agreed to by us, this letter will apply to such services, unless superseded by another written agreement. Any matter covered by this letter will conclude when our services are completed or when our relationship with you is terminated. Our representation is limited to the specific services that you request and that we have agreed to undertake. Unless otherwise agreed by us in writing, we will not provide any advice or legal services regarding insurance coverage or tax issues. You agree that you are not relying on us for accounting, business or investment decisions.

2. **Identity of Client.** We represent only the City in this matter. We do not represent any other entity or person, including any other company, partnership, organization, director, officer, employee, member, shareholder, partner, agent or family member, in this matter. Any representation by us of such other entity or person will be established only in a separate written agreement.

3. **Responsibilities of Attorney and Client.** Our responsibilities under this agreement are to provide the legal services described above. Your responsibilities are to be truthful with us, to keep us informed of all relevant developments as they occur, to cooperate in all reasonable requests by us, and to timely pay all retainers, fees and costs in this matter, including any fees and costs we incurred on your behalf before you signed this letter.
4. Fees. For filing and completing the Validation Action the Firm will be paid a fixed fee of $25,000, which is not contingent on the Bonds closing and is inclusive of costs. The foregoing $25,000 fee for validation counsel services assumes that a default judgment is entered by the Court and no answer is filed in the Validation Action. If there is an answer to the Validation Action by a third party and the City decides to litigate the matter we would be paid at our normal hourly rates in connection with such litigation, as described below.

For serving as Bond counsel we would propose a fixed fee of $67,500 inclusive of expenses. Our Bond Counsel fee is contingent on the issuance of Bonds.

For time billed on an hourly basis, we bill for all activities undertaken on the subject matter, including time spent conducting legal research, preparing and reviewing documents, preparing for and participating in telephone calls, meetings, court appearances or other proceedings, and traveling, both local and out of town. Each professional who confers on a matter or attends a meeting, court hearing or other proceeding will separately bill his or her time. Time is billed in .10-hour increments. Our current hourly rates for this type of matter range from $425 to $800, but we propose to bill at the hourly rates of $600 for Brian Forbath and Carol Lew, $550 for Vanessa Legbandt and Allison Burns, $500 for other shareholders, $375 for associates and $150 for paralegals. Other professionals also may work on this matter. Our rate schedule is modified from time to time. Any new rates will be applied to you upon adoption and reflected on your next statement. By signing this letter, you acknowledge and consent to these fees and billing methods.

5. Costs. You are responsible for all costs that we incur on your behalf, including for travel, parking, lodging, meals, long distance calls, process servers, filing fees, photocopying, legal databases, and postage. For outside costs, we may pay the costs and bill you for reimbursement, but we reserve the right to require you to pay such costs directly, particularly if the amount is $500 or more, which often occurs with consultants, experts, document production companies, court reporter services and other vendors. For internal costs, we typically bill at rates that exceed our actual cost. Our current rates for internal costs are: photocopies ($0.20/page); color copies ($0.35/page); outgoing faxes ($1.50/page); research databases (discounted vendor rate plus 50%); e-discovery support ($300/hour plus material costs); data conversion ($250/gigabyte plus material costs); word processing ($30/hour); staff overtime ($30/hour); and mileage (IRS rate). We may modify our internal rates from time to time without advance notice to you. Any new rates will be applied to you upon adoption and reflected on your next statement.

6. Statements. We issue periodic statements that clearly state the basis of our fees and costs. Our statements typically summarize the services performed on a particular day in a single time entry for each professional, and give the type, amount and date of each expense. Each statement also identifies any amounts paid from a retainer. You may request a statement at intervals of not less than thirty days. If you do so, we will provide one within ten days, except as otherwise provided by law. If you do not request statements on a monthly basis as provided herein, you waive any objection that a statement is untimely or that it includes fees or costs for a period of greater than one month. By signing this letter, you acknowledge and agree to these billing methods.
7. **Payment.** Payment is due upon receipt of each statement unless deferred pursuant to Section 4 above. If a statement (for which payment is required by Section 4) is not paid in full within thirty days of the statement date, we have the right to terminate our representation of you. We also have the right to charge interest, at the rate of 10% per year, on all unpaid amounts, beginning thirty days after the statement date until payment. We apply payments first to accrued interest and then to amounts owed under our outstanding statements in chronological order. If we represent you in a litigation matter, all outstanding amounts must be paid in full at least sixty days before the trial or arbitration is scheduled to begin. By signing this letter, you acknowledge and consent to these payment terms.

8. **Termination.** Our representation of you may be terminated prior to the completion of our services upon written notice at any time for any reason by you or by us. If we represent you before a tribunal, our ability to withdraw may be subject to the tribunal’s approval. If so, the termination shall not take effect prior to the date such approval is given. You agree that the termination of our representation, whether by you, by us, or by a tribunal, does not remove your obligation to pay all amounts owed to us through the termination date, and any amounts incurred after that date, including fees and costs reasonably required to be incurred by us, as well as accrued interest. You also agree to sign any documents necessary to permit us to withdraw from our representation of you.

9. **Client File and Retention.** For each matter we maintain a file in which we place certain documents and items, including original documents, that are reasonably necessary to our representation in the matter. We keep each file for seven years after a matter concludes. The file belongs to the client and, subject to any protective order or non-disclosure agreement, the client may request to take possession of it once the matter concludes. Should all or any portion of the file become the subject of a subpoena, discovery request or other disclosure obligation (“Legal Process”) while in our possession, including after the matter concludes, you agree to pay our then-prevailing hourly rates and costs that we incur in connection with the Legal Process.

10. **Arbitration.** ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN OR AMONG YOU AND US (INCLUDING OUR PROFESSIONALS, EMPLOYEES AND AGENTS), WHETHER IN TORT, CONTRACT OR OTHERWISE, ARISING OUT OF OR IN ANY WAY RELATING TO THIS ENGAGEMENT LETTER OR ANY SERVICES THAT WE PROVIDE, SHALL BE SUBMITTED TO BINDING ARBITRATION. BY-agreeING TO ARBITRATE, YOU AGREE TO WAIVE YOUR RIGHT TO A JURY TRIAL. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures and shall be conducted in Orange County, California by one neutral arbitrator, who shall be a retired judge or justice. If the dispute involves our fees or costs, you may elect to submit that portion of the dispute to non-binding arbitration pursuant to California Business and Professions Code Sections 6200-6206. Any such non-binding arbitration shall be administered by the Orange County Bar Association under its Rules of Procedure for Mandatory Fee Arbitration. If any party rejects the non-binding award, final resolution of the dispute shall take place pursuant to the binding arbitration procedure with JAMS described above. Any court having jurisdiction may compel arbitration, grant provisional remedies in aid of arbitration, and confirm, vacate or modify the arbitration award. You consent to jurisdiction and venue in the state and federal courts located in Orange County,
California for these purposes. The prevailing party in any dispute resolved by arbitration shall recover its costs and attorney’s fees from the non-prevailing party, except as otherwise provided by law. This arbitration agreement shall be interpreted under the Federal Arbitration Act.

11. **No Guarantee of Result or Charges.** We do not guarantee any particular result or the maximum amount of fees or costs you will incur. You acknowledge and agree that any comments we make about potential outcomes or charges in this matter, including any timetables, budgets or fee estimates, are expressions of opinion only, are neither promises nor guarantees, and are not binding. If we represent you in a litigation matter, you may be required to pay the other side’s fees and costs. Any such payment is your sole responsibility.

12. **Our Counsel.** We have both internal counsel and outside counsel who advise our professionals about their ethical, professional and legal duties. From time to time, our professionals may consult such counsel about this matter. You acknowledge that such consultations are protected from disclosure to you by the attorney-client privilege between our counsel and us. You also agree that any such communications are not part of your client file, and that you waive any right to obtain discovery of those communications.

13. **Other Clients.** As a law firm with many diverse clients and practice areas, we seek to retain the ability to accept unrelated matters for all of our clients. We thus request your informed written consent that we may represent any other client in any future matter that is not substantially related to this matter and does not involve material confidential information we obtained while representing you in this matter. This consent would allow us to represent in such other matter any party that is adverse to you in this matter, and would allow us to be adverse to you in another matter, including litigation.

We have represented, and may represent in the future, all of the significant underwriting firms and banks doing business in the State of California from time to time in connection with other specific municipal finance offerings. You expressly consent to such representation. In addition, we have in the past, and may in the future, represent other public agencies as bond or disclosure counsel on municipal finance offerings or in connection with employment, environmental, development, or other municipal law matters that are unrelated to the City’s financing.

In addition to the foregoing, other such matters could arise during our representation of you in this matter. However, that we confirm that we are not representing and will not represent any other party in connection with the Bonds or the Validation Action.

Under Rule 1.7(a) of the California Rules of Professional Conduct (a copy of which is attached to this letter), an attorney may not “represent a client if the representation is directly adverse to another client in the same or a separate matter” unless the attorney has the informed written consent of each client. As described above, our representation of Pico Rivera with respect to the Bonds may be directly adverse to various underwriters doing business in the State of California.

We are required to request a written confirmation from the City, that: (1) the facts set forth in this Section 13 have been disclosed; (2) you have been advised to seek independent counsel
concerning the actual and potential conflicts of interest; (3) you have knowingly and voluntarily waived any and all actual or potential conflicts of interest in or relating to our representation of the City; (4) you have knowingly and voluntarily waived any and all actual or potential conflicts of interest in or relating to our representation of various underwriters who may provide services to the City; and, (5) you consent to our representation of such underwriters, in connection with the matters described herein.

You should feel free to consult independent counsel of your choice before deciding whether to grant this consent. By signing this letter, you represent and agree that you have had a reasonable opportunity to consult independent counsel, that you give informed written consent as specified herein, and that you will not seek to disqualify us from representing any other client in a matter permitted by this consent.

14. Publicity. You consent to our use of your name and logo (if applicable) on our website and in our marketing materials.

15. Client Communication. You hereby designate Steven Carmona, City Manager, to act on your behalf for this matter, and you authorize us to communicate with, and receive directions from, that person and any other person that you may designate in the future.

16. Authority to Sign. The person signing this letter on behalf of an entity represents that he or she has the full right and authority to do so, and to fully commit and bind that entity to this engagement letter.

17. Miscellaneous. This letter sets forth the entire agreement between you and us, and there is no other or additional understanding between you and us on these subjects. This agreement supersedes any prior agreements or representations, written or oral, between you and us on these subjects. Any modification or amendment to this agreement must be in a writing signed by you and us. This agreement shall be governed by California law without reference to its conflict of law principles. If any provision of this agreement is found to be invalid or unenforceable, that provision shall be deemed modified or removed so that it is valid and enforceable to the fullest extent of the law, and the other provisions of this agreement shall be unimpaired.

18. Effective Date. The effective date of this agreement is the earlier of the date you sign this letter or the date we first provide legal services to you in this matter. The date of this letter is for reference only.

If you agree with the above terms and conditions, please sign and return to me the enclosed copy of the signature page of this letter. If you have any questions about this letter, please feel free to ask me. In addition, you should feel free to consult independent counsel of your choice about the terms of this letter.

We look forward to working with you and thank you once again for the opportunity to be of service.
Steven Carmona, City Manager
City of Pico Rivera
April 6, 2021
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Very truly yours,

[Signature]

Vanessa S. Legbandt
STRADLING YOCCA CARLSON & RAUTH, P.C.
The undersigned has read and understands the foregoing letter, has had the opportunity to consult with independent counsel regarding this letter, accepts and agrees to all of the terms and conditions of this letter, and gives informed written consent consistent with the terms of this letter.

CITY OF PICO RIVERA

________________________________________________________________________

Date Steven Carmona, City Manager
CALIFORNIA RULES OF PROFESSIONAL CONDUCT
RULE 1.7
Conflict of Interest: Current Clients

(a) A lawyer shall not, without informed written consent* from each client and compliance with paragraph (d), represent a client if the representation is directly adverse to another client in the same or a separate matter.

(b) A lawyer shall not, without informed written consent* from each affected client and compliance with paragraph (d), represent a client if there is a significant risk the lawyer’s representation of the client will be materially limited by the lawyer’s responsibilities to or relationships with another client, a former client or a third person,* or by the lawyer’s own interests.

(c) Even when a significant risk requiring a lawyer to comply with paragraph (b) is not present, a lawyer shall not represent a client without written* disclosure of the relationship to the client and compliance with paragraph (d) where:

(1) the lawyer has, or knows* that another lawyer in the lawyer’s firm* has, a legal, business, financial, professional, or personal relationship with or responsibility to a party or witness in the same matter; or

(2) the lawyer knows* or reasonably should know* that another party’s lawyer is a spouse, parent, child, or sibling of the lawyer, lives with the lawyer, is a client of the lawyer or another lawyer in the lawyer’s firm, or has an intimate personal relationship with the lawyer.

(d) Representation is permitted under this rule only if the lawyer complies with paragraphs (a), (b), and (c), and:

(1) the lawyer reasonably believes* that the lawyer will be able to provide competent and diligent representation to each affected client;

(2) the representation is not prohibited by law; and

(3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or other proceeding before a tribunal.

(e) For purposes of this rule, “matter” includes any judicial or other proceeding, application, request for a ruling or other determination, contract, transaction, claim, controversy, investigation, charge, accusation, arrest, or other deliberation, decision, or action that is focused on the interests of specific persons,* or a discrete and identifiable class of persons.*

* Indicates term or phrase defined in Rule 1.0.1 (Terminology) of the California Rules of Professional Conduct.
AGREEMENT NO. _______
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF PICO RIVERA AND
NIXON PEABODY, LLP

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the City of Pico Rivera, a California municipal corporation ("City") and Nixon Peabody (Attorneys at Law), ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as a "Party" and collectively referred to as "Parties."

2. RECITALS

2.1 City has determined that it requires professional services from a consultant to provide professional services.

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

NOW, THEREFORE, for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

3. DEFINITIONS

3.1 “Scope of Services”: Such professional services as are set forth in the Scope of Services attached hereto as Exhibit "A" and incorporated herein by this reference.

3.2 “Approved Fee Schedule”: Such compensation rates as are set forth in the Scope of Services attached hereto as Exhibit “A.”

3.3 “Commencement Date”: April 26, 2021

3.4 “Expiration Date”: April 26, 2022

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the Parties or terminated in accordance with Section 22 below.

5. CONSULTANT’S SERVICES

5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this
In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the sum of $45,000. Forty five thousand dollars ($45,000) unless specifically approved in advance, in writing, by City.

5.2 Consultant shall perform all work to the highest professional standards of Consultant’s profession and in a manner reasonably satisfactory to City.

6. COMPENSATION

6.1 City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule.

6.2 Consultant shall submit to City an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within ten (10) business days of receipt of each invoice, City shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of each invoice, City shall pay all undisputed amounts included on the invoice. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

6.3 Payments for any services requested in writing by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant’s standard fee schedule. Fees for such additional services shall be paid within sixty (60) days of the date Consultant issues an invoice to City for such services.

7. BUSINESS LICENSE

Consultant shall obtain a City business license prior to commencing performance under this Agreement.

8. COMPLIANCE WITH LAWS

Consultant shall keep informed of State, Federal and Local laws, ordinances, codes and regulations that in any manner affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. The Consultant shall at all times comply with such laws, ordinances, codes, and regulations. Without limiting the generality of the foregoing, if Consultant is an out-of-state corporation or LLC, it must be qualified and registered to do business in the State of California pursuant to sections 2105 and 17708.02 of the California Corporations Code. The City, its officers and employees shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

9. CONFLICT OF INTEREST
Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both: (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute; and (ii) City has not consented in writing prior to Consultant’s performance of such work.

10. PERSONNEL

Consultant 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 Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant’s services under this Agreement, but City reserves the right, for good cause, to require Consultant to exclude any employee from performing services on City’s premises. Danny Kim, Partner shall be Consultant’s project administrator and shall have direct responsibility for management of Consultant’s performance under this Agreement. No change shall be made in Consultant’s project administrator without City’s prior written consent.

11. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material (“written products”) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant. If any state, federal, or local law requires mandatory copyright protection for Consultant’s work product, City shall comply with such laws to the extent feasible.

12. INDEPENDENT CONSULTANT

12.1 Consultant is, and shall at all times remain as to City, a wholly independent consultant. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant’s employees, except as set forth in this Agreement. Consultant shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of City. 12.2 The Parties further acknowledge and agree that nothing in this Agreement shall create or be construed to create a partnership, joint venture, employment relationship, joint-employer relationship, or any other relationship between Consultant or Consultant’s employees except as set forth in this Agreement.
12.3 City shall have no direct or indirect control over Consultant’s employees or sub-consultants with respect to wages, hours, and working conditions. In addition, City shall not deduct from the Compensation paid to Consultant any sums required for Social Security, withholding taxes, FICA, state disability insurance or any other federal, state or local tax or charge which may or may not be in effect or hereinafter enacted or required as a charge or withholding on the compensation paid to Consultant, Consultant’s employees or subconsultants. City shall have no responsibility to provide Consultant, its employees or subconsultants with workers’ compensation insurance or any other insurance.

12.4 The Parties further acknowledges the following: (i) that Consultant shall provide the services outlined in the Scope of Services directly to City; (ii) Consultant maintains a business location at the address listed under Section 20 that is separate and distinct from the City; (iii) Consultant contracts with other businesses to provide the same or similar services and maintains a clientele without restriction from the City; (iv) Consultant advertises and holds itself out to the public as available to provide the same or similar services; (v) unless otherwise specified in this Agreement, Consultant provides its own tools, vehicles, and equipment necessary for performing the Scope of Services; (vi) Consultant has proposed and negotiated its own rates; and (vii) consistent with the nature and demands of the project and the City’s business hours, Consultant may set its own hours and location of work.

13. CONFIDENTIALITY

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data and any copies thereof shall be returned to City upon the termination or expiration of this Agreement.

14. NON-LIABILITY OF CITY OFFICIALS AND EMPLOYEES

No official or employee of the City shall be personally liable to Consultant in the event of any default or breach by City, or for any amount which may become due to Consultant.

15. INDEMNIFICATION

15.1 The Parties agree that City, 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 City. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant’s commitment to
indemnify and protect City as set forth herein. Notwithstanding the foregoing, to the extent Consultant’s services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.2 To the full extent permitted by law, Consultant shall indemnify, hold harmless and defend City, 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 Consultant or any of its officers, employees, servants, agents, or subconsultants in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees. Notwithstanding the foregoing, to the extent Consultant’s Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.3 City shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant’s failure to pay City promptly any indemnification arising under this Section 15 or related to Consultant’s failure to either: (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers’ compensation laws.

15.4 The obligations of Consultant under this Section 15 will not be limited by the provisions of any workers’ compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

15.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 15 from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, 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 Consultant’s subconsultants or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs
and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees.

15.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, 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.

15.7 PERS ELIGIBILITY INDEMNITY. In the event that Consultant or any employee, agent, or subconsultant of Consultant 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 City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subconsultants, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subconsultants 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 City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

16. INSURANCE

16.1 During the term of this Agreement, Consultant 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 Consultant’s performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

16.1.1 Comprehensive general liability, and Umbrella or Excess Liability Insurance covering all operations by or on behalf of Consultant providing insurance for bodily injury liability and property damage liability for the following and including coverage for:

16.1.1.1 Premises, operations, and mobile equipment
16.1.1.2 Products and completed operations
16.1.1.3 Broad form property damage (including completed operations)

16.1.1.4 Explosion, collapse, and underground hazards

16.1.1.5 Personal Injury

16.1.1.6 Contractual liability

in the amount of One Million Dollars ($1,000,000) per occurrence combined single limit; Two Million Dollars ($2,000,000) aggregate for products/completed operation; Two Million Dollars ($2,000,000) general aggregate (General aggregate must apply separately to Consultant’s work under this Agreement.); and Five Million Dollars ($5,000,000) umbrella or excess liability.

16.1.2 Automobile Liability Insurance for owned, hired and non-owned vehicles utilized by Consultant, its employees or subconsultants, in the amount of One Million Dollars ($1,000,000) per accident for bodily injury and property damage.

16.1.3 Worker’s Compensation Insurance as required by the laws of the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

16.1.4 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) per occurrence of claim/ Two Million Dollars ($2,000,000) in the aggregate.

16.2 Consultant shall require each of its subconsultants, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

16.3 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.

16.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either: (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant’s expense, the premium thereon.

16.5 At all times during the term of this Agreement, Consultant shall maintain on file with City’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 City as an additional insured. Consultant shall, prior to commencement of work under this Agreement, file with City’s Risk Manager such
16.6 Consultant 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. Consultant shall provide such proof to City at least two weeks prior to the expiration of the coverages.

16.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City, 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 City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

16.8 The general liability and automobile policies of insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant’s insurance and shall not contribute with it.

16.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant’s employees, agents or subconsultants, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.

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

16.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant’s liability or as full performance of Consultant’s duties to indemnify, hold harmless and defend under Section 15 of this Agreement.

16.12 If Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

17. MUTUAL COOPERATION

17.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available to City for the proper performance of Consultant’s services under this Agreement.
17.2 In the event any claim or action is brought against City relating to Consultant’s performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require.

18. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

19. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

20. NOTICES

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

If to City:
Steve Carmona, City Manager
City of Pico Rivera
PO Box 1016
6615 Passons Blvd.
Pico Rivera, California 90660-1016
Facsimile: (562) 801-4765

If to Consultant:
Danny Kim, Partner
Nixon Peabody LLP
300 S. Grand Avenue,
Suite 4100
Los Angeles, CA 90071-3151
Phone: (213) 629-6000

With a courtesy copy to:
Arnold M. Alvarez-Glasman, City Attorney
13181 Crossroads Parkway North
Suite 400 - West Tower
City of Industry, CA 91746
Facsimile: (562) 692-2244
21. **SURVIVING COVENANTS**

The Parties agree that the covenants contained in Sections 13, 15 and Paragraph 17.2 of Section 17, of this Agreement shall survive the expiration or termination of this Agreement.

22. **TERMINATION**

22.1. City shall have the right to terminate this Agreement for any reason on five (5) calendar days' written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days' written notice to City. The effective date of termination shall be upon the date specified in the notice of termination. Consultant agrees that in the event of such termination, City’s obligation to pay Consultant shall be limited to payment only for those services satisfactorily rendered, as solely determined by the City, prior to the effective date of termination. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

22.2 If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed, as solely determined by the City, at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

23. **ASSIGNMENT**

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City’s prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any Party other than Consultant.

24. **NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY**

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

24.2 Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant state either that it is an equal opportunity employer or that all qualified applicants will receive consideration for employment without regard to race,
color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

24.3 Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement except contracts or subcontracts for standard commercial supplies or raw materials.

25. WARRANTIES

25.1 Each Party has received independent legal advice from its attorneys with respect to the advisability of entering into and executing this Agreement, or been provided with an opportunity to receive independent legal advice and has freely and voluntarily waived and relinquished the right to do so. Each Party who has not obtained independent counsel acknowledges that the failure to have independent legal counsel will not excuse such Party’s failure to perform under this Agreement.

25.2 In executing this Agreement, each Party has carefully read this Agreement, knows the contents thereof, and has relied solely on the statements expressly set forth herein and has placed no reliance whatsoever on any statement, representation, or promise of any other party, or any other person or entity, not expressly set forth herein, nor upon the failure of any other party or any other person or entity to make any statement, representation or disclosure of any matter whatsoever.

25.3 It is agreed that each Party has the full right and authority to enter into this Agreement, and that the person executing this Agreement on behalf of either Party has the full right and authority to fully commit and bind such Party to the provisions of this Agreement.

26. CAPTIONS

26.1 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement.

26.2 Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

27. NON-WAIVER

27.1 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or
condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. In no event shall the making by City of any payment to Consultant constitute or be construed as a waiver by City of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by City shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

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

27.3 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City’s sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

28. COURT COSTS AND ATTORNEY FEES

In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the Party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants’ fees and expert witness fees, if any, and attorneys’ fees expended in such action. The venue for any litigation shall be Los Angeles County, California.

29. SEVERABILITY

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

30. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of California.
31. COUNTERPARTS

This Agreement may be signed in any one or more counterparts all of which taken together shall be but one and the same Agreement. Any signed copy of this Agreement or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile or email transmission, shall for all purposes be treated as if it were delivered containing an original manual signature of the Party whose signature appears in the facsimile or email and shall be binding upon such Party in the same manner as though an originally signed copy had been delivered.

32. ENTIRE AGREEMENT

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

TO EFFECTUATE THIS AGREEMENT, the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“CITY”                        “CONSULTANT”
CITY OF PICO RIVERA          NIXON PEABODY, LLP

______________________________ ___________________________________
Steve Carmona, City Manager  Danny Kim, Partner

Dated: ________________________    Dated: _____________________________

ATTEST:                      APPROVED AS TO FORM:

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

Dated: ________________________    Dated: _____________________________
April 6, 2021

Mr. Steven Carmona  
City Manager  
City of Pico Rivera  
6615 Passons Boulevard  
Pico Rivera, California 90660

RE: Agreement For Legal Services

Dear Mr. Carmona:

We are pleased that you have asked Nixon Peabody LLP (the “Firm”) to provide legal services to City of Pico Rivera.

This letter and the accompanying Terms and Conditions of Engagement, which are incorporated herein by reference, describe the basis on which the Firm will provide those services. In addition, this letter and enclosure include specific details that are required to be set forth in writing by the ethics rules pursuant to which we practice. It is preferable to put all of these details in writing so that our role and responsibilities are completely understood and agreed to at the commencement of our engagement.

Our client in this matter will be City of Pico Rivera and its related entities (hereinafter, “you”). Our representation of you does not give rise to an attorney-client relationship between us and any of your affiliates or constituents (such as shareholders, members, partners, officers, directors or employees), and you also agree that you will not give us confidential information regarding your affiliates or constituents during the course of our representation of you. Accordingly, our representation of you in this matter will not give rise to any conflict of interest in the event one of our other clients is adverse to you or any of your constituents.

We will advise you solely as disclosure counsel in connection with the 2021 Pension Obligation Bonds and any other transaction you may determine from time to time (the “Transaction”). We will prepare, negotiate and revise documentation required to consummate the Transaction. You may limit or expand the scope of our representation from time to time, provided that we will not substantially expand the scope of our representation without a further written agreement.
We believe in utilizing lawyers, legal assistants and other professional staff with levels of experience and expertise appropriate to each aspect of the engagement. We expect that the principal attorney involved in this engagement will be me. I will be the “Client Attorney” with overall responsibility for managing the relationship, and should be viewed as your contact in the event of questions or concerns, particularly as they relate to service and billing matters.

Our fee is $45,000, which includes out-of-pocket expenses.

This fee assumes that the transaction would proceed in due course and would not involve extraordinary complications or delays, unexpected tax complications, or litigation or threatened litigation challenging the issuance or validity of the bonds. We request an opportunity to discuss modifications of our fee commensurate with the complexity of the financing to the extent they are unforeseeable.

It is our understanding that fees for any future transactions will be established at the time we are engaged by you on such additional Transaction.

The Firm represents and in the future will represent many other clients. Some may be your direct competitors or otherwise may have business interests that are contrary to your interests. It is even possible that, during the time we are working for you, an existing or future client may seek to engage us in connection with an actual or potential transaction or pending or potential litigation or other dispute resolution proceeding in which such client’s interests are or potentially may become adverse to your interests.

The Firm cannot enter into this engagement if it could interfere with our ability to represent existing or future clients who develop relationships or interests adverse to you. We therefore ask you to confirm that the Firm may continue to represent or may undertake in the future to represent any existing or future client in any matter (including but not limited to transactions, litigation or other dispute resolutions), even if the interests of that client in that other matter are directly adverse to the Firm’s representation of you, as long as that other matter is not substantially related to this or our other engagements on your behalf. In the event of our representation of another client in a matter directly adverse to you, however, the Firm’s lawyers or other service providers who have worked with you will not work for such other client, and appropriate measures will be taken to assure that proprietary or other confidential information of a non-public nature concerning you acquired by the Firm as a result of our representation of you will not be transmitted to our lawyers or others in the Firm involved in such matter.

In other words, we request that you confirm that (1) no engagement that we have undertaken or may undertake on your behalf will be asserted by you either as a conflict of interest with respect to, or as a basis to preclude, challenge or otherwise disqualify the Firm from, any current or future representation of any client in any matter, including without limitation any representations in negotiations, transactions, counseling or litigation adverse to you, as long as that other matter
is not substantially related to any of our engagements on your behalf, (2) you hereby waive any conflict of interest that exists or might be asserted to exist and any other basis that might be asserted to preclude, challenge or otherwise disqualify the Firm in any representation of any other client with respect to any such matter, (3) you have been advised by the Firm, and have had the opportunity to consult with other counsel, with respect to the terms and conditions of these provisions and its prospective waiver, (4) your consent to these provisions is both voluntary and fully informed, and (5) you intend for your consent to be effective and fully enforceable, and to be relied upon by the Firm.

You have the right to repudiate this waiver should you later decide that it is no longer in your interest. However, if we have acted in reliance on the waiver, we may have the right – and possibly a duty, under the applicable rules of professional conduct – to withdraw from representing you.
Please sign and return to me the enclosed copy of this letter in order to confirm that it accurately reflects the scope, terms and conditions with respect to this engagement. However, please note that your instructing us or continuing to instruct us on this matter will constitute your full acceptance of the terms set out above and attached. If you would like to discuss any of these matters, please give me a call. We appreciate your decision to retain us in this matter and very much look forward to the opportunity of working with you.

Sincerely,

Danny Kim  
of Nixon Peabody LLP

The undersigned has read and understands the above letter and enclosure, and accepts and agrees to all of their terms and conditions.

__________________________  
City of Pico Rivera

__________________________  
By: ________________________
Name ________________________
Title: _______________________
TERMS AND CONDITIONS OF ENGAGEMENT

This document and the accompanying letter set forth the terms and conditions under which you are engaging Nixon Peabody LLP to provide legal services.

TERM OF ENGAGEMENT

You may terminate our representation at any time upon reasonable notice, and we retain that right as well, subject on our part to the applicable rules of professional conduct. Your termination of our services will not affect your responsibility to pay for legal services rendered and charges incurred during the representation. In the event that we have devoted no time to this matter for any three consecutive months, then you agree we may conclude that the engagement has terminated as of the last date on which we performed services related thereto. In the event that we terminate the engagement, we will take such steps as are reasonably practicable to protect your interests in this matter. If permission for withdrawal is required by a court, we will promptly apply for such permission, and you agree to engage successor counsel to represent you. In the event that our representation is terminated, you agree to pay all invoices thereafter rendered covering the period prior to the termination and covering an orderly transition of the matter.

CONCLUSION OF REPRESENTATION; RETENTION AND DISPOSITION OF DOCUMENTS

Unless previously terminated, our representation of you will terminate upon our sending you our final invoice for services rendered in this matter. Following such termination, any otherwise non-public information you have supplied to us will be kept confidential in accordance with the applicable rules of professional conduct. Upon request, your papers and property will be available for you to pick up at our office or shipped to you at your expense. Our own files pertaining to the matter, which may include copies of your papers, will be retained by the Firm. You agree that Firm administrative records; time and expense reports; personnel and staffing materials; credit and accounting records; and the documents containing our attorney work product, mental impressions, notes, drafts of documents and legal and factual research, including investigative reports, shall be and remain Firm property and shall not be considered part of your client file. In addition, electronic documents such as our internal e-mails, documents containing or reflecting our internal deliberations or self-evaluations, and our internal databases shall be and remain Firm property and shall not be considered part of your client file. All such documents retained by the Firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the elimination of storage expenses, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement. In any event, all
documents and other materials in our file may be discarded or destroyed, without further notice to you, at any time after the seven (7) year anniversary of the conclusion of our engagement.

**CLIENT RESPONSIBILITIES**

You agree to pay our invoices for services and expenses upon receipt as provided in the accompanying letter. In addition, you agree to be candid and cooperative with us and to keep us informed with complete and accurate factual information, documents and other communications relevant to the subject matter of our representation or otherwise reasonably requested by us. Your Comprehensive General Liability or other liability insurance may provide some reimbursement for liability or defense costs in this matter. We urge you to contact your insurer or broker to determine the nature and extent of the applicable coverage, if any. Unless otherwise agreed in writing, it is your responsibility to pay the Firm for services rendered and to obtain reimbursement from your insurer. Upon either reasonable anticipation or actual notice of litigation, a party has a duty to take affirmative steps to preserve all potentially relevant evidence. As such, you may be required to preserve and produce electronically stored information such as e-mails, word processing documents, spreadsheets, and so forth as part of discovery.

**CONSULTATION WITH FIRM COUNSEL**

The Firm represents many clients in a great number of complex matters. From time to time, questions arise as to our duties under the professional conduct rules. These might include, for example, conflicts of interest and issues arising from a dispute between us and a client over the handling of a matter. When such issues arise, we seek the advice of our general counsel or loss prevention partners who are expert in such matters. We consider such consultations to be attorney-client privileged communications between Firm personnel and counsel for the Firm. In recent years, some judicial decisions indicate that under some circumstances such communications may not be privileged. We believe that it is in our clients’ interest, as well as ours, that in the event legal ethics or other issues arise during a representation, we receive expert analysis and advice as to our obligations to you. Accordingly, as part of our retention agreement, you agree that if we determine in our own discretion during the course of the representation that it is either necessary or appropriate to consult with the Firm’s internal or outside counsel, we have your consent to do so and that our representation of you will not waive any attorney-client privilege that we may have to protect the confidentiality of our communications with our counsel.

**CHARGES IN ADDITION TO FEES**

We will include on our invoices separate charges for services such as duplicating, messenger and delivery, travel, word processing, computer research, and filing fees. These charges will
generally be billed at actual cost. Some charges will include an allocation of overhead directly associated with the service provided. Fees and expenses of other providers (such as consultants, appraisers, and local counsel) generally will not be paid by us, but will be billed directly to you. Detailed information on our policy for charges and disbursements is available upon request.

**BILLING ARRANGEMENTS AND PAYMENT TERMS**

Except as otherwise agreed upon, invoices will be rendered monthly for work performed and expenses recorded on our books during the previous month; provided, however, that failure to provide an invoice for any given month will not reduce or remove your obligation to pay upon receipt of our invoice. Payment is due promptly upon receipt of our invoice. If an invoice is not paid in full within 30 days of being issued, we reserve the right to charge interest monthly on the unpaid balance. If any invoice remains unpaid for more than 60 days, we reserve the right to withdraw from representing you and may suspend performing services for you until satisfactory arrangements have been made.

**POST-ENGAGEMENT MATTERS**

You are engaging the Firm to provide legal services in connection with a specific matter. After completion of the matter, changes may occur in applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you engage us after completion of the matter to provide additional advice on issues arising from the matter, the Firm has no continuing obligation to advise you with respect to future legal developments. In addition, unless you and the Firm agree in writing to the contrary, we will have no obligation to monitor renewal or notice dates or similar deadlines which may arise from the matter for which we had been engaged.

**AGREEMENT MODIFICATIONS**

If you have any comments or questions concerning the terms of this engagement, or if you would like to discuss possible modifications, please do not hesitate to call your Client Attorney. Any revisions made to the agreement will be effective upon written notice of the revisions, following our approval.
To: Mayor and City Council

From: City Manager

Meeting Date: April 13, 2021

Subject: DISCUSS AND PROVIDE DIRECTION REGARDING THE SPANISH TRANSLATION OF PROFILE PUBLICATION

Recommendation:

1. Provide staff with direction to translate the Profile publication into Spanish; or

2. Take no action at this time pending the results and assessment of the community survey.

Fiscal Impact:

Fiscal year (FY) impacts would range from increases of $1,200, for Option 1, up to $44,200, for Option 4. Currently, it costs $61,000 to print and mail ten (10) issues of the Profile per FY; the summer and winter editions are condensed to one month for July/August and December/January. The different options of translation levels and anticipated expenditures are shown below:

<table>
<thead>
<tr>
<th>OPTION</th>
<th>LEVEL</th>
<th>PRINTING</th>
<th>POSTAGE</th>
<th>TRANSLATION</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>N/A</td>
<td>$29,000</td>
<td>$32,000</td>
<td>N/A</td>
<td>$61,000</td>
</tr>
<tr>
<td>1</td>
<td>In-house Translation; Partial Profile</td>
<td>$29,000</td>
<td>$32,000</td>
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<td>$62,200 + increased staff time</td>
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<td>$32,000</td>
<td>$7,600</td>
<td>$68,600</td>
</tr>
<tr>
<td>3</td>
<td>In-house Translation; Full Profile</td>
<td>$58,000</td>
<td>$32,000</td>
<td>$1,200 bilingual pay + increased staff time</td>
<td>$91,200 + increased staff time</td>
</tr>
<tr>
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<td>Professional Translation; Full Profile</td>
<td>$58,000</td>
<td>$32,000</td>
<td>$15,200</td>
<td>$105,200</td>
</tr>
</tbody>
</table>

Any directed changes and fiscal impacts would take effect in FY 2021-22 and be accounted for as part of the normal budget process; no impacts to the FY 2020-21 budget.

Background:
Beginning in 1973, the Profile was originally produced and mailed to all residents and businesses as a monthly four (4) page black-and-white newsletter. It has remained the cornerstone of the City’s extensive community engagement since. It is currently produced in color ten (10) times a year, combining the July/August and December/January months into summer and winter editions.

In January 2006, the City began to provide a partial Spanish translation while remaining at four (4) pages in length. When the Spanish translations were introduced, the Profile production team and City Administration were forced to choose which notifications or stories were published and which were not in order to accommodate the 1/4 to 1/2 page reserved for the priority stories that were going to be translated into Spanish. These translations were discontinued only a year and a half later in September 2007. Discontinuation occurred for several reasons including a lack of staff with the ability to provide proper translations, significant delays in production resulting in irrelevant information, and because it was found that most households had English speakers able to translate material for their non-English speaking family.

Discussion:

According to the U.S. Census Bureau, 2014-2018 American Community Survey (ACM), there are approximately 59,705 permanent Pico Rivera residents of which an estimated 2,669, or 4%, speak/read Spanish exclusively (i.e. speak/read English “not at all”). Though it is believed that the actual current number of Pico Rivera residents is slightly higher than what is portrayed in the ACM, the percentage of Spanish speakers, whom are able to speak/read English “not at all”, is projected to remain consistent at 4% of the population. On March 23, 2021, Mayor Elias requested that staff look into the feasibility and cost of translating the Profile into Spanish, either partially or fully, for the benefit of the community. This analysis is considered below:

**Option 1** would entail translating only the most important articles of the Profile using in-house staff. The Profile would remain the same length but be cut in content capacity by approximately one (1) page; this page would include the translated articles/information. Furthermore, it would take staff an additional 5-7 business days to complete the translation and require bilingual pay for a staff capable of proficient writing in Spanish; of which there is none in the Media and Communications Division where the Profile is produced.

**Option 2** would also include only the partial translation of the Profile but utilize a professional translator to complete Spanish language conversions. Professional translators typically charge $30-$50 per hour and $0.30 per word. At an estimated six (6) articles of 200 words each, with eight (8) hours of translation services, fees are estimated to be $760 per issue. It would also take an additional 5-7 business days to complete this process in consideration of a contracted service provider’s turnaround timeline.
Option 3 would involve the full in-house translation of the Profile, effectively adding 4 additional pages to the publication. Though bulk postage rates would remain the same, the increased number of pages would double printing costs. Again, this would require a capable bilingual staff member dedicated to translate the publication in its entirety and adding approximately 7-10 business days to the production timeline.

Option 4 would again encompass the full translation of the Profile, but with professional services. Not only would printing fees be doubled, but so would the translation fees; costing an additional $1,520 per issue or $15,200 per FY. Similarly, it is expected to push the production time back 7-10 business days.

In addition to the increased costs, production times would be significantly delayed. The process currently takes a month to complete; from the story submittal deadline to resident delivery. This takes into account the staff time to create and format stories (5-7 days); have various staff review and edit drafts for final approval (3-5 days); have edition sent to the printer and obtain printer proof (1-2 days); go to print (3-5 days); and deliver to post office for eventual distribution to resident and business locations (3-4 days). In addition, extra delays often occur as something of extreme importance needs to be added or changed “last minute”, causing the re-formatting or elimination of previous content.

Therefore, production of a partially or fully translated Profile will require two (2) months. For example, feasibility of delivery in the first week of September, for that month’s edition, would necessitate story ideas submitted to staff by the first week in July. The time added to produce translated issues would significantly impact the timely and accurate transmission of information to the public and lead to the conveyance of irrelevant news or completely lack the inclusion of important notifications. Profile content would risk being significantly outdated and incorrect; particularly in the era of high-speed internet, television and COVID-19 where information changes daily.

Moreover, the City will soon be conducting a comprehensive survey to better understand the community’s needs and desires as they relate to City programs, services, and operations. The survey will include specific questions regarding community engagement and how best to provide information to the public; whether that be digitally, in print, or through some other means. This will enable staff to better anticipate, plan, and adapt City operations while maintaining fiscal stewardship to allocate valuable resources where they are most needed and desired.

Conclusion:

Staff is recommending the allowance for time to complete and analyze the community survey results as discussed at the March 9, 2021 regular City Council meeting. Thus, permitting for consideration of community preferences for public information dissemination. Once completed, community survey results will be presented to the City Council at which time the Spanish translation of the Profile can be further explored.
However, should immediate action be recommended, funding requests will be submitted for approval as part of the normal FY 2021-22 budget process.

Steve Carmona

SC:PY:kt
To: Chairman and Directors
From: Executive Director
Meeting Date: April 13, 2021
Subject: APPROVAL OF ISSUANCE OF 2021 TAX ALLOCATION REFUNDING BONDS AND RELATED ACTIONS BY THE SUCCESSOR AGENCY

Recommendation:

1. Approve a resolution authorizing the issuance and sale of tax allocation refunding bonds in an amount not-to-exceed $17,000,000, approving the form of an indenture of trust and the form of an escrow agreement and authorizing certain other actions in connection therewith;

2. Approve Professional Services Agreements with Urban Future, Inc. as municipal advisor, Stradling Yocca Carlson and Rauth as validation and bond counsel, and Nixon Peabody as disclosure counsel. The underwriter selection will be submitted for approval at a subsequent Successor Agency meeting; and

3. Approve an appropriation of $5,000,000 from General Fund Designations (100-37525 – General Fund-Bond Refinancing) to partially fund the refinancing of the 2001 Tax Allocation Bonds.

Fiscal Impact:

The repayment of principal and interest on the 2021 Bonds is payable solely from Pledged Tax Revenues, which is tax increment revenues from the Project Area deposited into the Agency's Redevelopment Property Tax Trust Fund (RPTTF), and available after satisfying certain administrative costs of the County, pass through obligations to affected taxing entities and amounts paid to the County representing annual payments towards the outstanding deferred pass through obligation per Amendment No. 5. Pledged Tax Revenues will also include the annual pledge of sales tax revenues in the amount of $1,065,000. All costs of issuance of the 2021 Bonds will be paid from a portion of the bond proceeds and only upon the successful issuance of the 2021 Bonds.

The 2021 Bonds will not be a debt of the City's general fund, or the state or any of its political subdivisions (except the Successor Agency). The refinancing plan discussed herein will require an appropriation of $5,000,000 from General Fund Designations (100-37525 – General Fund-Bond Refinancing) to partially fund the refinancing of the 2001
Pursuant to the requirements contained in SB 450, estimated financial information relative to the issuance of the 2021 Bonds is shown in the table below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimate as of 3/16/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>True interest cost of the bonds</td>
<td>1.793%</td>
</tr>
<tr>
<td>Finance charge of the bonds</td>
<td>$514,089 (includes costs of issuance, underwriter’s discount, bond insurance premium, and reserve surety premium)</td>
</tr>
<tr>
<td>Bond proceeds received by the Successor Agency</td>
<td>$15,404,322</td>
</tr>
<tr>
<td>Total payment amount</td>
<td>$16,193,897 (Total principal and interest payments), Plus $2,500 annual trustee bank fee as long as the 2021 Bonds are outstanding</td>
</tr>
</tbody>
</table>

**Background:**

In January of 2001, the former Redevelopment Agency of the City of Pico Rivera (the Prior Agency) issued its 2001 Tax Allocation Refunding Bonds (2001 Bonds) in the amount of $40,710,000 to refund $37,750,000 million in Tax Allocation Bonds issued by the Agency in 1989. The revenues pledged to the repayment of the 2001 Bonds included the net property tax increment from the project area and $1,065,000 in annual sales tax revenues as required pursuant to the terms of a tax sharing agreement with the County of Los Angeles. Additionally, the Pico Rivera Water Authority (PRWA) purchased these 2001 Bonds in January 2001. As such, PRWA must recognize this refinancing and, as the bondholder, must approve any amendments to the Indenture, as described in page 4 of this report.

The Prior Agency and the City entered into an amended tax sharing agreement (Amendment No. 5) with the County of Los Angeles and the Consolidated Fire Protection District of Los Angeles County in January of 2001. In addition to providing repayment terms for the Prior Agency to repay the County deferred pass through payments, Amendment No. 5 required the Prior Agency to pledge sales tax revenues (generated within the redevelopment project area) in the amount of $1,065,000 annually to debt service payments on the Prior Agency’s bond debt. The City is currently holding $5 million of project area accumulated sales tax revenues from prior years’ collections. This amount is being held in the General Fund balance, designated for bond refinancing.

On February 1, 2012, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency. On June 27, 2012, the State passed Assembly Bill 1484 (AB 1484), which included provisions permitting successor agencies to refund outstanding bonds or other obligations of a
former redevelopment agency to achieve savings. A large number of successor agencies have since refunded their existing redevelopment bonds at more favorable interest rates available in recent years to provide savings and thus increase the distribution of residual tax increment revenues to taxing entities.

Procurement:

Per Pico Rivera Municipal Code, Section 3.20.105.A: The City may award purchase orders and contracts in any amount for personal or professional services provided that the award shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the service required and shall be subject to the provisions of Government Code Section 4526, when applicable.

In May 2020, after the City began exploring this refinancing, Staff issued a request for proposal (RFP) for bond and disclosure counsel, and received proposals from the two firms recommended above, Stradling Yocca Carlson and Rauth as validation and bond counsel, and Nixon Peabody as disclosure counsel.

In January 2021, the City issued a request for proposal (RFP) to select municipal financial advisors (MFA’s) to assist with structuring and facilitating bond transactions, conducting cost and benefit analysis for financial opportunities, developing financial policies and procedures, staying abreast of the latest developments in the municipal financial markets, implementing best practices and other duties as needed. Of the six proposals received, the City selected Urban Futures, Inc. to assist the City in refinancing the 2001 Tax Allocation Bonds. The City selected the remaining (5) firms to be on-call for various future financial services.

On-Call Municipal Financial Advisors

- Harrell & Company Advisors, LLC
- Columbia Capital.com
- Kosmont Transaction Services
- The Bayshore Consulting Group, Inc
- Willdan Financial Services

Discussion:

Based on current market interest rates, the Successor Agency can refund (refinance) the outstanding 2001 Bonds by issuing a new refunding bond issue (2021 Bonds) and generate a substantial debt service savings. The estimated net present value debt service savings is approximately $4.97 million. The anticipated annual debt service savings will result in increased annual residual tax increment, which will be shared by all affected taxing entities pursuant to Redevelopment Agency Dissolution (RDA) Law.
The increased annual residual amounts will also have the effect of increasing annual
deferral repayment amounts to the County, pursuant to the terms of Amendment No. 5.
However, it is not anticipated that the Successor Agency will fully repay the total
outstanding deferral amount ($47,396,426 as of June 30, 2020) owed to the County, as
the allocation of tax increment to the Successor Agency will terminate once the 2021
Bonds are repaid in full (est. fiscal year 2025-26), and the Successor Agency will then
cease to function.

The proposed 2021 Bonds will be structured with the assumption that the Successor
Agency will contribute the accumulated sales tax amount of $5 million to the refunding
escrow and that the annual sales tax pledge of $1,065,000 will remain in place. Based
on the $5 million accumulated sales tax contribution up front, the estimated par amount
of the 2021 Bonds will be $14,915,000. Based on the annual sales tax amount pledged
to future debt service, the Successor Agency anticipates that the 2021 Bonds will be
repaid in full by fiscal year (FY) 2025-26. The proposed structure maximizes savings
while reducing the City’s pledged of Sales Tax over the life of the refunding bonds by
roughly $7,455,000. Additionally, under the proposed structure the return of an estimated
$750,000 in annual Property Tax to the General Fund is accelerated once the bonds are
paid in full.

The table below highlights the identified savings based on current market conditions.

<table>
<thead>
<tr>
<th>Summary of Savings Results for 2021 Bonds*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2021 Bonds</strong></td>
</tr>
<tr>
<td>Net Present Value Savings ($)</td>
</tr>
<tr>
<td>Net Present Value Savings (% of Par Value Refunded)</td>
</tr>
<tr>
<td>Saving on Sales Tax</td>
</tr>
<tr>
<td>Total Debt Service Savings</td>
</tr>
</tbody>
</table>

*Projected savings are based on current interest rates assuming the 2021 Bonds have an “BBB+”
underlying rating. These rates are subject to change based on market conditions at the time of sale.

Documents
Per the attached Successor Agency Resolution, the Successor Agency is being asked to
approve the forms of the Indenture, an Escrow Agreement and an Amendment to the
Indenture of Trust pursuant to which the 2001 Bonds were issued. The Amendment will
be submitted to the Pico Rivera Water Authority (PRWA) at the April 27, 2021 PRWA
Meeting for approval.

The Indenture defines the payment terms and conditions of the 2021 Bonds and
establishes the funds and accounts that will be held by the Trustee on behalf of the
Successor Agency. A final repayment schedule will be inserted into the Indenture after
the 2021 Bonds have been priced, which is anticipated to occur by the end of June, 2021.
The Escrow Agreement describes the terms and conditions by which the outstanding
2001 Bonds will be paid in full from the net proceeds of the 2021 Bonds, shortly after the
closing of the 2021 Bonds. The Amendment amends the 2001 Indenture to allow the 2001 Bonds to be redeemed prior to maturity. The Amendment requires the consent of the Water Authority.

Other documents necessary for the issuance of the 2021 Bonds, including the Preliminary Official Statement, Continuing Disclosure Certificate and Bond Purchase Agreement, will be presented to the Successor Agency for approval at a future meeting. It is anticipated that these additional documents will be presented to the Successor Agency for consideration at the meeting on May 25, 2021.

**Conclusion:**

Staff recommends that the Successor Agency approve the refinancing of the 2001 Bonds, the Professional Services Agreements for the Municipal Financial Advisor, Bond Counsel and Disclosure Counsel and the appropriation of $5 million from General Fund designations.

Steve Carmona

SC:AG:ep

Enclosures: 1) Successor Agency Resolution  
2) Municipal Advisor Savings Analysis  
3) Indenture  
4) Escrow Agreement  
5) Amendment to 2001 Indenture  
6) Professional Service Agreement – Urban Futures, Inc.  
7) Professional Service Agreement – Stradling Yocca Carlson and Rauth  
8) Professional Service Agreement – Nixon Peabody
RESOLUTION NO. SA-21-____

RESOLUTION OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED $17,000,000, APPROVING THE FORM OF AN INDENTURE OF TRUST AND THE FORM OF AN ESCROW AGREEMENT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THERewith

WHEREAS, the Pico Rivera Redevelopment Agency (the “Prior Agency”) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the “Law”), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for Pico Rivera Redevelopment Project No. 1 was adopted and approved, and amended from time to time, in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously incurred the $40,710,000 Pico Rivera Redevelopment Agency Redevelopment Project No. 1 2001 Tax Allocation Refunding Bonds (the “Prior Bonds”); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the “Dissolution Act”) and ABx1 27 (the “Opt-in Bill”); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the dissolution of the Prior Agency as of February 1, 2012; and

WHEREAS, the powers, assets and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency to the Pico Rivera Redevelopment Agency (the “Successor Agency”); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that: (i) the total interest cost to maturity on the refunding bonds or other indebtedness, plus the principal amount of the refunding bonds or other indebtedness, does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded, plus the remaining principal of the bonds or other indebtedness to be refunded;
and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the bonds or other indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) further provides that a successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms; and

WHEREAS, the Successor Agency now desires to authorize and approve the issuance of tax allocation refunding bonds (the “2021 Bonds”) in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds, and to irrevocably set aside a portion of the proceeds of such 2021 Bonds in a separate segregated trust fund which will be used to refund the outstanding Prior Bonds being refunded, to pay costs in connection with the issuance of the 2021 Bonds and to make certain other deposits as required by the Indenture (as defined below); and

WHEREAS, the 2021 Bonds shall be secured by a pledge of sales tax revenues and property tax revenues as authorized by California Health and Safety Code Section 34177.5(a)(1), pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”); and

WHEREAS, the Indenture of Trust dated January 1, 2001 (the “2001 Indenture”), by and between the Successor Agency and [U.S. Bank National Association], as successor trustee, pursuant to which the Prior Bonds were issued, does not permit the Successor Agency to redeem the Prior Bonds prior to their maturity; and

WHEREAS, the Successor Agency desires to enter into Amendment No. 1 to Indenture of Trust in substantially the form attached hereto as Exhibit C (the “Amendment No. 1 to Indenture”) in order to amend the 2001 Indenture to permit the redemption of the Prior Bonds prior to their stated maturity, at the option of the Successor Agency; and

WHEREAS, the Successor Agency desires to authorize the preparation of a Preliminary Official Statement with respect to the 2021 Bonds (the “Preliminary Official Statement”); and

WHEREAS, approval of the Preliminary Official Statement in substantially final form by the governing board of the Successor Agency shall occur at a subsequent meeting of the governing board of the Successor Agency and such approval shall be a condition precedent to the sale and issuance of the 2021 Bonds; and

WHEREAS, the Successor Agency wishes at this time to approve matters relating to the issuance and sale of the 2021 Bonds; and
RESOLUTION NO. _____  
Page 3 of 5

WHEREAS, good faith estimates of certain information relating to the 2021 Bonds is set forth in the staff report submitted herewith as required by California Government Code Section 5852.1; such estimates were provided by Urban Futures Inc., the City’s Municipal Advisor (the “Municipal Advisor”); and

NOW, THEREFORE, the Successor Agency to the Pico Rivera Redevelopment Agency does hereby resolve as follows:

SECTION 1. Subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2021 Bonds, in one or more series, and from time to time, in an aggregate principal amount not to exceed $17,000,000, or such lesser amount as is sufficient to refund all or a portion of the Prior Bonds for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and the pledge of (a) up to $1,065,000 per year of sales tax revenues generated within Pico Rivera Redevelopment Project No. 1 and (b) property tax revenues to the 2021 Bonds pursuant to the Indenture approved by Section 2 of this Resolution (as authorized by California Health and Safety Code Section 34177.5(a)(1)) is hereby approved on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture. The 2021 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2021 Bonds shall be applied as provided in the Indenture. The 2021 Bonds may be issued as a single issue, or from time to time, in separate series of taxable or tax-exempt bonds, as the Successor Agency shall determine. The approval of the issuance of the 2021 Bonds by the Successor Agency and the First Supervisorial District Consolidated Oversight Board (the “Oversight Board”) shall constitute the approval of each and every separate series of 2021 Bonds and the sale of the 2021 Bonds at a public or private sale, without the need for any further approval from the Oversight Board.

SECTION 2. The form of the Indenture of Trust (the “Indenture”) attached hereto as Exhibit A, providing for the issuance of the 2021 Bonds, is hereby approved. The Chair, the Executive Director, the Assistant Executive Director, the Director of Finance, any member of the governing board of the Successor Agency or their respective written designee (each an “Authorized Officer” and collectively, the “Authorized Officers”) are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver the Indenture, in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. If the Bonds are to be sold in separate series at different times, each of the Authorized Officers is hereby authorized and directed in the name of the Successor Agency to execute any supplement to the Indenture to provide for the issuance of such Series of Bonds consistent with the terms of the Resolution.

Each of the Authorized Officers and the Secretary of the Successor Agency is hereby authorized and directed to execute and countersign each of the 2021 Bond forms on behalf of the Successor Agency, either manually or in facsimile, and such signing as
herein provided shall be a sufficient and binding execution of the 2021 Bonds on behalf of the Successor Agency. In case either of such officers whose signature appears on the 2021 Bond forms shall cease to be such officer before the delivery of the 2021 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as though such officer had remained in office until the delivery of the 2021 Bonds.

SECTION 3. The form of the Escrow Agreement (the “Escrow Agreement”) attached hereto as Exhibit B is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver an Escrow Agreement for the Prior Bonds in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Amendment No. 1 to Indenture, in substantially the form attached hereto as Exhibit C, is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver the Amendment No. 1 to Indenture in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. The Authorized Officers are, and each of them is, hereby authorized to work with the Municipal Advisor to select [the Trustee and] the Underwriter for the 2021 Bonds.

SECTION 6. Each of the Authorized Officers and other appropriate officers of the Successor Agency, acting alone, is authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and contracts that they may deem necessary or advisable in order to consummate the sale, execution and delivery of the 2021 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the 2021 Bonds, the Indenture and the Escrow Agreement, each in order to facilitate the issuance of the 2021 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, to amend any of the legal documents entered in connection with the Prior Bonds in order to effectuate the defeasance and refunding of such Prior Bonds, to execute irrevocable refunding instructions with respect to the Prior Bonds, to draft and negotiate the terms of a continuing disclosure certificate and a bond purchase agreement with respect to the 2021 Bonds, to secure municipal bond insurance on all or a portion of the 2021 Bonds and/or a reserve surety to fund all or a portion any reserve account or fund established for the 2021 Bonds, if available (which may include entering into a mutual insurance agreement(s) therefor), to request subordination of any amounts required to be paid to an affected taxing entity to any or all of the 2021 Bonds, as the Authorized Officer may require or approve, in consultation with Bond Counsel and the Municipal Advisor, and any such actions heretofore taken by such officers in connection therewith are hereby ratified, confirmed and approved.
SECTION 7. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby approved and appointed as Bond Counsel ("Bond Counsel") to the Successor Agency, Nixon Peabody LLP is hereby approved and appointed as Disclosure Counsel ("Disclosure Counsel") to the Successor Agency, Urban Futures Inc. is hereby approved and appointed as Municipal Advisor to the Successor Agency, RSG, Inc. is hereby approved and appointed as Fiscal Consultant to the Successor Agency and US Bank is hereby appointed as Trustee and Escrow Bank], each to provide such services and any other related services as may be required to issue the 2021 Bonds and to defease and/or refund the Prior Bonds.

SECTION 8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that the Successor Agency would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 9. This Resolution shall take effect immediately upon its adoption by the governing board of the Successor Agency, and the Secretary shall certify the vote adopting this resolution.

APPROVED AND PASSED this 13th day of April, 2021 by members of the Successor Agency to the Pico Rivera Redevelopment Agency, voting as follows:

Raul Elias, Chairman

ATTEST: APPROVED AS TO FORM:

Anna M. Jerome, Successor Agency Secretary

Arnold M. Alvarez-Glasman, Successor Agency Counsel

AYES:
NOES:
ABSENT:
ABSTAIN:
MEMORANDUM

TO: Successor Agency to the Pico Rivera Redevelopment Agency

FROM: Urban Futures, Inc.
       Doug Anderson, Director

DATE: April 6, 2021


Background

The Successor Agency to the Pico Rivera Redevelopment Agency (the “Agency”) is authorized under Section 34177.5 of the State Health and Safety Code to issue refunding tax allocation bonds for economic savings within the parameters set forth in Section 34177.5(a)(1) of the State Health and Safety Code (the “Savings Parameters”). In addition, Section 34177.5 of the State Health and Safety Code provides, in relevant part, that the Agency “...shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request.” (State Health & Safety Code Section 34177.5(h), effective 6/27/12) Urban Futures, Inc., has been retained by the Agency to serve as its independent municipal advisor to determine compliance with the Savings Parameters for purposes of the issuance by the Agency of its 2021 Tax Allocation Refunding Bonds (“2021 Bonds”).

This report in draft form may be used in presentations to the Agency Board and Oversight Board but will be final only after the pricing of the 2021 Bonds and verification of final debt service savings. The 2021 Bonds will be issued for the purpose of prepaying and defeasing the former Redevelopment Agency’s 2001 Bonds (the “Prior Obligations”).

Plan of Refunding

The financing goal is to maximize economic savings by reducing total debt service.

Based on market conditions as of March 16, 2021, Urban Futures, Inc. has prepared refunding cash flows based on certain assumptions. The refunding of the Prior Obligations from proceeds of the 2021 TAB and certain funds on hand will achieve a Net PV savings of approximately $4.97 million, or 24.72% of refunded par, as shown in Table 3. The estimates assume the use of bond insurance and a surety policy for the debt service reserve requirement, and the contribution of
$5 million of accumulated sales tax revenues into the refunding escrow. The savings generated from this refunding are anticipated to result in higher property tax distributions to the affected taxing entities in the future.

**Refunding Results**

Table 1 below shows the estimated sources and uses for the 2021 TABs.

<table>
<thead>
<tr>
<th>Table 1: Sources and Uses of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sources:</strong></td>
</tr>
<tr>
<td>Par Amount</td>
</tr>
<tr>
<td>Agency Contribution</td>
</tr>
<tr>
<td>Premium</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
</tr>
<tr>
<td><strong>Uses:</strong></td>
</tr>
<tr>
<td>Refunding Escrow Deposits</td>
</tr>
<tr>
<td>Cash Deposit</td>
</tr>
<tr>
<td>SLGS Purchases</td>
</tr>
<tr>
<td><strong>Total Uses of Funds</strong></td>
</tr>
<tr>
<td>Costs of Issuance</td>
</tr>
<tr>
<td>Underwriter's Discount</td>
</tr>
<tr>
<td>Bond Insurance</td>
</tr>
<tr>
<td>Surety Policy</td>
</tr>
<tr>
<td><strong>Total Uses of Funds</strong></td>
</tr>
</tbody>
</table>
Tables 2 and 3 below show estimated nominal debt service savings and Net PV savings based on market conditions as of 3/16/2021.

**Table 2 - Est. Debt Service Savings**

<table>
<thead>
<tr>
<th>Bond Year (12/1)</th>
<th>Existing Payments</th>
<th>Est. New Payments</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>2,684,200</td>
<td>2,683,697</td>
<td>503</td>
</tr>
<tr>
<td>2022</td>
<td>3,384,800</td>
<td>4,283,400</td>
<td>(898,600)</td>
</tr>
<tr>
<td>2023</td>
<td>3,386,750</td>
<td>4,347,000</td>
<td>(960,250)</td>
</tr>
<tr>
<td>2024</td>
<td>3,388,200</td>
<td>4,417,000</td>
<td>(1,028,800)</td>
</tr>
<tr>
<td>2025</td>
<td>2,468,450</td>
<td>462,800</td>
<td>2,005,650</td>
</tr>
<tr>
<td>2026</td>
<td>2,466,200</td>
<td></td>
<td>2,466,200</td>
</tr>
<tr>
<td>2027</td>
<td>2,465,900</td>
<td></td>
<td>2,465,900</td>
</tr>
<tr>
<td>2028</td>
<td>1,451,850</td>
<td></td>
<td>1,451,850</td>
</tr>
<tr>
<td>2029</td>
<td>1,454,400</td>
<td></td>
<td>1,454,400</td>
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<tr>
<td>2030</td>
<td>1,451,700</td>
<td></td>
<td>1,451,700</td>
</tr>
<tr>
<td>2031</td>
<td>1,453,750</td>
<td></td>
<td>1,453,750</td>
</tr>
<tr>
<td>2032</td>
<td>1,449,850</td>
<td></td>
<td>1,449,850</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>27,506,050</strong></td>
<td><strong>16,193,897</strong></td>
<td><strong>11,312,153</strong></td>
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**Table 3 - Net PV Savings Summary**

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<td>PV of Savings from cash flow</td>
<td>9,969,397</td>
</tr>
<tr>
<td>Less: Prior Funds on Hand</td>
<td>(5,000,000)</td>
</tr>
<tr>
<td>Plus: Refunding Funds on Hand</td>
<td>3,445</td>
</tr>
<tr>
<td><strong>Net PV Savings</strong></td>
<td><strong>4,972,842</strong></td>
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**Proposed Refunding Complies with State Law**

Based on the proposed structure of the 2021 Bonds and the projected debt service savings, Urban Futures, Inc. concludes that the 2021 TABS comply with the Savings Parameters as described below.

**A. Total debt service (principal and interest) on the refunding bonds is less than total debt service on the refunded bonds (sec. 34177.5(a)(1)(A))**: Section 34177.5(a)(1)(A) requires that the
total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded. Table 2 shows projected total nominal debt service savings from the refunding of the Prior Obligations of $11.31 million, calculated as (i) total debt service on the Prior Obligations, minus (ii) total debt service on the 2021 Bonds. Net PV savings is projected to be $4.97 million or 24.72% of total refunded par, which is above the industry standard guideline of 3% of refunded par.

**B. Refunding bonds principal shall be used only for refunding purposes, not for new-money (sec. 34177.5(a) (1)(B)):** Section 34177.5(a)(1)(B) requires that the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. Table 1 is the projected sources and uses of funds for the 2021 Bonds, showing that all proceeds are used only for purposes associated with refunding the Prior Obligations and to pay related costs of issuance. No proceeds of the 2021 Bonds will be used for any other purposes, including new-money purposes.

**C. Agency shall make diligent efforts to ensure lowest long-term cost financing is obtained, to structure refunding that does not provide for any bullets or spikes or variable rates, and shall hire an independent financial advisor (sec. 34177.5(h)):** Section 34177.5(h) requires the Agency to make diligent efforts to ensure that the lowest long-term cost financing is obtained and that the financing not provide for any bullets or spikes or use variable rates. The Agency has retained Urban Futures, Inc., an independent financial advisor registered with the SEC and MSRB, to monitor the pricing of the 2021 Bonds. In order to achieve the lowest long-term cost of financing, the financing team is anticipating the use of a surety policy to satisfy the Reserve Requirement.

In accordance with Section 34177.5(h), the proposed refunding structure does not provide for any bullet principal maturities, debt service spikes or variable rate debt.
INDENTURE OF TRUST

Dated as of ________1, 2021

by and between the

SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Relating to

$__________________
SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY
2021 TAX ALLOCATION REFUNDING BONDS
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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”) is made and entered into and dated as of _______ 1, 2021, by and between the SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, a public entity duly existing under the laws of the State of California (the “Successor Agency”), as successor to the Pico Rivera Redevelopment Agency (the “Former Agency”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Former Agency is a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State (collectively, as amended, the “Law”), including the power to issue bonds and incur debt for any of its corporate purposes;

WHEREAS, a Redevelopment Plan for the Pico Rivera Redevelopment Project No. 1 (the “Project Area”) of the Former Agency was adopted and amended from time to time pursuant to ordinances of the City of Pico Rivera (the “City”) set forth in Exhibit C, in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with;

WHEREAS, in order to finance and refinance redevelopment activities within or of benefit to the Project Area, the Former Agency issued certain outstanding bonds more fully described herein (collectively, the “Refunded Bonds”);

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the Law, and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the “Dissolution Act”), and on February 1, 2012, the Successor Agency assumed certain redevelopment components, including the redevelopment related duties and obligations, of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the Refunded Bonds and the related documents to which the Former Agency was a party;

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that: (i) the total interest cost to maturity on the refunding bonds or other indebtedness, plus the principal amount of the refunding bonds or other indebtedness, does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded, plus the remaining principal of the bonds or other indebtedness to be refunded; and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the bonds or other indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance;

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) further provides that a successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the
issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge
of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in
accordance with its terms; and

WHEREAS, said Section 34177.5 also authorizes the Successor Agency to issue bonds
pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5
of the Government Code (the “Refunding Law”) for the purposes and within the parameters set forth
in said Section 34177.5;

WHEREAS, the Successor Agency desires to refund all of the Refunded Bonds pursuant to
AB 1484 in order to achieve debt service savings;

WHEREAS, in order to provide moneys to refund the Refunded Bonds in accordance with
Section 34177.5(a)(1), the Successor Agency has determined to issue its 2021 Tax Allocation
Refunding Bonds (the “2021 Bonds”);

WHEREAS, in order to provide for the authentication and delivery of the 2021 Bonds, to
establish and declare the terms and conditions upon which the 2021 Bonds are to be issued and secured
and to secure the payment of the principal thereof and interest and redemption premium (if any)
thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this
Indenture; and

WHEREAS, the Successor Agency has determined that all acts and proceedings required by
law necessary to make the 2021 Bonds when executed by the Successor Agency, and authenticated
and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency,
and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein
set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the
payment of the principal of and the interest and redemption premium (if any) on all the Bonds (as
defined below), including the 2021 Bonds, issued and Outstanding under this Indenture, according to
their tenor, and to secure the performance and observance of all the covenants and conditions therein
and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds,
including the 2021 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, including the
2021 Bonds, by the Owners thereof, and for other valuable considerations, the receipt of which is
hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one
another, for the benefit of the respective Owners from time to time of the Bonds, including the 2021
Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01 Findings and Determinations. The Successor Agency has reviewed all
proceedings heretofore taken and, as a result of such review, hereby finds and determines that all things,
conditions and acts required by law to exist, happen or be performed precedent to and in connection
with the issuance of the 2021 Bonds do exist, have happened and have been performed in due time,
form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to

NG-U9ZQVMF2/4822-6486-6018v6/200201-0008
each and every requirement of law, to issue the 2021 Bonds in the manner and form provided in this Indenture.

**Section 1.02 Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“**Annual Debt Service**” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

“**Bonds**” means the 2021 Bonds and any Parity Debt issued pursuant to a Supplemental Indenture.

“**Bond Counsel**” means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, 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 Year**” means each twelve (12) month period extending from December 2 in one calendar year to December 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the 2021 Bonds shall commence on the Closing Date and end on [December 1, 2021.]

“**Business Day**” means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Principal Corporate Trust Office of the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

“**City**” means the City of Pico Rivera.

“**Closing Date**” means the date on which a series of Bonds is delivered by the Successor Agency to the original purchaser thereof. The Closing Date with respect to the 2021 Bonds is ________, 2021.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Continuing Disclosure Certificate**” means that certain Continuing Disclosure Certificate, with respect to the 2021 Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“**Costs of Issuance**” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance and surety bond premiums, if any, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and Escrow Bank and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the Successor Agency and the City incurred in connection with the issuance of the Bonds,
expenses of the underwriters of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“County” means the County of Los Angeles.

“County Auditor-Controller” means the Auditor-Controller of the County of Los Angeles.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.03.

“Defeasance Obligations” 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 and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Cash;

(b) Federal Securities, including direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form;

(d) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody’s rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

“Department of Finance” means the Department of Finance of the State of California.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.
“Depository System Participant” means any participant in the Depository’s book-entry system.

“Dissolution Act” means California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011, as it has heretofore been amended and as it may hereafter be amended.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agreement” means that certain Escrow Agreement dated as of ______ 1, 2021, by and between the Successor Agency and the Escrow Bank, relating to the Refunded Bonds.


“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 that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means any direct, noncallable general 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 and CATS and TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

“Former Agency” means the Pico Rivera Redevelopment Agency.

“Indenture” means this Indenture of Trust by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:
(a) is in fact independent and not under domination of the Successor Agency or the City;

(b) does not have any substantial interest, direct or indirect, with the Successor Agency or the City; and

(c) is not connected with the Successor Agency or the City as an officer or employee of the Successor Agency or the City, but who may be regularly retained to make reports to the Successor Agency or the City.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under domination of the Successor Agency or the City;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency or the City; and

(d) is not connected with the Successor Agency or the City as an officer or employee of the Successor Agency or the City, but who may be regularly retained to make reports to the Successor Agency or the City.

“Information Services” means, in accordance with then current guidelines of the Securities and Exchange Commission, such services providing information with respect to the redemption of bonds as the Successor Agency may designate in a Written Request of the Successor Agency filed with the Trustee.

“Insurer” means the 2021 Insurer and, as applicable, the provider of a municipal bond or financial guaranty insurance policy with respect to other Bonds.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

“Interest Payment Date” means each June 1 and December 1, commencing [December 1, 2021], for so long as any of the Bonds remain Outstanding hereunder.


[“Late Payment Rate” means, as calculated by the Insurer, the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible]
under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Insurer in its sole and absolute discretion shall specify."

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount of principal and interest payments due with respect to the current or any future Bond Year payable in such Bond Year. For purposes of such calculation, there shall be excluded payments with respect to each series of Bonds to the extent that amounts due with respect to such series of Bonds are prepaid or otherwise discharged in accordance with this Indenture.

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

“Nominee” means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds 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 or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

“Oversight Board” means the First Supervisorial District Consolidated Oversight Board of the County established pursuant to Section 34179 of the Dissolution Act.

“Owner” or “Bondowner” means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Debt” means any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2021 Bonds pursuant to Section 3.04, whether issued as Bonds under a Supplemental Indenture or issued under a Parity Debt Instrument.

“Parity Debt Instrument” means a resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt, other than a Supplemental Indenture.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Pass-Through Agreements” means those agreements listed in Exhibit B, each providing for the allocation of former tax increment revenues generated by the Project Area of the Former Agency, and any other tax sharing entered into between the Former Agency and affected taxing agencies
pursuant to former Health and Safety Code Section 33401, that have not been expressly subordinated to the Bonds.

“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 and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgage-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody’s of Aaa, Aa1 or Aa2 (such funds may include those for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise);

(e) Unsecured certificates of deposit (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated on the date of purchase “A-1+” or better by S&P and “P-1” by Moody’s and or certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase A-1 or better by S&P, Moody’s and Fitch;
(f) Certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Successor Agency, time deposits, deposit accounts, demand deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, or bankers acceptances of depository institutions, or interest bearing money market deposits or accounts (including those of the Trustee, its parent and its affiliates) that are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated “Aa” or better by Moody’s and “AA” or better by S&P, or unconditionally guaranteed by an entity rated “Aa” or better by Moody’s and “AA” or better by S&P;

(h) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1+” or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s, and “A-1+” by S&P; and

(k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided that for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories.

“Pledged Tax Revenues” means (a) sales and use taxes pledged by the Successor Agency pursuant to former Section 33641 of the Law, as it read prior to January 1, 1994 up to $1,065,000 per year, and (b) all taxes (i) that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and (ii) that are deposited or available for deposit by the County Auditor-Controller in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the Dissolution Act.

“Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

“Principal Corporate Trust Office” means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as the Trustee may designate in writing to the Successor Agency from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.
“Project Area” means the area included within the boundaries of Pico Rivera Redevelopment Project No. 1.

“Qualified Reserve Account Credit Instrument” means (i) the 2021 Reserve Policy, and (ii) an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee with respect to other Bonds, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company at the time of issuance of such Qualified Reserve Account Credit Instrument of “A” (without regard to modifier) or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to the Bonds with respect to which it is deposited or with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture.

“Rebate Fund” means the fund by that name established pursuant to Section 4.04.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (o) of Section 34177 of the California Health and Safety Code.

“Record Date” means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(a) and administered by the Successor Agency.

“Redevelopment Plan” means the Redevelopment Plan for the Project Area as described in Exhibit C, as such Redevelopment Plan has heretofore been amended and as it may hereafter be amended in accordance with the law.

“Redevelopment Project” means the undertaking of the Successor Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

“Redevelopment Property Tax Trust Fund” means the fund by that name established pursuant to California Health & Safety Code Sections 34170.5(b) and 34172(c) and administered by the County Auditor-Controller.

“Refunded Bonds” means the $40,710,000 Pico Rivera Redevelopment Agency Redevelopment Project Area No. 1 2001 Tax Allocation Refunding Bonds.

“Refunding Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.
“Registration Books” means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including:

   (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;

   (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

   (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(c).

“Reserve Requirement” means, subject to Section 4.03(c) of this Indenture, with respect to the 2021 Bonds and each series (or multiple series) of Parity Debt issued as Bonds pursuant to a single Supplemental Indenture for which a reserve is to be funded, and as of any date of computation, the lesser of

   (i) 125% of the average Annual Debt Service with respect to such series of Bonds,

   (ii) Maximum Annual Debt Service with respect to such series of Bonds, or

   (iii) with respect to an individual series of Bonds (or multiple series issued pursuant to a single Supplemental Indenture), 10% of the original principal amount of such series (or multiple series) of Bonds (or, if such series (or multiple series) of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series (or multiple series) of Bonds);

provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt pursuant to a Supplemental Indenture, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(c) hereof.

[The Reserve Requirement for the 2021 Bonds shall be satisfied by the 2021 Reserve Policy.]

“ROPS Period” means each annual period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year, or such other period as provided in the Dissolution Act.

“Securities Depositories” means The Depository Trust Company, New York, New York 10041-0099, Fax-(212) 855-7232; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Written Request of the Successor Agency delivered to the Trustee.

“Special Fund” means the fund held by the Successor Agency established within the Redevelopment Obligation Retirement Fund pursuant to Section 4.02.

“State” means the State of California.

“Supplemental Indenture” means any supplement to this Indenture which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means that certain Tax Certificate executed by the Successor Agency with respect to the 2021 Bonds.

“Trustee” means U.S. Bank National Association, as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

“Written Request of the Successor Agency” or “Written Certificate of the Successor Agency” means a request or certificate, in writing signed by the Executive Director or Finance Officer of the Successor Agency, or the designee of either, or by any other officer of the Successor Agency or the City duly authorized by the Successor Agency for that purpose.

“2021 Bonds” means the $___________ initial aggregate principal amount of Successor Agency to the Pico Rivera Redevelopment Agency 2021 Tax Allocation Refunding Bonds.

[“2021 Insurance Policy” means the insurance policy issued by the 2021 Insurer guaranteeing the scheduled payment of principal of and interest on the 2021 Bonds when due.]

[“2021 Insurer” means ______________, or any successor thereto or assignee thereof.]

[“2021 Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the 2021 Insurer guaranteeing certain payments into the Reserve Account with respect to the 2021 Bonds as provided therein and subject to the limitation set forth therein.]

Section 1.03 Rules of Construction. All references herein 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.

ARTICLE II
AUTHORIZATION AND TERMS

Section 2.01 Authorization of 2021 Bonds. One initial issue of Bonds is hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Refunding Law, the Dissolution Act and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full
and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. Such initial issue of Bonds shall be designated the “Successor Agency to the Pico Rivera Redevelopment Agency 2021 Tax Allocation Refunding Bonds.” The 2021 Bonds shall be issued in the initial aggregate principal amount of $____________.

Section 2.02 Terms of 2021 Bonds. The 2021 Bonds shall be issued in fully registered form without coupons. The 2021 Bonds shall be issued in denominations of $5,000 or any integral multiple thereof, so long as no 2021 Bond shall have more than one maturity date. The 2021 Bonds shall be dated as of their Closing Date. The 2021 Bonds shall be lettered and numbered as the Participating Underwriter shall prescribe.

The 2021 Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

<table>
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<tr>
<th>Maturity Date (December 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
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<td>2021</td>
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<td>2025</td>
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</table>

Each 2021 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before [November] 15, 2021, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2021 Bond, interest thereon is in default, such 2021 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2021 Bonds (including the final interest payment upon maturity or redemption) is payable when due by wire or check of the Trustee mailed on the Interest Payment Date to the Owner thereof at such Owner’s address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of 2021 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2021 Bonds shall be paid on the succeeding Interest Payment Date by wire to such account in the United States as shall be specified in such written request. The principal of the 2021 Bonds and premium, if any, upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.
Section 2.03 Redemption of 2021 Bonds.

(a) [No Optional Redemption. The 2021 Bonds are not subject to optional redemption prior to maturity.]

Section 2.04 Form of 2021 Bonds. The 2021 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, which is 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 executed on behalf of the Successor Agency by the signature of its Executive Director or its Director of Finance or the written designee of either and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Bonds 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 a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like series, tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption. The Trustee may further require all information it deems necessary to allow the Trustee to comply with any applicable reporting or withholding obligations under the Code. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. To the extent any such information is not timely provided or is incomplete or inaccurate in any respect, the Trustee will be entitled to report or withhold on any payments hereunder, without liability, to the extent it determines in its discretion such reporting or withholding, as applicable, is required under the Code.
Section 2.07 Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Bonds of the same series, tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption. The Trustee may further require all information it deems necessary to allow the Trustee to comply with any applicable reporting or withholding obligations under the Code. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. To the extent any such information is not timely provided or is incomplete or inaccurate in any respect, the Trustee will be entitled to report or withhold on any payments hereunder, without liability, to the extent it determines in its discretion such reporting or withholding, as applicable, is required under the Code.

Section 2.08 Registration of Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection and copying by the Successor Agency, upon reasonable prior notice to the Trustee; 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 the Registration Books Bonds as hereinbefore provided.

Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond set forth, and shall have no responsibility to verify or ensure the accuracy of such information. To the extent any such information is not timely provided or is incomplete or inaccurate in any respect, the Trustee will be entitled to report or withhold on any payments hereunder, without liability, to the extent it determines in its discretion such reporting or withholding, as applicable, is required under the Code.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership
of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the Successor Agency nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the Successor Agency nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the Successor Agency elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bondowner shall receive a Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) **Representation Letter.** In order to qualify the Bonds for the Depository’s book-entry system, the Successor Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondowners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository’s book-entry program.

(c) **Transfers Outside Book-Entry System.** In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering
the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(d) Payments 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 with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.11 Applicability of Provisions to Parity Debt. Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.05 through 2.10 shall apply to all Bonds.

ARTICLE III

DEPOSIT AND APPLICATION; ADDITIONAL DEBT

Section 3.01 Issuance of Bonds. Upon the execution and delivery of this Indenture, the Successor Agency shall execute and deliver to the Trustee the 2021 Bonds in the aggregate principal amount of $__________ and the Trustee shall authenticate and deliver the 2021 Bonds upon the Written Request of the Successor Agency.

Section 3.02 Application of Proceeds of Sale and Certain Other Amounts. On the Closing Date the proceeds of sale of the 2021 Bonds received by the Trustee shall be applied as follows:

(a) The Trustee shall deposit the amount of $__________ in the Costs of Issuance Fund.

(b) The Trustee shall transfer $__________ to the Escrow Bank for deposit in the escrow fund established under the Escrow Agreement.

The Trustee may establish and maintain for so long as is necessary one or more temporary funds and accounts under this Indenture, including but not limited to a temporary fund for holding the proceeds of the Bonds.

Section 3.03 Costs of Issuance Fund. There is hereby established a separate fund to be known as the “Costs of Issuance Fund”, which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2021 Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the Successor Agency 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 and shall be
fully protected in relying thereon. On the date which is six (6) months following the Closing Date with respect to the 2021 Bonds, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund, and the Costs of Issuance Fund shall be closed.

Section 3.04  Issuance of Parity Debt. In addition to the 2021 Bonds, the Successor Agency may issue additional bonds or incur other loans, advances or indebtedness payable from Pledged Tax Revenues on a parity with the 2021 Bonds to refund outstanding Bonds in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) No Event of Default hereunder or event of default under any Parity Debt Instrument shall have occurred and be continuing unless such event of default will be cured by the issuance of such Parity Debt;

(b) The Parity Debt shall have been issued for savings in accordance with the requirements of Section 34177.5(a) of the Dissolution Act (or any comparable provision of any successor statute);

(c) A Supplemental Indenture or other Parity Debt Instrument shall have been adopted which shall (i) state the applicable reserve requirement and the amount, if any, to be deposited from the proceeds of sale of such Parity Debt in a separate account of the Reserve Account or other reserve account established under such Supplemental Indenture or other Parity Debt Instrument to be held as separate security for such series of Parity Debt; (ii) designate accounts in the Debt Service Fund and accounts therein including the Reserve Account (if a reserve will be funded for the Parity Debt) to be applicable to such Parity Debt; and (iii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(d) The Reserve Account is fully funded at the Reserve Requirement for the 2021 Bonds upon the issuance of such Parity Debt, unless otherwise permitted by the 2021 Insurer; and

(e) The Successor Agency shall deliver to the Trustee a Written Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Section 3.05  Issuance of Subordinate Debt. Notwithstanding the foregoing, no provision herein shall prevent the Successor Agency from issuing additional bonds or incurring other loans, advances or indebtedness payable from Pledged Tax Revenues on a subordinate basis to the 2021 Bonds and Parity Debt. Subordinate debt issued as bonds shall be payable on the same dates as the Bonds unless otherwise consented to by the 2021 Insurer

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01  Security of Bonds; Equal Security. Subject to the provisions of Section 4.02 and Section 6.06 hereof allowing for the application of Pledged Tax Revenues, all Pledged Tax
Revenues and the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and all amounts in the Redevelopment Property Tax Trust Fund, including without limitation any override tax revenues attributable to tax rate overrides levied by taxing agencies within the Project Area that were pledged to the Refunded Bonds, are irrevocably pledged under this Indenture to secure the payment of the principal of and interest on the 2021 Bonds and all Parity Debt without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Such pledge shall constitute a first and exclusive lien on and security interest in the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and all amounts in the Redevelopment Property Tax Trust Fund, including without limitation any override tax revenues attributable to tax rate overrides levied by taxing agencies within the Project Area that were pledged to the Refunded Bonds, and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Successor Agency, irrespective of whether such parties have notice of this Indenture; provided however, the parties hereto acknowledge that the County Auditor-Controller is authorized by Section 34183(a) of the Dissolution Act to use Pledged Tax Revenues to pay the County’s administrative costs allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and is required by Section 34183(a)(1) of the Dissolution Act to pay Pledged Tax Revenues to taxing entities pursuant to Pass-Through Agreements and Sections 33607.5, 33607.7 and 33676 of the Law (unless such payments are subordinated to payments on the 2021 Bonds and Parity Debt pursuant to Section 33607.5(e) of the Law or 34177.5(c) of the Dissolution Act). Except for the Pledged Tax Revenues, such amounts and such funds and accounts, no other moneys, funds, accounts or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2021 Bonds or Parity Debt except as provided in the following paragraph with respect to the 2021 Bonds and other Bonds.

The Debt Service Fund and any fund or account or sub-accounts created under this Indenture (other than the Costs of Issuance Fund and the Rebate Fund), including amounts on deposit therein (including proceeds of the 2021 Bonds), are irrevocably pledged under this Indenture to secure the payment of the principal of and interest on the 2021 Bonds and other Bonds without preference or priority for series issue, number, dated date, sale date, date of execution or date of delivery. Such pledge shall constitute a first and exclusive lien on and security interest in the Debt Service Fund and any other fund or account created under this Indenture, and including amounts on deposit therein (including proceeds of the 2021 Bonds), and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Successor Agency, irrespective of whether such parties have notice of this Indenture.

The parties acknowledge that Section 34177.5(g) of the Dissolution Act provides that the 2021 Bonds and Parity Debt are further secured by a pledge of, and lien on moneys deposited in the Redevelopment Property Tax Trust Fund held by the County Auditor Controller related to the Successor Agency, which moneys, subject to the payment by the County Auditor Controller of certain amounts to the County for administrative costs allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and to taxing entities pursuant to Pass-Through Agreements and Sections 33607.5, 33607.7 and 33676 of the Law (unless such payments are subordinated to payments on the 2021 Bonds and Parity Debt pursuant to Section 33607.5(e) of the Law or Section 34177.5(c) of the Dissolution Act), constitute Pledged Tax Revenues as defined herein.

In consideration of the acceptance of the 2021 Bonds and other Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency 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 Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 2021 Bonds and other Bonds without preference, priority or distinction as to security or otherwise of any of the 2021 Bonds and other Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

**Section 4.02 Redevelopment Obligation Retirement Fund; Special Fund; Deposit of Pledged Tax Revenues.** There is hereby established a special fund to be known as the “Special Fund” which is to be held by the Successor Agency within the Redevelopment Obligation Retirement Fund. The Special Fund shall be held by the Successor Agency separate and apart from other funds of the Successor Agency.

The Successor Agency shall deposit all of the Pledged Tax Revenues received with respect to any ROPS Period into the Special Fund promptly upon receipt thereof by the Successor Agency in accordance with Section 5.12 hereof. Except as may be provided to the contrary in this Indenture or in any Supplemental Indenture or Parity Debt Instrument, upon receipt by the Successor Agency of money from the Redevelopment Property Tax Trust Fund requested in accordance with Section 5.12, subdivisions (b) or (c), as applicable, on each January 2 and June 1 or other date(s) on which Redevelopment Property Tax Trust Fund moneys are distributed to the Successor Agency, and deposit of such amounts into the Special Fund, all Pledged Tax Revenues received by the Successor Agency in excess of such amounts shall be released from the pledge and lien hereunder and shall be applied in accordance with the Law and the Dissolution Act, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures or other Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture and in any Supplemental Indenture or other Parity Debt Instrument.

**Section 4.03 Deposit of Amounts by Trustee.** There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust. If Parity Debt is issued, the Trustee shall establish subaccounts within each account for each issue of Parity Debt, including a separate subaccount of the Reserve Account as security for Parity Debt pursuant to a Supplemental Indenture to the extent provided under Section 3.04 hereof, if applicable. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Bonds other than the 2021 Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency and the Trustee shall deposit amounts received from the Successor Agency into sub-accounts of the Interest Account and/or Principal Account, as applicable, on a pro-rata basis):

(a) **Interest Account.** On or before the fifth (5th) Business Day preceding each Interest Payment Date, commencing with the Interest Payment Date of [December 1, 2021] (with respect to the 2021 Bonds), the Successor Agency shall withdraw from the Special Fund and transfer
to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. 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. The Trustee shall establish sub-accounts within the Interest Account for the payment of interest due on the 2021 Bonds and other Bonds, provided that all such Bonds shall be paid on a parity basis.

(b) **Principal Account.** On or before the fifth (5th) Business Day preceding December 1 in each year beginning [December 1, 2021] (with respect to the 2021 Bonds), the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds, including pursuant to mandatory sinking account redemption, on the next December 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next December 1 on all of the Outstanding Bonds. 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, including by mandatory sinking account redemption, as the same shall become due and payable. The Trustee shall establish sub-accounts within the Principal Account for the payment of principal due on the 2021 Bonds and other Bonds, provided that all such Bonds shall be paid on a parity basis.

(c) **Reserve Account.** There is hereby established in the Debt Service Fund a separate account known as the “Reserve Account” solely as security for payments of 2021 Bonds payable by the Successor Agency pursuant to this Section 4.03 which shall in each case be held by the Trustee in trust for the benefit of the Owners of the 2021 Bonds, provided separate subaccounts may be established in the Reserve Account as separate security for any future issue of Parity Debt. The Reserve Requirement for the 2021 Bonds will be satisfied by the delivery of the 2021 Reserve Policy by the 2021 Insurer on the Closing Date with respect to the 2021 Bonds. The Successor Agency will have no obligation to replace the 2021 Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2021 Bonds are Outstanding, any rating assigned to the 2021 Insurer is downgraded, suspended or withdrawn or amounts are not available under the 2021 Reserve Policy, other than in connection with a draw on the 2021 Reserve Policy.

Except as provided in the preceding paragraph and as may be provided in a Supplemental Indenture or Parity Debt Instrument, in the event that the amount on deposit in the Reserve Account (or the applicable subaccount) at any time becomes less than the Reserve Requirement applicable thereto, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the applicable Reserve Account.

The amounts available under the 2021 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2021 Bonds.
Moneys, if any, on deposit in the Reserve Account (or the applicable account therein) shall be withdrawn and applied by the Trustee for the final payment or payments of principal of and interest on the 2021 Bonds (or the applicable account therein, respectively). The Trustee shall compute the Reserve Requirement annually on or before December 1.

In no event shall amounts in the Reserve Account (exclusive of subaccounts therein, which shall be applied in accordance with the terms of the Supplemental Indenture providing for Parity Debt) be applied to payment of any Bonds or Parity Debt other than 2021 Bonds.

Except as provided above, the amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement at all times prior to the payment of the applicable series of Bonds in full. If there shall then not be sufficient Pledged Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers pursuant to any Parity Debt Instrument and hereunder to the Interest Account and the Principal Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder or under any Parity Debt Instrument, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before two (2) Business Days preceding each June 1 and December 1 by the Trustee and deposited in the Interest Account or be applied pro rata in accordance with any applicable provision of a Parity Debt Instrument. On the Business Day preceding the final Interest Payment Date for a series of Bonds (or multiple series of Bonds issued under this Indenture or a single Parity Debt Instrument), all amounts held in the applicable subaccount of the Reserve Account shall be withdrawn from the Reserve Account and shall be transferred to the applicable subaccounts of the Interest Account and the Principal Account, in such order, for such series of Bonds, to the extent required to make the deposits then required to be made pursuant to this Section 4.03, or shall be applied pro rata as required by any Parity Debt Instrument, as applicable.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds or any Parity Debt the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this paragraph (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the
Reserve Requirement, to be derived from the first legally available Pledged Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture shall be pro-rata with respect to each such instrument.

The Reserve Account shall be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the 2021 Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

Section 4.04 Rebate Fund. The Trustee shall establish a separate fund for the 2021 Bonds designated the “Rebate Fund.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2021 Bonds will not be adversely affected, the Successor Agency shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2021 Bonds shall be governed by this Section and the Tax Certificate, unless the Successor Agency obtains and delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on the 2021 Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the Successor Agency, and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the Successor Agency with the Tax Certificate or the provisions of this Section.

(a) Excess Investment Earnings.

(i) Computation. Within 55 days of the end of each fifth Bond Year with respect to the 2021 Bonds, the Successor Agency shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “Rebatable Arbitrage”). The Successor Agency shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Bond Year with respect to the 2021 Bonds, upon the Finance Director’s written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.04(a). In the event that
immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Finance Director, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The Successor Agency shall direct the Trustee in writing to pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Bond Year with respect to the 2021 Bonds, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(Y) Not later than 60 days after the payment of all the 2021 Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Successor Agency shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Section 4.04(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the Successor Agency, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the 2021 Bonds and the payments described in Section 4.04(a)(iii), shall be transferred by the Trustee to the Successor Agency at the written direction of the Successor Agency and utilized in any manner by the Successor Agency.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.04 or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the 2021 Bonds and any Parity Debt.

(d) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of the Successor Agency. The Trustee shall have no responsibility to make any calculations of rebate or to independently review or verify such calculations.

Section 4.05 Provisions Relating to 2021 Insurance Policy. Notwithstanding any other provision herein to the contrary, so long as the 2021 Insurance Policy is in effect and the 2021 Insurer is not in default thereunder, the Successor Agency and the Trustee agree to comply with the following provisions: [To come]

Section 4.06 Provisions Relating to 2021 Reserve Policy. Notwithstanding any other provision herein to the contrary, so long as the 2021 Reserve Policy is in effect, the Successor Agency and the Trustee agree to comply with the following provisions: [To come]
ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01  Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Bonds. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02  Limitation on Additional Indebtedness; Against Encumbrances. The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues (i) on a basis senior to the Bonds or (ii) on a parity with the Bonds except for Parity Debt issued to refund any of the Bonds or other Parity Debt, and then only if the requirements of Section 3.04 are met. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

Section 5.03  Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of 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 which shall not have been so extended or funded.

Section 5.04  Payment of Claims. The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Section 5.05  Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Pledged Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the 2021 Insurer, any other Insurer and the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.
The Successor Agency will cause to be prepared, on or before each April 1 (or, if the Successor Agency’s fiscal year is changed, the date that is 9 months following the end of the Successor Agency’s fiscal year) so long as the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements of Pledged Tax Revenues and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. The Successor Agency shall promptly furnish a copy of such financial statements to the Trustee, the 2021 Insurer and any other Insurer at no expense and to any Owner upon reasonable request and at the expense of such Owner. Posting such audited financial statements to the City’s website or to emma.msrb.org shall satisfy this requirement. The Trustee shall have no obligation to review, verify or analyze any financial statements provided to it by the Successor Agency and shall hold such financial statement solely as a repository for the benefit of the Owners of the Bonds. The Trustee shall not be deemed to have notice of any information contained therein, or default or Event of Default which may be disclosed therein in any manner.

The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the 2021 Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the 2021 Insurer may reasonably request.

Section 5.06 Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to Bonds, the Bonds shall be incontestable by the Successor Agency.

Section 5.07 Payments of Taxes and Other Charges. Except as otherwise provided herein, the Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, or upon the revenues therefrom when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Area or any part thereof.

Section 5.08 Taxation of Leased Property. All amounts derived by the Successor Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Pledged Tax Revenues for all purposes of this Indenture.

Section 5.09 Disposition of Property. The Successor Agency will not participate in the disposition of any land or real property in a Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of issuance of the 2021 Bonds) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the applicable Project Area unless such disposition is permitted as hereinafter provided in this Section 5.09. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds, or the rights of the Successor Agency, the Bondowners and the Trustee hereunder will not be materially
impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Successor Agency shall disapprove said proposed disposition. This Section 5.09 shall not apply to the disposition of properties to the City pursuant to the Successor Agency’s Long Range Property Management Plan prepared pursuant to Health and Safety Code Section 34191.4.

Section 5.10 Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the Law and the Dissolution Act to ensure the allocation and payment to it of the Pledged Tax Revenues as provided in the Law and the Dissolution Act.

Section 5.11 Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee has been indemnified from and against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.12 Compliance with the Dissolution Act.

(a) The Successor Agency shall comply with all of the requirements of the Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include:

(i) scheduled debt service on the 2021 Bonds and any Parity Debt and any amount required under this Indenture to replenish the Reserve Account established hereunder or the reserve account established under any Parity Debt Instrument, and

(ii) amounts due to any Insurer hereunder or under an insurance or surety bond agreement,

in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective ROPS Period and to pay amounts owed to any Insurer, as well as the other amounts set forth above.

(b) In order to accomplish the foregoing, on or before each February 1 (or at such earlier time as may be required by the Dissolution Act), for so long as any Parity Debt is outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller that shall include, from the first Pledged Tax Revenues distributed to the Successor Agency on each January 2 and June
1 Redevelopment Property Tax Trust Fund distribution date (subject to prior payments described in Section 4.01): (i) all debt service due on all Outstanding 2021 Bonds and Parity Debt coming due during such Bond Year (with one-half of such Bond Year’s debt service to be distributed from the Redevelopment Property Tax Trust Fund on January 2 and the remainder of such Bond Year’s debt service to be distributed from the Redevelopment Property Tax Trust Fund on June 1), as well as all amounts due and owing to the 2021 Insurer hereunder or to any other Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture or a reserve account established under any Parity Debt Instrument (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the 2021 Insurer hereunder).

(c) In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2021 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the 2021 Bonds and other Parity Debt and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) not less than one half of the debt service due during each Bond Year on all Outstanding Bonds prior to June 1 of such calendar year, and (ii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding December 1.

(d) In the event the Successor Agency fails to provide the Oversight Board or the Department of Finance with a Recognized Obligation Payment Schedule by the statutory deadlines, the Successor Agency designates the 2021 Insurer as its attorney-in-fact with the power to make such a request relating to the 2021 Bonds; provided however, that the 2021 Insurer will provide a copy of such request to the Successor Agency prior to such submission. With respect to Recognized Obligation Payment Schedules, if any amounts payable to the 2021 Insurer are not included on the then current Recognized Obligation Payment Schedule, the Successor Agency shall amend such Recognized Obligation Payment Schedule to the extent permitted by law.

Section 5.13 Further Assurances. The Successor Agency 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.

Section 5.14 [Last and Final Recognized Obligation Payment Schedule. As long as the 2021 Bonds are Outstanding and the 2021 Insurer is not in default under the 2021 Reserve Policy or the 2021 Insurance Policy, the Successor Agency will not submit to the Oversight Board or the Department of Finance a request for the final amendment permitted for its Last and Final Recognized Obligation Payment Schedule pursuant to Section 34191.6 of the California Health and Safety Code without the prior written consent of the 2021 Insurer, unless all amounts that could become due and payable to the 2021 Insurer under this Indenture would be included as a line item on the last and final Recognized Obligation Payment Schedule following approval of the requested final amendment.]

Section 5.15 Tax Covenants. In connection with the 2021 Bonds, the Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws on the date of issuance of
the 2021 Bonds. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the 2021 Bonds will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) **Private Activity.** The Successor Agency will take no action or refrain from taking any action or make any use of the proceeds of the 2021 Bonds or of any other monies or property which would cause the 2021 Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) **Arbitrage.** The Successor Agency will make no use of the proceeds of the 2021 Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which would cause the 2021 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) **Federal Guaranty.** The Successor Agency will make no use of the proceeds of the 2021 Bonds or take or omit to take any action that would cause the 2021 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) **Information Reporting.** The Successor Agency will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(e) **Hedge Bonds.** The Successor Agency will make no use of the proceeds of the 2021 Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause any 2021 Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Successor Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2021 Bonds for federal income tax purposes; and

(f) **Miscellaneous.** The Successor Agency will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Successor Agency in connection with each issuance of 2021 Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

**ARTICLE VI**

**THE TRUSTEE**

**Section 6.01 Duties, Immunities and Liabilities of Trustee.**

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.
(b) The Successor Agency may remove the Trustee at any time, but only with the consent of all Insurers, upon thirty days’ prior written notice, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Successor Agency has knowledge that the Trustee shall cease to be eligible in accordance with subsection (f) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, with a copy to any Insurer, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners and any Insurer notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing, with notice of such appointment to be furnished to any Insurer. In each case such removal shall be accomplished by the giving of at least thirty (30) days’ written notice of such removal by the Successor Agency to the Trustee whereupon the Successor Agency shall immediately appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Successor Agency for the appointment of a successor Trustee and after being paid its fees and expenses then due and owing to it, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall cause either the predecessor Trustee or the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books.
(e) If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.03(d) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the any Insurer and 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 Successor Agency to make any payment when due, the Trustee shall, within thirty (30) days of the Trustee’s knowledge thereof, give such notice to any Insurer, and the Trustee, with the consent of any Insurer 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 Bondowners not to give such notice.

(f) The Successor Agency agrees that, so long as any Bonds are Outstanding, the Trustee shall be: (i) a financial institution having a trust office in the State, having (or in the case of a corporation, national banking association or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority; (ii) a state-chartered commercial bank that is a member of the Federal Reserve System having at least $1,000,000,000 of assets; or (iii) an entity otherwise approved by all Insurers in writing. If such financial institution 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 subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 6.02 Merger or Consolidation. Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under subsection (f) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct as finally determined by a court of competent jurisdiction. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.
(b) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee as finally determined by a court of competent jurisdiction. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Successor Agency’s certificates to establish the Successor Agency’s compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

(h) The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(i) Before taking any action under Article VIII or this Article at the request of the Owners or any Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the
Owners or any Insurer for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is finally adjudicated by a court of competent jurisdiction to have resulted from its negligence or willful misconduct in connection with any action so taken.

(j) 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 Successor Agency 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 Successor Agency whenever a person is to be added or deleted from the listing. If the Successor Agency elects 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 Successor Agency understands 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 Successor Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Successor Agency 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 Successor Agency. 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 Successor Agency agrees: (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 Successor Agency; (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.

(k) 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.

(l) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Section 6.04 Right to Rely on Documents and Opinions. The Trustee shall have no liability in acting upon any notice, resolution, request, consent, order, certificate, report, opinion,
facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, 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 the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

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

**Section 6.05 Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the Successor Agency and any Insurer and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

**Section 6.06 Compensation and Indemnification.** The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Successor Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a lien on the Pledged Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Successor Agency further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur to the extent arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees as finally determined by a court of competent jurisdiction. The obligations of the Successor Agency and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.
Section 6.07 Deposit and Investment of Moneys in Funds. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments, except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (g) of the definition thereof. In the absence of any such Written Request of the Successor Agency, the Trustee shall hold any such moneys uninvested. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Successor Agency’s expense. Moneys in the Special Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account (pro-rata among sub-accounts); provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made in accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

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

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

If applicable, the Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of any tax-exempt Bonds (within the meaning of Section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow its normal practice in determining the value of Permitted Investments, which may include utilizing generally recognized pricing services (including brokers and dealers in securities) that may be available to it including those available through its regular accounting system and rely conclusively and without liability thereon.
Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the Successor Agency at their present value (within the meaning of Section 148 of the Code). Investments on deposit in the Reserve Account shall be valued semiannually two (2) Business Days preceding each June 1 and December 1 at their Fair Market Value.

Section 6.08 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 accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, on at least a monthly basis, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.09 Other Transactions with Successor Agency. The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Successor Agency.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01 Amendment With And Without Consent of Owners. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Owners or any Insurer, to the extent permitted by law, but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed, including any covenant or agreement that provides for additional security for the Bonds, or to limit or surrender any rights or powers herein reserved to or conferred upon the Successor Agency; or

(b) 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 Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt in accordance with Section 3.04; or

(d) if applicable, to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

(e) to comply with amendments or supplements to the Dissolution Act; or
(f) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument; or

(g) in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bondowners or the 2021 Insurer hereunder, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of each Insurer (but only with respect to any Bonds insured by such Insurer) and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. [The 2021 Insurer will be deemed to be the Owner of the 2021 Bonds for purposes of consenting to amendments of this Indenture.] 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 Successor Agency 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 any Insurer or the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture adversely affect the security for the Bonds or modify any of the rights or obligations of any Insurer without its prior written consent. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Indenture would adversely affect the security for the 2021 Bonds or the rights of the Owners of the 2021 Bonds, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no 2021 Insurance Policy.

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, 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.

Section 7.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may, with the prior written consent of any Insurer, determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

Section 7.04 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner,
provided that due notation thereof is made on such Bond and, provided further that written consent to such amendment shall first be obtained from any Insurer.

Section 7.05 Opinion of Counsel. Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and, if applicable, does not adversely affect the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

Section 7.06 Copy of Supplemental Indenture to S&P and Moody’s. The Successor Agency shall provide to S&P and Moody’s, for so long as S&P and Moody’s, as the case may be, maintain a rating on any of the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least fifteen (15) days prior to its proposed effective date.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01 Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the Successor Agency of written notice from the Trustee or any Insurer or written notice from any Owner (with a copy of said notice delivered to the Trustee and any Insurer) of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency (with the prior written consent of any Insurer) within such thirty (30) day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time as approved by any Insurer;

(c) If the Successor Agency files a petition 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 will approve a petition by the Successor Agency 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 will approve a petition by the Successor Agency, 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 will assume custody or control of the Successor Agency or of the whole or any substantial part of its property; or

(d) The principal of any Parity Obligation shall be declared immediately due and payable under the terms of a Parity Debt Instrument.

In determining whether an Event of Default has occurred under (a) above, no effect shall be given to payments made under any municipal bond insurance policy, financial guaranty insurance policy or Qualified Reserve Account Credit Instrument.

If an Event of Default has occurred under this Section and is continuing, the Trustee may, with the consent of the 2021 Insurer, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, (y) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (z) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bondowners in law or at equity, including an action in mandamus.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to each Insurer and to the Successor Agency by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in subsections (a) or (c) above the Trustee shall, and with respect to any Event of Default described in subsection (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds then Outstanding, deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to any Insurer and the Owners of all Bonds then Outstanding, and with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds then Outstanding, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.
Section 8.02 Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (including the Trustee’s share of any Pledged Tax Revenues) and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon 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 in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the 2021 Bonds and Parity Debt for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding 2021 Bonds or Parity Debt (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the 2021 Bonds and Parity Debt, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest; and

Third, to the payment of amounts required to restore the Reserve Account to the Reserve Requirement and to repay any amounts owed to the Insurer in connection with a draw on the 2021 Reserve Policy.

Section 8.03 Power of Trustee to Control Proceedings. In the event that 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 a majority in 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 principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.04 Limitation on Owner’s Right to Sue. No Owner of any Bond issued hereunder 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 Successor Agency, the Trustee and any Insurer 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 sixty (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 of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, 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 8.05 Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of 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 Owners and the Trustee by the 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 Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.06 Actions by Trustee as Attorney-in-Fact. 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 by taking and holding the Bonds 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, provided, however, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Section 8.07 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in
equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.08 Determination of Percentage of Bondowners. Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

Section 8.09 Rights of 2021 Insurer. Any reorganization or liquidation plan with respect to the Successor Agency must be acceptable to the 2021 Insurer. In the event of any reorganization or liquidation of the Successor Agency, the 2021 Insurer shall have the right to vote on behalf of all holders of the 2021 Bonds absent a continuing failure by the 2021 Insurer to make a payment under the 2021 Insurance Policies.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a Default, the 2021 Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the 2021 Bonds or the Trustee for the benefit of the holders of the 2021 Bonds under the Indenture. No Default may be waived without the 2021 Insurer’s written consent. Further, in the event of a Default with respect to the 2021 Bonds, the 2021 Insurer shall have the right to direct the replacement of the Trustee.

Section 8.10 2021 Insurer as Owner. Upon the occurrence and continuance of a Default, the 2021 Insurer shall be deemed to be the sole owner of the 2021 Bonds for all purposes under the Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.

Section 8.11 Special Provisions for 2021 Insurer Default. If a 2021 Insurer Default shall occur and be continuing, then, notwithstanding anything herein to the contrary, (1) if at any time prior to or following a 2021 Insurer Default, the 2021 Insurer has made payment under the 2021 Insurance Policy, to the extent of such payment the 2021 Insurer shall be treated like any other holder of the 2021 Bonds, for all purposes, including giving of consents, and (2) if the 2021 Insurer has not made any payment under the 2021 Insurance Policy, the 2021 Insurer shall have no further consent rights until the particular 2021 Insurer Default is no longer continuing or the 2021 Insurer makes a payment under the 2021 Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, “2021 Insurer Default” means: (A) the 2021 Insurer has failed to make any payment under the 2021 Insurance Policy when due and owing in accordance with its terms; or (B) the 2021 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 Series 2021 Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the 2021 Insurer (including without limitation under the New York Insurance Law).]
ARTICLE IX

MISCELLANEOUS

Section 9.01 Special Obligations. The Bonds are special obligations of the Successor Agency secured by a pledge and lien as described in Section 4.01 hereof. The Bonds are not debts, liabilities or obligations of the City of Pico Rivera, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those pledged by the Successor Agency. The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.02 Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, each Insurer, the Trustee 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 Successor Agency shall be for the sole and exclusive benefit of the Trustee, such Insurers and the Owners. To the extent that this Indenture confers upon or gives any Insurer any right, remedy or claim under or by reason of this Indenture, each Insurer is hereby explicitly recognized as being third-party beneficiaries hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

Section 9.03 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.04 Discharge of Indenture.

(a) If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee in trust or an escrow agent, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, if any, or;

(iii) by irrevocably depositing with the Trustee in trust or an escrow agent, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;
then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other amounts, funds and accounts described in Section 4.01 hereof and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (A) the covenants of the Successor Agency hereunder with respect to the Code, (B) the obligation of the Trustee to transfer and exchange Bonds hereunder, (C) the obligations of the Successor Agency under Section 6.06 hereof, and (D) the obligation of the Successor Agency to pay or cause to be paid to the Owners (or any Insurer), from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee and any Insurer all fees, expenses and costs of the Trustee and any Insurer. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

[To the extent that any of the Bonds to be defeased are 2021 Bonds, at least three Business Days prior to any defeasance, the Successor Agency shall deliver to the 2021 Insurer draft copies of an escrow agreement, an opinion of Bond Counsel regarding the validity and enforceability of the escrow agreement and the defeasance of such 2021 Bonds, and a verification report (a “Verification Report”) prepared by an Independent Accountant regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to such Insurer and shall be in form and substance satisfactory to the 2021 Insurer. In addition, the escrow agreement shall provide that: a) any substitution of securities shall require the delivery of a verification report, and b) the Successor Agency 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 such Insurer.]

(b) Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due of the Bonds is paid by any Insurer, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, and the assignment and pledge of the Pledged Tax Revenues and other assets hereunder and all covenants, agreements and other obligations of the Successor Agency to the Bondowners so paid shall continue to exist and shall run to the benefit of such Insurer, and such Insurer shall be subrogated to the rights of such Bondowners, as applicable.

Section 9.05 Execution of Documents and Proof of Ownership by Owners. Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner’s attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person
signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.06 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (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. Upon request of the Trustee, the Successor Agency 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 9.07 Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.08 Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the Successor Agency provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.09 Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the Successor Agency: Successor Agency to the Pico Rivera Redevelopment Agency
6615 Passons Boulevard
Pico Rivera, California 90660
Attention: Executive Director

If to the Trustee: U.S. Bank National Association
West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Trust Services

NG-U9ZQVMF2/4822-6486-6018v6/200201-0008
If to the Insurer: ____________________________

____________________________
____________________________

Attention:
Telephone: (  
Telecopier:
Email:

In each case in which notice or other communication refers to an event of default or a claim on the Surety Bond, 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: ___________ and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

The Successor Agency and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.10 Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Finance Officer of the Successor Agency in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that its Finance Officer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 9.11 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 9.12 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.13 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.
IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by its Executive Director, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY

By: ____________________________________________
   Executive Director

ATTEST:

_______________________________________________
Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ____________________________________________
   Authorized Officer
EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SUCCESSOR AGENCY TO PICO RIVERA REDEVELOPMENT AGENCY
2021 TAX ALLOCATION REFUNDING BONDS

INTEREST RATE: _______% MATURITY DATE: _______ 1, 20__, 20__, 2021
DATED DATE: _______ CUSIP: _______

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _______________________________ DOLLARS

The SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, a public entity duly existing under and by virtue of the laws of the State of California (the “Successor Agency”), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the “Registered Owner”), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for, if any), the Principal Sum stated above and to pay interest thereon from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (as defined below), unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day (the “Record Date”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [November] 15, 2021, in which event it shall bear interest from the Dated Date 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 has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on June 1 and December 1 in each year, commencing December 1, 2021 (each an “Interest Payment Date”), calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon redemption hereof, if any, are payable in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office (the “Principal Corporate Trust Office”) of U.S. Bank National Association, as trustee (the “Trustee”). Interest hereon (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Registered Owner hereof at the Registered Owner’s address as it appears on the Registration Books maintained by the Trustee at the close of business on the preceding Record Date; provided however, that at the written request of any Registered Owner of at least $1,000,000 aggregate principal amount of the Bonds, which written request is on file with the Trustee on any Record Date, interest hereon shall be paid by wire to such account in the United States as is specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as “Successor Agency to the Pico Rivera Redevelopment Agency 2021 Tax Allocation Refunding Bonds”
(the “Bonds”), of an aggregate principal amount of $__________, all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption, if any, and other provisions) and all issued pursuant to the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Refunding Law”), the Dissolution Act (as such term is defined in the Indenture), and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the “Law”), and pursuant to an Indenture of Trust, dated as of __________ 1, 2021, entered into by and between the Successor Agency and the Trustee (the “Indenture”), providing for the issuance of the Bonds.

The Bonds are being issued in the form of registered Bonds without coupons. Additional Parity Debt may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Dissolution Act and the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the Registered Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to refinance certain bonds issued by the Former Agency with respect to the Project Area (as such terms are each defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest thereon and all other Bonds and the interest thereon (to the extent set forth in the Indenture), are secured by a statutory pledge of, and lien on, Pledged Tax Revenues, including sales and use tax revenues pledged to the 2021 Bonds pursuant to former Health and Safety Code Section 33641 and property tax revenues deposited or available for deposit in the Redevelopment Property Tax Trust Fund held by the Auditor-Controller of the County of Los Angeles, subject to the payment of certain amounts to taxing entities pursuant to the Dissolution Act, and a pledge of, security interest in and lien on the Pledged Tax Revenues, as more fully described in the Indenture, on deposit in the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and the Debt Service Fund and any fund or account created under the Indenture, and are payable from Pledged Tax Revenues remaining after payment of certain amounts to certain taxing entities as provided in the Dissolution Act and this Indenture.

There has been created, and will be maintained by, the Successor Agency the Special Fund (as defined in the Indenture) into which Pledged Tax Revenues deposited by the Auditor-Controller of the County of Los Angeles in the Redevelopment Obligation Retirement Fund shall be transferred and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the Bonds and any additional Bonds (as defined in the Indenture).

[The 2021 Bonds are not subject to redemption prior to maturity.]
If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of $5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, tenor and maturity.

This Bond is transferable upon the Registration Books, by the person in whose name it was registered, in person or by a duly authorized attorney of such person upon surrender to the Trustee at the Principal Corporate Trust Office for cancellation, but only in the manner and subject to the limitations provided in the Indenture. Upon registration of such transfer a new fully registered Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same series, tenor and maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, if any, or (b) any Bond selected for redemption, if any.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the Registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but 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 Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the respective Insurer and the Registered Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall a Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture modify any of the rights or obligations of any Insurer without its prior written consent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Successor Agency or 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 DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond is not a debt, liability or obligation of the City of Pico Rivera, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than
those pledged by the Successor Agency. The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee’s Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Pico Rivera Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY

By: ________________________________

Executive Director

ATTEST:

______________________________

Secretary
[FORM OF TRUSTEE’S CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: __________, 2021

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By: ________________________________
   Authorized Signatory

[FORM OF STATEMENT OF INSURANCE]
[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s)

attorney,

to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: __________________________

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signatures(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.
EXHIBIT B

LIST OF PASS-THROUGH AGREEMENTS

1. Agreement governing the distribution of Tax Increment Revenues for the Redevelopment Plan dated as of September 15, 1977 by and between the City of Pico Rivera (the “City”), the County of Los Angeles (the “County”) and the Pico Rivera Redevelopment Agency (the “Former Agency”).

2. Amended agreement governing distribution of Tax Increment Revenues for Amendment No. 1 to the Redevelopment Plan dated as of May 10, 1983 by and between the City, the Former Agency, the County and the Consolidated Fire Protection District of Los Angeles County (the “Fire District”).

3. Amended Agreement Regarding the Pico Rivera Redevelopment Project No. 1 dated as of June 11, 1985 by and between the County, the Former Agency and the City.

4. First Amendment to Amended Agreement Regarding the Pico Rivera Redevelopment Project No. 1 dated as of June 2, 1987 by and between the County, the Former Agency and the City.

5. Second Amendment to Amended Agreement for Allocation of Tax Increment Finds (Pico Rivera Redevelopment Project No. 1) dated as of June 18, 1989 by and between the Pico Rivera Redevelopment Agency, the City of Pico Rivera and the County of Los Angeles.

6. Third Amendment to Amended Agreement for Allocation of Tax Increment Funds (Pico Rivera Redevelopment Project No. 1) dated as of October 15, 1990 by and between the Former Agency, the City and the County.

7. Agreement for Allocation of Tax Increment Funds (Amendment No. 4 to Pico Rivera Redevelopment Project No. 1) dated as of May 6, 1991 by and between the City, the Former Agency and the Fire District and the County, which agreement has been cancelled and rescinded and is of no force or effect.

8. Amendment No. 5 to Agreements for Reimbursement of Tax Increment Funds (Redevelopment Plan for the Pico Rivera Redevelopment Project No. 1, as amended) dated as of January 23, 2001 by and among the Former Agency, the City, the Fire District and the County.
EXHIBIT C

REDEVELOPMENT PLAN AND AMENDING ORDINANCES

Redevelopment Plan for the Pico Rivera Redevelopment Project No. 1

The Redevelopment Plan for the Pico Rivera Redevelopment Project No. 1 (the “Redevelopment Plan”) was adopted on or about December 23, 1974 by Ordinance No. 530. The Redevelopment Plan was subsequently amended as follows:

c. By Ordinance No. 726 on November 17, 1986
e. By Ordinance No. 798 on October 7, 1991
f. By Ordinance No. 862 on December 19, 1994
EXHIBIT C

REDEVELOPMENT PLAN AND AMENDING ORDINANCES

Redevelopment Plan for the Pico Rivera Redevelopment Project No. 1

The Redevelopment Plan for the Redevelopment Plan for the Pico Rivera Redevelopment Project No. 1 (the “Redevelopment Plan”) was adopted on or about December 23, 1974 by Ordinance No. 530. The Redevelopment Plan was subsequently amended as follows:

c. By Ordinance No. 726 on November 17, 1986
e. By Ordinance No. 798 on ________, [1991]
f. By Ordinance No. 862 on December 19, 1994
ESCROW AGREEMENT

This ESCROW AGREEMENT (the “Agreement”), dated as of _______ 1, 2021, is by and between the Successor Agency to the Pico Rivera Redevelopment Agency (the “Agency”), as successor to the Pico Rivera Redevelopment Agency (the “Prior Agency”), and__________, a national banking association having a corporate trust office in __________, and being qualified to accept and administer the escrow hereby created (the “Escrow Bank”).

WITNESSETH:

WHEREAS, pursuant to an Indenture of Trust (the “Prior Indenture”), by and between the Prior Agency and [U.S. Bank National Association, as successor to State Street Bank and Trust Company of California, N.A.,] as trustee (the “Prior Trustee”), the Prior Agency issued its $40,710,000 initial aggregate principal amount Pico Rivera Redevelopment Agency Redevelopment Project No. 1 2001 Tax Allocation Refunding Bonds (the “Refunded Bonds”); and

WHEREAS, pursuant to an Indenture of Trust dated as of _______ 1, 2021 (the “Indenture”), by and between the Agency and ___________, as trustee, the Agency issued its 2021 Tax Allocation Refunding Bonds (the “Refunding Bonds”), for the purpose of providing moneys which, together with certain other amounts held under the Prior Indenture, will be sufficient to redeem the outstanding Refunded Bonds on ________, 2021 (the “Redemption Date”), at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium (the “Redemption Price”); and

WHEREAS, a portion of the proceeds of the Refunding Bonds shall be set aside in order to provide for the payment of the Refunded Bonds and such proceeds shall be deposited in a special escrow fund to be created hereunder and maintained by the Escrow Bank (the “Escrow Fund”); and

WHEREAS, the Agency has taken action to cause to be delivered to the Escrow Bank, for deposit in the Escrow Fund, proceeds of the Refunding Bonds for the purchase of certain securities and investments consisting of direct noncallable obligations of the United States of America as listed on Schedule A attached hereto and made a part hereof (the “Defeasance Securities”), in an amount which, together with the cash deposit described herein and the income to accrue on such Defeasance Securities, is intended by the Agency to be sufficient, upon the maturity of such Defeasance Securities, to pay the Redemption Price on the Refunded Bonds on the Redemption Date.

NOW, THEREFORE, the Agency and the Escrow Bank hereby agree as follows:

Section 1. Establishment, Funding and Maintenance of Escrow Fund.

(a) The Escrow Bank agrees to establish and maintain the Escrow Fund until final payment of the Refunded Bonds has been paid in full and to hold the securities, investments and moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Bank). The Agency hereby instructs the Prior Trustee to transfer $__________ from the funds and accounts maintained with respect to the Refunded Bonds pursuant to the Prior Indenture to the Escrow Bank for deposit in the Escrow Fund. The Agency hereby instructs the Escrow Bank to deposit $__________ received from the Trustee from a portion of the net proceeds of the sale of the Refunding Bonds into the Escrow Fund. The
Escrow Bank shall purchase Defeasance Securities as described in Schedule A at a cost of $__________ and shall hold $__________ uninvested in cash.

(b) The Escrow Bank hereby acknowledges receipt of the verification report of __________ dated __________, 2021 relating to the Defeasance Securities (the “Verification Report”) with respect to the Agency’s defeasance of the Refunded Bonds in the manner and to the extent provided by law and in Section 9.01 of the Prior Indenture.

Section 2. Investment of the Escrow Fund.

(a) The Agency and the Escrow Bank each shall take all remaining action, if any, necessary to have the Defeasance Securities issued and registered in the name of the Escrow Bank for the account of the Escrow Fund. Except as otherwise provided in this Section, the Escrow Bank shall not reinvest any cash portion of the Escrow Fund and shall hold such cash portion uninvested.

(b) Upon the written direction of the Agency, but subject to the conditions and limitations herein set forth, the Escrow Bank shall sell, transfer, request the redemption or otherwise dispose of some or all of the Defeasance Securities in the Escrow Fund and purchase with the proceeds derived from such sale, transfer, redemption or other disposition noncallable, nonprepayable obligations constituting direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America (the “Substitute Defeasance Securities”). Such sale, transfer, redemption or other disposition of Defeasance Securities and purchase of Substitute Defeasance Securities shall be effected by the Escrow Bank upon the written direction of the Agency but only by a simultaneous transaction and only if (i) a nationally recognized firm of independent certified public accountants shall certify that (a) the Substitute Defeasance Securities, together with the Defeasance Securities which will continue to be held in the Escrow Fund, will mature in such principal amounts and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such Defeasance Securities and Substitute Defeasance Securities held in the Escrow Fund, together with any uninvested moneys therein, to make all payments required by Section 3 hereof which have not previously been made, and (b) the amounts and dates of the anticipated payments by the Escrow Bank of the principal and interest on the Refunded Bonds will not be diminished or postponed thereby, and (ii) the Escrow Bank shall receive an unqualified opinion of nationally recognized municipal bond attorneys to the effect that the proposed sale, transfer, redemption or other disposition and substitution of Defeasance Securities will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunding Bonds and the Refunded Bonds.

(c) Upon the written direction of the Agency, but subject to the conditions and limitations herein set forth, the Escrow Bank will apply any moneys received from the maturing principal of or interest or other investment income on any Defeasance Securities and Substitute Defeasance Securities held in the Escrow Fund, or the proceeds from any sale, transfer, redemption or other disposition of Defeasance Securities pursuant to Section 2(b) not required for the purposes of said Section, as follows: to the extent such moneys will not be required at any time for the purpose of making a payment required by Section 3 hereof, as certified by a nationally recognized firm of independent certified public accountants, such moneys shall be transferred to the Agency upon the written direction of the Agency as received by the Escrow Bank, free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing hereunder or under the Prior Indenture.
Section 3. Payment of the Refunded Bonds. The Agency hereby requests and irrevocably instructs the Escrow Bank, and the Escrow Bank hereby agrees, to collect and deposit in the Escrow Fund the principal of and interest on the Defeasance Securities and Substitute Defeasance Securities held for the account of the Escrow Fund promptly as such principal and interest become due, and, subject to the provisions of Section 2 hereof, to pay such principal and interest, together with any other moneys and the principal of and interest on any other securities deposited in the Escrow Fund, to the Prior Trustee for the payment of the Refunded Bonds at the places and in the manner stipulated in the Refunded Bonds and in the Prior Indenture. The Agency hereby irrevocably instructs the Prior Trustee to (i) provide the Notice of Redemption required pursuant to Section 2.03 of the Prior Indenture substantially in the form set forth in Schedule D attached hereto on _______ 1, 2021, (ii) to provide the Notice of Defeasance in substantially the form set forth in Schedule D hereto on _________, 2021, and (iii) file such Notice of Redemption and Notice of Defeasance with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System, maintained on the internet at http://emma.msrb.org/. In accordance with Sections 2.03 and 9.01 of the Prior Indenture, the Escrow Bank is irrevocably instructed to redeem the Refunded Bonds on the Redemption Date at the Redemption Price. Upon payment in full of the Refunded Bonds, the Escrow Bank shall transfer any moneys or securities remaining in the Escrow Fund to the Agency and this Agreement shall terminate. The Escrow Fund cash flow is set forth in Schedule B attached hereto.

Section 4. Possible Deficiencies; Amounts in Excess of Required Cash Balance.

(a) If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund, including the anticipated proceeds of the Defeasance Securities and any Substitute Defeasance Securities, will not be sufficient to make all payments required by Section 3 hereof, the Escrow Bank shall notify the Agency in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and the reason therefor solely to the extent actually known to it; provided, however, the Agency shall have no liability for any deficiency and shall not be required to provide funds to eliminate any such deficiency.

(b) The Escrow Bank shall in no manner be responsible for any deficiency in the Escrow Fund.

Section 5. Fees and Costs.

(a) The Agency shall pay to the Escrow Bank from time to time reasonable compensation for all services rendered under this Agreement and shall reimburse the Escrow Bank for all out of pocket expenses (including reasonable legal fees and expenses) incurred hereunder.

(b) The fees of and the costs incurred by the Escrow Bank shall in no event be deducted or payable from, or constitute a lien against, the Escrow Fund.

Section 6. Merger or Consolidation. Any company into which the Escrow Bank 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 Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Agreement, shall be the successor to such Escrow Bank without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.
Section 7. **Indemnity.** To the maximum extent permitted by law, the Agency 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 Bank and its respective successors, assigns, directors, officers, 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 Bank at any time (whether or not also indemnified against the same by the Agency 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 the Defeasance Securities and any Substitute Defeasance Securities, the retention of the Defeasance Securities and any Substitute Defeasance Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Bank against the Escrow Bank’s own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Bank’s respective successors, assigns, agents and employees or the breach by the Escrow Bank of the terms of this Agreement. In no event shall the Agency or the Escrow Bank 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 Bank.

Section 8. **Responsibilities of the Escrow Bank.** The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Defeasance Securities and any Substitute Defeasance Securities, the retention of the Defeasance Securities and any Substitute Defeasance Securities or the proceeds thereof, the sufficiency of the Defeasance Securities and any Substitute Defeasance Securities to accomplish the defeasance of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the “Whereas” clauses herein shall be taken as the statements of the Agency and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the Defeasance Securities and any Substitute Defeasance Securities to accomplish the defeasance of the Refunded Bonds or to the validity of this Agreement as to the Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement and no implied covenants or obligations shall be read against the Escrow Bank hereunder. The Escrow Bank may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. No provisions of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability by the performance or exercise of its rights or powers. Whenever the Escrow Bank 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 may be deemed to be conclusively established by a certificate signed by an authorized officer of the Agency.

The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Bank 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 Escrow Bank and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Bank 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 Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the Agency shall provide to the Escrow Bank 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 Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank’s understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the Agency 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 Agency. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank 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 Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (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 Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

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

If the Escrow Bank learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Defeasance Securities that is to be submitted pursuant to this Agreement, the Escrow Bank shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in Defeasance Securities. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the Agency’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 Escrow Bank shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Agreement.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Federal securities deposited with it to pay the principal, interest, or premiums, if any, on the Bonds.

Section 9. Amendments. This Agreement is made for the benefit of the Agency and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Bank and the Agency; provided, however, that if the Agency and the Escrow Bank receive an opinion of nationally recognized bond attorneys to the effect that the exclusion from gross income for federal income tax purposes of the interest on the Refunded Bonds and the Bonds will not be adversely affected thereby, they may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the owners of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Bank; (iii) to include under this Agreement additional funds, securities or properties (but only if the sufficiency of the Escrow Fund for the purpose herein set forth is verified by a nationally recognized firm of independent certified public accountants) and shall hold funds received by it uninvested. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section 9, including the extent, if any, to which any change, modification,
addition or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

Section 10.  Application of Certain Terms of the Prior Indenture. All of the terms of the Prior Indenture relating to the making of payments of principal and interest with respect to the Refunded Bonds and relating to the exchange or transfer of the Refunded Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VII of the Prior Indenture relating to the removal, resignation and merger of the Refunded Bonds Trustee under the Prior Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any removal, resignation or merger of the Escrow Bank hereunder.

Section 11.  Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 12.  Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 13.  Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14.  Definitions. Any capitalized term used but not otherwise defined in this Agreement shall have the meaning assigned to such term in the Prior Indenture.

Section 15.  Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the Agency provided, however, that an assignment made pursuant to Section 6 hereof shall not require prior written consent.

Section 16.  Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in which the principal office of the Escrow Bank is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement; and no interest shall accrue for the period from and after such nominal date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]
IN WITNESS WHEREOF, the Successor Agency to the Pico Rivera Redevelopment Agency and ____________ have caused this Agreement to be executed each on its behalf as of the day and year first above written.

[____________]  
as Escrow Bank

By: ________________________________  
   Authorized Officer

SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY

By: ________________________________  
   Executive Director
SCHEDULE A

DEFEASANCE SECURITIES

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SCHEDULE C

NOTICE OF DEFEASANCE

$40,710,000

PICO RIVERA REDEVELOPMENT AGENCY
REDEVELOPMENT PROJECT NO. 1
2001 TAX ALLOCATION REFUNDING BONDS

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Notice is hereby given to the owners of the above-captioned and listed bonds (the “Refunded Bonds”) that:

The Successor Agency to the Pico Rivera Redevelopment Agency (the “Agency”) has deposited in an Escrow Fund with __________, as Escrow Bank, certain monies and Defeasance Securities as permitted by that Indenture of Trust dated as of January 1, 2001 (the “Indenture”), by and between [U.S. Bank National Association, as successor to State Street Bank and Trust Company of California, N.A.,] as trustee (the “Trustee”) and the Pico Rivera Redevelopment Agency, pursuant to which the Refunded Bonds were issued, for the purpose of defeasing the Refunded Bonds. The Defeasance Securities will mature at the proper times and in the proper amounts to produce funds which, along with the moneys deposited with the Escrow Bank, will be sufficient to redeem the Refunded Bonds on _________, 2021 at a redemption price equal to the principal amount thereof and accrued interest thereon, without premium (the “Redemption Price”).

The Refunded Bonds are deemed to be paid in accordance with Section 2.03 of the Indenture and all liability of the Agency under the Indenture has ceased and been discharged except as provided in the Indenture. All obligations of the Agency under the Continuing Disclosure Certificate dated as of January 1, 2001 with respect to the Refunded Bonds have ceased and terminated.

The Agency and the Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included for the convenience of the holders.

Dated: __________, 2021

[______________________]
as Escrow Bank
NOTICE IS HEREBY GIVEN to the owners of the above-captioned $40,710,000 initial aggregate principal amount Pico Rivera Redevelopment Agency Redevelopment Project No. 1 2001 Tax Allocation Refunding Bonds (the “Bonds”) pursuant to the Indenture of Trust (the “Indenture”), dated as of January 1, 2001, by and between the Pico Rivera Redevelopment Agency and [U.S. Bank National Association, as successor in interest to State Street Bank and Trust Company of California, N.A.,] as trustee (the “Trustee”) that the Bonds in the aggregate principal amount of $20,120,000 have been called for redemption on December 1, 2021 (the “Redemption Date”).

The Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date, without premium (the “Redemption Price”). Interest with respect to the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the Trustee.

All Prior Bonds are required to be surrendered to the principal corporate office of the Prior Trustee, on the Redemption Date at the following location. If the Prior Bonds are mailed, the use of registered, insured mail is recommended:

If by Hand, Mail, or Overnight Mail:

U. S. Bank National Association
Global Corporate Trust
111 Fillmore Avenue E.
St. Paul, MN  55107

If the Holder of any Bond subject to optional redemption fails to deliver such Bond to the Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Holder of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

Redemption of the Bonds is conditional upon the receipt by the Trustee on or prior to the Redemption Date of moneys sufficient to pay the principal of and interest with respect to such Bonds to be redeemed and, if such moneys have not been so received, this notice shall be of no force and effect.
and the Trustee shall not be required to redeem such Bonds. Any Bonds delivered for redemption shall be returned to the respective Holders thereof and said Bonds shall remain outstanding as though this conditional notice of redemption had not been given.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9, or certify the proper tax identification number will result in backup withholding under Section 3406 of the Internal Revenue Code of 1986, as amended.

The Successor Agency to the Pico Rivera Redevelopment Agency and the Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included for the convenience of the holders

[_______________________], as Trustee

DATED this 1st day of ______________ 2021.
AMENDMENT NO. 1 TO INDENTURE OF TRUST

by and between

SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY

and

[U.S. BANK NATIONAL ASSOCIATION,]
as Trustee

Relating to

$40,710,000
PICO RIVERA REDEVELOPMENT AGENCY
REDEVELOPMENT PROJECT NO. 1
2001 TAX ALLOCATION REFUNDING BONDS
Dated as of __________ 1, 2021
AMENDMENT NO. 1 TO INDENTURE OF TRUST

This AMENDMENT NO. 1 TO INDENTURE OF TRUST (the “Amendment”) is executed and entered into as of __________ 1, 2021 by and between the SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California (the “Agency”) and [U.S. BANK NATIONAL ASSOCIATION], a banking association organized and existing under the laws of the United States, as successor trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Trustee and the Pico Rivera Redevelopment Agency, a dissolved public body, corporate and politic (the “Former Agency”) previously executed and entered into an Indenture of Trust (the “Indenture”), dated as of January 1, 2001, in connection with the issuance of the $40,710,000 Pico Rivera Redevelopment Agency Redevelopment Project No. 1 2001 Tax Allocation Refunding Bonds (the “2001 Bonds”), and

WHEREAS, the Former Agency was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California), and the powers of the Former Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, on February 1, 2012, the Former Agency was dissolved by statute and the powers, assets and obligations of the Former Agency were transferred to the Agency; and

WHEREAS, pursuant to the Indenture, the 2001 Bonds are not subject to optional redemption prior to maturity; and

WHEREAS, the Pico Rivera Water Authority (the “Water Authority”) is the current Holder of all of the 2001 Bonds; and

WHEREAS, pursuant to Section 7.01 of the Indenture, the Agency desires to amend the Indenture to provide for the redemption of the 2001 Bonds prior to maturity thereof, at the option of the Agency; and

WHEREAS, this Amendment shall become effective upon the execution hereof by the Trustee and Agency and the written consent of the Water Authority.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Amendment to Section 2.03(a) of Indenture. Section 2.03(a) of the Indenture is hereby amended, restated, and superseded in its entirety to read as follows:

(a) Optional Redemption. The 2001 Bonds are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after __________ 1, 2021, by such maturity or maturities as shall be directed by the Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available
funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem 2001 Bonds under this subsection (a) with a designation of the principal amount and maturities to be redeemed at least forty five (45) days prior to the date fixed for such redemption (or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee), and shall transfer to the Trustee for deposit in the Special Fund all amounts required for such redemption not later than the date fixed for such redemption.

Section 2. Amendment to Section 2.03(c) of the Indenture. The following paragraphs shall be added at the end of Section 2.03(c) of the Indenture:

The Successor Agency shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled 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 2001 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Agency and the Trustee shall 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 and to the same recipients as the original notice of redemption was sent; provided, however, the notice of rescission shall not be required to be mailed within the time period required for the notice of redemption.

From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the 2001 Bonds so called for redemption shall have been duly deposited with the Trustee, such 2001 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 accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Section 3. Supplemental Indenture. This Amendment constitutes a Supplemental Indenture, effective in accordance with Article 7 of the Indenture. Except as expressly set forth in this Amendment, the Indenture shall continue in full force and effect in accordance with its terms. The Agency, by its execution of this Amendment, requests the Trustee join in the execution and delivery of this Amendment. The Agency represents to the Trustee that subject to the written consent of the Holder of the 2001 Bonds, this Amendment is authorized and permitted under the Indenture and acknowledges that in executing and delivering this Amendment the Trustee is entitled to rely upon the resolution of the Agency approving this Amendment.

Section 4. Definitions. The terms not defined herein shall have the meaning ascribed to them in the Indenture.

Section 5. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]
IN WITNESS WHEREOF, the parties hereto have executed and entered into this Amendment No. 1 to Indenture of Trust by their officers thereunto duly authorized as of the day and year first above written.

[U.S. BANK NATIONAL ASSOCIATION], as Trustee

By: ________________________________
    Authorized Signatory

SUCCESSOR AGENCY TO THE
PICO RIVERA REDEVELOPMENT AGENCY

By: ________________________________
    Executive Director

ATTEST:

______________________________
Secretary
CONSENT

PICO RIVERA REDEVELOPMENT AGENCY
REDEVELOPMENT PROJECT NO. 1
2001 TAX ALLOCATION REFUNDING BONDS
(CUSIP No. 719888AC3)

1. The Pico Rivera Water Authority is the beneficial holder (the “Holder”) as of __________, 2001 of all of the Pico Rivera Redevelopment Agency Redevelopment Project No. 1 2001 Tax Allocation Refunding Bonds (the “Bonds”) issued by the Pico Rivera Redevelopment Agency (the “Issuer”), pursuant to an Indenture of Trust, dated as of January 1, 2001, by and among the Issuer and [U.S. Bank National Association, a national banking association, as successor trustee to State Street Bank and Trust Company of California, N. A.,] as trustee (the “Indenture”).

2. The Holder hereby consents, pursuant to Section 7.01 of the Indenture, to (a) the amendments to the Indenture set forth in the Amendment No. 1 to Indenture of Trust to which this Consent is attached (the “Amendment”) on the terms and subject to the conditions set forth in the Amendment, and (b) the execution of the Amendment.

3. This Consent is given with respect to the entire principal amount of the Bonds.

4. The Holder hereby authorizes the Issuer to deliver this Consent to the Trustee as evidence of its consent to the Amendment.

IN WITNESS WHEREOF, the Holder has executed this Consent as of the ______ day of __________, 2021.

Holder:

PICO RIVERA WATER AUTHORITY

By: ____________________________
   Executive Director

ATTEST:

____________________________________
Secretary
AGREEMENT NO. ______
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF PICO RIVERA AND
URBAN FUTURES, INC. (UFI)

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the City of Pico Rivera, a California municipal corporation ("City") and Urban Futures, Inc. (UFI) ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as a "Party" and collectively referred to as "Parties."

2. RECITALS

2.1 City has determined that it requires professional services from a consultant to provide services as an independent contractor to act as municipal advisory services related to a municipal bond issuance, as more fully described herein.

2.2 Consultant represents that it has that degree of specialized expertise contemplated within California Government Code Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated.

2.3 City and Consultant desire to contract for the specific services described in Exhibit A (the "Project") and desire to set forth their rights, duties, and liabilities in connection with the services to be performed.

2.4 No official or employee of CITY has a financial interest, within the provisions of Sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

3. DEFINITIONS

3.1 "Scope of Services": Such professional services as are set forth in the Consultant’s proposal (Proposal) to City, attached hereto as Exhibit “A” and incorporated herein by this reference.

3.2 "Approved Fee Schedule": Such compensation rates as are set forth in the Consultant’s July 28, 2021 proposal to City attached hereto as Exhibit “A”.

3.3 "Commencement Date": February 25, 2021

3.4 "Expiration Date": January 28, 2023

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless
extended by written agreement of the Parties or terminated in accordance with Section 21 below.

5. **CONSULTANT’S SERVICES**

   5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement. In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the sum of **Thirty Five Thousand Dollars** ($35,000), and **One Thousand Five Hundred Dollars** ($1,500) for expense reimbursements unless specifically approved in advance, in writing, by the City.

   5.2 Consultant shall perform all work to the highest professional standards of Consultant’s profession and in a manner reasonably satisfactory to City.

6. **COMPENSATION**

   6.1 City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule.

   6.2 Consultant shall submit to City an invoice, on a annual basis or monthly, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within ten (10) business days of receipt of each invoice, City shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of each invoice, City shall pay all undisputed amounts included on the invoice. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

   6.3 Payments for any services requested in writing by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant’s standard fee schedule. Consultant shall be entitled to increase the fees in this fee schedule at such time as it increases its fees for its clients generally; provided, however, in no event shall Consultant be entitled to increase fees for services rendered before the thirtieth (30th) day after Consultant notifies City in writing of an increase in that fee schedule. Fees for such additional services shall be paid within sixty (60) days of the date Consultant issues an invoice to City for such services.

7. **BUSINESS LICENSE**

   Consultant shall obtain a City business license prior to commencing performance under this Agreement.

8. **COMPLIANCE WITH LAWS**
Consultant shall keep informed of State, Federal and Local laws, ordinances, codes and regulations that in any manner affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. The Consultant shall at all times comply with such laws, ordinances, codes and regulations. Without limiting the generality of the foregoing, if Consultant is an out-of-state corporation or LLC, it must be qualified or registered to do business in the State of California pursuant to sections 2105 and 17451 of the California Corporations Code. The City, its officers and employees shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

9. CONFLICT OF INTEREST

Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute; and (ii) City has not consented in writing prior to Consultant’s performance of such work.

10. PERSONNEL

Consultant 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 Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant’s services under this Agreement, but City reserves the right, for good cause, to require Consultant to exclude any employee from performing services on City’s premises. Michael Busch, CEO shall be Consultant’s project administrator and shall have direct responsibility for management of Consultant’s performance under this Agreement. No change shall be made in Consultant’s project administrator without City’s prior written consent.

11. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material (“written products”) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

12. INDEPENDENT CONTRACTOR

Consultant is, and shall at all times remain as to City, a wholly independent
contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its officers, employees or agents shall have control over the conduct of Consultant or any of Consultant’s employees, except as set forth in this Agreement. Consultant shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of City.

13. **CONFIDENTIALITY**

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data and any copies thereof shall be returned to City upon the termination or expiration of this Agreement.

14. **INDEMNIFICATION**

14.1 The Parties agree that City, 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 City. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant’s commitment to indemnify and protect City as set forth herein.

14.2 To the full extent permitted by law, Consultant shall indemnify, hold harmless and defend City, 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 Consultant 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 City’s choice.

14.3 City shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant’s failure to pay City promptly any indemnification arising under this Section 14 and related to Consultant's failure to either (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
14.4 The obligations of Consultant under this Section 14 will not be limited by the provisions of any workers’ compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

14.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 14 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, 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 Consultant’s subcontractors or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City’s choice.

14.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, 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.

14.7 PERS ELIGIBILITY INDEMNITY. In the event that Consultant or any employee, agent, or subcontractor of Consultant 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 City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant 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 City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant 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 City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

15. **INSURANCE**
15.1 During the term of this Agreement, Consultant 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 Consultant’s performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

15.1.1 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 Consultants, personal injury.

15.1.2 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.

15.1.3 Worker’s Compensation insurance as required by the laws of the State of California.

15.1.4 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).

15.2 Consultant shall require each of its subcontractors, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

15.3 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.

15.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant’s expense, the premium thereon.

15.5 At all times during the term of this Agreement, Consultant shall maintain on file with City’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 City as an additional insured. Consultant shall, prior to commencement of work under this Agreement, file with City’s Risk Manager such certificate(s).

15.6 Consultant 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. Consultant shall provide such proof to City at least two weeks prior to the expiration of the coverages.
15.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City, 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 City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

15.8 The general liability and automobile policies of insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant’s insurance and shall not contribute with it.

15.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant’s employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.

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

15.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant’s liability or as full performance of Consultant’s duties to indemnify, hold harmless and defend under Section 14 of this Agreement.

16. MUTUAL COOPERATION

16.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant’s services under this Agreement.

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

17. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.
18. **PERMITS AND APPROVALS**

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

19. **NOTICES**

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

If to City:

Steve Carmona, City Manager  
City of Pico Rivera  
PO Box 1016  
6615 Passons Blvd.  
Pico Rivera, California 90660-1016  
Facsimile: (562) 801-4765

If to Consultant:

Michael Busch, CEO  
Urban Futures Inc  
17821 E. 17th Street, Suite 245  
Tustin Ca 92780  
Business: (714) 283-9334  
Facsimile: (714) 283-5465

With a courtesy copy to:

Arnold M. Alvarez-Glasman, City Attorney  
13181 Crossroads Parkway North  
Suite 400 - West Tower  
City of Industry, CA 91746  
Facsimile: (562) 692-2244

20. **SURVIVING COVENANTS**

The Parties agree that the covenants contained in Sections 13, 14 and Paragraph 16.2 of Section 16, of this Agreement shall survive the expiration or termination of this Agreement.

21. **TERMINATION**

21.1. City shall have the right to terminate this Agreement for any reason on five (5) calendar days’ written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days’ written notice to City. The effective date of termination shall be upon the date specified in the notice of termination. Consultant agrees that in the event of such termination, City’s obligation to
pay Consultant shall be limited to payment only for those services satisfactorily rendered prior to the effective date of termination. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

21.2 If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

22. ASSIGNMENT

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City’s prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any Party other than Consultant.

23. NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

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

23.2 Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant state either that it is an equal opportunity employer or that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

23.3 Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement except contracts or subcontracts for standard commercial supplies or raw materials.

24. CAPTIONS

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as
the case may be, and not such heading, shall control and govern in the construction of this Agreement. Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

25. **NON-WAIVER**

25.1 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. In no event shall the making by City of any payment to Consultant constitute or be construed as a waiver by City of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by City shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

25.2 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

26. **COURT COSTS**

Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any Party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such Party of any of all of such other rights, powers or remedies. In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the Party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants' fees, if any, and attorneys' fees expended in such action. The venue for any litigation shall be Los Angeles County, California.

27. **SEVERABILITY**

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

This Agreement shall be governed and construed in accordance with the laws of the State of California.

29. **ENTIRE AGREEMENT**

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

**TO EFFECTUATE THIS AGREEMENT,** the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“CITY”
CITY OF PICO RIVERA

“CONTRACTOR”
URBAN FUTURES, INC. (UFI)

________________________  __________________________
Steve Carmona, City Manager  Michael Busch, CEO

Dated: _____________________  Dated: _____________________

**ATTEST:**

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

**APPROVED AS TO FORM:**
City of Pico Rivera

Fee Proposal to Provide Municipal Advisory Services

January 28, 2021
1. Specify an annual retainer (which would be paid at the end of each month) and expenses for general municipal advisory work, indicating the total number of hours of work you propose to provide the City under such retainer. List the work, provide a schedule of hourly rates for each individual to be assigned to this account, as well as an average composite rate, and provide the total number of hours of work for each assigned individual.

UFI is focused on cost efficiency through its service excellence approach. To ensure the City receives services proficiently our billing approach is based on a time and materials or hourly basis for specific services including long-term financial/budget forecasts, evaluation of the City’s financial health through our Fiscal 360 analysis, and for special studies. Over the past several years, UFI has withheld billing for services regarding the City/Successor Agency deferral obligation based on previous agreement with former City staff to bill for such services as a component of the refinancing of the outstanding Series 2001 Tax Allocation Bonds and Water Revenue Bonds. Moving forward, UFI is open to billing for services based upon the hourly rates of proposed positions.

Provided below is an estimated breakdown of total hours and fees for a tax allocation bond financing. Typically, our fees for bond financings are charges on contingent basis. Our not-to-exceed fees based on specific transaction types are provided in question 2.

<table>
<thead>
<tr>
<th>Employee Level</th>
<th>Hourly Rate</th>
<th>Est. Hours</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>$300</td>
<td>45</td>
<td>$13,500</td>
</tr>
<tr>
<td>Director</td>
<td>$250</td>
<td>44</td>
<td>11,000</td>
</tr>
<tr>
<td>Senior Associate</td>
<td>$175</td>
<td>60</td>
<td>10,500</td>
</tr>
<tr>
<td>Total Hours / Compensation</td>
<td></td>
<td>149</td>
<td>$35,000</td>
</tr>
<tr>
<td>Avg. Composite Rate</td>
<td>$242</td>
<td></td>
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</tr>
</tbody>
</table>

2. Upon approval of specific transactions or other non-routine work by the Board, indicate in your proposal how you will charge the City of Pico Rivera for such assignments.

The schedule of our municipal advisory fees, which are flat-rate, contingent fees for bond financings is provided below.

<table>
<thead>
<tr>
<th>Bond Transaction Type</th>
<th>Municipal Advisory Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment Districts &amp; Community Facilities</td>
<td>$35,000</td>
</tr>
<tr>
<td>Districts</td>
<td></td>
</tr>
<tr>
<td>Certificates of Participation, Lease Revenue,</td>
<td>$35,000</td>
</tr>
<tr>
<td>Utility Revenue, Tax Allocation Bonds</td>
<td></td>
</tr>
<tr>
<td>Tax and Revenue Anticipation Notes</td>
<td>$25,000</td>
</tr>
<tr>
<td>Private Placements/Loans</td>
<td>$25,000</td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>$50,000</td>
</tr>
<tr>
<td>Pension Obligation Bonds</td>
<td>$40,000</td>
</tr>
<tr>
<td>Federally Subsidized Bonds/Notes</td>
<td>$45,000</td>
</tr>
</tbody>
</table>
Our fee for municipal advisory services related to bond transactions is exclusive of out-of-pocket expenses such as data recovery, third party data fees, and internal SEC and MSRB compliance requirements, only as approved by the City. Out-of-pocket expenses will not exceed $1,500 on any transaction. Our fees for financial advisory services on bond issuances are contingent on the success of the financing, and billing is at the end of the transaction.
City of Pico Rivera

Proposal to Provide Municipal Advisory Services

January 28, 2021
1. Transmittal Letter

Angelina Garcia, Director of Finance
City of Pico Rivera
6615 Passons Blvd.
Pico Rivera, CA 90660

Re: RFP for Municipal Advisory Services

Dear Angelina:

Urban Futures, Inc. (UFI) is pleased to submit this proposal to provide municipal advisory services to the City of Pico Rivera (the City). UFI is one of the State’s leading municipal advisory firms, and our team is well resourced to provide the City with the highest level of service at the lowest possible cost. We are grateful to have had the opportunity to advise the City since 2018 on a variety of different engagements, including the 2018 COP financing, assisting with the County deferral negotiations and funding strategies as well as the development of a pension model and taking the initial steps to initiate the validation process for a pension financing. We look forward to the opportunity to continue our work with the City.

We believe that UFI is best positioned to serve the City comprehensively and efficiently through our two divisions—the Public Management Group and the Public Finance Group—that work synergistically to craft solutions for multiple aspects of the City’s finance-related needs. Engaging UFI furnishes the City with a “think tank” of public finance experts to assist with debt financing, financial forecasting, strategic financial planning including targeting Pension and OPEB liabilities, effective management of a debt program, and informative analysis of financing alternatives for a Capital Improvement Plan.

Comprised of financial advisors and consultants that are former city finance directors, assistant city managers, city attorneys, public finance investment bankers, and rating agency analysts, UFI has the capability to provide solutions for multiple aspects of our client’s finance-related issues. Our unique combination of qualifications and resources ensure value-added service to the City at a reasonable cost.

The following is a summary of our distinguishing expertise and services as it relates to bond financings:

- UFI has been a leader in providing financial advisory services since 1972 to over 300 public agencies throughout California. **UFI has ranked as the top financial advisory firm in California for the past four consecutive years as measured by the number of deals completed. We are also ranked #1 for General Fund Debt, General Obligation Bonds, Tax Allocation Bonds, and Pension Obligation Bonds.**

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<tr>
<td>Rank</td>
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<tr>
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<td>2</td>
<td>PFM Financial Advisors LLC</td>
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<tr>
<td>3</td>
<td>Fieldman Rolapp &amp; Associates</td>
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<tr>
<td>4</td>
<td>KNN Public Finance</td>
</tr>
<tr>
<td>5</td>
<td>Public Resources Advisory Group</td>
</tr>
</tbody>
</table>
• As the leading financial advisor in the State, UFI is in the market virtually every week, advising on more bond sales than any other firm. We have a proven track record of advocating on behalf of our clients (through strong relationships with underwriters, bond counsels, rating agencies, and bond insurers) to extract every basis point of savings.

• The coverage level we provide is second to none. We are assigning three senior-level staff in addition to support staff to the City, creating a comprehensive and experienced team with strong analytical and modeling skills to provide financial advisory and consulting services.

• UFI has a depth of experience presenting to City Councils and participating in community engagement. For example, in the City of Beaumont, UFI played a lead role in a series of community meetings to address the concerns of frustrated residents and restore their faith in the City’s Community Facilities District program following a raid by the FBI of City Hall in 2016.

• UFI has unrivaled experience in pension advisory services. UFI has 40 pension advisory engagements including 16 POBs. UFI creates a customized pension model for each client, evaluates the various pension funding strategies/scenarios, develops a pension management plan, adopts pension funding policies, and performs risk analysis and Monte Carlo simulation.

Working with the City is of highest priority to the firm, and we are committed to dedicating as much of the firm’s resources to the City as necessary.

This proposal is genuine, and not a sham or collusive, nor made in the interest or in behalf of any person not herein named; the proposer has not directly or indirectly induced or solicited any other proposer to submit a sham bid, or any other person, firm or corporation to refrain from submitting a proposal; and the proposer has not in any manner sought by collusion to secure for themselves an advantage over any other proposer.

Sincerely,

Michael Busch, Chief Executive Officer

17821 East 17th Street, Suite 245
Tustin, CA 92780
Michaelb@urbanfuturesinc.com
(714) 283-9334 Office
(714) 316-6150 Cell
Proposal Contents

Contents

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Appendix A: Signed Forms ............................................................................................................................... A-1
Appendix B: Pension Management Strategies Presentation ............................................................................... B-1
4. Technical Proposal

a. Give a brief description of your firm’s experience serving as a municipal advisor and/or independent investment advisor, and provide a narrative description of relevant experience and/or capabilities, particularly with municipalities and successor agencies in and outside of California. State whether your focus is as a regional firm, an east coast firm, a west coast firm, or a national service area firm. Provide recent public agency references, at least five, including phone numbers of clients for which the lead individuals in your proposal served.

Since 1972, UFI has provided municipal advisory services to hundreds of California cities, counties, special districts, schools, community colleges, and non-profits. We are registered as an Independent Registered Municipal Advisor (IRMA) with the Municipal Securities Rulemaking Board (MSRB) and the Securities and Exchange Commission (SEC) and are staffed with 18 professionals in three California office locations: Tustin (9), Daly City (2), and Walnut Creek (7). Our financial advisory professionals have passed the MSRB Series 50 Municipal Advisor Representative examination.

UFI is a California-based, California-focused firm. What differentiates us from our peers is the comprehensive municipal services that we provide to our clients, making us a “one-stop shop” for financial solutions. Rather than seeking different consultants to address discrete financial issues on a piecemeal basis, clients engage our firm to provide them with services ranging from municipal advisory assignments for issuance of bonds, post debt issuance compliance reporting as well as to pension and financial forecast modeling.

UFI provides these services through its three main divisions:

- **Public Finance Group** supports the issuance of debt including water and wastewater revenue bonds, general obligation bonds, pension obligation bonds, special tax and benefit assessment bonds, tax allocation bonds, lease revenue bonds/certificates of participation, and privately placed loans. We help staff evaluate and implement various financing options for priority projects (including bonds, revolving lines of credit, and State and Federal loan programs) and monitor refinancing opportunities.

- **Public Management Group** offers financial health evaluation, financial forecasting, fiscal sustainability planning, special studies, and performance improvement services, including pension & OPEB modeling.

- **Analytics and Compliance Group** provides services related to post-issuance compliance, including continuing disclosure, arbitrage rebate, and CDIAC reporting compliance.

UFI has had the privilege of working with the City since 2018 as a municipal advisor on its COPs financing, advising on the City’s deferral negotiations with Los Angeles County, including a bond refinancing strategy for its outstanding Series 2001 Tax Allocation Bonds and Water Authority Revenue Bonds, and assisting the City with the initial steps to proceed with a pension obligation bond financing. We feel we are uniquely positioned, and experienced with current issues, to offer the City various services to assist the City on each of these fronts. These are challenging times for local municipalities, and more than ever it’s important to have a qualified municipal advisor to help the City navigate the road ahead. Provided below are some distinguishing characteristics of our firm, which we feel demonstrate our ability to provide a high level of service to the City:

---

1 Non-municipal advisory services
• **UFI has ranked as the top financial advisory firm in California for the past four consecutive years as measured by the number of deals completed. This includes the top ranking for a variety of credits.**

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<td>5</td>
<td>Public Resources Advisory Group</td>
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</tbody>
</table>

• As the leading financial advisor in the State, UFI is in the market virtually every week. We have a proven track record of advocating on behalf of our clients (through strong relationships with underwriters, bond counsels, rating agencies, and bond insurers) to extract every basis point of savings. Our unmatched experience in California is especially critical to the success of municipal transactions in today’s volatile market.

• The coverage level we provide is second to none. UFI maintains more licensed municipal advisors than any firm in California which speaks to the breadth and depth of our experience. We are assigning three senior-level staff in addition to support staff to the City, creating a comprehensive and experienced team with strong analytical and modeling skills.

• If the City chooses to issue bonds in the public market, the rating process will be critical. UFI has extensive experience in presenting to rating agencies and achieving upgrades through best-in-class rating presentations that demonstrate thorough understanding of credit nuances.

• **UFI has a depth of experience presenting to City Councils and participating in community engagement.** We are committed to making ourselves available to meet with the City and its constituents as often as needed.

• **UFI has served the City on prior engagements and served neighboring communities on a variety of similar engagements.** We are familiar with the City, its financial position and we have an intimate knowledge of City/Council priorities, which will assist us greatly with our role as municipal advisor on debt financings and other related activities.

• **UFI seeks to develop comprehensive planning and long-term solutions.** UFI is structured to seek out the most economical public finance solution, regardless of whether that solution involves municipal bonds. We help to develop a decision framework and models that incorporate key variables, cost/benefits, and policy considerations to evaluate all viable financing alternatives. Once a financing alternative has been selected, we assist our clients with implementation.

**References**

We encourage you to contact any of our recent clients listed on the following page to discuss their experience and satisfaction with Urban Futures. We believe these persons can best speak to the quality and effectiveness of our work for the types of services, analysis and work product identified in the City’s RFP.
## City of Arcadia

**Hue Quach, Finance Director**  
Tel: (626) 574-5425; Email: hquach@arcadiaca.gov  
240 West Huntington Dr., P.O. Box 60021, Arcadia, CA 91066

Past Projects:  
- 2020 Pension Obligation Bonds  
- 2020 Tax Allocation Refunding Bonds

UFI Personnel: Michael Busch, Julio Morales

## City of Azusa

**Talika Johnson, Director of Administrative Services**  
Tel: (626) 812-5202; E-mail: tjohnson@azusaca.gov  
213 East Foothill Blvd., Azusa, CA 91702

Past Projects:  
- Pension Obligation Bonds (*May to Dec. 2008; Nov. 2019 to Sep. 2020*)  
- Community Facilities District Formation and Bonds (*Sep. to Dec. 2019*)  
- Utility Cost Allocation Special Study (*2018 - 2019*)  
- Continuing Disclosure (*Dec. 2008 – Present*)

UFI Personnel: Michael Busch, Julio Morales, Branden Kfoury

## City of Coachella

**Bill Pattison, City Manager**  
Tel: (760) 398-3502; Email: bpattison@coachella.org  
1515 Sixth Street, Coachella, CA 92236

Past Projects (Since 2016):  
- 2020 Pension Obligation Bonds  
- 2019 Gas Tax Refunding Bonds  
- CFD 2018-1  
- 2016 Lease Revenue Bonds

UFI Personnel: Michael Busch, Julio Morales, Branden Kfoury
# City of Pico Rivera, California

## Proposal to Provide Municipal Advisory Services

January 28, 2021

### City of Covina

**Anita Agramonte, Director of Administrative Services**

Tel: (626) 384-5516; Email: [Agramonte@covinaca.gov](mailto:Agramonte@covinaca.gov)

125 E. College Street, Covina, CA 91723

Past Projects:
- 2009 Wastewater Revenue Bonds (May 2009 to August 2009)
- 2017 Total Road Improvement Program Bonds (Feb. 2017 to August 2017)
- 2021 Pension Obligation Bonds (Oct. 2020 – Present)

**UFI Personnel:** Michael Busch, Julio Morales, Branden Kfoury

### City of Pomona

**Andrew Mowbray, Finance Director/City Treasurer**

Tel: (909) 620-2353; E-mail: [Andrew_mowbray@ci.pomona.ca.us](mailto:Andrew_mowbray@ci.pomona.ca.us)

505 South Garey Avenue, Pomona, California 91766

Past Projects:
- Capital Lease (May to Sep. 2016)
- Pension Obligation Bonds (Dec. 2019 to Aug. 2020)
- Budget Forecast Modeling Services (Oct. 2019 – Present)

**UFI Personnel:** Michael Busch, Julio Morales

### City of Santa Ana

**Sergio Vidal, Assistant Director of Finance**

Tel: (714) 647-5295; Email: [svidal@santa-ana.org](mailto:svidal@santa-ana.org)

20 Civic Center Plaza, Santa Ana, CA 92701

Past Projects:
- Gas Tax Bonds (Sep. to Dec. 2019)
- Pension Analysis (Nov. 2019 to Jun. 2020)
- Pension Obligation Bonds (Sept 2020 – Present)

**UFI Personnel:** Michael Busch, Julio Morales, Branden Kfoury
b. Please state whether your firm has carried out any municipal advisory services for any CITY OF PICO RIVERA member during the last five years. CITY OF PICO RIVERA members are listed on the CITY OF PICO RIVERA website at: www.City of Pico Rivera.org. If so, please provide the CITY OF PICO RIVERA member, the nature of the work, the dates of your engagement and the names of the CITY OF PICO RIVERA member agency personnel responsible for the administration of this work.

UFI has had the privilege to serve the City on multiple engagements during the past five years, including serving as municipal advisor on the City’s 2018 Transportation Sales Tax Certificates of Participation, and advising the City on ongoing negotiations with the County of Los Angeles regarding its redevelopment pass-through deferral liability. In addition, we began work with the City in 2019 on the refinancing of the City’s tax allocation bonds and water authority debt. Our work on the tax allocation and water authority refinancing included managing the RFP process for underwriter and bond/disclosure counsel, advising the City on team selections, as well as additional activities related to a proposed bond financing in connection with the City’s County deferral funding strategy. In addition, in 2020, we advised the City on the process of initiating a pension obligation bond issuance, including taking steps to begin the court validation process.

The details of UFI’s engagements with the City as well as the personnel from the City responsible for the administration of this work is summarized in the table below. We feel it is important to note that UFI’s approach has been to engage directly with staff; we have not engaged directly with City Council members for matters related to our prior engagements.

<table>
<thead>
<tr>
<th>Project</th>
<th>Dates</th>
<th>Pico Rivera Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 COPs</td>
<td>May – August 2018</td>
<td>James Enriquez, Former Interim City Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Benjamin Cardenas, Former Assistant City Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Michael Solorza, Former Finance Director</td>
</tr>
<tr>
<td>County Deferral Negotiations</td>
<td>2016 - Present</td>
<td>Rene Bobadilla, Former City Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Steven Carmona, City Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Carlos Carrazco, Finance Director</td>
</tr>
<tr>
<td>TAB Refinancing*</td>
<td>August 2019 – Present*</td>
<td>Steven Carmona, City Manager</td>
</tr>
<tr>
<td>Water Revenue Bonds*</td>
<td></td>
<td>Carlos Carrazco, Finance Director</td>
</tr>
<tr>
<td>POB Validation/Financing*</td>
<td>July 2020 -Present*</td>
<td>Steven Carmona, City Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Carlos Carrazco, Finance Director</td>
</tr>
</tbody>
</table>

*Engagements currently on hold

c. Describe any situations that have occurred in the last five years where your services as a Municipal Advisor were terminated.
None.

d. Identify the members of the team who will primarily be assigned to work on this account including their normal work location. Include resumes for such individuals. The individual(s) responsible for the day-to-day relationship with CITY OF PICO RIVERA should be clearly identified. All individuals primarily assigned to work on this account must participate in the interview if your firm is selected as a finalist.

Assigned Staff
The advisory team assigned to the City’s financing assignments has over 90 years of combined experience and are all assigned from our corporate office in Tustin, California. Michael Busch, the firm’s CEO and Primary Contact has 25 years of experience working with California public agencies; his prior experience as a finance director and assistant city manager gives him unique insight into the needs of our clients. Mr. Busch has been assisting the City on various fronts since 2016, working on the 2018 COPs, matters related to the TABs refinancing and County redevelopment pass-through deferral, as well as kicking off efforts to refinance the City’s unfunded pension liability. In addition to Mr. Busch, UFI will assign three other Series 50-licensed municipal advisors – Julio Morales, Director; Doug Anderson, Director; and Branden Kfoure, Senior Associate - who draw on years of experience and various areas of specialty, including credit analysis, complex financing structures, and pricing execution. We have additional support staff and professionals with areas of expertise in post-issuance compliance, pension strategies, and financial forecasting, who can serve as valuable resources as necessary. Provided below is a summary of the team members’ roles in service to the City followed by our core competencies.

- Michael Busch will serve as the Primary Contact and serve as the Project Lead on all bond financing transactions. Michael will ensure the full resources of the firm will be available to the City. He has 25 years of public finance experience and has served as the firm’s CEO for six years.
- Doug Anderson will serve as a co-engagement lead for tax allocation bond financings and post-issuance compliance. He has 35 years of public finance experience, including serving neighboring cities, and has been with UFI since 1985.
- Julio Morales will serve as a co-engagement lead for pension bond financings and offer his expertise in pension/OPEB strategies and financial modeling as needed. He has over 25 years of public finance experience and has been with UFI since 2018.
- Branden Kfoure will provide research and analytical support and assist with the execution of financings. He has 7 years of public finance industry experience and has been with UFI since 2019.

Team Resumes
Below are resumes which further describe the team’s qualifications and background.

Michael Busch, Chief Executive Officer (Primary Contact)
Michael Busch is the firm’s Chief Executive and Strategy Officer. He is an accomplished municipal executive and public finance professional who has helped manage several public agencies as an assistant city manager and finance director. Michael has also applied his diverse leadership experiences with a number of professional organizations, as former President of the Municipal Management Association of Southern California (MMASC), former Chair of Cal-International City/County Management Association (Cal-ICMA), and Founding Member of the California Utility Executive Management Association (CUEMA). Through his leadership of UFI and engagement with professional organizations, Michael helps cities, counties, special districts, and
nonprofits across the State of California identify emerging trends, engage in critical policy issues, exchange proven practices, and advance their missions through sound fiscal and operational policy.

During his 13-year tenure with UFI, numerous public agencies have engaged Michael as both a strategic consultant and municipal advisor based on his public finance expertise and broad understanding of fiscal issues affecting the public sector. Michael’s engagements include over 60 public agencies throughout California, including the Cities of San Bernardino, Whittier, Rolling Hills, Colton, Moreno Valley, Jurupa Valley, Culver City, Santa Ana, Orange, Newport Beach, Glendora, Arcadia, Pomona, Coachella, Desert Hot Springs, Monrovia, Artesia, Cudahy, Menifee, Salinas, Santa Fe Springs, Beaumont, Lake Elsinore, Covina, and Azusa as well as several special districts including Camrosa Water District and Rowland Water District. Additionally, Michael was the lead municipal advisor and public finance expert for the City of San Bernardino, helping to guide the city through its Chapter 9 bankruptcy restructuring, including providing written and oral testimony in the federal mediation and bankruptcy proceedings.

Mr. Busch holds a Bachelor of Arts degree in Urban and Regional Planning from California State Polytechnic University, Pomona, and a Master of Public Administration degree (Finance and Public Works emphasis) from California State University, Long Beach

**Doug Anderson, Director (Co-Engagement Lead)**

Mr. Anderson joined UFI’s Public Finance Group in 1985. He specializes in enterprise and special district revenue financings and has provided financial advisory services on over $2 billion of tax-exempt and taxable bond issues. He has expertise in revenue analysis and the preparation of revenue reports to support bond financings, and also provides support to clients with regards to the various annual reports and special reports required on a post-bond issuance basis.

Mr. Anderson works with many Redevelopment Successor Agencies in the State. He has been involved with redevelopment activities for over 35 years, including redevelopment project area formation, tax increment analysis and redevelopment bond financing, and helping agencies through the redevelopment dissolution process that commenced in 2012. Mr. Anderson prepares the Redevelopment Obligation Payment Schedules for several agencies, to obtain the annual funding necessary to repay outstanding debt obligations.

During the past five years, Mr. Anderson has provided Municipal Advisor services to dozens of cities including Calimesa, Yucaipa, Upland, Highland, and Imperial.

**Julio Morales, Director (Pension/OPEB Solutions)**

Prior to joining UFI, Mr. Morales worked for the Department of the Treasury’s Office of Technical Assistance (OTA), providing financial advice to the Treasurer of Paraguay. Mr. Morales has nearly 25 years of broad-based corporate and public finance experience, serving as a financial advisor at PFM and Fieldman Rolapp, an investment banker with Bank of America, derivative/ investment provider for Transamerica, and also served as the debt manager for the City of Oakland and Economic Development Coordinator for the Housing Authority of the City of Los Angeles (HACLA).
Mr. Morales previously served as the City Manager for the City of Huntington Park, having also served as its Finance Director and Treasurer. He also served as the Finance Director and Treasurer for the City of El Monte. Mr. Morales helped both cities to implement a number of changes and improvements to eliminate significant structural deficits. He currently focuses on pension/OPEB issues in California. His current pension modeling, pension obligation bond, and pension/OPEB advisory clients include the Cities of Glendora, Culver City, San Fernando, Pomona, Simi Valley, South San Francisco, Upland, El Cajon and Arcadia.

**Branden Kfoury, Senior Associate (Transaction and Execution Support)**

Branden Kfoury joined Urban Futures in June 2019. Previously, Mr. Kfoury was a Senior Associate at Fieldman, Rolapp & Associates where he worked from 2017 to 2019 supporting the firm’s City clients. He has provided financing and execution support for general fund, enterprise revenue, general obligation, special tax, and tax allocation bond issuances. Prior to Fieldman, he managed revenue reporting and analysis for the brand advertising group at the website Houzz. From 2010 to 2013, Mr. Kfoury was an associate in the public finance group at BMO Capital Markets in New York. He began his career in the municipal securities industry as a credit analyst at National Public Finance Guarantee Corporation.

Mr. Kfoury received his Bachelor of Science degree in Finance with a minor in Politics from the New York University Stern School of Business.

e. State your understanding of the work to be done and how resources will be provided to best serve CITY OF PICO RIVERA.

We understand the City is seeking a municipal advisor to assist with anticipated debt financing activities related to the City’s current debt obligations, as well as assisting in the development of strategies related to the City’s redevelopment pass-through deferral and pension liabilities.

As stated above, UFI is uniquely positioned to serve the City in both of these areas through our direct experience with the City including representation on the City’s behalf at County Oversight Board meeting as well as negotiations with LA County regarding the pass-through deferral. We are intimately aware of the challenges the City faces with its non-callable Series 2001 Tax Allocation Bonds which are current held by the City’s Water Authority. We have confirmed the Water Authority can authorize the call of the Tax Allocation Bonds. Additionally, we are aware of the pledge of the City’s sales tax up to $1,060,000 to the Tax Allocation Bonds and to the pass-through deferral obligation. We believe the refunding of the Tax Allocation Bonds are an important component to reaching a deal with the County regarding the pass-through deferral and for the potential release of its sale tax pledge. To ensure the City’s Water enterprise remains fiscally sound, the refinancing of the Tax Allocation Bonds would require the Water Authority to refinance its own Series 2001 Water Revenue Bonds to reacquire the refunding Tax Allocation Bonds or defease the Series 2001 Water Revenue Bonds entirely.

In late 2020, UFI was engaged by the City to prepare a pension model and funding strategy. The model has been completed and several fund strategies have been identified. As the municipal advisory services leader in pension analysis and financing, our modeling and bond advisory capabilities have resulted in high General Fund credit ratings leading to a lower cost of borrowing and significant pension cost savings. Having prepared the model and initiated the pension obligation bond validation process, we are prepared to hit the ground running.
As we will discuss later in the RFP, we take a comprehensive, hands-on approach to each municipal financing project. Our goal is to offer the City the full resources of the firm to deliver a tailored approach that meets the City’s objectives. We will seek to serve as an extension of City staff. In order to implement this strategy, we are assigning three senior advisors each with unique specialties. Michael Busch will serve as the project lead for all bond financings, with Doug Anderson serving as a co-engagement lead for tax allocation bond issuances. Julio Morales will co-lead the group’s effort with pension analysis and strategies. In addition, we are assigning a senior associate to provide transaction execution support.

As it pertains to pension advisory services, UFI has been at the forefront of solving California agencies’ pension issues. Since 2005, we have provided pension advisory services and modeling to 39 California agencies, including 16 POBs totaling over $1.0 billion in par value. Over the past three years, POBs have experienced a resurgence due to the current low interest rate environment and continuing climb in unfunded pension liabilities across public agencies. **UFI has served as the financial advisor on 28% of the POBs issued over the past three years, representing the largest market share.**

**Fiscal Consultant Services**

UFI can prepare Fiscal Consultant Reports in conjunction with TAB issuances which results in savings on cost of issuance fees. Over the past five years Doug Anderson has served as Fiscal Consultant on over 45 Successor Agency tax allocation refunding bond issues. Most recently, we provided a fiscal consultant report for the City of Calipatria.

**Continuing Disclosure Services**

We understand the City may be behind in its continuing disclosure reporting requirements. Urban Futures has two staff members dedicated to managing the continuing disclosure and dissemination agent needs of our clients. We have over 20 years of experience providing continuing disclosure and dissemination agent services, and we currently serve over 200 public agency clients with the preparation of over 400 reports annually and posting of Significant Events. We have experience covering every type of credit, including Tax Allocation, Water Revenue and Pension Obligation Bonds.

The requirements for continuing disclosure and reporting related to debt issuance has become more and more burdensome. There are newly required CDIAC reports and there are newly added Significant Event triggers, including private placements and leases. As a result, it has become more and more efficient to outsource continuing disclosure services. Most importantly, we will need to catch the City up on its continuing disclosure obligations so that in can be in compliance before issuing the refunding bonds.

f. Provide specific experience with innovative financing structures for municipalities with utility projects including water, wastewater, and renewable energy projects or other unique structures. Please be specific about the Proposer’s role in adding value to the transactions through reduced costs, reduced risk, or other structural improvements.

UFI has assisted the City of Pismo Beach, City of Fountain Valley, and Cosumnes Community Services District with Clean Renewable Energy Bonds (CREB’s) that were structured with leases for energy cost savings. We also served as municipal advisor for the City of Monterey Park on a Lease Purchase Agreement to finance efficient electric meters and assisted the City of Hercules in evaluating an energy efficiency project to be financed by a lease-leaseback private placement. Additionally, we recently worked with City of Victorville in obtaining a confidential Issuer Credit Rating for purposes of securing a Power Purchase Agreement. We also have advised 11 school districts on financings of various energy efficiency projects.
via capital leases, general obligation bonds, and certificates of participation.

Provided below are case studies that illustrate UFI’s experience with innovative transactions in the utilities space and highlights the value-added skillsets we bring to the City and financing team.

**Pismo Beach Public Financing Agency, 2017B Federally Taxable New Clean Renewable Energy Bonds (CREBs)**

*Relevance: Energy Savings Project with Lease Payment as Security; Liaison to Private Placement Banks; Due Diligence, Structuring, and Credit Analysis in the City’s Best Interest*

The UFI team was engaged in 2017 to assist the City with applying for and issuing CREBs to fund solar projects and improve energy efficiency at its wastewater treatment plant and police station (with a portion to be repaid by the Wastewater Fund and a portion to be repaid by the General Fund). We assisted the City with submitting the CREB application to the IRS, put the financing team together, and successfully placed the loan with a bank just before CREBs were eliminated at the end of that calendar year. We were also able to negotiate a unique call provision in which the City is able to call the bonds should there be any significant change in the subsidy provided by the IRS.

As part of the transaction, we brought in a consultant that was able to evaluate the savings analysis given by the solar company. Often, these companies inflate their savings analysis by using a very aggressive inflator for electricity prices. They also charge high fees for maintenance of solar panels. The consultant provided a more conservative energy savings analysis that educated the Council and staff on the fact that the energy efficiency projects were, in effect, subsidizing the solar project.

**Pismo Beach Public Financing Agency, Series 2017 Lease Revenue Bonds**

*Relevance: Tax-Exempt Lease Transaction; Introduction and Creation of a New Credit; Effective Pricing Advocate Negotiating Interest Rate Spreads*

Urban Futures worked closely with the underwriter to deliver the best possible pricing for the City of Pismo Beach on its $7,685,000 Pismo Beach Public Financing Agency, Series 2017 Lease Revenue Bonds (Pismo Beach Municipal Pier Project). The City issued bonds to fund the refurbishment of its Municipal Pier which is one of the main tourist attractions of a City that benefits greatly from its TOT revenues.

Prior to issuing the new money bonds, the City cash defeased its outstanding Series 2007A Lease Revenue Refunding Bonds (City Hall Refunding Project) with an 8-month escrow to free up City Hall for the 2017 Lease Revenue Bonds. Although challenges occurred with the leased asset having private tenants, Urban Futures was able to navigate the team through the issues, and the City ultimately added their Police Station to the list of leased assets for the transaction.

Pismo Beach had never formally given a rating presentation before since the 2007A Bonds were insured without an underlying rating. Understanding the importance of going to S&P for the first time, Urban Futures drove the content of the presentation that ultimately earned the City a top-notch rating for lease revenue bonds of “AA+”.

At the time of pricing, we played a significant role in validating and adding comparables. We suggested that the underwriter serialize the 2037 term bond to improve debt service for the City—to which the underwriter ultimately agreed. The bonds sold well but were not fully subscribed; and we were able to convince the underwriter to take down the remaining bonds while holding the proposed final pricing scale.
Ultimately, the City achieved a very low all-in, 30-year fixed borrowing rate of 3.536%, with annual debt service of approximately $405,000.

**City of Hercules 2020 Lease Revenue Refunding Bonds and Evaluation of Energy Efficiency Financing**

Relevance: Private Placement of Lease Revenue Financing; Evaluation of Energy Efficiency Financing

In 2018, UFI was hired through a competitive process to serve as the general municipal advisor to the City of Hercules. Since then, we advised the City on a refunding of Assessment District Limited Obligation Improvement Bonds in 2019 and a refunding of Lease Revenue Bonds in 2020. In both cases, UFI worked with the underwriter/placement agent to evaluate a public offering versus a private placement. Ultimately, the City elected to issue bonds through a private placement since the City does not have current ratings and had not been in the market for a number of years. Additionally, the 2020 Lease Revenue Refunding Bonds were issued July 2020 in the midst of the COVID-19 pandemic. Despite the challenging market, both refundings generated significant savings for the City and its residents.

While we were working on the lease revenue bond refinancing, the City Council voted to move forward with an energy efficiency project with ENGIE Services U.S that would be financed through a privately placed lease transaction. We assisted the City with reviewing the Energy Services Contract, particularly the Guaranteed Savings Provision, reviewed the Term Sheet with the private placement bank, and evaluated multiple structuring scenarios.

**City of Victorville ICR/2021 Electric System Revenue Bonds**

Relevance: ICR for Power Purchase Agreement, Electric System Revenue Bonds

In 2020, UFI was engaged as municipal advisor by the City of Victorville via a competitive bid process. For our first assignment, we led the process of obtaining the City’s first Issuer Credit Rating (ICR) to facilitate negotiations for a Power Purchase Agreement (PPA). UFI took the lead on developing the rating presentation and highlighted the City’s financial strengths, strong industrial sector economy, and proactive response to COVID-19. Ultimately, the City was able to obtain a confidential rating that exceeded the threshold required by the power supplier to participate in the PPA.

The UFI team is also currently engaged as municipal advisor on the City’s planned issuance of 2021 Electric Revenue Bonds (2021 Bonds). The City plans to issue the 2021 Bonds to fund construction of phase 1 of a capacity addition project estimated to cost $3 million. In addition, the City is interested in refunding its outstanding Variable Rate Lease Revenue Bonds, 2007 Series A (2007A Bonds) with fixed rate bonds. The 2007A Bonds are secured by revenues of the City’s general fund, are in a variable rate mode, and have $48.1 million outstanding. It is the City’s intention to establish a new credit secured by electric revenues of its Victorville Municipal Utility Services (VMUS) enterprise fund for the purposes of financing the Project and refunding the 2007A Bonds. Once selected as municipal advisor, we assisted the City in issuing RFPs for underwriter, bond counsel, and disclosure counsel and making selections of those firms.

Given that the 2021 Bonds would be the inaugural issuance for the VMUS electric utility, UFI has been working diligently with the underwriter on a pro forma coverage analysis to determine there are adequate net revenues to support the bonds as a standalone credit. Our current schedule contemplates closing the 2021 Bonds in the Spring of 2021.
City of Fountain Valley 2016 Certificates of Participation and 2016 CREBs
Relevance: Utility and Energy Efficiency Project; Lease Transactions; Private Placement
UFI served as municipal advisor on the City of Fountain Valley’s Certificates of Participation in 2016 that were issued to refund the City’s 2003 COPS and finance repairs, replacements, and upgrades to various components of two pump stations for the City’s storm water pollution prevention and collection system. The structuring of this transaction was unique in that the City decided to keep debt service the same as if the 2003 COPS were still outstanding and extend a few more years, thereby significantly offsetting the cost of the projects with savings from the refunding. By keeping debt service the same and only extending a few years, the City was able to garner support for the new money projects while maintaining their top-notch AA+ lease rating from S&P.

Additionally, we advised the City on the issuance of Clean Renewable Energy Bonds (CREB’s) in 2016 to fund solar projects to produce energy savings. As part of our engagement, we managed the RFP and selection process of financing team members, including garnering interest from banks for a private placement, ultimately achieving a net effective interest rate on the bonds of 1.524% over 20 years.

Cosumnes Community Services District Certificates of Participation and 2016 CREBs
Relevance: Energy Efficiency Project; Lease Transactions; Private Placement
In 2020, UFI was engaged as municipal advisor through a competitive RFP process on Cosumnes CSD’s proposed issuance of Certificates of Participation to finance construction of a new recreation center. The upcoming transaction is currently pending as the District reevaluates its financial plan in response to COVID-19. The proposed issuance of COPs represents the third transaction for which UFI has served as municipal advisor. Previously, we advised on the District’s 2016 COPs issuance, which included Series A CREBs, Series B Taxable COPs, and Series C Tax-Exempt COPs. In 2015 we assisted on the COP issuance to refinance a portion of the District’s unfunded liability. Additionally, UFI has served as dissemination agent for the District and handled all continuing disclosure for the COPs for the last few years.

City of San Bernardino, Water and Wastewater Revenue Bonds 2016
Relevance: Water & Wastewater Utility; Revenue Bonds; Public Offering
In 2016, as part of a multi-year and multi-issuance engagement with the City of San Bernardino, Mr. Busch served as the City’s municipal advisor to issue new money bonds for the City’s water and wastewater enterprises. Mr. Busch utilized his understanding of the City’s bankruptcy and the credit strength of the utility to facilitate discussions with investors and rating agencies.

UFI’s comprehensive financial approach led to the successful issuance of over $100 million new money bonds with an A rating, even while the City was in bankruptcy. The True Interest Cost (TIC) for both transactions was roughly 4%, which at the time was a competitive rate. To this day, no other municipality while in bankruptcy has successful issued debt.

g. Please discuss your firm’s knowledge of and experience with various federal programs and incentives available to public power issuers.

UFI has experience in financing projects for publicly owned electric utilities. As stated above, we are currently the municipal advisor to the City of Victorville on their inaugural electric revenue bond issuance. Additionally, as we will discuss below, UFI previously served the City of Needles on their electric, water and wastewater bond issuances in 2016. With regards to federal programs available to public power
issuers, we have extensive experience executing Clean and Renewable Energy Bonds transactions. Under the former program, which was repealed by the Tax Cuts and Jobs Act of 2017, issuers could receive a federal incentive for eligible projects. Since 2016 UFI has executed over $12 million of CREBs financings.

In addition to this we have experience evaluating the feasibility of Community Choice Aggregation (CCA) arrangements recently completing a review of the analysis for the City of Desert Hot Springs and are currently providing interim staffing to the City of Colton Electric Power Utility. Under our interim staffing role, UFI staff are providing the following scope of services:

- Assist in development and training of City electric utility staff to gain sufficient competency to conduct work independently in the following areas as needed:
  - Transaction analysis
  - Resource forecasting
  - Economic evaluation of energy resources
  - Wholesale and retail energy procurement
- Assist the City in developing criteria and assumptions for electric system resource planning.
- Oversee staff in the development of energy contracts and regulatory filings, including within CAISO market.
- Assist staff with energy contract dispute resolution, negotiations and administration.
- Advise staff on energy procurement scheduling and resource management.

**City of Needles**—In December 2016, Michael Busch, Urban Futures CEO, serving as the lead municipal advisor, worked closely with City staff to refinance roughly $14.5 million in revenue bonds issued in 1997 with interest rates ranging from 4.7% to 6.65% on the behalf of the City of Needles and Needles Public Utility Authority (NPUA). The 1997 Bonds had a shared pledge of revenues among the City’s electric power, wastewater and water enterprises. At the time of the issuance, it was determined that a pledge of all three revenues sources would present the best overall credit for the bonds. At the request of the City Manager, Michael was asked to lead a refinancing of the 1997 Bonds for interest rate savings and to structure the refinancing so that each utility could stay on its own.

Prior to the issuance of the Bonds, Needles had never considered the creditworthiness of its individual utility enterprises, and, as a very small City, had little experience with post-bond issuance reporting. Understanding the importance of going from a joint pledge to an individual pledge for the first time, as well as the obligation of post issuance reporting, Urban Futures led the development of a private placement structure which allowed the City to present the credit characteristics of each utility with minimal post issuance reporting. Through municipal bond market analysis and a placement bank bidding process led by Michael, it was determined that a private placement was the best financial structure for the transaction.

To that end, the City achieved a very low borrowing rate of 3.69%, equal to NPV savings of $3.2 million and cash flow savings of roughly $6 million. The City has utilized the cash flow savings to expand its electric utility to accommodate the cannabis industry which is now a leading General Fund revenue in the City.

h. Describe your firm’s role in evaluating financing alternatives other than bonds. Briefly mention alternatives that you believe may be appropriate for CITY OF PICO RIVERA’s use.
UFI has experience with all forms of financing, including WIFIA, California SRF financings, and public market and private placement transactions. We provide below a discussion of the nine funding sources commonly used by California local agencies to finance water and wastewater projects:

<table>
<thead>
<tr>
<th>Source</th>
<th>Grants Available</th>
<th>Maximum Rate</th>
<th>Maximum Final Maturity (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure &amp; Economic Development Bank (IBank)</td>
<td>No</td>
<td>AAA</td>
<td>30</td>
</tr>
<tr>
<td>State Water Resources Control Board (SWRCB)</td>
<td>Yes</td>
<td>50% of AA-</td>
<td>30</td>
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<tr>
<td>USDA Rural Development (RD)</td>
<td>Yes</td>
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<td>Water Infrastructure Finance &amp; Innovation Act (WIFIA)</td>
<td>No</td>
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<td>Placement</td>
<td>No</td>
<td>Varies by Issuer</td>
<td>15</td>
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<td>Public Offering</td>
<td>No</td>
<td>Varies by Issuer</td>
<td>30</td>
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<tr>
<td>Other</td>
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<tr>
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<td>No</td>
<td>Varies by Borrower</td>
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<tr>
<td>CoBank</td>
<td>No</td>
<td>Varies by Borrower</td>
<td>30</td>
</tr>
<tr>
<td>Public Finance Authority (PFA)</td>
<td>No</td>
<td>AA + 0.25%</td>
<td>30</td>
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</table>

Source: Piper Jaffray & Co.

Each of these funding sources fund a wide range of water and wastewater projects, require final maturities to be equal to the useful life of the project, limit debt to debt service coverage thresholds, and require debt documentation (i.e., bonds, installment agreements, certificates of participation, or loans). Additionally, each of the funding sources has associated costs of borrowing, borrowing limits (some require the inclusion of other funding sources as a “match”), and various lead times before receiving funding.

The best financing source (or combination of sources) depends on the borrower and the project. For example, project amounts in excess of $50 million that have longer construction schedules derive more benefit from WIFIA. Borrowers who would like to defer or wrap debt service also benefit from WIFIA. On the other hand, WIFIA has much higher borrowing costs and application fees and will only fund up to 50% of a project. The State Water Resources Control Board SRF program offers loans and grants based on annual priority lists. The Program's mission is to provide eligible entities with the lowest interest rates possible on the financing of such projects while protecting public health and the environment. SRF has lower borrowing costs, but in recent years due to demand, the SWRCB would need quite a bit of lead time to respond to a new request.

We provide below a discussion of our recent experience with San Juan Water District involving WIFIA and the SWRCB SRF program. In addition to this UFI is currently assisting the Water Replenishment District to evaluate a WIFIA financing.

**San Juan Water District**— UFI has provided analysis for San Juan Water District in its pursuit of financing options to replace the cover and lining of two of its reservoirs. The District was considering applying for SRF and/or WIFIA loans as well as bond financing. We assisted the District with hypothetical debt service numbers for various loan programs and bond financings, and we served as the
District’s municipal advisor at meetings and calls with key leadership at both the WIFIA and State Water Resources Control Board SRF programs. Through this process, we were able to get the “inside scoop” on the likelihood and timing of funding, and it became clear that an SRF loan was best suited for the District’s needs (with bond financing as a backstop). Since then, UFI has provided assistance to the District on various aspects of the SRF application.

City of Desert Hot Springs New Market Tax Credits
In addition to WIFIA and SRF financing mechanisms, UFI is also experienced in New Market Tax Credits. In 2012, UFI was engaged by the City of Desert Hot Springs to develop a capital financing plan enabling the City to pursue the construction of the Desert Hot Springs Health and Wellness Center on property owned by the City. As developed by UFI, the City’s capital finance plan included a combination of its own funds, funds granted to the City by the Desert Healthcare District and funds approximately $7.5M generated by the New Markets Tax Credit (“NMTC”) program.

The NMTC financing was structured in several steps including the following: 1) The City had to create a new corporation, Desert Hot Springs Health and Wellness Foundation, which is a nonprofit 501(c)(3) organization under the City’s control; 2) The City loaned its funds together with the proceeds of the District’s grant, in the amount of approximately $15,982,000, to an investment company, Desert Hot Springs Investment Fund, LLC; 3) The City received debt service payments on this loan in the amount of $180,000 a year; 4) To facilitate the legal structure of the financial plan, the City entered into a ground lease, whereby the City leased the Land to the Foundation and a Purchase and Sale Agreement sold the improvements and other rights to the Foundation. The Ground Lease and the Facility Lease have terms of 40 years; and 5) The City sub leased the three components of the Project --- the Healthcare facility, the Boys and Girls Club facility, and the aquatic facility-- to qualified operators for $1.00 a year.

Public Private Partnerships
UFI has experience consulting with public agencies on the cost-effectiveness, advantages, and disadvantages with pursuing public-private partnerships. We have developed presentations to educate city staff and thoroughly evaluated developer proposals to ensure it aligns with the municipality’s priorities, policies, and long-term financial strategy. UFI advised clients including the Cities of Oakland, Pico Rivera, and San Jacinto which sought to enter public-private partnerships to expand city facilities having outgrown existing spaces. Although COVID-19 implications stalled these projects, we remain committed to examining all financing options available to City staff including public private partnerships.

i. Outline the circumstances under which either a competitive or negotiated underwriting would be preferred. What role would your firm expect to play as Municipal Advisor under each method?

We observe that the City has historically issued bonds through a negotiated sale. Given the City’s current credit ratings, its infrequent debt issuance in the public market in recent years, as well as the expected continued capital markets volatility expected due to COVID-19, we believe there is a strong case to stick with a negotiated method of sale for the City’s future bond issuances.

Generally, UFI’s primary goal will be to advise the City on the sale method that we believe will provide the lowest all-in cost of funds. For example, if one method of sale appears to require higher initial costs of issuance, we would have to reach a conclusion that there is a strong likelihood that those higher costs would be offset by lower yields. In the case of Pico Rivera, we believe a negotiated sale with a well-qualified underwriter would result in the lowest cost of funds.
For the City and Successor Agency’s proposed TAB refunding, we view a negotiated sale as being essential to properly communicate the unique credit story and characteristics of the Water Authority and former Redevelopment debt, while garnering sufficient investor interest. In fact, since dissolution in 2012, there has only been one tax allocation bond in California sold competitively; the rest were all done via a negotiated sale or a private placement.

In addition to public market negotiated sales, the City could also consider utilizing a private placement offering for future bond transactions. A private placement has numerous advantages, including reduced staff time and lower costs of issuance. However, the borrowing rates on private placements are generally higher than those that can be achieved on a public sale. As municipal advisor, we would assist the City with evaluation of all potential method of sales and quantify the various borrowing costs for the City. We have outlined our approach and various activities we would assist the City with in our response to 4 (j) below.

j. Outline the activities your firm would undertake to facilitate the sale and marketing of CITY OF PICO RIVERA’s debt. Describe your firm’s experience with these activities.

Approach and Methodology to Providing Municipal Advisory Services
Given our prior and ongoing work with the City, and serving neighboring cities, we are deeply invested in the local community, making our engagement with the City a top priority for the firm. We believe that we have unmatched resources to dedicate to the City’s Scope of Services since we have the highest number of registered Municipal Advisors in California that are dedicated to assisting our clients with Debt Strategy, Planning, Policy Development, Negotiated and Competitive Bond Sales, Bond Closings, Public Meetings, and Post-I ssuance Assistance.

Our approach to providing municipal advisory services is laser-focused on our Fiduciary Duty, Duty of Loyalty, and delivering the best results for our clients. While we respect legacy practices, we never take a “that’s how it’s always been done” approach since we view every transaction as an opportunity to improve on legal and financing structures and terms. Every financing undertaken by UFI begins with proper planning and financial due diligence and ends with ongoing monitoring and administration. As such, we believe that our normal project planning and implementation process fully incorporates the Scope of Services outlined in the City’s RFP. Most of the tasks can be handled via conference calls, but we are happy to hold in-person meetings as requested by the City. Additionally, we attend all required City Council and Committee meetings and are available to give presentations and answer questions.

Activity 1: Preliminary Analysis/Recommendation
No financing is ever recommended without first conducting a complete assessment of the client’s needs and financial constraints. During this period, UFI staff perform the following tasks:

1. Schedule meetings or calls with staff to request all necessary data, discuss the needs and goals of the City, and assist in planning (including financial projections)
2. Analyze existing outstanding debt to determine parity test requirements, feasibility of refunding certain outstanding series of Bonds, and debt affordability
3. Perform a comprehensive credit analysis to determine the anticipated rating, preferred structure, and interest rate scale for the Bonds
4. Prepare a summary of cost of issuance
5. Evaluate alternative financing and structuring options and their financial impact on the City and its tax/rate payers and present results to the City
6. Assist the City in updating Debt Management and Disclosure Policies; and, if required, assist the City in creating policies that strengthen its credit and prepares the City for debt issuance

Activity 2: Assemble the Finance Team and Manage the Financing Process

After an evaluation of financing options/alternatives, should it be determined that financing targets will be met through a bond issuance, UFI will begin work on the financing schedule and the implementation of the agreed upon financing strategy. The scope of work includes, but is not limited to, the following:

1) **Assist in the selection of additional service providers**: UFI is knowledgeable of, and has worked with, most major firms which operate in the public finance realm in California. Should the City wish to issue RFP’s for services such as underwriter, bond counsel, disclosure counsel, trustee, bidding agent, special consultants, we are experienced with managing and assisting staff with the selection process for these services.

2) **Develop the financing timetable**: UFI will coordinate with staff to develop a schedule that is consistent with the City’s goals, staff availability, financing timing, and existing City Council meeting schedules.

3) **Monitor the transaction process**: Our role as municipal advisor includes the close monitoring of the financing to ensure successful completion. As such, UFI will coordinate all activities of the financing team and will assist in the preparation and review of Official Statements, Trust Indentures, Installment Purchase Agreements, Escrow Agreements, Loan Term Sheets, staff reports, and all other applicable documents or presentations to the Council or rating agency. This includes taking a deep dive into the credit, recommended bond structures, and financial projections.

4) **Plan and Coordinate Presentations to Ratings Agencies, Bond Insurers, and Investors**: UFI is well prepared to assist in the drafting and delivery of credit presentations to rating agencies. While many factors go into the investment decision-making process, the bond rating is often the single most important factor affecting the interest cost on bonds. These credit presentations are then easily adapted for discussions with bond insurers and investors.

5) **Provide support to the City related to bond authorization**: We are experienced in the delivery of presentations to City Councils and drafting of applicable staff reports regarding adoption of the financing documents.

6) **Interest Rates and Timing**: As a result of the ever-changing municipal market environment, UFI will constantly monitor market rates to ensure that financial alternatives as well as refinancing assumptions and recommendations are maximized through proper timing. The current COVID-19 pandemic has starkly impacted healthcare systems, global and local economies, financial markets, businesses and non-profits, local governments, and our lives. **We were one of the few firms that advised on the successful execution of bond transactions in the public market in the months immediately following widespread shelter-in-place mandates.**

Activity 3: Pricing and Closing Bonds

Performance matters, and we care about the rates at which the City will ultimately be issuing bonds—they should, at minimum, be in line with the current market and other similar bond sales. To ensure the underwriter is performing in the best interest of the City in a negotiated bond sale, we will negotiate syndicate policies and revenue split (if required), prepare comparables to discuss with the City, monitor proposed rates throughout the pre-pricing and pricing process, push the underwriter on their pricing. We will also coordinate the preparation of a post-sale book that summarizes the basis for investors approving or not approving a credit, the allotment sizes, and the orders themselves. We view this as a crucial step toward maintaining a strong understanding of movements in investor preferences which pays dividends.
for subsequent bond sales. We are well qualified in reaching out to competitive desks at underwriting firms and encouraging them to bid on the sale, evaluating bids, verifying TIC calculations, and assisting with awarding of the bonds.

Finally, we will coordinate the financing team on the closing of the transaction, including reviewing the closing documents, preparing the closing memorandum, collecting invoices, and executing municipal advisor certificates as needed.

**Activity 4: Post-Issuance Compliance**
Urban Futures has two staff members 100% dedicated to managing the continuing disclosure and dissemination agent needs of our clients. We have over 20 years of experience providing continuing disclosure and dissemination agent services, and we currently serve over 200 public agency clients with the preparation of over 400 reports annually. We have extensive experience covering every type of credit, including General Obligation Bonds, Lease Revenue Bonds, Enterprise Fund Bonds, Tax Allocation Bonds, Community Facilities Districts, and Pension Obligation Bonds.

As a function of providing municipal advisory services, UFI reviews the Continuing Disclosure Agreements and Bond Indentures for every bond issuance at the very beginning of the financing process. This ability to work with the financing team to draft the Continuing Disclosure Agreement is key, as we ensure it is formed in a manner that strikes the balance between providing pertinent information to investors versus minimizing the administrative burden on City staff. It is also another way that we can provide a nimble and cost-effective service to the City. In addition to our experience in drafting such documents, the firm has adopted a practice of reviewing every Continuing Disclosure Agreement on an annual basis. This practice ensures that each report is being prepared in accordance with the bond’s disclosure obligations.

We are well poised to assist the City with implementing the provisions of SB 1029 and CDIAC’s related transparency regulations. We have developed a checklist of required reports and their due dates. For example, Annual Debt Transparency Reports are due by January 31 of each year, and CDIAC has developed an online form for issuers to submit the required data (i.e., debt authorized during the reporting period, debt outstanding during the reporting period, list of purposes for which debt has been issued, and amounts expended for each purpose in the prior fiscal year). We can assist the City in the preparation and submission of required reports. Finally, we can assist the City with arbitrage rebate reporting required by the IRS.

k. What role would your firm expect to play in refinancing CITY OF PICO RIVERA’s debt? Describe your firm’s experience in this area.

**Review of Outstanding Debt**
One of the first steps in the development of a comprehensive scope of work for each of our municipal clients is to review all of the municipality’s long-term debt. Based on our recent work with the City, we have mapped all of the debt obligations in our database and debt modeling software, as summarized below.
2016 **Lease Revenue Bonds** – In 2016, the City issued $30.47 million of lease revenue bonds to refund prior obligations. These bonds are not callable until 2026.

2018 **Certificates of Participation** – In 2018, the City issued $14.695 million of Certificates of Participation to fund local roadway and street improvements. The COPs are not callable until 2028.

**1999A Water Authority Revenue Bonds** – In 1999, the City issued $17.94 million of revenue bonds to refund prior obligations and fund new money projects. The 1999 bonds are non-callable.

**2001A Water Authority Revenue Bonds** – In 2001, the Water Authority issued $40.7 million of revenue bonds for the purpose of acquiring the former RDA’s 2001 TABs. The 2001A Bonds are currently callable at par.

**2001 Tax Allocation Bonds** – In 2001, the Former RDA privately placed $40.7 million of 2001 TABs with the Water Authority. The 2001 TABs are not callable (although this can be amended if the Water Authority/City Council choose to).

### Water Authority 2001A Revenue Bonds and 2001A Tax Allocation Bonds

We believe refunding the tax allocation bonds and associated water authority debt will be a priority for the City. The City of Pico Rivera Water Authority issued its 2001A Revenue Bonds to acquire the former Redevelopment Agency’s 2001 TABs, which were privately placed with the Water Authority. The Water Authority Bonds are currently callable. Given the unique characteristics of the City’s tax allocation and water authority debt, as well as the ongoing deferral negotiations, it will be important to have an advisor onboard who understands the credit nuances of both issues.

Given that the Water Authority is the holder of the 2001A Tax Allocation Bonds, the debt service payments that are made by the Successor Agency on its 2001A Bonds have been used by the Authority as the source of payments on the Authority’s 2001A Bonds. As a result, a potential refunding of the 2001A Tax Allocation Bonds at lower current market interest rates would benefit both the Agency and the Authority, as the Authority’s bonds could then be defeased. Also, the City has set aside approximately $5 million of sales tax revenues from prior years pursuant to the terms of the tax sharing agreement with the County of Los Angeles. Such accumulated sales tax revenues could be used to “buy down” the principal amount of the refunding bonds.

A summary of the estimated net present value savings (based on current market interest rates) from various refunding scenarios, including shortening the final maturity date of the refunding bonds by six years, is presented in the table below.
Prior Work on the County Deferral Negotiations and TAB Refundings

UFI worked with the City in 2019 and 2020 to evaluate outstanding bond debt issues, and reviewed the accumulated debt owed to the County pursuant to the redevelopment pass through deferral component of the tax sharing agreement with the County, to determine repayment strategies. This analysis also included a review of accumulated sales tax revenues held by the City, related to the terms of the redevelopment tax sharing agreement with the County.

UFI worked with City staff to initiate negotiations with L.A. County with regards to the outstanding pass through deferral amount, which included accrued interest based on 7% annual rate on amounts owed pursuant to the original agreement with the County. Based on such negotiations, the County provided a draft proposal to lower the annual interest accrual rate to 5% for certain prior years. Ongoing negotiations were temporarily halted due to COVID 19 pandemic and we are working with City staff and its Successor Agency consultant to reinstitute negotiations with the County.

The renegotiation efforts were part of a larger effort to restructure other outstanding debt issues of the City and former Redevelopment Agency, including the 1999 Water Authority Revenue Bonds, and the 2001 Redevelopment Tax Allocation Bonds. UFI provided numerous calculation scenarios to the City based on various repayment/refunding options. However, as these repayment strategies were intertwined with the deferral repayment renegotiation efforts with the County, none of the outstanding bonds were refunded.

I. Describe the tools/resources and staff analytical/modeling capability available to you in servicing the CITY OF PICO RIVERA account. Provide specific examples to support your strengths.

Providing our clients with responsive and high-quality analytical services is central to our corporate mission. UFI's technical resources position us to interface at any level with our clients and other members of the financing team. Several UFI staff members have extensive financial modeling experience and have built proprietary financial models that are tailored to our client’s needs. Our team includes former bond rating analysts, municipal bond investment bankers and tenured municipal advisors. We offer best in industry budget forecast, pension, tax increment and utility revenue modeling expertise. For this engagement specifically, Julio Morales, Doug Anderson and Branden Kfourey are experts in pension, tax allocation and utility revenue modeling respectively. Additionally, for municipal credits, the team has modeled “what if” scenarios and sensitivity analyses, enabling our clients to estimate the impact of various management decisions and economic conditions on debt service coverage.

Analytical Resources

We are confident in our ability to deliver thorough and value-added analysis. We have extensive experience structuring and analyzing complex credits, and vast experience in lease-leaseback, general obligation, utility, and other revenue bonds.
UFI uses industry standard DBC software to structure bond issues and verify underwriter analyses and proposals. Our firm maintains an in-house Bloomberg terminal which offers real-time market information, interest rate yield curves, new deal price quotes, and historical security analysis, as well as complex pricing functions. UFI also subscribes to Refinitiv’s The Municipal Market Monitor (TM3) which provides daily commentary on the municipal bond market, worksheets to analyze competitive and negotiated bond sales, tools to assess credit spreads, and the industry standard interest rate scale, the Municipal Market Data yield curve (MMD), on which all tax-exempt issues price off.

Notwithstanding our subscription services, UFI has direct access to underwriting desks and institutional public finance departments as a result of our frequency working with public agencies and navigating the public capital markets. This allows us to gain a more complete picture of market sentiment and California-specific nuances not readily apparent in standardized subscription services. In addition, and most importantly, UFI invests in its human capital and maintains more licensed municipal advisors in California than any other firm (Source: MSRB). This allows us to provide the attention each of our clients deserve.

To highlight our strengths in this area, we’ve provided below a case study below for a pension obligation bond transaction completed in 2020 for which we used independent analysis to successfully negotiate lower spreads for the issuer.

City of Coachella— In 2020, UFI served as municipal advisor on the City of Coachella’s $17.6 million Pension Obligation Bonds. We believe this transaction serves as a benchmark example of our financing comparables analysis, which looks at both secondary market trading and POB spreads analysis.

Leading up to the pricing in December, the underwriter used a pension obligation bond from the City of Gardena, which priced in November, as the primary comparable transaction. UFI independently reviewed secondary market data, which revealed that bond prices had significantly increased since the primary offering, resulting in spreads that were 20-40 basis points tighter across the curve.

In addition, we took a deep dive into comparable POB spreads. When evaluating the spread to Treasuries, we bifurcate the analysis into 2 component parts: credit spread and the POB yield premium. We start by subtracting the corresponding BVAL Corporate Bond curve (e.g., AA BVAL on Bloomberg), which adjusts for the corresponding rating to get the POB spread for the bond. Effectively, investors have priced in the term structure of rates in the Treasury yield curve; therefore, the remaining POB Spread reflects the required premium for this class of securities (i.e., POBs).

Prior to COVID, credit spreads were more compressed. Afterwards, we saw a general widening across the board. Recently, POB spreads have come back down, especially in the short end for retail investors and the long end for mutual funds, as illustrated in the accompanying chart.

We combined both elements for the City of Coachella pre-pricing and determined that the initial spreads were 20-40 bps too high, which we communicated to the underwriter. Armed with this analysis, we were able to successfully push the underwriter to tighten their proposed pricing for Coachella. The final pricing was right on top of our
indoor assessment.

m. Indicate your role in structuring and pricing negotiated sales (i.e., contacts with underwriting firms, trading desks, etc. to ascertain price indications). Provide samples of structures and savings you believe your approaches generated.

**Pricing Execution**

Our team offers extensive expertise when it comes to the pricing of municipal securities as our staff includes former public finance investment bankers who are intimately familiar with the underwriting and pricing of municipal securities. UFI will lead the pricing validation process through an analytical review of similar credits and secondary market activity to ensure the City achieves the lowest borrowing cost. The team will closely monitor the municipal markets through our in-house resources, which include a Bloomberg terminal, and frequent involvement in bond transactions. In the weeks leading up to a pricing, we will monitor and track comparable transactions. Generally, our approach is to recommend that the underwriter employ an aggressive pricing strategy (aiming for approximately 2 times oversubscription) to achieve the best possible pricing for our clients. **We will work to ensure the best possible result for the City (even in the event of a tough market) by pushing the underwriter to price at the tightest spreads without diminishing investor participation** and provide post issuance analysis.

In addition to ensuring fair market spreads, UFI will work with the underwriter to analyze alternative couponing strategies that result in the lowest possible TIC and/or NPV savings for refundings. We will also push for the most flexible call feature. We can help the City analyze the cost of shorter calls and any additional premiums. Additionally, we focus on investor participation, banks’ willingness to underwrite, and syndicate policies – all factors that contribute to the pricing of the City’s future bond transactions.

Provided below are representative case studies, which we believe underscore the results we’ve achieved for our clients.

**City of Arcadia 2020 Leveraged Refunding** – UFI advised the City of Arcadia on a refunding of two tax allocation bonds with outstanding principal amounts of $2.1 million and $10.9 million. Based on recent market interest rates, the refunding is projected to generate upfront cash flow debt service savings of approximately $4.77 million, with the City expected to receive approximately $498,000 in savings based on its residual share of RPTTF funds. The City anticipates executing a **leveraged refunding structure**, whereby it will apply the additional property tax revenues received from the refunding towards the City’s CalPERS Unfunded Accrued Liability (UAL), resulting in the elimination of $1.0 million in total UAL payments to CalPERS.

The concept of a Leveraged Refunding is to recycle the savings generated from a traditional bond financing. As a taxing entity receiving property tax revenues from the Former Redevelopment Agency’s Central Redevelopment Project Area, the City will receive a portion of the savings produced by the proposed refunding of the bonds. The City’s share of the cash flow savings will be transferred to CalPERS as a form of pre-payment of the City’s UAL (i.e., Additional Discretionary Payment or ADP). The monies are applied to the longest outstanding Amortization Base, which results in the greatest savings. The City could also retain such monies in a pension stabilization fund to help offset future cost increases in CalPERS contribution. The effectiveness of this strategy would depend on the investment rate.

As part of our analysis, UFI compared the cost of a public sale versus a private placement. It was recommended that a private placement was the best course of action as it would save on issuance costs,
reduce staff time, and result in greater savings.

**Fullerton Successor Agency 2020 Tax Allocation Refunding Bonds** – UFI was engaged in 2020 through a competitive RFP process to serve as municipal advisor to the City of Fullerton. For our first assignment, we kicked off a refunding of two outstanding series of tax allocation bonds. The financing commenced in May 2020. UFI solicited bids for bond and disclosure counsel as well as underwriter on behalf of the City. We prepared a schedule and discussed various timing considerations with the client. Because one series of bonds was callable on interest payment dates only, our schedule would have to be accelerated to close prior to the September 1, 2020 redemption date; otherwise, savings would be reduced.

After discussing with the City and providing numerous financing scenarios, the team elected to push forward with an accelerated schedule. The impact on savings for all taxing entities was considerable at over $1 million. UFI worked diligently with bond counsel to develop an approach to accelerate the approval process with Department of Finance. As a result of our efforts, **we were able to secure a DOF approval just 10 days after we submitted our Oversight Board Resolution.** Statutorily, DOF has 60 days to review Oversight Board resolutions, and this accelerated turnaround has never been achieved before. UFI quarterbacked the rating agency process and secured a rating and bond insurer approval. We were able to price the transaction in mid-August and close in September, locking in over $9.1 million of NPV savings or 17.7% of refunded par.

**Oakland Redevelopment Successor Agency** – In 2018, UFI served as municipal advisor on $56,995,000 Oakland Redevelopment Successor Agency’s Subordinated Tax Allocation Refunding Bonds, Series 2018-TE and Series 2018-T (Federally Taxable), issued to refund, for savings, the outstanding Coliseum Redevelopment Project Tax Allocation Bonds, Series 2006B-TE, and Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable). The financing team worked diligently to price this transaction only 13 weeks after the kick-off meeting.

To achieve the lowest cost of borrowing and maximize savings to the Agency and taxing entities (including the City), UFI led the effort to achieve a rating upgrade from S&P for the 2018 and 2015 TABS by highlighting the significant AV growth in the Project Areas since 2015, the extremely strong all-in debt service coverage, the resiliency of the credit as evidenced by the ability to sustain an AV loss of 55% ($11.5 billion) and still maintain 1x debt service coverage, the major developments coming online, and the amended ROPS covenant that requires the Agency to request at least 50% of total bond year debt service from the January 2 RPTTF distribution. Ultimately, S&P upgraded the 2018 and 2015 Bonds by three notches from “A-“ to “AA-“, which drastically improved savings by lowering borrowing rates, avoiding the cost of purchasing bond insurance, and allowing for a stand-alone surety for the Debt Service Reserve Fund.

Since the Agency’s debt sharply drops off beginning in 2022, at which point the taxing entities would see a significant increase in residual revenues, the refunding was structured with upfront savings to maximize cash flow in the years with the most meaningful impact on the City’s general fund. The refinancing shortened the final maturity of the debt by 2 years to keep the overall economics comparable to a proportional savings structure.

On the day of pricing, UFI encouraged the underwriter to go out with aggressive rates, resulting in credit spreads on the final pricing representing the lowest spreads of any TAB sold to date. The refunding generated total cash flow savings of $27.7 million and net present value savings of $15.11 million, or over
27% of refunded par. The front-loaded savings structure resulted in an average annual cash flow savings of $4.76 million in each of 2019, 2020 and 2021 and $1.6 million in 2022. The City’s share of the increased residual RPTTF revenues is estimated to be almost $1.4 million in each of 2019, 2020 and 2021 and $470,000 in 2022.

n. Provide a brief discussion of any other information that you believe to be relevant to your firm’s qualifications and of particular interest to CITY OF PICO RIVERA.

**Advocating for the City on Each and Every Financing**

One of the key benefits that Mr. Busch brings to his clients, and a tenet shared by all members of our firm, is his steadfast commitment to putting the client first. We take our fiduciary duty very seriously and always strive to do the right thing 100% of the time. We will unwaveringly advocate for the City. As an example, unless there is an extenuating circumstance, we recommend a competitive bidding process for each member of the financing team, including underwriters, bond and disclosure counsel firms, bond insurers, verification agents, trustees and escrow agents, and printers.

We pay close attention to the costs of issuance incurred on municipal bond transactions where we serve as the municipal advisor. We negotiate the professional fees on behalf of our clients to ensure that they are receiving the best possible service at the best possible price. We always advocate for our clients with the goal of getting financing team members to bid as aggressively as possible. Furthermore, we independently research underwriting and bond counsel fees through various resources, including the CDIAC database. This enables us to prepare a pricing comparables analysis which we review with our clients.

Our firm also does our part to control costs of issuance. We are not in the practice of winning an RFP based on a low bid and then asking our client for a higher fee at the end of the transaction because of a heavier workload than expected. We are committed to offering our services at a reasonable cost, and our integrity is, above all else, most important when serving on transactions. We hold the other members of the financing team to the same standard.

Without exception, our historical understanding of the City’s deferral is a significant advantage for the City with its negotiations. Mr. Busch has met with County staff and presented at the County Oversight Board on the City’s behalf. Because of his efforts, while representing three agencies with deferral (Pico Rivera, Pomona and Monterey Park) the County Oversight Board has supported his steadfast commitment to a fair negotiation amongst the cities impacted and the County. We believe, without reservation, a strategy can be developed and negotiated to remove or significant mitigate the sale tax pledge from the deferral agreement and outstanding 2001 Tax Allocation Bonds upon their refunding.

We have completed the pension modeling and are prepared not present our analysis to the City Council in February 2021. Given the City’s current unfunded accrued liability of roughly $41 million, each month of delay increases interest cost by roughly $239,000. As we demonstrate in the attached draft pension management strategies presentation, we are prepared to assist the City with strategies to address its pension liability, and UAL payments which are expected to increase from $3.1 million currently to $4.3 million in 2031.
UFI is the leader in pension analysis space because we offer a superior service unmatched by other advisory firms including pension obligation bond risk analysis tools such as a Monte Carlo Simulation. Additionally, our bond pricing analytics have resulted in a lower cost of borrowing for our clients as seen most recently in the pension issues for the Cities of Arcadia and El Cajon both of which priced bonds at roughly 2.9%, well below the average for transactions closed in 2020.

a. Describe how your firm keeps current on changing market conditions, products and services, and underwriter performance.

The frequency with which UFI is in the market as well as the resources available to our firm, enable us to stay current on changing market conditions, trends, products and services. We have been the most active municipal advisory firm in California for the past four consecutive years. Specifically, in the area of pension obligation bonds, UFI has served as financial advisor on 11 POBs since 2017, more than any other firm in the State. This type of volume means we constantly have our finger on the pulse of the market, changing trends, and underwriter performance. As we describe earlier in the RFP we independently track and measure underwriter performance, and assess primary market as well as secondary market spreads, so that issuers get the best results. Additionally, we typically advocate for bidding out underwriter and bond/disclosure counsel services, we did in 2019 for the TAB refunding. Through these RFP processes, we are able to properly assess and negotiate fees so that the City gets the best pricing for these services. We encourage you to refer to our responses earlier in the proposal for further information on our resources and technical capabilities utilized by our firm to keep current on market conditions and trends.

5. Fees and Costs
Our proposed fees are included under a separate cover as requested in the RFP.

6. Insurance
UFI carries a $2 million aggregate insurance policy to cover errors and omissions. The deductible amount is $50,000 per claim or related claims.

7. Pro Forma Professional Services Agreement
We have reviewed the City’s Pro Forma Professional Services Agreement and take no exceptions to it.
Appendix A: Signed Forms
APPENDIX B
NON-COLLABORATION AFFIDAVIT

The undersigned declares states and certifies that:

1. This Proposal is not made in the interest of, or on behalf of any undisclosed person, partnership, company, association, organization or corporation. This Proposal is genuine and not collusive or sham.

2. I have not directly or indirectly induced or solicited any other Proposer to put in a false or sham proposal and I have not directly or indirectly colluded, conspired, connived, or agreed with any other Proposer or anyone else to put in sham proposal or to refrain from submitting to this RFP.

3. I have not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price or to fix any overhead, profit or cost element of the proposal price or to secure any advantage against the City of Pico Rivera or of anyone interested in the proposed contract.

4. All statements contained in the Proposal and related documents are true.

5. I have not directly or indirectly submitted the proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay any fee to any person, corporation, partnership, company, association, organization, RFP depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

6. I have not entered into any arrangement or agreement with any City of Pico Rivera public officer in connection with this proposal.

7. I understand collusive bidding is a violation of State and Federal law and can result in fines, prison sentences, and civil damage awards.

Signature of Authorized Representative

Michael Busch
Name of Authorized Representative

Chief Executive Officer
Title of Authorized Representative
APPENDIX C
CONSULTANT’S ACKNOWLEDGEMENT OF COMPLIANCE WITH INSURANCE REQUIREMENTS FOR AGREEMENT FOR PROFESSIONAL/CONSULTANT SERVICES

Consultant agrees, acknowledges and is fully aware of the insurance requirements as specified in the Request for Proposal and accepts all conditions and requirements as contained therein.

Consultant:  

__________________________  
Name (Please Print or Type)

By:  

__________________________  Consultant’s Signature

Date:  

__________________________  1/26/2021

This executed form must be submitted with Scope of Work proposal.
APPENDIX D
CERTIFICATION OF PROPOSAL

The undersigned hereby submits its proposal and agrees to be bound by the terms and conditions of this Request for Proposal (RFP).

1) Proposer declares and warrants that no elected or appointed official, officer or employee of the City has been or shall be compensated, directly or indirectly, in connection with this proposal or any work connected with this proposal. Should any agreement be approved in connection with this Request for Proposal, Proposer declares and warrants that no elected or appointed official, officer or employee of the City, during the term of his/her service with the City shall have any direct interest in that agreement, or obtain any present, anticipated or future material benefit arising therefrom.

2) By submitting the response to this request, Proposer agrees, if selected to furnish services to the City in accordance with this RFP.

3) Proposer has carefully reviewed its proposal and understands and agrees that the City is not responsible for any errors or omissions on the part of the Proposer and that the Proposer is responsible for them.

4) It is understood and agreed that the City reserves the right to accept or reject any or all proposals and to waive any informalities or irregularities in any proposal received by the City.

5) The proposal response includes all of the commentary, figures and data required by the Request for Proposal.

6) The proposal shall be valid for 90 days from the date of submittal.

Name of Proposer: Michael Busch
Type Name: Michael Busch
Title: Chief Executive Officer
Date: 1/26/2021
Appendix B: Pension Management Strategies Presentation
Disclosure of Conflicts of Interest and Legal or Disciplinary Events. Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. (“UFI”) and its associated persons.

Conflicts of Interest. Compensation. UFI represents that in connection with the issuance of municipal securities, UFI may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, UFI hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer. It should be noted that other forms of compensation (i.e., hourly or fixed fee based) may also present a potential conflict of interest regarding UFI’s ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

Other Municipal Advisor Relationships. UFI serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another UFI client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients. If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

Legal or Disciplinary Events. UFI does not have any legal events or disciplinary history on UFI’s Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html. There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel.
1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the City of Pico Rivera, a California municipal corporation ("City") and Stradling, Yocca, Carlson & Rauth (Attorneys at Law), ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as a “Party” and collectively referred to as “Parties.”

2. RECITALS

2.1 City has determined that it requires professional services from a consultant to provide professional services.

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

NOW, THEREFORE, for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

3. DEFINITIONS

3.1 “Scope of Services”: Such professional services as are set forth in the Scope of Services attached hereto as Exhibit “A” and incorporated herein by this reference.

3.2 “Approved Fee Schedule”: Such compensation rates as are set forth in the Scope of Services attached hereto as Exhibit “A.”

3.3 “Commencement Date”: February 23, 2021

3.4 “Expiration Date”: February 23, 2023

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the Parties or terminated in accordance with Section 22 below.

5. CONSULTANT’S SERVICES
5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement. **In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the sum of $92,500. Ninety two thousand five hundred dollars ($92,500) unless specifically approved in advance, in writing, by City.**

5.2 Consultant shall perform all work to the highest professional standards of Consultant’s profession and in a manner reasonably satisfactory to City.

6. **COMPENSATION**

6.1 City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule.

6.2 Consultant shall submit to City an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within ten (10) business days of receipt of each invoice, City shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of each invoice, City shall pay all undisputed amounts included on the invoice. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

6.3 Payments for any services requested in writing by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant’s standard fee schedule. Fees for such additional services shall be paid within sixty (60) days of the date Consultant issues an invoice to City for such services.

7. **BUSINESS LICENSE**

Consultant shall obtain a City business license prior to commencing performance under this Agreement.

8. **COMPLIANCE WITH LAWS**

Consultant shall keep informed of State, Federal and Local laws, ordinances, codes and regulations that in any manner affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. The Consultant shall at all times comply with such laws, ordinances, codes and regulations. Without limiting the generality of the foregoing, if Consultant is an out-of-state corporation or LLC, it must be qualified and registered to do business in the State of California pursuant to sections 2105
and 17708.02 of the California Corporations Code. The City, its officers and employees shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

9. **CONFLICT OF INTEREST**

Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both: (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute; and (ii) City has not consented in writing prior to Consultant’s performance of such work.

10. **PERSONNEL**

Consultant 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 Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant’s services under this Agreement, but City reserves the right, for good cause, to require Consultant to exclude any employee from performing services on City’s premises. Vanessa S. Legbandt, Shareholder shall be Consultant’s project administrator and shall have direct responsibility for management of Consultant’s performance under this Agreement. No change shall be made in Consultant’s project administrator without City’s prior written consent.

11. **OWNERSHIP OF WRITTEN PRODUCTS**

All reports, documents or other written material (“written products”) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant. If any state, federal, or local law requires mandatory copyright protection for Consultant’s work product, City shall comply with such laws to the extent feasible.

12. **INDEPENDENT CONSULTANT**

12.1 Consultant is, and shall at all times remain as to City, a wholly independent consultant. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its officers, employees or agents shall have control over the conduct of Consultant or any of
Consultant’s employees, except as set forth in this Agreement. Consultant shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of City. 12.2 The Parties further acknowledge and agree that nothing in this Agreement shall create or be construed to create a partnership, joint venture, employment relationship, joint-employer relationship, or any other relationship between Consultant or Consultant’s employees except as set forth in this Agreement.

12.3 City shall have no direct or indirect control over Consultant’s employees or sub-consultants with respect to wages, hours, and working conditions. In addition, City shall not deduct from the Compensation paid to Consultant any sums required for Social Security, withholding taxes, FICA, state disability insurance or any other federal, state or local tax or charge which may or may not be in effect or hereinafter enacted or required as a charge or withholding on the compensation paid to Consultant, Consultant’s employees or subconsultants. City shall have no responsibility to provide Consultant, its employees or subconsultants with workers’ compensation insurance or any other insurance.

12.4 The Parties further acknowledges the following: (i) that Consultant shall provide the services outlined in the Scope of Services directly to City; (ii) Consultant maintains a business location at the address listed under Section 20 that is separate and distinct from the City; (iii) Consultant contracts with other businesses to provide the same or similar services and maintains a clientele without restriction from the City; (iv) Consultant advertises and holds itself out to the public as available to provide the same or similar services; (v) unless otherwise specified in this Agreement, Consultant provides its own tools, vehicles, and equipment necessary for performing the Scope of Services; (vi) Consultant has proposed and negotiated its own rates; and (vii) consistent with the nature and demands of the project and the City’s business hours, Consultant may set its own hours and location of work.

13. **CONFIDENTIALITY**

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data and any copies thereof shall be returned to City upon the termination or expiration of this Agreement.

14. **NON-LIABILITY OF CITY OFFICIALS AND EMPLOYEES**

No official or employee of the City shall be personally liable to Consultant in the event of any default or breach by City, or for any amount which may become due to Consultant.

15. **INDEMNIFICATION**

15.1 The Parties agree that City, 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 City. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant’s commitment to indemnify and protect City as set forth herein. Notwithstanding the foregoing, to the extent Consultant’s services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.2 To the full extent permitted by law, Consultant shall indemnify, hold harmless and defend City, 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 Consultant or any of its officers, employees, servants, agents, or subconsultants in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees. Notwithstanding the foregoing, to the extent Consultant’s Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.3 City shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant’s failure to pay City promptly any indemnification arising under this Section 15 or related to Consultant’s failure to either: (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers’ compensation laws.

15.4 The obligations of Consultant under this Section 15 will not be limited by the provisions of any workers’ compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

15.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 15 from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, 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 Consultant’s subconsultants or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees.

15.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, 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.

15.7 **PERS ELIGIBILITY INDEMNITY.** In the event that Consultant or any employee, agent, or subconsultant of Consultant 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 City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subconsultants, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subconsultants 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 City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

16. **INSURANCE**

16.1 During the term of this Agreement, Consultant 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 Consultant’s performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

16.1.1 Comprehensive general liability, and Umbrella or Excess Liability Insurance covering all operations by or on behalf of Consultant providing insurance for bodily injury liability and property damage
liability for the following and including coverage for:

16.1.1.1 Premises, operations, and mobile equipment

16.1.1.2 Products and completed operations

16.1.1.3 Broad form property damage (including completed operations)

16.1.1.4 Explosion, collapse, and underground hazards

16.1.1.5 Personal Injury

16.1.1.6 Contractual liability

in the amount of One Million Dollars ($1,000,000) per occurrence combined single limit; Two Million Dollars ($2,000,000) aggregate for products/completed operation; Two Million Dollars ($2,000,000) general aggregate (General aggregate must apply separately to Consultant’s work under this Agreement.); and Five Million Dollars ($5,000,000) umbrella or excess liability.

16.1.2 Automobile Liability Insurance for owned, hired and non-owned vehicles utilized by Consultant, its employees or subconsultants, in the amount of One Million Dollars ($1,000,000) per accident for bodily injury and property damage.

16.1.3 Worker’s Compensation Insurance as required by the laws of the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

16.1.4 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) per occurrence of claim/ Two Million Dollars ($2,000,000) in the aggregate.

16.2 Consultant shall require each of its subconsultants, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

16.3 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.

16.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either: (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant’s expense, the premium thereon.
16.5 At all times during the term of this Agreement, Consultant shall maintain on file with City’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 City as an additional insured. Consultant shall, prior to commencement of work under this Agreement, file with City’s Risk Manager such certificate(s).

16.6 Consultant 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. Consultant shall provide such proof to City at least two weeks prior to the expiration of the coverages.

16.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City, 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 City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

16.8 The general liability and automobile policies of insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant’s insurance and shall not contribute with it.

16.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant’s employees, agents or subconsultants, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.

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

16.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant’s liability or as full performance of Consultant’s duties to indemnify, hold harmless and defend under Section 15 of this Agreement.

16.12 If Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

17. **MUTUAL COOPERATION**
17.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available to City for the proper performance of Consultant’s services under this Agreement.

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

18. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

19. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

20. NOTICES

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

If to City:
Steve Carmona, City Manager
City of Pico Rivera
PO Box 1016
6615 Passons Blvd.
Pico Rivera, California 90660-1016
Facsimile: (562) 801-4765

With a courtesy copy to:
Arnold M. Alvarez-Glasman, City Attorney
13181 Crossroads Parkway North
Suite 400 - West Tower

If to Consultant:
Vanessa S Legbandt
Stradling, Yocca, Carlson & Rauth
660 Newport Center Drive,
Suite 1600
Newport Beach, CA 92660-6422
Phone: (949) 725-4000
Facsimile: (949) 725-4100
21. **SURVIVING COVENANTS**

The Parties agree that the covenants contained in Sections 13, 15 and Paragraph 17.2 of Section 17, of this Agreement shall survive the expiration or termination of this Agreement.

22. **TERMINATION**

22.1. City shall have the right to terminate this Agreement for any reason on five (5) calendar days' written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days' written notice to City. The effective date of termination shall be upon the date specified in the notice of termination. Consultant agrees that in the event of such termination, City's obligation to pay Consultant shall be limited to payment only for those services satisfactorily rendered, as solely determined by the City, prior to the effective date of termination. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

22.2 If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed, as solely determined by the City, at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

23. **ASSIGNMENT**

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City’s prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any Party other than Consultant.

24. **NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY**

24.1 In the performance of this Agreement, Consultant shall not discriminate against any employee, subconsultant, or employment applicant because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation. Consultant will take affirmative action to ensure that subconsultants, employees, and employment applicants are treated without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.
24.2 Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant state either that it is an equal opportunity employer or that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

24.3 Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement except contracts or subcontracts for standard commercial supplies or raw materials.

25. WARRANTIES

25.1 Each Party has received independent legal advice from its attorneys with respect to the advisability of entering into and executing this Agreement, or been provided with an opportunity to receive independent legal advice and has freely and voluntarily waived and relinquished the right to do so. Each Party who has not obtained independent counsel acknowledges that the failure to have independent legal counsel will not excuse such Party’s failure to perform under this Agreement.

25.2 In executing this Agreement, each Party has carefully read this Agreement, knows the contents thereof, and has relied solely on the statements expressly set forth herein and has placed no reliance whatsoever on any statement, representation, or promise of any other party, or any other person or entity, not expressly set forth herein, nor upon the failure of any other party or any other person or entity to make any statement, representation or disclosure of any matter whatsoever.

25.3 It is agreed that each Party has the full right and authority to enter into this Agreement, and that the person executing this Agreement on behalf of either Party has the full right and authority to fully commit and bind such Party to the provisions of this Agreement.

26. CAPTIONS

26.1 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement.

26.2 Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).
27. NON-WAIVER

27.1 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. In no event shall the making by City of any payment to Consultant constitute or be construed as a waiver by City of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by City shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

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

27.3 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City’s sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

28. COURT COSTS AND ATTORNEY FEES

In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the Party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants’ fees and expert witness fees, if any, and attorneys’ fees expended in such action. The venue for any litigation shall be Los Angeles County, California.

29. SEVERABILITY

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

30. GOVERNING LAW
This Agreement shall be governed and construed in accordance with the laws of the State of California.

31. COUNTERPARTS

This Agreement may be signed in any one or more counterparts all of which taken together shall be but one and the same Agreement. Any signed copy of this Agreement or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile or email transmission, shall for all purposes be treated as if it were delivered containing an original manual signature of the Party whose signature appears in the facsimile or email and shall be binding upon such Party in the same manner as though an originally signed copy had been delivered.

32. ENTIRE AGREEMENT

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

TO EFFECTUATE THIS AGREEMENT, the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“CITY”                   “CONSULTANT”                  
CITY OF PICO RIVERA   STRADLING, YOCCA, CARLSON & RAUTH

______________________________ ___________________________________
Steve Carmona, City Manager   Vanessa S. Legbandt, Shareholder

Dated: ________________________    Dated: _____________________________

ATTEST:  APPROVED AS TO FORM:

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

Dated: ________________________    Dated: _____________________________
February 23, 2021

Attorney-Client Privileged

Agreement No. 21-1990

Re: Engagement Letter and Contract for Legal Services

Dear Mr. Carmona:

Thank you for asking Stradling Yocca Carlson & Rauth (“we” or “us”) to provide legal services to the City of Pico Rivera (the “City”), the Successor Agency to the Pico Rivera Redevelopment Agency (the “Agency”), and the Pico Rivera Water Authority (the “Authority”; and together with the City and Agency, “you” or “Pico Rivera”) in connection with the proposed refunding of the outstanding Redevelopment Project No. 1 2001 Tax Allocation Refunding Bonds (the “2001 TABS”), the outstanding Revenue Bonds, 2001 Series A (the “2001 Water Bonds” and together with the 2001 TABS, the “Bonds”), and legal services in connection with the pass-through agreement (as amended, the “Pass-Through Agreement”), including outstanding amounts for which payment has been deferred, by and among the City, the Agency, and the County of Los Angeles (collectively, the “Matters”). This letter confirms the terms of our engagement.

1. Legal Services to be Provided. You are engaging us to provide legal services to you in connection with the Matters. If additional services are requested by you and agreed to by us, this letter will apply to such services, unless superseded by another written agreement. Any matter covered by this letter will conclude when our services are completed or when our relationship with you is terminated. Our representation is limited to the specific services that you request and that we have agreed to undertake. Unless otherwise agreed by us in writing, we will not provide any advice or legal services regarding insurance coverage or tax issues. You agree that you are not relying on us for accounting, business or investment decisions.

2. Identity of Client. We represent only the City, the Agency, and the Authority in this matter. We do not represent any other entity or person, including any other company, partnership, organization, director, officer, employee, member, shareholder, partner, agent or family member, in this matter. Any representation by us of such other entity or person will be established only in a separate written agreement.

4834-1285-1116v4/200201-0008
3. **Responsibilities of Attorney and Client.** Our responsibilities under this agreement are to provide the legal services described above. Your responsibilities are to be truthful with us, to keep us informed of all relevant developments as they occur, to cooperate in all reasonable requests by us, and to timely pay all retainers, fees and costs in this matter, including any fees and costs we incurred on your behalf before you signed this letter.

4. **Fees.** Unless otherwise agreed by you and us in writing, our fees are based on the amount of time each professional spends on a matter, multiplied by his or her hourly rate. We bill for all activities undertaken on a matter, including time spent conducting legal research, preparing and reviewing documents, preparing for and participating in telephone calls, meetings, court appearances or other proceedings, and traveling, both local and out of town. Each professional who confers on a matter or attends a meeting, court hearing or other proceeding will separately bill his or her time. Time is billed in .10-hour increments. Our current hourly rates for this type of matter range from $425 to $800, but we propose to bill at the hourly rates of $600 for Brian Forbath and Carol Lew, $550 for Vanessa Legbandt and other shareholders, $375 for associates and $150 for paralegals. Other professionals also may work on this matter. Our rate schedule is modified from time to time. Any new rates will be applied to you upon adoption and reflected on your next statement. By signing this letter, you acknowledge and consent to these fees and billing methods.

We will consider switching to a mutually-agreeable flat fee arrangement once the Agency has received Department of Finance approval for the proposed refunding of the 2001 TABS.

The City will be primarily responsible for payment of our fees in these Matters. The Agency or Authority may be able to pay or reimburse the City for our fees in the Matters, and at your direction, we will assist or cooperate with the Agency in obtaining reimbursement to the City or payment directly to us by the Agency from moneys distributed from the Agency’s Redevelopment Property Tax Trust Fund.

We will submit periodic statements to the City reflecting our fees and costs incurred to date; however, we will agree to defer payment of our fees incurred in connection with the repayment of deferred amounts under the Pass-Through Agreement and the proposed refunding of the Bonds until the earlier to occur of the following events: (1) termination of our engagement by the City, Agency or Authority; (2) closing for the issuance of bonds to refund any portion of the Bonds and/or the Pass-Through Agreement; or (3) July 1, 2021 (or such later date as is agreed to by us in writing).

5. **Costs.** You are responsible for all costs that we incur on your behalf, including for travel, parking, lodging, meals, long distance calls, process servers, filing fees, photocopying, legal databases, and postage. For outside costs, we may pay the costs and bill you for reimbursement, but we reserve the right to require you to pay such costs directly, particularly if the amount is $500 or more, which often occurs with consultants, experts, document production companies, court reporter services and other vendors. For internal costs, we typically bill at rates that exceed our actual cost. Our current rates for internal costs are: photocopies ($0.20/page); color copies ($0.35/page); outgoing faxes ($1.50/page); research databases (discounted vendor rate plus 50%); e-discovery support ($300/hour plus material costs); data conversion ($250/gigabyte plus material costs); word processing ($30/hour); staff overtime ($30/hour); and mileage (IRS rate). We may modify our
internal rates from time to time without advance notice to you. Any new rates will be applied to you upon adoption and reflected on your next statement.

6. **Statements.** We issue periodic statements that clearly state the basis of our fees and costs. Our statements typically summarize the services performed on a particular day in a single time entry for each professional, and give the type, amount and date of each expense. Each statement also identifies any amounts paid from a retainer. You may request a statement at intervals of not less than thirty days. If you do so, we will provide one within ten days, except as otherwise provided by law. If you do not request statements on a monthly basis as provided herein, you waive any objection that a statement is untimely or that it includes fees or costs for a period of greater than one month. By signing this letter, you acknowledge and agree to these billing methods.

7. **Payment.** Payment is due upon receipt of each statement unless deferred pursuant to Section 4 above. If a statement (for which payment is required by Section 4) is not paid in full within thirty days of the statement date, we have the right to terminate our representation of you. We also have the right to charge interest, at the rate of 10% per year, on all unpaid amounts, beginning thirty days after the statement date until payment. We apply payments first to accrued interest and then to amounts owed under our outstanding statements in chronological order. If we represent you in a litigation matter, all outstanding amounts must be paid in full at least sixty days before the trial or arbitration is scheduled to begin. By signing this letter, you acknowledge and consent to these payment terms.

8. **Termination.** Our representation of you may be terminated prior to the completion of our services upon written notice at any time for any reason by you or by us. If we represent you before a tribunal, our ability to withdraw may be subject to the tribunal’s approval. If so, the termination shall not take effect prior to the date such approval is given. You agree that the termination of our representation, whether by you, by us, or by a tribunal, does not remove your obligation to pay all amounts owed to us through the termination date, and any amounts incurred after that date, including fees and costs reasonably required to be incurred by us, as well as accrued interest. You also agree to sign any documents necessary to permit us to withdraw from our representation of you.

9. **Client File and Retention.** For each matter we maintain a file in which we place certain documents and items, including original documents, that are reasonably necessary to our representation in the matter. We keep each file for seven years after a matter concludes. The file belongs to the client and, subject to any protective order or non-disclosure agreement, the client may request to take possession of it once the matter concludes. Should all or any portion of the file become the subject of a subpoena, discovery request or other disclosure obligation (“Legal Process”) while in our possession, including after the matter concludes, you agree to pay our then-prevailing hourly rates and costs that we incur in connection with the Legal Process.

10. **Arbitration.** ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN OR AMONG YOU AND US (INCLUDING OUR PROFESSIONALS, EMPLOYEES AND AGENTS), WHETHER IN TORT, CONTRACT OR OTHERWISE, ARISING OUT OF OR IN ANY WAY RELATING TO THIS ENGAGEMENT LETTER OR ANY SERVICES THAT WE
PROVIDE, SHALL BE SUBMITTED TO BINDING ARBITRATION. BY AGREEING TO
ARBITRATE, YOU AGREE TO WAIVE YOUR RIGHT TO A JURY TRIAL. The arbitration
shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures
and shall be conducted in Orange County, California by one neutral arbitrator, who shall be a retired
judge or justice. If the dispute involves our fees or costs, you may elect to submit that portion of the
dispute to non-binding arbitration pursuant to California Business and Professions Code
Sections 6200-6206. Any such non-binding arbitration shall be administered by the Orange County
Bar Association under its Rules of Procedure for Mandatory Fee Arbitration. If any party rejects the
non-binding award, final resolution of the dispute shall take place pursuant to the binding arbitration
procedure with JAMS described above. Any court having jurisdiction may compel arbitration, grant
provisional remedies in aid of arbitration, and confirm, vacate or modify the arbitration award. You
consent to jurisdiction and venue in the state and federal courts located in Orange County,
California for these purposes. The prevailing party in any dispute resolved by arbitration shall
recover its costs and attorney’s fees from the non-prevailing party, except as otherwise provided by
law. This arbitration agreement shall be interpreted under the Federal Arbitration Act.

11. **No Guarantee of Result or Charges.** We do not guarantee any particular result or the
maximum amount of fees or costs you will incur. You acknowledge and agree that any comments
we make about potential outcomes or charges in this matter, including any timetables, budgets or fee
estimates, are expressions of opinion only, are neither promises nor guarantees, and are not binding.
If we represent you in a litigation matter, you may be required to pay the other side’s fees and costs.
Any such payment is your sole responsibility.

12. **Our Counsel.** We have both internal counsel and outside counsel who advise our
professionals about their ethical, professional and legal duties. From time to time, our professionals
may consult such counsel about this matter. You acknowledge that such consultations are protected
from disclosure to you by the attorney-client privilege between our counsel and us. You also agree
that any such communications are not part of your client file, and that you waive any right to obtain
discovery of those communications.

13. **Other Clients.** As a law firm with many diverse clients and practice areas, we seek to
retain the ability to accept unrelated matters for all of our clients. We thus request your informed
written consent that we may represent any other client in any future matter that is not substantially
related to this matter and does not involve material confidential information we obtained while
representing you in this matter. This consent would allow us to represent in such other matter any
party that is adverse to you in this matter, and would allow us to be adverse to you in another matter,
including litigation.

We represent the County of Los Angeles (the “County”) from time to time as bond and
disclosure counsel. The Matters include representation of Pico Rivera in negotiations with the
County relating to the Pass-Through Agreement and other matters. The City, Agency and
Authority hereby expressly consent to our representation of the County of Los Angeles and its
related entities from time to time in connection with financing matters and acknowledge that
we will be unable to represent you in connection with any litigation against the County.
We also represent the State of California and certain departments of the State as bond and disclosure counsel from time to time. The Matters may include discussions with the California Department of Finance in connection with the approval by the Department of Finance of the issuance of refunding bonds by the Agency and/or settlement terms relating to the Pass-Through Agreement. The City, Agency and Authority hereby expressly consent to our representation of the Department of Finance and its various departments and related entities from time to time in connection with financing matters and acknowledge that we will be unable to represent you in connection with any litigation against the Department of Finance.

We have represented, and may represent in the future, all of the significant underwriting firms and banks doing business in the State of California from time to time in connection with other specific municipal finance offerings. You expressly consent to such representation. In addition, we have in the past, and may in the future, represent other public agencies as bond or disclosure counsel on municipal finance offerings or in connection with employment, environmental, development, or other municipal law matters that are unrelated to the City’s financing.

In addition to the foregoing, other such matters could arise during our representation of you in this matter. However, that we confirm that we are not representing and will not represent any other party in connection with the Matters.

Under Rule 1.7(a) of the California Rules of Professional Conduct (a copy of which is attached to this letter), an attorney may not “represent a client if the representation is directly adverse to another client in the same or a separate matter” unless the attorney has the informed written consent of each client. As described above, our representation of Pico Rivera with respect to the Matters may be directly adverse to the County, the State of California, and various underwriters doing business in the State of California.

We are required to request a written confirmation from the City, Agency, and Authority that: (1) the facts set forth in this Section 13 have been disclosed; (2) you have been advised to seek independent counsel concerning the actual and potential conflicts of interest; (3) you have knowingly and voluntarily waived any and all actual or potential conflicts of interest in or relating to our representation of the City, Agency, and Authority; (4) you have knowingly and voluntarily waived any and all actual or potential conflicts of interest in or relating to our representation of the County, the State of California, and various underwriters who may provide services to the City, Agency and/or Authority; and, (5) you consent to our representation of the City, Agency, Authority, County, State of California, and such underwriters, in connection with the matters described herein.

You should feel free to consult independent counsel of your choice before deciding whether to grant this consent. By signing this letter, you represent and agree that you have had a reasonable opportunity to consult independent counsel, that you give informed written consent as specified herein, and that you will not seek to disqualify us from representing any other client in a matter permitted by this consent.
14. Publicity. You consent to our use of your name and logo (if applicable) on our website and in our marketing materials.

15. Client Communication. You hereby designate Steven Carmona, City Manager, to act on your behalf for this matter, and you authorize us to communicate with, and receive directions from, that person and any other person that you may designate in the future.

16. Authority to Sign. The person signing this letter on behalf of an entity represents that he or she has the full right and authority to do so, and to fully commit and bind that entity to this engagement letter.

17. Miscellaneous. This letter sets forth the entire agreement between you and us, and there is no other or additional understanding between you and us on these subjects. This agreement supersedes any prior agreements or representations, written or oral, between you and us on these subjects. Any modification or amendment to this agreement must be in a writing signed by you and us. This agreement shall be governed by California law without reference to its conflict of law principles. If any provision of this agreement is found to be invalid or unenforceable, that provision shall be deemed modified or removed so that it is valid and enforceable to the fullest extent of the law, and the other provisions of this agreement shall be unimpaired.

18. Effective Date. The effective date of this agreement is the earlier of the date you sign this letter or the date we first provide legal services to you in this matter. The date of this letter is for reference only.

If you agree with the above terms and conditions, please sign and return to me the enclosed copy of the signature page of this letter. If you have any questions about this letter, please feel free to ask me. In addition, you should feel free to consult independent counsel of your choice about the terms of this letter.

We look forward to working with you and thank you once again for the opportunity to be of service.

Very truly yours,

[Signature]

Vanessa S. Legbandt
STRADLING YOCCA CARLSON & RAUTH, P.C.
The undersigned has read and understands the foregoing letter, has had the opportunity to consult with independent counsel regarding this letter, accepts and agrees to all of the terms and conditions of this letter, and gives informed written consent consistent with the terms of this letter.

CITY OF PICO RIVERA

__________________________ __________________________________________
Date Steven Carmona, City Manager

SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY

__________________________ __________________________________________
Date Steven Carmona, Executive Director

PICO RIVERA WATER AUTHORITY

__________________________ __________________________________________
Date Steven Carmona, Executive Director
AGREEMENT NO. 21-1991
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF PICO RIVERA
AND NIXON PEABODY, LLP

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the City of Pico Rivera, a California municipal corporation ("City") and Nixon Peabody (Attorneys at Law), ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as a “Party” and collectively referred to as “Parties.”

2. RECITALS

2.1 City has determined that it requires professional services from a consultant to provide professional services.

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

NOW, THEREFORE, for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

3. DEFINITIONS

3.1 "Scope of Services": Such professional services as are set forth in the Scope of Services attached hereto as Exhibit “A” and incorporated herein by this reference.

3.2 “Approved Fee Schedule”: Such compensation rates as are set forth in the Scope of Services attached hereto as Exhibit “A.”

3.3 “Commencement Date”: February 25, 2021

3.4 “Expiration Date”: February 23, 2023

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the Parties or terminated in accordance with Section 22 below.

5. CONSULTANT’S SERVICES

5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such
changes mutually agreed upon by the Parties, and any corresponding increase or
decrease in compensation, shall be incorporated by written amendment to this
Agreement. **In no event shall the total compensation and costs payable to
Consultant under this Agreement exceed the sum of $45,000. Forty five thousand
dollars ($45,000) unless specifically approved in advance, in writing, by City.**

5.2 Consultant shall perform all work to the highest professional standards of
Consultant’s profession and in a manner reasonably satisfactory to City.

6. **COMPENSATION**

6.1 City agrees to compensate Consultant for the services provided under this
Agreement, and Consultant agrees to accept in full satisfaction for such services,
payment in accordance with the Approved Fee Schedule.

6.2 Consultant shall submit to City an invoice, on a monthly basis or less
frequently, for the services performed pursuant to this Agreement. Each invoice shall
itemize the services rendered during the billing period and the amount due. Within ten
(10) business days of receipt of each invoice, City shall notify Consultant in writing of any
disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of
each invoice, City shall pay all undisputed amounts included on the invoice. City shall
not withhold applicable taxes or other authorized deductions from payments made to
Consultant.

6.3 Payments for any services requested in writing by City and not included in the
Scope of Services shall be made to Consultant by City on a time-and-materials basis
using Consultant’s standard fee schedule. Fees for such additional services shall be paid
within sixty (60) days of the date Consultant issues an invoice to City for such services.

7. **BUSINESS LICENSE**

Consultant shall obtain a City business license prior to commencing performance
under this Agreement.

8. **COMPLIANCE WITH LAWS**

Consultant shall keep informed of State, Federal and Local laws, ordinances,
codes and regulations that in any manner affect those employed by it or in any way affect
the performance of its services pursuant to this Agreement. The Consultant shall at all
times comply with such laws, ordinances, codes, and regulations. Without limiting the
generality of the foregoing, if Consultant is an out-of-state corporation or LLC, it must be
qualified and registered to do business in the State of California pursuant to sections 2105
and 17708.02 of the California Corporations Code. The City, its officers and employees
shall not be liable at law or in equity occasioned by failure of Consultant to comply with
this Section.
9. CONFLICT OF INTEREST

Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both: (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute; and (ii) City has not consented in writing prior to Consultant’s performance of such work.

10. PERSONNEL

Consultant 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 Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant’s services under this Agreement, but City reserves the right, for good cause, to require Consultant to exclude any employee from performing services on City’s premises. Danny Kim, Partner shall be Consultant’s project administrator and shall have direct responsibility for management of Consultant’s performance under this Agreement. No change shall be made in Consultant’s project administrator without City’s prior written consent.

11. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material (“written products”) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant. If any state, federal, or local law requires mandatory copyright protection for Consultant’s work product, City shall comply with such laws to the extent feasible.

12. INDEPENDENT CONSULTANT

12.1 Consultant is, and shall at all times remain as to City, a wholly independent consultant. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant’s employees, except as set forth in this Agreement. Consultant shall not at any time represent that it is, or that any of its agents or employees are, in any manner employees of City. 12.2 The Parties further acknowledge and agree that nothing in this Agreement shall create or be construed to create a partnership, joint venture, employment
relationship, joint-employer relationship, or any other relationship between Consultant or Consultant’s employees except as set forth in this Agreement.

12.3 City shall have no direct or indirect control over Consultant’s employees or sub-consultants with respect to wages, hours, and working conditions. In addition, City shall not deduct from the Compensation paid to Consultant any sums required for Social Security, withholding taxes, FICA, state disability insurance or any other federal, state or local tax or charge which may or may not be in effect or hereinafter enacted or required as a charge or withholding on the compensation paid to Consultant, Consultant’s employees or subconsultants. City shall have no responsibility to provide Consultant, its employees or subconsultants with workers’ compensation insurance or any other insurance.

12.4 The Parties further acknowledges the following: (i) that Consultant shall provide the services outlined in the Scope of Services directly to City; (ii) Consultant maintains a business location at the address listed under Section 20 that is separate and distinct from the City; (iii) Consultant contracts with other businesses to provide the same or similar services and maintains a clientele without restriction from the City; (iv) Consultant advertises and holds itself out to the public as available to provide the same or similar services; (v) unless otherwise specified in this Agreement, Consultant provides its own tools, vehicles, and equipment necessary for performing the Scope of Services; (vi) Consultant has proposed and negotiated its own rates; and (vii) consistent with the nature and demands of the project and the City’s business hours, Consultant may set its own hours and location of work.

13. CONFIDENTIALITY

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data and any copies thereof shall be returned to City upon the termination or expiration of this Agreement.

14. NON-LIABILITY OF CITY OFFICIALS AND EMPLOYEES

No official or employee of the City shall be personally liable to Consultant in the event of any default or breach by City, or for any amount which may become due to Consultant.

15. INDEMNIFICATION

15.1 The Parties agree that City, 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 City. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant’s commitment to indemnify and protect City as set forth herein. Notwithstanding the foregoing, to the extent Consultant’s services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.2 To the full extent permitted by law, Consultant shall indemnify, hold harmless and defend City, 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 Consultant or any of its officers, employees, servants, agents, or subconsultants in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees. Notwithstanding the foregoing, to the extent Consultant’s Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

15.3 City shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant’s failure to pay City promptly any indemnification arising under this Section 15 or related to Consultant’s failure to either: (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers’ compensation laws.

15.4 The obligations of Consultant under this Section 15 will not be limited by the provisions of any workers’ compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

15.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 15 from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, 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 Consultant’s subconsultants or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys’ fees incurred by counsel of City’s choice and expert witness fees and consultant fees.

15.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, 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.

15.7 PERS ELIGIBILITY INDEMNITY. In the event that Consultant or any employee, agent, or subconsultant of Consultant 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 City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subconsultants, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subconsultants 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 City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

16. INSURANCE

16.1 During the term of this Agreement, Consultant 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 Consultant’s performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

16.1.1 Comprehensive general liability, and Umbrella or Excess Liability Insurance covering all operations by or on behalf of Consultant providing insurance for bodily injury liability and property damage liability for the following and including coverage for:

16.1.1.1 Premises, operations, and mobile equipment
16.1.1.2 Products and completed operations

16.1.1.3 Broad form property damage (including completed operations)

16.1.1.4 Explosion, collapse, and underground hazards

16.1.1.5 Personal Injury

16.1.1.6 Contractual liability

in the amount of One Million Dollars ($1,000,000) per occurrence combined single limit; Two Million Dollars ($2,000,000) aggregate for products/completed operation; Two Million Dollars ($2,000,000) general aggregate (General aggregate must apply separately to Consultant’s work under this Agreement.); and Five Million Dollars ($5,000,000) umbrella or excess liability.

16.1.2 Automobile Liability Insurance for owned, hired and non-owned vehicles utilized by Consultant, its employees or subconsultants, in the amount of One Million Dollars ($1,000,000) per accident for bodily injury and property damage.

16.1.3 Worker’s Compensation Insurance as required by the laws of the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

16.1.4 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) per occurrence of claim/ Two Million Dollars ($2,000,000) in the aggregate.

16.2 Consultant shall require each of its subconsultants, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

16.3 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.

16.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either: (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant’s expense, the premium thereon.

16.5 At all times during the term of this Agreement, Consultant shall maintain on file with City’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 City as an additional insured. Consultant shall,
prior to commencement of work under this Agreement, file with City’s Risk Manager such certificate(s).

16.6 Consultant 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. Consultant shall provide such proof to City at least two weeks prior to the expiration of the coverages.

16.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City, 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 City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word “endeavor” with regard to any notice provisions.

16.8 The general liability and automobile policies of insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant’s insurance and shall not contribute with it.

16.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant’s employees, agents or subconsultants, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.

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

16.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant’s liability or as full performance of Consultant’s duties to indemnify, hold harmless and defend under Section 15 of this Agreement.

16.12 If Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

17. MUTUAL COOPERATION

17.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available to City for the proper performance of Consultant’s services under this Agreement.
17.2 In the event any claim or action is brought against City relating to Consultant’s performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require.

18. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

19. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

20. NOTICES

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

If to City:
Steve Carmona, City Manager
City of Pico Rivera
PO Box 1016
6615 Passons Blvd.
Pico Rivera, California 90660-1016
Facsimile: (562) 801-4765

If to Consultant:
Danny Kim, Partner
Nixon Peabody LLP
300 S. Grand Avenue,
Suite 4100
Los Angeles, CA 90071-3151
Phone: (213) 629-6000

With a courtesy copy to:
Arnold M. Alvarez-Glasman, City Attorney
13181 Crossroads Parkway North
Suite 400 - West Tower
City of Industry, CA 91746
Facsimile: (562) 692-2244
21. **SURVIVING COVENANTS**

The Parties agree that the covenants contained in Sections 13, 15 and Paragraph 17.2 of Section 17, of this Agreement shall survive the expiration or termination of this Agreement.

22. **TERMINATION**

22.1. City shall have the right to terminate this Agreement for any reason on five (5) calendar days’ written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days’ written notice to City. The effective date of termination shall be upon the date specified in the notice of termination. Consultant agrees that in the event of such termination, City’s obligation to pay Consultant shall be limited to payment only for those services satisfactorily rendered, as solely determined by the City, prior to the effective date of termination. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

22.2 If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed, as solely determined by the City, at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

23. **ASSIGNMENT**

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City’s prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any Party other than Consultant.

24. **NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY**

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

24.2 Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant state either that it is an equal opportunity employer or that all qualified applicants will receive consideration for employment without regard to race,
color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

24.3 Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement except contracts or subcontracts for standard commercial supplies or raw materials.

25. WARRANTIES

25.1 Each Party has received independent legal advice from its attorneys with respect to the advisability of entering into and executing this Agreement, or been provided with an opportunity to receive independent legal advice and has freely and voluntarily waived and relinquished the right to do so. Each Party who has not obtained independent counsel acknowledges that the failure to have independent legal counsel will not excuse such Party’s failure to perform under this Agreement.

25.2 In executing this Agreement, each Party has carefully read this Agreement, knows the contents thereof, and has relied solely on the statements expressly set forth herein and has placed no reliance whatsoever on any statement, representation, or promise of any other party, or any other person or entity, not expressly set forth herein, nor upon the failure of any other party or any other person or entity to make any statement, representation or disclosure of any matter whatsoever.

25.3 It is agreed that each Party has the full right and authority to enter into this Agreement, and that the person executing this Agreement on behalf of either Party has the full right and authority to fully commit and bind such Party to the provisions of this Agreement.

26. CAPTIONS

26.1 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement.

26.2 Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

27. NON-WAIVER

27.1 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or
condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. In no event shall the making by City of any payment to Consultant constitute or be construed as a waiver by City of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by City shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

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

27.3 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City’s sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

28. COURT COSTS AND ATTORNEY FEES

In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the Party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants' fees and expert witness fees, if any, and attorneys' fees expended in such action. The venue for any litigation shall be Los Angeles County, California.

29. SEVERABILITY

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

30. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of California.
31. COUNTERPARTS

This Agreement may be signed in any one or more counterparts all of which taken together shall be but one and the same Agreement. Any signed copy of this Agreement or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile or email transmission, shall for all purposes be treated as if it were delivered containing an original manual signature of the Party whose signature appears in the facsimile or email and shall be binding upon such Party in the same manner as though an originally signed copy had been delivered.

32. ENTIRE AGREEMENT

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

TO EFFECTUATE THIS AGREEMENT, the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“CITY” “CONSULTANT”
CITY OF PICO RIVERA NIXON PEABODY, LLP

______________________________ ___________________________________
Steve Carmona, City Manager Danny Kim, Partner
Dated: ________________________ Dated: _____________________________

ATTEST: APPROVED AS TO FORM:

______________________________ _________________________________
Anna M. Jerome, City Clerk Arnold M. Alvarez-Glasman, City Attorney
Dated: ________________________ Dated: _____________________________
Agreement No. 21-1991

February 25, 2021

Mr. Steven Carmona  
City Manager  
City of Pico Rivera  
6615 Passons Boulevard  
Pico Rivera, California  90660

RE: Agreement For Legal Services

Dear Mr. Carmona:

We are pleased that you have asked Nixon Peabody LLP (the “Firm”) to provide legal services to City of Pico Rivera.

This letter and the accompanying Terms and Conditions of Engagement, which are incorporated herein by reference, describe the basis on which the Firm will provide those services. In addition, this letter and enclosure include specific details that are required to be set forth in writing by the ethics rules pursuant to which we practice. It is preferable to put all of these details in writing so that our role and responsibilities are completely understood and agreed to at the commencement of our engagement.

Our client in this matter will be City of Pico Rivera and its related entities (hereinafter, “you”). Our representation of you does not give rise to an attorney-client relationship between us and any of your affiliates or constituents (such as shareholders, members, partners, officers, directors or employees), and you also agree that you will not give us confidential information regarding your affiliates or constituents during the course of our representation of you. Accordingly, our representation of you in this matter will not give rise to any conflict of interest in the event one of our other clients is adverse to you or any of your constituents.

We will advise you solely as disclosure counsel in connection with the 2021 Tax Allocation Bond Restructure and any other transaction you may determine from time to time (the “Transaction”). We will prepare, negotiate and revise documentation required to consummate the Transaction. You may limit or expand the scope of our representation from time to time, provided that we will not substantially expand the scope of our representation without a further written agreement.
We believe in utilizing lawyers, legal assistants and other professional staff with levels of experience and expertise appropriate to each aspect of the engagement. We expect that the principal attorney involved in this engagement will be me. I will be the “Client Attorney” with overall responsibility for managing the relationship, and should be viewed as your contact in the event of questions or concerns, particularly as they relate to service and billing matters.

Our fees are as follows:

<table>
<thead>
<tr>
<th>Water Bonds*</th>
<th>TAB*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$45,000</td>
<td>$45,000</td>
</tr>
</tbody>
</table>

* Includes out-of-pocket expenses.

These fees assume that the transaction would proceed in due course and would not involve extraordinary complications or delays, unexpected tax complications, or litigation or threatened litigation challenging the issuance or validity of the bonds. These quotes also assume one series of bonds and a single credit. In the event the bonds are secured by both water revenues and tax increment revenues, we would charge an additional 50% or such other amount as mutually agreeable. We request an opportunity to discuss modifications of our fees commensurate with the complexity of the financing to the extent they are unforeseeable.

It is our understanding that fees for any future transactions will be established at the time we are engaged by you on such additional Transaction.

The Firm represents and in the future will represent many other clients. Some may be your direct competitors or otherwise may have business interests that are contrary to your interests. It is even possible that, during the time we are working for you, an existing or future client may seek to engage us in connection with an actual or potential transaction or pending or potential litigation or other dispute resolution proceeding in which such client’s interests are or potentially may become adverse to your interests.

The Firm cannot enter into this engagement if it could interfere with our ability to represent existing or future clients who develop relationships or interests adverse to you. We therefore ask you to confirm that the Firm may continue to represent or may undertake in the future to represent any existing or future client in any matter (including but not limited to transactions, litigation or other dispute resolutions), even if the interests of that client in that other matter are directly adverse to the Firm’s representation of you, as long as that other matter is not substantially related to this or our other engagements on your behalf. In the event of our representation of another client in a matter directly adverse to you, however, the Firm’s lawyers or other service providers who have worked with you will not work for such other client, and appropriate measures will be taken to assure that proprietary or other confidential information of
a non-public nature concerning you acquired by the Firm as a result of our representation of you will not be transmitted to our lawyers or others in the Firm involved in such matter.

In other words, we request that you confirm that (1) no engagement that we have undertaken or may undertake on your behalf will be asserted by you either as a conflict of interest with respect to, or as a basis to preclude, challenge or otherwise disqualify the Firm from, any current or future representation of any client in any matter, including without limitation any representations in negotiations, transactions, counseling or litigation adverse to you, as long as that other matter is not substantially related to any of our engagements on your behalf, (2) you hereby waive any conflict of interest that exists or might be asserted to exist and any other basis that might be asserted to preclude, challenge or otherwise disqualify the Firm in any representation of any other client with respect to any such matter, (3) you have been advised by the Firm, and have had the opportunity to consult with other counsel, with respect to the terms and conditions of these provisions and its prospective waiver, (4) your consent to these provisions is both voluntary and fully informed, and (5) you intend for your consent to be effective and fully enforceable, and to be relied upon by the Firm.

You have the right to repudiate this waiver should you later decide that it is no longer in your interest. However, if we have acted in reliance on the waiver, we may have the right—and possibly a duty, under the applicable rules of professional conduct—to withdraw from representing you.
Please sign and return to me the enclosed copy of this letter in order to confirm that it accurately reflects the scope, terms and conditions with respect to this engagement. However, please note that your instructing us or continuing to instruct us on this matter will constitute your full acceptance of the terms set out above and attached. If you would like to discuss any of these matters, please give me a call. We appreciate your decision to retain us in this matter and very much look forward to the opportunity of working with you.

Sincerely,

Danny Kim
of Nixon Peabody LLP

The undersigned has read and understands the above letter and enclosure, and accepts and agrees to all of their terms and conditions.

______________________________
Date

City of Pico Rivera

By: ______________________________
Name: __________________________
Title: ___________________________
TERMS AND CONDITIONS OF ENGAGEMENT

This document and the accompanying letter set forth the terms and conditions under which you are engaging Nixon Peabody LLP to provide legal services.

TERM OF ENGAGEMENT

You may terminate our representation at any time upon reasonable notice, and we retain that right as well, subject on our part to the applicable rules of professional conduct. Your termination of our services will not affect your responsibility to pay for legal services rendered and charges incurred during the representation. In the event that we have devoted no time to this matter for any three consecutive months, then you agree we may conclude that the engagement has terminated as of the last date on which we performed services related thereto. In the event that we terminate the engagement, we will take such steps as are reasonably practicable to protect your interests in this matter. If permission for withdrawal is required by a court, we will promptly apply for such permission, and you agree to engage successor counsel to represent you. In the event that our representation is terminated, you agree to pay all invoices thereafter rendered covering the period prior to the termination and covering an orderly transition of the matter.

CONCLUSION OF REPRESENTATION; RETENTION AND DISPOSITION OF DOCUMENTS

Unless previously terminated, our representation of you will terminate upon our sending you our final invoice for services rendered in this matter. Following such termination, any otherwise non-public information you have supplied to us will be kept confidential in accordance with the applicable rules of professional conduct. Upon request, your papers and property will be available for you to pick up at our office or shipped to you at your expense. Our own files pertaining to the matter, which may include copies of your papers, will be retained by the Firm. You agree that Firm administrative records; time and expense reports; personnel and staffing materials; credit and accounting records; and the documents containing our attorney work product, mental impressions, notes, drafts of documents and legal and factual research, including investigatory reports, shall be and remain Firm property and shall not be considered part of your client file. In addition, electronic documents such as our internal e-mails, documents containing or reflecting our internal deliberations or self-evaluations, and our internal databases shall be and remain Firm property and shall not be considered part of your client file. All such documents retained by the Firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the elimination of storage expenses, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement. In any event, all
documents and other materials in our file may be discarded or destroyed, without further notice to you, at any time after the seven (7) year anniversary of the conclusion of our engagement.

CLIENT RESPONSIBILITIES

You agree to pay our invoices for services and expenses upon receipt as provided in the accompanying letter. In addition, you agree to be candid and cooperative with us and to keep us informed with complete and accurate factual information, documents and other communications relevant to the subject matter of our representation or otherwise reasonably requested by us. Your Comprehensive General Liability or other liability insurance may provide some reimbursement for liability or defense costs in this matter. We urge you to contact your insurer or broker to determine the nature and extent of the applicable coverage, if any. Unless otherwise agreed in writing, it is your responsibility to pay the Firm for services rendered and to obtain reimbursement from your insurer. Upon either reasonable anticipation or actual notice of litigation, a party has a duty to take affirmative steps to preserve all potentially relevant evidence. As such, you may be required to preserve and produce electronically stored information such as e-mails, word processing documents, spreadsheets, and so forth as part of discovery.

CONSULTATION WITH FIRM COUNSEL

The Firm represents many clients in a great number of complex matters. From time to time, questions arise as to our duties under the professional conduct rules. These might include, for example, conflicts of interest and issues arising from a dispute between us and a client over the handling of a matter. When such issues arise, we seek the advice of our general counsel or loss prevention partners who are expert in such matters. We consider such consultations to be attorney-client privileged communications between Firm personnel and counsel for the Firm. In recent years, some judicial decisions indicate that under some circumstances such communications may not be privileged. We believe that it is in our clients’ interest, as well as ours, that in the event legal ethics or other issues arise during a representation, we receive expert analysis and advice as to our obligations to you. Accordingly, as part of our retention agreement, you agree that if we determine in our own discretion during the course of the representation that it is either necessary or appropriate to consult with the Firm’s internal or outside counsel, we have your consent to do so and that our representation of you will not waive any attorney-client privilege that we may have to protect the confidentiality of our communications with our counsel.

CHARGES IN ADDITION TO FEES

We will include on our invoices separate charges for services such as duplicating, messenger and delivery, travel, word processing, computer research, and filing fees. These charges will
generally be billed at actual cost. Some charges will include an allocation of overhead directly associated with the service provided. Fees and expenses of other providers (such as consultants, appraisers, and local counsel) generally will not be paid by us, but will be billed directly to you. Detailed information on our policy for charges and disbursements is available upon request.

**BILLING ARRANGEMENTS AND PAYMENT TERMS**

Except as otherwise agreed upon, invoices will be rendered monthly for work performed and expenses recorded on our books during the previous month; provided, however, that failure to provide an invoice for any given month will not reduce or remove your obligation to pay upon receipt of our invoice. Payment is due promptly upon receipt of our invoice. If an invoice is not paid in full within 30 days of being issued, we reserve the right to charge interest monthly on the unpaid balance. If any invoice remains unpaid for more than 60 days, we reserve the right to withdraw from representing you and may suspend performing services for you until satisfactory arrangements have been made.

**POST-ENGAGEMENT MATTERS**

You are engaging the Firm to provide legal services in connection with a specific matter. After completion of the matter, changes may occur in applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you engage us after completion of the matter to provide additional advice on issues arising from the matter, the Firm has no continuing obligation to advise you with respect to future legal developments. In addition, unless you and the Firm agree in writing to the contrary, we will have no obligation to monitor renewal or notice dates or similar deadlines which may arise from the matter for which we had been engaged.

**AGREEMENT MODIFICATIONS**

If you have any comments or questions concerning the terms of this engagement, or if you would like to discuss possible modifications, please do not hesitate to call your Client Attorney. Any revisions made to the agreement will be effective upon written notice of the revisions, following our approval.
<table>
<thead>
<tr>
<th>COUNCIL MEETING DATE</th>
<th>COUNCIL MEMBER</th>
<th>REQUEST</th>
<th>DEPARTMENT</th>
<th>ACTION TAKEN: Memo; Staff Report; Closed Session; Presentation; Follow-up Meeting</th>
<th>DISCUSSION ITEM</th>
<th>ACTION ITEM DATE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/23/2021</td>
<td>Lara</td>
<td>Suggested placing Good of the Order on website</td>
<td>City Clerk</td>
<td>Add to agenda when posting</td>
<td></td>
<td>3/9/2021</td>
<td>On-going</td>
</tr>
<tr>
<td></td>
<td>Elias</td>
<td>Would like Chandler Asset Management to provide a presentation</td>
<td>Finance</td>
<td>Presentation</td>
<td></td>
<td>3/9/2021</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>Elias</td>
<td>Item No. 4 Mercury Public Affairs - Requested presentation on progress</td>
<td>Admin</td>
<td>Presentation - Closed Session</td>
<td></td>
<td>4/13/2021</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Elias</td>
<td>Item No. 3 NASA requested annual audit from vendor and to survey the residents regarding services</td>
<td>Sustainability Division</td>
<td>Memo/Presentation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3/9/2021</td>
<td>Lara</td>
<td>Suggested using interns to assist city's Case Worker</td>
<td>Parks &amp; Rec</td>
<td>Refer to Health Ad Hoc Comm.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Elias</td>
<td>Suggested printing the Profile in both English &amp; Spanish</td>
<td>Parks &amp; Rec</td>
<td>Follow-up next month April</td>
<td></td>
<td>4/13/2021</td>
<td></td>
</tr>
<tr>
<td>3/23/2021</td>
<td>Camacho</td>
<td>Cleanup of railroads</td>
<td></td>
<td>Referred to Economic and Development Ad Hoc Comm.</td>
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<tr>
<td></td>
<td>Elias</td>
<td>Code Violations - hoarding abatement turnaround</td>
<td>CED</td>
<td>Memo</td>
<td></td>
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<tr>
<td></td>
<td>Lara</td>
<td>Requested best practices for transparency on agenda reports pertaining to RFPs and bids (matrix comparisons)</td>
<td>Public Works</td>
<td>Future Staff reports</td>
<td></td>
<td></td>
<td>On-going</td>
</tr>
<tr>
<td></td>
<td>Lara</td>
<td>Vote of no confidence for LA District Attorney for discussion and vote next meeting</td>
<td>City Attorney</td>
<td>Staff report</td>
<td></td>
<td>4/13/2021</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lutz</td>
<td>Fitness stations at parks - next meeting discuss funding</td>
<td>Parks &amp; Rec</td>
<td>Staff report</td>
<td></td>
<td>4/13/2021</td>
<td></td>
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<tr>
<td></td>
<td>Lutz</td>
<td>Suggested implementing Dog parks</td>
<td>Parks &amp; Rec</td>
<td>Refer to Parks &amp; Rec Commission</td>
<td></td>
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<td></td>
<td>Sanchez</td>
<td>Requested information on group homes - CED will provide report</td>
<td>CED</td>
<td>Memo</td>
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