CITY OF ONTARIO

Regular City Council/Housing Authority/Successor Agency to the Ontario Redevelopment Agency/Ontario Public Financing Authority Meeting
MAY 17, 2022

City Hall
303 East B Street, Ontario, CA 91764

MAYOR PAUL S. LEON • MAYOR PRO TEM ALAN D. WAPNER
COUNCIL MEMBERS JIM W. BOWMAN, DEBRA DORST-PORADA AND RUBEN VALENCIA

CITY CLERK SHEILA MAUTZ • TREASURER JAMES R. MILHISER
CITY MANAGER SCOTT OCHOA • CITY ATTORNEY RUBEN DURAN

WELCOME TO A MEETING OF THE ONTARIO CITY COUNCIL

All documents for public review are on file with the Records Management/City Clerk's Department located at 303 East B Street, Ontario, CA 91764.

Anyone wishing to speak in person during public comment or on a particular item will be required to fill out a blue slip. Blue slips must be turned in prior to public comment beginning or before an agenda item is taken up. The Clerk will not accept blue slips after that time. To comment by email, submit your comments no later than 4:00 p.m. on the day of the meeting by emailing your name, agenda item you are commenting on and your comments to publiccomments@ontarioca.gov. All comments received by the deadline will be forwarded to the City Council for consideration before action is taken on the matter and will be entered into the record.

Comments will be limited to 3 minutes. Speakers will be alerted when they have 1 minute remaining and when their time is up. Speakers are then to return to their seats and no further comments will be permitted.

In accordance with State Law, remarks during public comment are to be limited to subjects within Council's jurisdiction. Remarks on other agenda items will be limited to those items.

Remarks from those seated or standing in the back of the chamber will not permitted. All those wishing to speak including Council and Staff need to be recognized by the Chair before speaking.

WEARING A MASK DURING THE PUBLIC MEETING IS STRONGLY ENCOURAGED.

If you need special assistance or accommodations to participate in this meeting, please contact the City Clerk's office at 909-395-2009. Notification of 48 hours prior to the meeting will help the City make reasonable arrangements. Equipment for the hearing impaired is available in the Records Management Office.

ORDER OF BUSINESS

The regular City Council/Housing Authority/Successor Agency to the Ontario Redevelopment Agency/Ontario Public Financing Authority meeting begins with Closed Session and Closed Session Comment at 5:30 p.m., Public Comment at 6:30 p.m. immediately followed by the Regular Meeting and Public Hearings. No agenda item will be introduced for consideration after 10:00 p.m. except by majority vote of the City Council. (EQUIPMENT FOR THE HEARING IMPAIRED AVAILABLE IN THE RECORDS MANAGEMENT DEPARTMENT).

CALL TO ORDER *(OPEN SESSION)*

ROLL CALL

Wapner, Bowman, Dorst-Porada, Valencia, Mayor/Chairman Leon

CLOSED SESSION PUBLIC COMMENT

The Closed Session Public Comment portion of the Council/Housing Authority meeting is limited to a maximum of 3 minutes for each speaker and comments will be limited to matters appearing on the Closed Session. Additional opportunities for further Public Comment will be given during and at the end of the meeting.

CLOSED SESSION

GC 54956.9(d)(1), CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Chino Basin Municipal Water District v. City of Chino et al., San Bernardino Superior Court Case No. RCV51010

GC 54956.9(d)(4), CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION: Two (2) Cases

GC 54956.9 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - City of Ontario v. Joseph A. Garcia, San Bernardino Case No. CIVDS2010355

GC 54956.9(d)(1), CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION City of Ontario v. We Buy Houses Any Condition, LLC, San Bernardino Superior Court Case No. CIVSB2111984

ATTACHMENT: 20220517 Closed Session

PLEDGE OF ALLEGIANCE

Council Member Dorst-Porada

INVOCATION

Pastor Pete Edwardson, Calvary Baptist Church

REPORT ON CLOSED SESSION

City Attorney

PUBLIC COMMENTS **6:30 P.M.**

The Public Comment portion of the Council/Housing Authority meeting is limited to 30 minutes with each speaker given a maximum of 3 minutes. An opportunity for further Public Comment may be given at the end of the meeting. Under provisions of the Brown Act, Council is prohibited from taking action on oral requests.

To comment by email, submit your comments by email no later than 4:00 p.m. on the day of the meeting by emailing your name, agenda item you are commenting on and your comment to publiccomments@ontarioca.gov. All Comments received by the deadline will be forwarded to the City Council for consideration before action is taken on the matter and entered into the record. As previously noted -- if you wish to address the Council, fill out one of the blue slips at the rear of the chambers and give it to the City Clerk.

AGENDA REVIEW/ANNOUNCEMENTS

The City Manager will go over all updated materials and correspondence received after the Agenda was distributed to ensure Council Members have received them. He will also make any necessary recommendations regarding Agenda modifications or announcements regarding Agenda items to be considered.

SPECIAL CEREMONIES

- **TWENTY-SECOND ANNUAL MODEL COLONY AWARDS**

That the City Council present the 2022 "Model Colony" Awards for Historic Preservation.

CONSENT CALENDAR

All matters listed under CONSENT CALENDAR will be enacted by one motion in the form listed below – there will be no separate discussion on these items prior to the time Council votes on them, unless a member of the Council requests a specific item be removed from the Consent Calendar for a separate vote.

Each member of the public wishing to address the City Council on items listed on the Consent Calendar will be given a total of 3 minutes.

---

1. APPROVAL OF MINUTES

Minutes for the regular meetings of the City Council and Housing Authority of April 19, 2022, and approving the same as on file in the Records Management Department.

ATTACHMENT: 20220419 Minutes (Not official until approved).pdf

2. BILLS & PAYROLL

Bills April 15, 2022 through April 28, 2022, and Payroll April 10, 2022 through April 23, 2022 when audited by the Finance Committee.

3. AUTHORIZE THE PURCHASE OF EMERGENCY GENERATORS FOR ONTARIONET POINT-OF-PRESENCE FACILITIES

That the City Council approve and authorize the City Manager to award Bid Number 1511 for the purchase and delivery of Emergency Generators in the amount not to exceed $150,000 from Bay City Equipment Industries, Inc. of Rancho Cucamonga, California.

4. AN ORDINANCE ADDING CHAPTER 33 TO TITLE 5 OF VOLUME I TO THE ONTARIO MUNICIPAL CODE, ESTABLISHING A PUBLIC ART PROGRAM, ESTABLISHING A PUBLIC ART ADVISORY COMMITTEE, AND INCLUDING A DEVELOPMENT FEE TO SUPPORT PUBLIC ART, AND FINDING THE ACTION EXEMPT FROM CEQA

That the City Council consider and take action in adding Chapter 33 to Title 5 of Volume I to the Ontario Municipal Code relating to: establishing a Public Art Program, establishing a Public Art Advisory Committee, and a development fee to support public art.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ADDING CHAPTER 33 TO TITLE 5 OF VOLUME I TO THE ONTARIO MUNICIPAL CODE, ESTABLISHING A PUBLIC ART PROGRAM, ESTABLISHING A PUBLIC ART ADVISORY COMMITTEE, AND INCLUDING A DEVELOPMENT FEE TO SUPPORT PUBLIC ART, AND FINDING THE ACTION EXEMPT FROM CEQA.

ATTACHMENT: 20220517 Public Art Fee 01^ORD^RM

5. POLICY FOR NAMING OF ONTARIO CITY LIBRARY FACILITIES, ROOMS, OR COLLECTIONS

That the City Council adopt the Administrative Policy for naming of Ontario Library facilities, rooms, or collections.

ATTACHMENT: 20220517 - Library Facility Naming Policy

6. A RESOLUTION APPROVING A PURCHASE AND SALE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE ONTARIO REDEVELOPMENT AGENCY AND HDC CONSTRUCTION, INC. IN ACCORDANCE WITH GOVERNMENT CODE SECTION 37350 ET. SEQ.

That the Agency Board adopt a Resolution approving a Purchase and Sale Agreement ("Agreement") between the Successor Agency to the Ontario Redevelopment Agency ("Successor Agency") and HDC Construction, Inc., ("Developer") of Ontario, California (on file with the Records Management Department); and authorize the Executive Director to execute the Agreement and all other documents required for implementation of the Agreement.

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE ONTARIO REDEVELOPMENT AGENCY OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING A PURCHASE AND SALE AGREEMENT WITH HDC CONSTRUCTION, INC. FOR THE PURCHASE OF 213 NORTH FERN AVENUE.

ATTACHMENT: 20220517 HDC Construction 213 North Fern ^1 EXH A.pdf
ATTACHMENT: 20220517 HDC Construction 213 North Fern 02^RESO^RM

7. AN AMENDMENT TO THE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDED DOWNTOWN FACADE IMPROVEMENT PROGRAM GUIDELINES

That the City Council consider and approve the adoption of the amended Community Development Block Grant funded Downtown Facade Improvement Program Guidelines.

ATTACHMENT: 20220517 Amended Downtown Facade Improvement Program Guidelines^ Attachment A
ATTACHMENT: 20220517 Proposed Facade Improvement Program Area Map^ Attachment B
ATTACHMENT: 20220517 Original Facade Improvement Program Area Map

8. A RESOLUTION REGARDING FOURTH AMENDMENT TO OPERATING COVENANT AND TAX SHARING AGREEMENT (EXCLUSIVELY VOLVO) BETWEEN THE CITY OF ONTARIO AND G.H.N., INC

That the City Council take the following actions:

A. Adopt a Resolution approving the Fourth Amendment to the Operating Covenant and Tax Sharing Agreement (Exclusively Volvo), (on file with the Records Management Department) by and between the City of Ontario and G.H.N, Inc. hereafter referred to as "Dealer", and authorizing the City Manager to execute the Agreement, and making related findings; and
B. Direct City Staff to file a Notice of Exemption based upon the City Council's finding that the impacts for this Agreement is not a project and subject to environmental review and that there is no possibility that the activity in question may have a significant effect on the environment.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING THE FOURTH AMENDMENT TO OPERATING COVENANT AND TAX SHARING AGREEMENT (EXCLUSIVELY VOLVO) BETWEEN THE CITY OF ONTARIO AND G.H.N., INC.

ATTACHMENT: 20220517 Approving 4th Amendment to OCA Exclusively Volvo^RESO^RM

ATTACHMENT: Fourth Amendment to Operating Covenant and Tax Sharing Agreement; Exclusively Volvo.pdf

9. AN INCREASE IN THE TOTAL AUTHORIZED EXPENDITURE FOR THE CONSTRUCTION CONTRACT FOR THE 2021 SPRING ALLEY CDBG PAVEMENT REHABILITATION PROJECT

That the City Council approve an increase of $40,000 in the total authorized expenditure for the construction contract with Onyx Paving Company, Inc. of Anaheim, California (Contractor) for the 2021 Spring Alley Community Development Block Grant (CDBG) Pavement Rehabilitation Project, resulting in a revised total authorized expenditure of $639,500.

ATTACHMENT: Alley Exhibits.pdf

10. RECOGNITION OF "HISTORIC PRESERVATION MONTH" IN THE CITY OF ONTARIO

That the City Council Proclaim the Month of May 2022 as “Historic Preservation Month” in the City of Ontario.

ATTACHMENT: 20220517 Historic Preservation Month Proclamation

11. APPROVAL FOR LEASE FOR A LEICA LASER SCANNER WITH GREATAMERICA FINANCIAL SERVICES CORPORATION

That City Council approve a second five-year $81,471 lease with GreatAmerica Services Corporation regarding a Precision Leica RTC360 Forensic Mapping Laser Scanner for the Police Department’s Forensics Division.

12. A CONSTRUCTION CONTRACT FOR THE REPLACEMENT AND INSTALLATION OF FLOORING AT THE SENIOR CENTER

That the City Council take the following actions:

A. Authorize the City Manager to execute a cooperative purchasing construction contract (Sourcewell Contract #080819-SII on file with the Records Management Department) with Shaw Industries Inc. of Dallas, Texas, for the replacement and installation of new flooring at the Senior Center in the amount of $121,682.74 with a 10% contingency of $12,168.00 for a total amount not to exceed of $133,850.74.
B. Authorize the City Manager to execute said contract and authorize the filing of the notice of completion at the conclusion of all construction activities related to the project.

13. A CONSTRUCTION CONTRACT FOR THE OVITT FAMILY COMMUNITY LIBRARY ROOF RESTORATION

That the City Council take the following actions:

A. Award Bid No. 1505 and approve a Construction Contract with Letner Roofing Company located in Orange, California, for the roof restoration of the new Tremco Roof

Application System (on file with Records Management) at the Ovitt Family Community Library for an amount of $830,700, plus a contingency of $32,128 for a total amount of $862,828;

B. Authorize the City Manager to execute said contract; and

C. Authorize the filing of the notice of completion at the conclusion of all construction activities related to the project.

14. AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR ENGINEERING DESIGN SERVICES FOR THE COMPRESSED NATURAL GAS COMPRESSOR REPLACEMENT AND UPGRADE PROJECT

That the City Council authorize the City Manager to execute Amendment No. 3 (on file in the Records Management Department) to the Professional Service Agreement with STV Energy Services, Inc. of Douglassville, Pennsylvania for engineering services for the City's Compressed Natural Gas (CNG) Compressor Replacement and Upgrade Project, adding $34,690 for a revised total contract amount of $188,320.

15. AN AMENDMENT TO THE EQUIPMENT PURCHASE AGREEMENT WITH MCLAUGHLIN WASTE EQUIPMENT, INC. FOR COMMERCIAL BIN CONTAINERS

That the City Council authorize the City Manager to execute Amendment No. 3 to the existing Equipment Purchase Agreement with McLaughlin Waste Equipment, Inc. of Galt, California (on file in the Records Management Department) for the procurement of commercial bin containers in an amount not to exceed $2,900,000.

16. AN AMENDMENT TO THE EQUIPMENT PURCHASE AGREEMENT WITH MCLAUGHLIN WASTE EQUIPMENT, INC. FOR ROLL-OFF CONTAINERS AND PARTS

That the City Council authorize the City Manager to execute Amendment No. 1 to the existing Equipment Purchase Agreement with McLaughlin Waste Equipment, Inc. of Galt, California (on file in the Records Management Department) for the procurement of roll-off containers in an amount not to exceed $1,480,000.

17. PROCLAMATION OF MAY 21, 2022 AS KIDS TO PARKS DAY

That the City Council proclaim May 21, 2022 as Kids to Parks Day in the City of Ontario.

ATTACHMENT: 20220517 - Kids to Parks Day - Proclamation.doc

18. AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR INTEGRATED PROJECT CONTROLS, ASSESSMENT, AND REPORTING SERVICES

That the City Council approve and authorize the City Manager or his designee to execute Amendment No. 2 to the Professional Services Agreement (on file in the Records Management Department) with CAPO Project Group, LLC., of San Clemente, California, in the amount of $200,000, increasing the not-to-exceed amount from $99,835 to $299,835 and extending the services to September 30, 2023.

19. TWO PROFESSIONAL SERVICES AGREEMENTS FOR PRETREATMENT PROGRAM & CIVIL ENGINEERING SUPPORT SERVICES

That the City Council take the following actions:

1. Approve and authorize the City Manager to execute a Professional Services Agreement with EEC Environmental of Orange, California, in the amount of $15,000 for Fiscal Year 2021-22, and authorize the cost of $80,000 (with up to a 5% increase) per Fiscal Year (2022-23 to 2027-28) for a total not-to-exceed of $457,050 for the five years.
2. Approve and authorize the City Manager to execute a Professional Services Agreement with Project Partners, Inc., of Laguna Hills, California, in the amount of $35,000 for Fiscal Year 2021-22, and authorize the cost of $120,000 (with up to a 5% increase) per Fiscal Year (2022-23 to 2027-28) for a total not-to-exceed of $698,075 for the five years.

ATTACHMENT: Exhibit A.pdf

20. A PROCLAMATION DECLARING MAY 2022 AS HUNTINGTON'S DISEASE AWARENESS MONTH

That the City Council proclaim May 2022 as Huntington's Disease Awareness Month.

ATTACHMENT: 20220517_Huntingtons Disease Awareness Month.docx

PUBLIC HEARINGS

Pursuant to Government Code Section 65009, if you challenge the City's zoning, planning or any other decision in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to the public hearing. Affidavits of posting compliance, for all items below, are on file with the Records Management Department.

---

21. A PUBLIC HEARING TO CONSIDER AN ORDINANCE APPROVING A DEVELOPMENT AGREEMENT (FILE NO. PDA21-014) BETWEEN THE CITY OF ONTARIO AND BROOKCAL ONTARIO, LLC., TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20449 (FILE NO. PMTT21-014), A 35.65-ACRE PROPERTY LOCATED NEAR THE SOUTHEAST CORNER OF HAVEN AVENUE AND ONTARIO RANCH ROAD, WITHIN PLANNING AREA 9A (RESIDENTIAL & COMMERICIAL LAND USE DISTRICT) OF THE RICH HAVEN SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF - APN: 0218-211-01

That the City Council introduce and waive further reading of an Ordinance approving the Development Agreement (File No. PDA21-014) between the City of Ontario and BrookCal Ontario, LLC., to establish the terms and conditions for the development of Tentative Tract Map 20499 (File No. PMTT21-014), a 35.65-acre property located near the southeast corner of Haven Avenue and Ontario Ranch Road, within Planning Area 9A (Residential & Commercial land use district) of the Rich Haven Specific Plan.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PDA21-014, A DEVELOPMENT AGREEMENT BETWEEN THE

CITY OF ONTARIO AND BROOKCAL ONTARIO LLC., TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20449 (FILE NO. PMTT21-014), A 35.65-ACRE PROPERTY LOCATED NEAR THE SOUTHEAST CORNER OF HAVEN AVENUE AND ONTARIO RANCH ROAD, WITHIN PLANNING AREA 9A (RESIDENTIAL & COMMERICIAL LAND USE DISTRICT) OF THE RICH HAVEN SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF—APN: 0218-211-01.

ATTACHMENT: 20220517 File No. PDA21-014 BrookCal Ontario LLC^01 EXB A & B
ATTACHMENT: 20220517 File No. PDA21-014 BrookCal Ontario LLC^02 PC Backup.pdf
ATTACHMENT: 20220517 File No. PDA21-014 BrookCal Ontario LLC 03^ORD^RM
ATTACHMENT: 20220517 File No. PDA21-014 BrookCal Ontario LLC^04 AGMT

22. ACCEPTANCE OF A RESOLUTION OF ABANDONMENT OF PROCEEDINGS FOR PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER FACILITIES)

That the City Council consider and accept a Resolution of Abandonment to abandon any and all proceedings with respect to the Proposed Community Facilities District No 63 (Olive and Oleander Facilities) (the "CFD"), including any and all proceedings initiated or completed by the Resolution of Intention to Incur Bonded Indebtedness and any and all proceedings, required or contemplated by the Act with respect thereto subsequent date of adoption of the Resolution of Intention and the Resolution to Incur Bonded Indebtedness.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, OF ABANDONMENT OF PROCEEDINGS FOR PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER FACILITIES).

ATTACHMENT: 20220517 CFD No. 63 Olive and Oleander Abandonment of Proceedings^RESO^RM

23. APPROVAL OF THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE CERTAIN PUBLIC CAPITAL IMPROVEMENTS FOR PUBLIC PURPOSES

That the City Council and the Ontario Public Financing Authority adopt a Resolution authorizing proceedings and agreements relating to the financing of public capital improvements for public purposes.

A. City Council adopt a Resolution approving issuance and sale of bonds by the Ontario Public Financing Authority;
B. Approve an Official Statement and authorize official actions;
C. Ontario Public Financing Authority adopt a Resolution of the Ontario Public Financing Authority authorizing the issuance of its Lease Revenue Bonds in the aggregate principal amount of not to exceed $110,000,000 in connection with the financing of public capital improvements;
D. Authorize and direct execution of a first amendment and supplement to Indenture, a first amendment and supplement to Lease Agreement, a first amendment Ground Lease Agreement, Assignment Agreement, and Agency Agreement;

E. Authorize the sale of the bonds and an Official Statement and authorize official actions and execution of related documents; and
F. Authorize the City Manager to negotiate and execute contracts for the services of Bond Counsel, Municipal Advisor, Underwriter, and Trustee.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING PROCEEDINGS AND AGREEMENTS RELATING TO THE FINANCING OF PUBLIC CAPITAL IMPROVEMENTS FOR PUBLIC PURPOSES, APPROVING ISSUANCE AND SALE OF BONDS BY THE ONTARIO PUBLIC FINANCING AUTHORITY, APPROVING AN OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS.

A RESOLUTION OF THE ONTARIO PUBLIC FINANCING AUTHORITY OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF ITS LEASE REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $110,000,000 IN CONNECTION WITH THE FINANCING OF PUBLIC CAPITAL IMPROVEMENTS, AUTHORIZING AND DIRECTING EXECUTION OF A FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE, A FIRST AMENDMENT AND SUPPLEMENT TO LEASE AGREEMENT, FIRST AMENDMENT TO GROUND LEASE AGREEMENT, ASSIGNMENT AGREEMENT, AND AGENCY AGREEMENT, AUTHORIZING THE SALE OF THE BONDS AND AN OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF RELATED DOCUMENTS.

ATTACHMENT: 20220517 Ontario PFA 2022 LRBs - Resolution-City Approving Bonds^01^RESO^RM
ATTACHMENT: 20220517 Ontario PFA 2022 LRBs-Resolution-Authority Authorizing Financing^02^RESO^RM
ATTACHMENT: 20220517 Ontario PFA 2022 LRBs - Supplemental Lease Agreement
ATTACHMENT: 20220517 Ontario PFA 2022 LRBs - Supplemental Indenture
ATTACHMENT: 20220517 Ontario PFA 2022 LRBs -First Amendment to Ground Lease
ATTACHMENT: 20220517 Ontario PFA 2022 LRBs - Assignment Agreement
ATTACHMENT: 20220517 Ontario PFA 2022 LRBs - Agency Agreement
ATTACHMENT: 20220517 Official Statement Ontario 2022 Lease Revenue Bonds (Civic Center)
ATTACHMENT: 20220517 Ontario BPA

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

24. FIRST READING OF ORDINANCE ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO GOVERNMENT CODE SECTIONS 7070, ET. SEQ.

That the City Council introduce and waive further reading of an Ordinance adopting the "Military Equipment" policy and approve the itemized military grade equipment currently in possession of the Ontario Police Department.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO GOVERNMENT

CODE §§ 7070, ET. SEQ.

ATTACHMENT: 20220517 AB 481 ORD^01^RM
ATTACHMENT: OPD Lexipol Policy 708 Military_Equipment_(Final Proposed).pdf
ATTACHMENT: OPD AB 481 Military Equipment Inventory (Final Proposed).pdf

25. ACCEPTANCE OF A WRITTEN PETITION TO CREATE A COMMUNITY FACILITIES DISTRICT; A RESOLUTION OF INTENTION TO ESTABLISH CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 66 (OLIVE AND OLEANDER FACILITIES) AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES; AND A RESOLUTION TO INCUR BONDED INDEBTEDNESS

That the City Council consider and:

A. Accept a written petition (on file with the Records Management Department) from Shea Homes Limited Partnership, to create a Community Facilities District, and to waive certain procedural matters under the Mello-Roos Community Facilities Act of 1982;
B. Adopt a Resolution of Intention to establish City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities) (the "CFD") and authorize the associated levy of special taxes therein; and set a public hearing for the formation of the CFD as part of the regularly scheduled City Council meeting on Tuesday, June 21, 2022; and
C. Adopt a Resolution to Incur Bonded Indebtedness of proposed Community Facilities District No. 66 (Olive and Oleander Facilities)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, OF INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT, PROPOSED TO BE NAMED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 66 (OLIVE AND OLEANDER FACILITIES), AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, TO INCUR BONDED INDEBTEDNESS OF THE PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 66 (OLIVE AND OLEANDER FACILITIES).

ATTACHMENT: 20220517 CFD No. 66 Olive and Oleander Facilities 01 RESO of Intention^RM
ATTACHMENT: 20220517 CFD No. 66 Olive and Oleander Facilities^01A Map EXH A.pdf
ATTACHMENT: 20220517 CFD No. 66 Olive and Oleander Facilities^01B RMA EXH C.pdf
ATTACHMENT: 20220517 CFD No. 66 Olive and Oleander Facilities 02 RESO Incur Bonded Indebt^RM

STAFF MATTERS

City Manager Ochoa

COUNCIL MATTERS

Mayor Leon

Mayor Pro tem Wapner
Council Member Bowman
Council Member Dorst-Porada
Council Member Valencia

ADJOURNMENT

CITY OF ONTARIO
CLOSED SESSION REPORT
City Council // Housing Authority // Other // *(GC 54957.1)*
May 17, 2022

ROLL CALL: Wapner _, Bowman _, Dorst-Porada _, Valencia _, Mayor / Chairman Leon _.

STAFF: City Manager / Executive Director __, City Attorney __

In attendance: Wapner _, Bowman _, Dorst-Porada _,Valencia _, Mayor / Chairman Leon _.

- GC 54956.9(d)(1), CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Chino Basin Municipal Water District v. City of Chino et al., San Bernardino Superior Court Case No. RCV51010

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: _____

In attendance: Wapner _, Bowman _, Dorst-Porada _,Valencia _, Mayor / Chairman Leon _.

- GC 54956.9(d)(4), CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION: Two (2) Cases

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: _____

CITY OF ONTARIO
CLOSED SESSION REPORT
City Council // Housing Authority // Other // *(GC 54957.1)*
May 17, 2022
(continued)

In attendance: Wapner _, Bowman _, Dorst-Porada _,Valencia _, Mayor / Chairman Leon _.

- GC 54956.9 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - City of Ontario v. Joseph A. Garcia, San Bernardino Case No. CIVDS2010355

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: _____

In attendance: Wapner _, Bowman _, Dorst-Porada _,Valencia _, Mayor / Chairman Leon _.

- GC 54956.9(d)(1), CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION City of Ontario v. We Buy Houses Any Condition, LLC, San Bernardino Superior Court Case No. CIVSB2111984

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: _____

Reported by:

_____
City Attorney / City Manager / Executive Director

ONTARIO CITY COUNCIL/
ONTARIO HOUSING AUTHORITY
MINUTES
APRIL 19, 2022
(Not official until approved)

JOINT MEETINGS

The regular meetings of the Ontario City Council and Housing Authority were held on Tuesday, April 19, 2022 at Ontario City Hall, 303 E. B Street Ontario, California.

CALL TO ORDER

Mayor Leon called the Joint City Council and Ontario Housing Authority meetings to order at 5:35 p.m.

ROLL CALL

PRESENT:	Mayor/Chairman	Paul S. Leon
	Mayor pro Tem/Vice Chair:	Alan D. Wapner
	Council/Authority Members:	Jim W. Bowman, Debra Dorst-Porada and Ruben Valencia
ABSENT:	Council/Authority Members:	None.

Also present were City Manager / Executive Director Scott Ochoa, Assistant City Attorney/Legal Counsel Ruben Duran, and City Clerk/Secretary Sheila Mautz.

CLOSED SESSION PUBLIC COMMENT

Mayor Leon inquired whether persons were present who wished to speak to the Closed Sessions item. Hearing no one, City Attorney Duran announced the matters for discussion, as listed on the agenda, and the City Council recessed to Closed Session at 5:36 p.m. for discussion of the following:

CLOSED SESSION

- GC 54956.9 (d)(1), CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION Wendie Rios v. City of Ontario et al., Superior Court of California, County of San Bernardino Case No: CIVDS1828142

- GC 54956.8 CONFERENCE WITH REAL PROPERTY NEGOTIATORS Property: APN: 1048-562-01; 215 West C Street; City/Authority negotiator: Scott Ochoa, City Manager or his designee; Negotiating parties: United Christian Church of Hacienda Heights; Under negotiation: Price and Terms of Payment

CALL TO ORDER – OPEN SESSION

Mayor Leon called the City Council and Ontario Housing Authority meetings to order at 6:33 p.m.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Council Member Valencia.

INVOCATION

The Invocation was led by Pastor Benjamin Barlow, First Christian Church.

REPORT ON CLOSED SESSION

City Attorney Duran stated there was no reportable action.

PUBLIC COMMENTS

Twelve emailed comments regarding support for farmland were entered into the record:

Tiffany Wisniewski
Cara Zaruba Butler
Megan Martinez
Gabriela Armenta
Cindy Nguyen
Erin Guidry
Nicole Bonon
Susan Susanto
Juana Gamez
Rosemary Ramos
Devon Rocha
Cara Adams

The Mayor then called upon the first speaker:

Randy Bekendam, spoke on local farming.

David Scurborough, spoke on local farming.

Gabriel Kaysarn, spoke on importance of counseling for teenagers.

Jairus Maritnez, spoke on local farming.

Armando Rodriguez, announced the Hispanic Chamber of Commerce's upcoming events.

Cassandra Sanchez, spoke on the Jesus Sanchez homicide case and requested support from the public.

Chris Robles, spoke on the districting process and made a records request related to the State of the City event and districting process.

Nicholas Lee, spoke on local farming.

AGENDA REVIEW/ANNOUNCEMENTS

City Manager Ochoa clarified that the City Council's approval of the recent Ordinance did not impact the land where Amy's Farm is located.

The City Manager also announced updated Exhibits to Item No. 05 reflecting a reduced assessment amount of $8,913.94, a memo to Public Hearing No. 19, in addition to requesting the continuance of Public Hearings Nos. 17, 18, and 20.

SPECIAL CEREMONIES

- Honoring the Chaffey Academic Decathlon Team

CONSENT CALENDAR

MOTION: Moved by Council Member Dorst-Porada, seconded by Council Member Bowman and carried by unanimous vote 5-0, to approve the Consent Calendar as presented.

1. APPROVAL OF MINUTES

The City Council approved minutes for the regular meetings of the City Council and Housing Authority of March 15, 2022, approving the same as on file in the Records Management Department.

2. BILLS & PAYROLL

Approved Bills from March 18, 2022 through March 31, 2022 in the amount of $13,524,260.37 and Payroll March 13, 2022 through March 26, 2022 in the amount of $3,879,424.68, when audited by the Finance Committee.

3. RESOLUTIONS DEDICATING RIGHT-OF-WAY EASEMENTS FOR PUBLIC ROAD AND UTILITY PURPOSES OVER A PORTION OF CITY-OWNED PARCELS AT BUDD STREET AND FERN AVENUE, MAITLAND STREET AND BON VIEW AVENUE, AND WALNUT STREET AND CAMPUS AVENUE

The City Council considered and adopted three Resolutions dedicating right-of-way easements for public road and utility purposes over a portion of City-owned parcels at Budd Street and Fern Avenue (APN: 1050-051-31, 32, 33), Maitland Street and

Bon View Avenue (APN: 1049-451-01, 02, 24), and Walnut Street and Campus Avenue (APN: 1051-381-06); and authorized the City Manager or his designee to execute the easement deeds.

RESOLUTION NO. 2022-028 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DEDICATING A RIGHT-OF-WAY EASEMENT FOR PUBLIC ROAD AND UTILITY PURPOSES OVER A PORTION OF CITY-OWNED PARCELS (DE ANZA PARK, COMMUNITY & TEEN CENTER) AT BUDD STREET AND FERN AVENUE – APN: 1050-051-31, 32, 33.

RESOLUTION NO. 2022-029 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DEDICATING A RIGHT-OF-WAY EASEMENT FOR PUBLIC ROAD AND UTILITY PURPOSES OVER A PORTION OF CITY-OWNED PARCELS (BON VIEW PARK) AT MAITLAND STREET AND BON VIEW AVENUE – APN: 1049-451-01, 02, 24.

RESOLUTION NO. 2022-030 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DEDICATING A RIGHT-OF-WAY EASEMENT FOR PUBLIC ROAD AND UTILITY PURPOSES OVER A PORTION OF A CITY-OWNED PARCEL (KIMBALL COMMUNITY PARK) AT WALNUT STREET AND CAMPUS AVENUE – APN: 1051-381-06.

4. ACCEPTANCE OF GRANT AWARD FROM THE U.S. DEPARTMENT OF HOMELAND SECURITY AND THE CALIFORNIA OFFICE OF EMERGENCY SERVICES PROVIDED THROUGH THE FY 2020 URBAN AREA SECURITY INITIATIVE (UASI) GRANT PROGRAM

The City Council authorized the City Manager to execute all documents necessary to accept a three-year sub-grant award in the amount of $603,025 from the U.S. Department of Homeland Security and the California Office of Emergency Services provided through the FY 2020 UASI Grant Program.

5. A RESOLUTION FOR PLACEMENT OF SPECIAL ASSESSMENTS ON THE SAN BERNARDINO COUNTY TAX ROLLS

The City Council adopted a Resolution for recovery of fees and costs incurred in abating property and dangerous building violations, as well as administrative citations and civil penalties associated with property maintenance violations, and placing assessments on the San Bernardino County Tax Rolls.

RESOLUTION NO. 2022-031 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ADOPTING A REPORT REQUESTING THE PLACEMENT OF SPECIAL ASSESSMENTS ON PROPERTY TAX BILLS FOR CIVIL PENALTIES OR RECOVERY OF COSTS INCURRED FOR ABATEMENT OF VIOLATIONS OF CITY CODES AND ORDINANCES.

6. FIRST AMENDMENT TO THE CONSOLIDATED PLAN ANNUAL ACTION PLAN FOR THE 2021-22 PROGRAM YEAR AND AMENDMENT TO HOME PROGRAM PARTICIPATION AMENDMENT BETWEEN THE CITY OF ONTARIO, ONTARIO HOUSING AUTHORITY AND MERCY HOUSE CHDO FOR THE ACQUISITION AND REHABILITATION OF 411 N. PARKSIDE AVENUE

The City Council ("City") and the Board of the Ontario Housing Authority ("Authority") took the following actions:

1. Approved the First Amendment to the FY 2021-22 Annual Action Plan ("Substantial Amendment");
2. Approved the First Amendment to the HOME Program Participation Agreement among the City of Ontario, Ontario Housing Authority, and Mercy House CHDO, Inc. for the acquisition and rehabilitation of 411 North Parkside Avenue (on file in the Records Management Department); and
3. Authorized the City Manager/Executive Director or his designee to sign all documents necessary to implement the Agreements.

7. A RESOLUTION ESTABLISHING PARKING RESTRICTIONS FOR STREET SWEEPING PURPOSES ON CERTAIN PORTIONS OF NORTH VIRGINIA STREET BETWEEN EAST 6TH STREET AND EAST DEODAR STREET IN THE CITY OF ONTARIO

The City Council adopted a Resolution of the City Council establishing parking restrictions for street sweeping purposes on certain portions of North Virginia Street between East 6th Street and East Deodar Street in the City of Ontario.

RESOLUTION NO. 2022-032 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ESTABLISHING PARKING RESTRICTIONS FOR STREET SWEEPING PURPOSES ON CERTAIN PORTIONS OF NORTH VIRGINIA STREET BETWEEN EAST 6TH STREET AND EAST DEODAR STREET IN THE CITY OF ONTARIO.

8. A CONSTRUCTION CONTRACT FOR A POLICE DEPARTMENT FLEET SERVICES SHOP

The City Council took the following actions:

A. Rejected Clawson Automotive Equipment and SAS Construction's bid as being non-responsive;
B. Awarded a Construction Contract to BCM Group, Inc. of Rancho Cucamonga, California for the construction of a Police Department Fleet Services Shop in an amount not to exceed $649,999 plus a 10% contingency of $64,999 to address any unforeseen issues that may arise during construction, for a total authorized expenditure of $714,998; and

C. Authorized the City Manager, or his designee, to execute said contract and all documents required for the completion of the project and file a notice of completion at the conclusion of all construction activities.

9. AMENDMENT TO AGREEMENT WITH AXON ENTERPRISE, INC. FOR THE UPGRADE OF EQUIPMENT AND HARDWARE

The City Council authorized the City Manager to execute an amendment to the existing five-year agreement with Axon Enterprise, Inc., of Scottsdale, Arizona, for the purchase of new equipment including; cameras, maintenance, and data management services at an additional cost of $80,528 to the existing contract of $3,722,106, for a total not-to-exceed of $3,802,634.

10. A CHANGE ORDER TO THE CONSTRUCTION CONTRACT WITH DBA LETNER ROOFING CO. FOR ADDITIONAL LABOR AND MATERIALS NEEDED FOR THE SOLAR INSTALLATION PROJECT AT CITY HALL ANNEX BUILDING

The City Council took the following actions:

A. Authorized the City Manager or his designee to execute a change order in the amount of $110,298 to the original Construction Contract for DBA Letner Roofing Co. for the solar improvement project at City Hall Annex Building. DBA Letner's Roofing Company's original contract value amount of $546,997 plus a 10% contingency of $54,699 for a total amount of $601,696. Additional funding of $110,298 will revise contract value to $711,994;
B. Authorized the City Manager to transfer the budget appropriations of $110,298 to the original Construction Contract for DBA Letner Roofing Co. from the Library Roof Restoration Project. This additional funding will assist the solar improvement project at City Hall Annex Building as outlined in the Energy Service Agreement with Climatec, LLC (on file with Records Management Department).; and
C. Authorized the City Manager or his designee to execute said contract and authorized the filing of the notice of completion at the conclusion of all construction activities related to the project.

11. BUDGET AMENDMENT FOR THE PURCHASE OF FLEET VEHICLES

The City Council authorized a $31,000 budget amendment from the Integrated Waste Fund for the purchase of two (2) Autocar Roll Off trucks in the amount of $601,000 for the Integrated Waste Department.

12. AN AMENDMENT TO THE ON-CALL DESIGN SERVICES AGREEMENT FOR ONTARIO MUNICIPAL SERVICES CENTER MODULAR OFFICES

The City Council approved and authorized the City Manager, or his designee to execute Amendment No. 3 to the On-Call Design Service Agreement with Holt Architects, Inc. (dba Holt Architecture) of Palm Desert, California in the amount of $90,498, plus a 15% contingency of $13,575 for a total amount of $104,073.

13. REAL PROPERTY EXCHANGE BETWEEN THE CITY OF ONTARIO AND THE UNIVERSITY OF LA VERNE

The City Council adopted a Resolution:

A. Declaring certain City-owned real property to be exempt surplus land;
B. Approving a real property exchange agreement with the University of La Verne;
C. Authorizing the City Manager to take all actions necessary with respect thereto; and
D. Finding that no further CEQA analysis is necessary

RESOLUTION NO. 2022-033 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, (I) DECLARING CERTAIN CITY-OWNED REAL PROPERTY TO BE EXEMPT SURPLUS LAND; (II) APPROVING A REAL PROPERTY EXCHANGE AGREEMENT WITH THE UNIVERSITY OF LA VERNE; (III) AUTHORIZING THE CITY MANAGER TO TAKE ALL ACTIONS NECESSARY WITH RESPECT THERETO; AND (IV) FINDING THAT NO FURTHER CEQA ANALYSIS IS NECESSARY.

14. AN AMENDMENT TO PROFESSIONAL SERVICES AGREEMENTS FOR ON-CALL APPRAISAL, PROJECT MANAGEMENT, LAND ACQUISITION, RELOCATION AND PROPERTY MANAGEMENT SERVICES

The City Council ("City") approved and authorized the City Manager or his designee to execute Amendment No. 3 to Professional Services Agreements with R.P. Laurain & Associates in the amount of $100,000; Integra Realty Resources in the amount of $100,000; Property Specialist Inc., (dba CPSI) in the amount of $200,000; and, Amendment No. 6 to Professional Services Agreements with Transtech Engineers Inc. in the amount of $100,000.

15. FIRST AMENDMENT TO A PROFESSIONAL SERVICES AGREEMENT FOR ARCHITECTURAL AND DESIGN SERVICES

The City Council ("City") approved and authorized the City Manager to execute a First Amendment to a Professional Services Agreements with Thirtieth Street Architects in the amount not to exceed $200,000.

16. CONSIDERATION OF A PROPOSED MILITARY EQUIPMENT USE POLICY TO COMMENCE THE APPROVAL PROCESS OF THE POLICY PURSUANT TO GOVERNMENT CODE &SECT; 7070 ET. SEQ

The City Council received the proposed military equipment use policy and commenced the approval process for the City of Ontario to adopt the policy in accordance with Government Code § 7070 et. seq.

PUBLIC HEARINGS

17. A PUBLIC HEARING TO CONSIDER A RESOLUTION CALLING A SPECIAL ELECTION FOR PROPOSED CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF THE EXISTING SPECIAL TAX OF THE CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES); A RESOLUTION OF CHANGE, DECLARING RESULTS OF A SPECIAL ELECTION, DETERMINING THAT CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF THE EXISTING SPECIAL TAX OF COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES) ARE LAWFULLY AUTHORIZED AND DIRECTING THE RECORDING OF AN AMENDMENT TO NOTICE OF SPECIAL TAX LIEN; A N D AN ORDINANCE AMENDING AND RESTATING ORDINANCE NO. 3082 LEVYING SPECIAL TAXES WITHIN THE CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES); A RESOLUTION DEEMING IT NECESSARY TO AMEND RESOLUTION NO. 2017-124 IN ORDER TO INCREASE THE MAXIMUM AGGREGATE AMOUNT OF BONDED INDEBTEDNESS THAT CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES) IS AUTHORIZED TO INCUR; A RESOLUTION CALLING A SPECIAL ELECTION FOR CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES); AND A RESOLUTION DECLARING THE RESULTS OF THE SPECIAL ELECTION.

The City Council continued the following actions to the May 3, 2022 regular City Council meeting:

A. Adopt a Resolution calling a special election for proposed changes to the Rate and Method of Apportionment (the "RMA") of the existing Special Tax of City of Ontario Community Facilities District No. 35 (Countryside Phase 2 South-Facilities), (the "CFD")
B. Adopt a Resolution declaring results of the special election, determining that changes to the Rate and Method of Apportionment of the existing Special Tax of City of Ontario Community Facilities District No. 35 (Countryside Phase 2 South-Facilities) are lawfully authorized and directing recording of an amendment to Notice of Special Tax Lien,
C. Introduce and waive further reading of an Ordinance amending and restating Ordinance No. 3082 levying special taxes within City of Ontario Community Facilities District No. 35 (Countryside Phase 2 South-Facilities).

D. Adopt a resolution deeming it necessary to amend Resolution No. 2017-124 in order to increase the maximum aggregate amount of bonded indebtedness that Community Facilities District No. 35 (Countryside Phase 2 South-Facilities) is authorized to incur;
E. Adopt a Resolution calling a special election for Community Facilities District No. 35 (Countryside Phase 2 South-Facilities); and
F. Adopt a Resolution declaring the results of the special election.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, CALLING A SPECIAL ELECTION FOR PROPOSED CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF THE EXISTING SPECIAL TAX OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES).

A RESOLUTION OF CHANGE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DECLARING RESULTS OF SPECIAL ELECTION, DETERMINING THAT CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF THE EXISTING SPECIAL TAX OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES) ARE LAWFULLY AUTHORIZED AND DIRECTING RECORDING OF AN AMENDMENT TO NOTICE OF SPECIAL TAX LIEN.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING AND RESTATING ORDINANCE NO. 3082 LEVYING SPECIAL TAXES WITHIN THE CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES).

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DEEMING IT NECESSARY TO AMEND RESOLUTION NO. 2017-124 IN ORDER TO INCREASE THE MAXIMUM AGGREGATE AMOUNT OF BONDED INDEBTEDNESS THAT CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES) IS AUTHORIZED TO INCUR.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, CALLING SPECIAL ELECTION FOR CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES).

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DECLARING RESULTS OF SPECIAL ELECTION OF COMMUNITY FACILITIES DISTRICT NO. 35 (COUNTRYSIDE PHASE 2 SOUTH-FACILITIES).

Notice of public hearing has been duly given and affidavits of compliance are on file in the Records Management Department.

There were no written communications. Mayor Leon opened the public hearing asking those persons interested in this item to speak. Hearing no one wishing to speak, Mayor Leon opened the item for Council discussion and continued the public hearing.

MOTION: Moved by Council Member Dorst-Porada, seconded by Council Member Bowman and carried by unanimous vote of 5-0, to continue the Public Hearing to the May 3, 2022 meeting.

18. A PUBLIC HEARING TO CONSIDER A RESOLUTION REGARDING THE FORMATION OF THE CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER); ADOPTION OF A RESOLUTION TO INCUR BONDED INDEBTEDNESS; AND INTRODUCTION OF AN ORDINANCE LEVYING SPECIAL TAXES

The City Council continued the item to the May 3, 2022 meeting.

A. Adopt a resolution of formation of Community Facilities District No. 63 (Olive and Oleander), authorizing the levy of special taxes within the community facilities district, and establishing an appropriations limit for the community facilities district;
B. Adopt a resolution deeming it necessary to incur bonded indebtedness within Community Facilities District No. 63 (Olive and Oleander);
C. Adopt a resolution calling a special election for City of Ontario Community Facilities District No. 63 (Olive and Oleander);
D. Adopt a resolution declaring the results of the special election and directing the recording of a Notice of Special Tax Lien;
E. Introduce and waive further reading of an ordinance levying special taxes within City of Ontario Community Facilities District No. 63 (Olive and Oleander); and
F. Adopt a resolution authorizing the execution and delivery of an acquisition and funding agreement with Shea Homes Limited Partnership, a California limited partnership.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, OF FORMATION OF THE CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER), AUTHORIZING THE LEVY OF A SPECIAL TAX.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DEEMING IT NECESSARY TO INCUR BONDED INDEBTEDNESS WITHIN CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER).

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, CALLING SPECIAL ELECTION FOR CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER).

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, DECLARING RESULTS OF SPECIAL ELECTION AND DIRECTING RECORDING OF NOTICE OF SPECIAL TAX LIEN FOR CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER).

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, LEVYING SPECIAL TAXES WITHIN COMMUNITY FACILITY DISTRICT NO. 63 (OLIVE AND OLEANDER).

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE EXECUTION AND DELIVERY OF AN ACQUISITION AND FUNDING AGREEMENT WITH SHEA HOMES LP OF CALIFORNIA.

Notice of public hearing has been duly given and affidavits of compliance are on file in the Records Management Department.

There were no written communications. Mayor Leon opened the public hearing asking those persons interested in this item to speak. Hearing no one wishing to speak, Mayor Leon opened the item for Council discussion and continued the public hearing.

MOTION: Moved by Council Member Dorst-Porada, seconded by Council Member Bowman and carried by unanimous vote of 5-0, to continue the Public Hearing to the May 3, 2022 meeting.

19. A PUBLIC HEARING TO CONSIDER A RESOLUTION APPROVING FILE NO. PSPA21-001, AN AMENDMENT TO THE PIEMONTE OVERLAY OF THE ONTARIO CENTER SPECIFIC PLAN, INCLUDING: (1) REVISING THE OVERLAY BOUNDARY, ADDING APPROXIMATELY 24.9 ACRES OF LAND LOCATED AT 4000 ONTARIO CENTER PARKWAY, TO THE OVERLAY AREA; (2) CHANGING THE LAND USE DESIGNATION ON APPROXIMATELY 4.9 ACRES OF LAND FROM OFFICE AND ENTERTAINMENT/RETAIL TO MIXED USE, WITHIN THE AREA BOUNDED BY FOURTH STREET TO THE NORTH, CONCOURS STREET AND ONTARIO CENTER PARKWAY TO THE SOUTH, VIA ALBA TO THE EAST, AND THE CAMDEN LANDMARK APARTMENTS AND VACANT LAND TO THE WEST; AND, (3) ESTABLISHING DEVELOPMENT STANDARDS AND DESIGN GUIDELINES FOR THE MIXED USE LAND USE AREA OF THE PIEMONTE OVERLAY AT ONTARIO CENTER SPECIFIC PLAN

The City Council considered and adopted Resolutions approving the following:

A. The use of an Addendum to the Ontario Center Environmental Impact Report (State Clearing House No. 89041009); and
B. File No. PSPA21-001, an amendment to the Piemonte Overlay of The Ontario Center Specific Plan: (1) adding approximately 24.9 acres of land to the overlay area; (2) changing the land use designation on approximately 4.9 acres of land from office and entertainment/retail to mixed use; and, (3) establishing development standards and design guidelines for the Mixed Use land use area.

RESOLUTION NO. 2022-034 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING AN ADDENDUM TO THE ONTARIO CENTER SPECIFIC PLAN ENVIRONMENTAL IMPACT REPORT, PURSUANT TO THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AS AMENDED, FOR FILE NO PSPA21-001.

RESOLUTION NO. 2022-035 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PSPA21-001, AN AMENDMENT TO THE PIEMONTE OVERLAY AT THE ONTARIO CENTER SPECIFIC PLAN, [1] REVISING THE OVERLAY BOUNDARY TO ADD APPROXIMATELY 24.9 ACRES, COMPRISING OF THE PROPERTY LOCATED AT 4000 ONTARIO CENTER PARKWAY, TO THE OVERLAY AREA, [2] CHANGING THE LAND USE DESIGNATION ON APPROXIMATELY 4.9 ACRES OF LAND FROM OFFICE AND ENTERTAINMENT/RETAIL TO MIXED-USE, IN AN AREA BOUNDED BY FOURTH STREET TO THE NORTH, CONCOURS STREET AND ONTARIO CENTER PARKWAY TO THE SOUTH, VIA ALBA TO THE EAST, AND THE CAMDEN LANDMARK APARTMENTS AND VACANT LAND TO THE WEST, [3] ESTABLISH DEVELOPMENT STANDARDS AND DESIGN GUIDELINES FOR THE MIXED-USE LAND USE AREA WITHIN THE PIEMONTE OVERLAY AT ONTARIO CENTER SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF—APNS: 0210-204-12, 0210-204-13, 0210-204-14, 0210-204-15, 0210-204-17, 0210-204-18, 0210-204-20, 0210-204-21, 0210-204-22, 0210-204-23, 0210-204-23, 0210-204-24, 0210-204-25, 0210-204-26, 0210-204-28, 0210-204-36, 0210-204-37, 0210-204-37, 0210-204-38, 0210-204-39, 0210-204-40, 0210-204-41, 0210-531-06, 0210-531-07, 0210-531-08, 0210-531-09, 0210-531-10, 0210-231-11, 0210-231-12, 0210-231-13, 0210-231-14, 0210-231-15, 0210-231-16, 0210-205-01.

Notice of public hearing was duly given and affidavits of compliance are on file in the Records Management Department.

There was one written communication from Loree Masonis. Mayor Leon opened the public hearing asking those persons interested in this item to speak. Hearing no one wishing to speak, Mayor Leon opened the item for Council discussion and closed the public hearing.

MOTION: Moved by Council Member Bowman, seconded by Council Member Dorst-Porada and carried by unanimous vote of 5-0, to adopted Resolution Nos. 2022-034 and 2022-035.

20. A PUBLIC HEARING TO CONSIDER FILE NO. PCUP21-009, A CONDITIONAL USE PERMIT TO ESTABLISH A 128-ROOM LIMITED-SERVICE HOTEL ON 1.83 ACRES OF LAND LOCATED AT 5060 EAST FOURTH STREET, WITHIN THE FREEWAY COMMERCIAL LAND USE DISTRICT OF THE EXCHANGE SPECIFIC PLAN (APN: 0238-012-30)

That the City Council consider and adopt a Resolution approving the Conditional Use Permit, File No. PCUP21-009, establishing a 128-room limited-service hotel located at 5060 East Fourth Street.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PCUP21-009, A CONDITIONAL USE PERMIT TO ESTABLISH AND OPERATE A 128-ROOM LIMITED-SERVICE HOTEL ON 1.83 ACRES OF LAND LOCATED AT 5060 EAST FOURTH STREET, WITHIN THE FREEWAY COMMERCIAL LAND USE DISTRICT OF THE EXCHANGE SPECIFIC PLAN AND MAKING FINDINGS IN SUPPORT THEREOF - APN: 0238-012-30.

Notice of public hearing was duly given and affidavits of compliance are on file in the Records Management Department.

There were no written communications. Mayor Leon opened the public hearing asking those persons interested in this item to speak. Hearing no one wishing to speak, Mayor Leon opened the item for Council discussion and continued the public hearing.

MOTION: Moved by Council Member Valencia, seconded by Council Member Dorst-Porada and carried by unanimous vote of 5-0, to continue the Public Hearing to the May 3, 2022 meeting.

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

21. A RESOLUTION AUTHORIZING THE ISSUANCE OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 54 (ESPERANZA FACILITIES) SPECIAL TAX BONDS, SERIES 2022, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $8 MILLION AND RELATED MATTERS

The City Council considered and adopted a Resolution authorizing the issuance of City of Ontario Community Facilities District No. 54 (Esperanza Facilities) Special Tax Bonds, Series 2022.

A. Authorized the issuance of special tax bonds for public improvements required to facilitate the development of the Esperanza Facilities project and the Ontario Ranch development;

B. Approve the forms of the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement, and the Preliminary Official Statement;
C. Authorized a negotiated sale of the special tax bonds to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") in accordance with the terms of the Bond Purchase Agreement; and
D. Authorized the execution of the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement, a deemed final certification in connection with the Preliminary Official Statement, a final Official Statement and other documents in connection with the issuance of the bonds by the City Manager or the other specified authorized officers.

RESOLUTION NO. 2022-037 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 54 (ESPERANZA FACILITIES) SPECIAL TAX BONDS, SERIES 2022, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $8,000,000.00, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A BOND PURCHASE AGREEMENT, AND A CONTINUING DISCLOSURE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS.

There were no written communications and no speakers to the item. Hearing no one wishing to speak, Mayor Leon opened the item for Council discussion and entertained a motion.

MOTION: Moved by Council Member Bowman, seconded by Council Member Dorst-Porada and carried by unanimous vote of 5-0, adopt Resolution No. 2022-037.

Meeting recessed at 7:26 p.m. and reconvened at 7:31 p.m.

STAFF MATTERS

City Manager Ochoa made no comments.

PUBLIC COMMENT – CONTINUED

Sussie Q Andalon, expressed her appreciation for City Council.

Celina Lopez, spoke on the need for food pantries in the City of Ontario.

Jesse Fonseca, spoke on the Ontario International Airport Authority.

COUNCIL MATTERS

Council Member Dorst-Porada called everyone's attention to Agenda Item No. 6. and how the City is helping by acquiring apartment units for families.

Mayor pro Tem Wapner spoke on the number of records requests submitted to the Ontario International Airport Authority and the cost it has incurred.

Council Member Bowman had no comments.

Council Member Valencia congratulated the Ontario Police Department on their success in the Baker to Vegas race.

Mayor pro Tem Wapner expressed his condolences for the passing of Mayor Leon's brother, Richard Leon and sought consensus to adjourn in his memory.

Mayor Leon spoke on the planting of a pomegranate tree in honor of Jason Eric Scott, "Nick Nack". He also expressed his appreciation for the support he has received from friends and family regarding his brother's death.

ADJOURNMENT

Mayor Leon adjourned the meetings of the Joint Agencies at 7:56 p.m. in memory of David Richard Leon, and announced the next regular meeting to be held on Tuesday, May 3, 2022.

Respectfully submitted,

_____
SHEILA MAUTZ, CITY CLERK/SECRETARY

APPROVED:

_____
PAUL S. LEON, MAYOR/CHAIRMAN

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Broadband Operations Prepared By: Robert De Casas Staff Member Presenting: Jimmy Chang, Broadband General Manager Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 3

SUBJECT: AUTHORIZE THE PURCHASE OF EMERGENCY GENERATORS FOR ONTARIONET POINT-OF-PRESENCE FACILITIES

RECOMMENDATION: That the City Council approve and authorize the City Manager to award Bid Number 1511 for the purchase and delivery of Emergency Generators in the amount not to exceed $150,000 from Bay City Equipment Industries, Inc. of Rancho Cucamonga, California.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
Invest in the Growth and Evolution of the City's Economy

FISCAL IMPACT: The Fiscal Year 2021-22 Adopted Operating Budget includes appropriations in the Fiber/Broadband fund to purchase equipment not to exceed $150,000.

BACKGROUND & ANALYSIS: The Broadband Department designs, constructs, and operates the OntarioNet fiber and wireless network to deliver broadband services to City facilities, residents, businesses, and institutions with its service provider. The service and network have connected over 1600+ residential subscribers, 130+ business/commercial customers, 14 City facilities, and over 90+ traffic signal cabinets. The approach has resulted in 170+ miles of fiber optic cable installed throughout the City, providing the infrastructure to support low-cost alternative fiber internet service for communities in Ontario Ranch and newly identified areas in Old Model Colony.

Emergency generators are required at OntarioNet's Point-of-Presence (POP) facilities to continually operate a resilient broadband network. The placement of the generators at the OMUC and Anthony Munoz POP facilities will provide maximum network uptime to ensure services are uninterrupted for customers in the event of a power outage. Staff issued a Bid request for the two emergency generators and received a bid response from the following:

- Bay City Equipment Industries, Inc. from Rancho Cucamonga CA
- Total Online Protection from Temecula, CA

Staff recommends that the purchase agreement be awarded to Bay City Equipment Industries Inc. based on their bid responsiveness, lowest bid price, and close proximity to the project areas.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Community Life & Culture Prepared By: Lacey A Rightmer Staff Member Presenting: Helen McAlary, Executive Director Community Life and Culture Approved By: 	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 4

SUBJECT: **AN ORDINANCE ADDING CHAPTER 33 TO TITLE 5 OF VOLUME I TO THE ONTARIO MUNICIPAL CODE, ESTABLISHING A PUBLIC ART PROGRAM, ESTABLISHING A PUBLIC ART ADVISORY COMMITTEE, AND INCLUDING A DEVELOPMENT FEE TO SUPPORT PUBLIC ART, AND FINDING THE ACTION EXEMPT FROM CEQA**

RECOMMENDATION: That the City Council consider and take action in adding Chapter 33 to Title 5 of Volume I to the Ontario Municipal Code relating to: establishing a Public Art Program, establishing a Public Art Advisory Committee, and a development fee to support public art.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Operate in a Businesslike Manner
Encourage, Provide or Support Enhanced Recreational, Educational, Cultural and Healthy City Programs, Policies and Activities

FISCAL IMPACT: Development fees are based on building activity and vary each year. Based on historical data, fees collected for public art from new development and tenant improvements from prior years would have generated: $240,000 in fiscal year 2019-20, $290,000 in fiscal year 2020-21, and $130,000 for current available development in fiscal year 2021-22.

BACKGROUND & ANALYSIS: This is a second reading proposing the adoption of this draft Ordinance which establishes a Public Art Program, Committee, and development fee. On May 3, 2022, there was a Public Hearing held to consider this draft Ordinance. If adopted, the fees would be collected beginning thirty (30) days after adoption of the Ordinance.

On December 6, 2016, the City Council introduced a Reference I, Public Art Program, to the City of Ontario Development Code to promote public art. As the City continues to mature, the finer arts have taken on a greater significance in the community with the introduction of art into several City projects; most notably in Ontario Town Square, at the Anthony Munoz Community Center, and the increased visitation of our local museums (Ontario Museum of History & Art and the Chaffey Community Museum of Art), as well as other art-related events such as the Ontario Festival of the

Arts, and the Culture Fest. As a result, the Public Art Program was created to properly outline guidance on the installation of public displays. Since its inception in 2016, Staff has continued to refine the criteria of the Program to address provisions for placement and/or donations of artwork to the City for display on public property in the Ontario Development Code.

The Community Life & Culture Agency and the Planning Department recommend that the Public Art Program is best suited to be placed in the Municipal Code instead of the Development Code. The Public Art Advisory Committee, not the Planning Commission, will be the primary body that considers City-commissioned public art projects. The Historic Preservation Commission would still have a role to evaluate proposed public art projects that are proposed in historic districts or upon historic resources.

This Ordinance builds upon the Public Art Program existing in the Development Code, but places the Public Art Program in the Municipal Code. New additions include the following:

A. Expand the definition of Artwork to include additional projects, including earthworks, performing arts, literary arts, special events, festivals, other arts and culture programming, and other visual arts. Art is defined as both temporary and permanent installations and does not include mass-produced objects.

B. Expand the Public Art Program Advisory Committee from three members to five. Members shall be comprised as follows:

1. Three (3) of the five (5) members shall be given priority consideration from each of the following organizations, provided that the City has received an application from at least one representative from each organization.
    a. A representative from the Chaffey Community Museum of Art;
    b. A representative from Ontario Heritage
    c. A representative from the Ontario Museum of History & Art Associates;
2. The remaining two members, or more if the City has not received an application from each of the three organizations listed above, may be selected from the following:
    a. Local non-profit historic preservation advocacy organizations;
    b. Local arts educators
    c. Local artists;
    d. Local performers;
    e. Arts professionals;
    f. College-level arts students; and
    g. Architects, landscape architects, and other design professionals

C. Create a new Public Art in Development program to collect a minimal fee from all new commercial and industrial development valued at $5,000,000 or more, as well as tenant improvements on commercial and industrial developments valued at $500,000 or more, or allow the development or tenant improvement to install art as part of the project. The fee structure is as follows:

Eligibility	On-Site Fee Option	City Fee Option
New commercial/industrial development $5,000,000 or more.	Developer installs On-Site public art display valuated at 1% of the total final project valuation as determined by the Building Official or designee.	The developer provides the City $10,000 for City to deposit into the Public Art Fund to be used for the installation of a new public art display or maintain, upgrade, or expand an existing display.
Tenant Improvement on commercial/industrial development $500,000 or more.	Developer installs On-Site public art display valuated at 1% of the total final project improvement valuation as determined by the Building Official or designee.	Developer provides the City $5,000 for City to deposit into the Public Art Fund to be used for the installation of a new public art display or maintain, upgrade, or expand an existing display.

D. Establish some basic regulations for the installation of murals. City-commissioned murals on City property will need to be approved by the Public Art Program Advisory Committee, and the Ordinance outlines some basic standards for the Committee to consider when reviewing a mural proposal. Non-City-commissioned murals will be subject to an objective design checklist established, and amended from time to time, by Resolution, and subject to ministerial City review. The Ordinance establishes an application of $100 per non-City-commissioned mural application, which may be amended from time to time by Resolution.

ENVIRONMENTAL REVIEW: The project is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) in that the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ADDING CHAPTER 33 TO TITLE 5 OF VOLUME I TO THE ONTARIO MUNICIPAL CODE, ESTABLISHING A PUBLIC ART PROGRAM, ESTABLISHING A PUBLIC ART ADVISORY COMMITTEE, AND INCLUDING A DEVELOPMENT FEE TO SUPPORT PUBLIC ART, AND FINDING THE ACTION EXEMPT FROM CEQA.

WHEREAS, the City of Ontario ("City") desires to introduce art and artworks into the community; and

WHEREAS, public art enriches the lives of City residents and visitors by exposure to art in various forms; and

WHEREAS, the City encourages public dialogue and interaction through a public art program; and

WHEREAS, the City desires embracing a broad range of artworks, which are reflective of the overall diversity of the City's residents and visitors; and

WHEREAS, the City desires to establish a public art program that would allow and regulate a variety of artworks, including murals, that are either developed on City-owned public property or on private property as part of a development project; and

WHEREAS, the City desires to impose a requirement on certain commercial and/or industrial developments to install public art as part of the project or to pay a fee to the City which would support the City's efforts in installing public art throughout the City.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ONTARIO DOES ORDAIN AS FOLLOWS:

SECTION 1. The recitals above are true and correct and are hereby incorporated herein by this reference.

SECTION 2. Chapter 33 is hereby added to Title 5 of Volume I of the Ontario Municipal Code to state, in full, as follows:

"Chapter 33: Public Art Program

5-33.01 Purpose
5-33.02 Public Artworks: Definitions
5-33.03 Public Art Program Advisory Committee
5-33.04 Policy for the Gift or Long Term Loan of Public Art
5-33.05 Public Art in Commercial and Industrial Development Projects
5-33.06 Murals

Sec. 5-33.01. Purpose

This Chapter may be known and cited as the “Ontario Public Art Program.” It is the goal of the City’s Public Art Program to promote public art and art in public places, as a cultural resource for the community, and act as a mechanism to enhance the City’s commercial vitality and economic stability. Furthermore, it is intended that the Ontario Public Art Program will serve to enrich the community aesthetic and built urban environment, by making available to the public a diverse collection of artworks throughout the City. The aforementioned goals will be realized through bringing contemporary art into the environment and life of Ontario, enriching the lives of City residents and visitors by the exposure to art in various forms, encouraging both emerging and established artists living in Ontario and the Ontario region by supporting and purchasing their work, acquiring a distinguished collection of art representing varying genres, styles, scales, mediums, forms, and intent, and reflective of trends and disciplines in art on a local, regional, national, and international level, integrating artists into the City’s design process, encouraging public dialogue and interaction through a public art program; embracing a broad range of artworks, which are reflective of the overall diversity of current works in the field of visual arts, enriching the quality of life and economic vitality of Ontario, and further defining distinct characteristics of neighborhoods.

Sec. 5-33.02. Public Artworks: Definitions.

As used in this Chapter, the words, terms, and phrases listed below in correct alphabetical order, shall have the following meanings:

(a) “Artworks” means original pieces of art, including limited editions, not limited by medium used. It may include paintings, sculptures, murals, mosaics, and fountains. These categories may be realized through such media as steel, bronze, stained glass, concrete, wood, ceramic tile, stone, and other suitable materials. Artworks may also include earthworks, performing arts, literary arts, special events, festivals, and other arts and culture programming and/or visual arts not specifically outlined herein, as may be deemed appropriate by the Public Art Program Advisory Committee. Artworks include both temporary and permanent projects. Artworks does not include objects that are mass produced.

(b) “Commercial Message” means any message that advertises a business conducted, services rendered, or goods produced or sold.

(c) “Commercial project” means any site, structure, facility, or land use allowed pursuant to Table 5.02-1 (Land Use Matrix) of the City of Ontario Development Code, within any of the commercial zoning districts established under Section 5.01.005.B (Commercial Zoning Districts) of the Development Code, or within the commercial portion of any residential mixed-use development.

(d) “Industrial project” means any site, structure, facility, or land use allowed pursuant to Table 5.02-1 (Land Use Matrix) of the City of Ontario Development Code, within any of the industrial zoning districts established under Section 5.01.005.D (Industrial Zoning Districts) of the Development Code, or within the industrial portion of any nonresidential mixed-use development.

(e) “Original Art Mural” means a unique, hand-painted, hand-tiled, or digitally printed image on the exterior wall of a building that does not contain any commercial message.

(f) “Public Place” means any area on public property, either interior or exterior, which must be accessible and visible to the general public.

(g) “Project Applicant” means the property owner, developer or other responsible party proposing a project requiring an art component.

(h) “Project Improvement Valuation” means the value of the tenant improvements as determined by the then-current City total valuation methodology.

(i) “Project Valuation” means the value of the project as determined by the then-current City total valuation methodology.

(j) “Project Site” means the location of the improvements being developed.

(k) “Public Art on City Property” means original works of art located on, affixed to, or applied on City-owned property.

(l) “Private Art for Public Enjoyment” means original works of art located on, affixed to, or applied on private property that are accessible and/or visible to the general public.

(m) “Public Art Program Advisory Committee” means the five-member advisory committee appointed by the City Council that is responsible for ensuring that the criteria established by this Public Art Program have been met.

(n) “Vintage Original Art Mural” means an original art mural that existed prior to the enactment of this Chapter.

Sec. 5-33.03. Public Art Program Advisory Committee.

(a) There is hereby created and established a Public Art Program Advisory Committee. The Public Art Program Advisory Committee shall be comprised of five members who shall be appointed by the City Council.

(b) Members of the Public Art Advisory Committee shall be comprised as follows:

(1) Three (3) of the five (5) members shall be given priority consideration from each of the following organizations, provided that the City has received an application from at least one representative from each organization.

(A) A representative from the Chaffey Community Museum of Art;

(B) A representative from Ontario Heritage;

(C) A representative from the Ontario Museum of History & Art Associates;

(2) The remaining two (2) members, or more if the City has not received an application from each of the three (3) organizations listed in Section 5-33.03(b)(1)(A)-(C), may be selected from the following:

(A) Local non-profit historic preservation advocacy organization;

(B) Local arts educators;

(C) Local artists;

(D) Local performers;

(E) Arts professionals;

(F) College-level arts students; and

(G) Architects, landscape architects, and other design professionals.

(3) Notwithstanding any contrary provision in the Ontario Municipal Code, members of the Public Art Advisory Committee may be non-residents of the City, subject to the limitation that no more than two (2) of the five (5) members may be non-residents of the City.

(4) The City Councilmember Liaison to the Ontario Museum of History & Art, shall serve as an ex officio, non-voting member.

(c) The process for appointment to the Public Art Advisory Committee shall be as follows. A call for applications will be sent out for interested appointees. Community Life & Culture staff will review the applications received and determine whether the applicants meet the basic requirement from this Section. Community Life & Culture staff will then present the qualified candidates to the City Council for their review and nomination. The Mayor shall appoint the members of the Committee, subject to ratification by a vote of the entire City Council. Each Councilmember may suggest one member from the list of qualified candidates for the Mayor to appoint to the Committee.

(d) Members of the Public Art Program Advisory Committee shall serve a term of four (4) years. A person may serve multiple terms.

(e) Powers and Duties. The Public Art Program Advisory Committee shall ensure that all criteria established by this Public Art Program have been complied with. The Advisory Committee shall review all requests for the installation of public art, examining proposals for public safety, weather resistance, balance with the program, public response, proper lighting, public accessibility, installation methods, proportion, composition, the artist's previous experience, art training, and exhibition record. Advisory Committee support shall be provided by the Museum, Arts & Culture Director.

(1) Construction and Installation of Public Artworks (Permanent). The following procedure is to be followed in the construction of on-site permanent public artworks:

(A) The composition of the proposed artwork shall be of a permanent type of material in order to be a durable against vandalism, theft, and weather, and require a low level of ongoing maintenance.

(B) The artwork shall be related in terms of scale, material, form and content to immediate and adjacent buildings and landscaping so that it complements the site and surrounding environment. A Certificate of Appropriateness pursuant to Ontario Development Code Section 4.02.050 may be required to ensure that the artwork does not cause an adverse impact to historic resources.

(C) The artwork shall be constructed by persons experienced in the production and installation of such artwork.

(D) The artwork shall be permanently affixed to the property unless it is designated a temporary exhibit in the scope of the project when commissioned.

(E) Installation of the artwork shall be planned and implemented to enhance the piece and allow for unobstructed viewing from as many angles as possible.

(F) The City shall obtain from the artist, complete maintenance instructions, including methods to maintain the piece and the frequency of maintenance.

(G) Each piece of artwork shall be identified by a plaque at the site of an appropriate size and scale to the piece. The plaque shall be made of cast metal and then placed in a location near the art piece listing the title of the piece, the artist, and the date as well as the city and the art in public places program.

(2) Construction and Installation of Public Artworks (Temporary). The following procedure is to be followed in the construction of on-site temporary public artworks:

(A) The composition of the proposed artwork shall be of a type of material in order to be a durable against vandalism, theft, and weather, and require a low level of maintenance.

(B) The artwork shall be related in terms of scale, material, form and content to immediate and adjacent buildings and landscaping so that it complements the site and surrounding environment.

(C) The artworks shall be constructed by persons experienced in the production and installation of such artwork.

(D) The method of attachment or securing the artwork shall be identified.

(E) Installation of the artwork shall be planned and implemented to enhance the piece and allow for unobstructed viewing from as many angles as possible.

(F) The City shall obtain from the artist, complete maintenance instructions, including methods to maintain the piece and the frequency of maintenance.

(G) Each piece of artwork shall be identified by a plaque at the site of an appropriate size and scale to the piece. The plaque shall be made of cast metal and then placed in a location near the art piece listing the title of the piece, the artist, and the date as well as the city and the art in public places program.

(H) Any security measures needed to secure the artwork, the estimated cost of the security, and a source of funding for the security shall be identified.

(I) Any temporary artwork must include a deinstallation plan that clearly identifies which parts of the artwork (if any) need to be returned to the artist and which may be disposed of after the term of the installation.

Sec. 5-33.04 Policy for the Gift or Long Term Loan of Public Art.

(a) Purpose. Unsolicited gifts or long term loans to the City can be an important part of the City's art collection. The purpose of this Section is to ensure that proposed gifts of public art undergo a review process to ensure that acceptance of such gifts takes place in a fair and uniform manner. Furthermore, it is the intent of this Section to ensure that potential gifts of public artworks are evaluated as carefully as artworks that are commissioned, and that such artworks undergo a careful review process that evaluates a gift based upon acceptance criteria established according to the purposes, guidelines, goals, and selection process that guides artworks that are commissioned.

(b) Applicability. This Section applies to all unsolicited offers of donation or long term loans of artworks to the City of Ontario.

(c) Procedures for Gifts or Long Term Loans. For each proposed gift or long term loan of public art, a written proposal or letter of intent shall be submitted to the City Manager. The City Manager shall refer the proposal to the Public Art Advisory Committee for review and recommendation. The City Council’s decision shall be final and conclusive. The proposal shall consist of the following items:

(1) Completed application form;

(2) Photographs, drawings, models, or designs of proposed artwork;

(3) Description and samples (if available) of materials and colors;

(4) Appraisal by a professional art appraiser (for long term loans);

(5) A site plan, to include photographs of site and neighborhood, drawings of the proposed site with the project to scale. If located within a historic district or on any other historic resource, a Certificate of Appropriateness may be required pursuant to Ontario Development Code Section 4.02.050;

(6) Proposed transportation/delivery schedule, and request of City responsibility for transport of the artwork to the City, if applicable;

(7) Proposed installation schedule;

(8) Maintenance manual, including the long-term intent of artist for the preservation and maintenance of artwork;

(9) Maintenance schedule prepared by professional art curator;

(10) Estimated budget for installation and maintenance;

(11) Resume and examples of artist's previous work;

(12) Duration of the loan (if applicable)

(13) Proof of insurance sufficient to meet the requirements of the City's Risk Manager, if necessary; and

(14) Building permits, if necessary.

(d) Criteria for the Evaluation of Proposed Gifts or Long Term Loans of Public Art. The following criteria shall be used in evaluating proposed gifts of long term loans of public art for review and acceptance by the City:

(1) Artworks may be existing or proposed works of art;

(2) Artworks must be one-of-a-kind or part of an original series. Reproductions of originals are not considered eligible for acceptance;

(3) Gifts must maintain high artistic standards and are appropriate in relationship or historical relevance to the City;

(4) The proposed location (if specified) is available and is appropriate to the artwork's content, scale, and material. Factors to be considered in selecting an appropriate site include type of artwork, relationship to architectural and natural features, visibility and public access, traffic patterns, future development plans for the area (if known), and public use patterns of the site and surrounding area. If a location is on a historic building, site, landscape or within a district issuance of a Certificate of Appropriateness may be required pursuant to Ontario Development Code Section 4.02.050;

(5) Restrictions from the donor, if any;

(6) Artwork proposals must demonstrate how the surrounding community has been involved and consulted in the process;

(7) Costs of installation and maintenance and repair over the expected life of the artwork shall be defined;

(8) Artistic quality (vision, originality and craftsmanship);

(9) Context (architectural, historical, geographical and socio-cultural context of the site);

(10) Quality and permanency of materials (if ephemeral material: is appropriate documentation included?);

(11) Safety;

(12) Diversity of artists (gender, race, culture) representation in the existing collection of publicly-accessible artworks; and

(13) Diversity of artworks (media, scale, style, intention) in the existing collection of publicly accessible artworks.

(e) Long Term Loans of Artwork. Upon recommendation by the Public Art Program Advisory Committee and acceptance by the City Council, long term loans of artwork may be displayed upon execution of a contract between the City and the artist clearly identifying the terms and conditions of the loan and the rights and responsibilities of all parties.

(f) Acceptance of Gifts of Public Art. Upon recommendation by the Public Art Program Advisory Committee and acceptance by the City Council, gifts of artworks will be deemed part of the permanent collection of the City, and registered with the City's Department of Museum Arts & Culture, once the donor has supplied the City with the following:

(1) Written certification of the installation of the artwork, if completed by artist;

(2) An executed contract between the City and the artist transferring title of the artwork and clearly defining the rights and responsibilities of all parties;

(3) Written instructions for the care, maintenance, preservation, and handling of the artwork, prepared with the assistance of a professional art conservator to be provided by the artist;

(4) A sworn statement of no liens, claims, or other encumbrances associated with the artwork;

(5) A written assignment of any and all warranties for materials used, or labor performed by subcontractors or other persons; and

(6) A written assignment conveying, at a minimum, a perpetual license for the City to reproduce the artwork in digital or print medium for City purposes. The written assignment may include, should it be the artist's desire, the conveying of all rights, including copyrights and waiver of all rights under the Visual Artist's Rights Act of 1990, and its amendments (Section 106A of the United States Copyright Act; Pub. L. No. 101-650).

(g) Title and Ownership. Permanent gifts of artwork to the City shall become the property of the City once an Agreement for Acceptance Donated Artwork has been fully executed and the Donor has delivered the Bill of Sale/Transfer of Title. At such time, all rights of title and ownership shall be conveyed to the City, and all future decisions regarding the use and continued ownership of the artwork shall be under the sole discretion of the City. As owner of the artwork, the City may exercise any and all legal rights of ownership, including, but not limited to, sale, relocation, or removal of the artwork.

(h) Maintenance. When artwork gifts are situated at or on City owned or occupied properties or facilities, the City shall assume its continued maintenance.

(i) Removal, Relocation, or Deaccession of an Artwork. Artworks gifted to the City may be relocated, removed, or deaccessioned from the City's public art collection if the artwork becomes a hazard or liability, if the approved terms of acceptance are not fulfilled, or for any other reason as determined by the City Council, upon recommendation by the Public Art Program Advisory Committee.

(j) Exemption. Gifts of state presented to the City by foreign governments or by other political jurisdictions of the United States that may be accepted by the City Council or City Manager on behalf of the City. Permanent placement of any such artworks will be determined jointly by the City Manager and the Public Art Program Advisory Committee. If not provided by the donor, maintenance of the art will be the responsibility of the host City department.

Sec. 5-33.05 Private Art for Public Enjoyment in Commercial and Industrial Development Projects.

(a) Purpose.

(1) The purpose of this Section is to establish a program for private art for public enjoyment in which private developers shall be required to integrate artworks throughout the commercial and industrial sectors of the City, for the benefit of the general public. The goals of this program are as follows:

(A) Differentiate the City of Ontario as a special place to live, work, play, visit, and invest;

(B) Strengthen cultural awareness, creativity, and innovative thinking in the community;

(C) Integrate the vision of artists with the perspective of other design professionals into the planning and design of the urban landscape;

(D) Ensure public artworks are visually accessible to every member of the community;

(E) Provide an acceptable counterbalance to what many consider to be the undesirable effects of commercial and industrial development (e.g. construction noise, traffic, congestion, and pollution); and

(F) Build a diverse collection of outdoor artworks by qualified artists and ensure the collection is continually maintained.

(2) The public art in commercial and industrial development projects program provides developers a way to make a lasting and visible contribution to the community and alleviate the undesirable effects that may be associated with commercial and industrial development.

(b) Applicability.

(1) All new commercial and industrial development projects valued at $5,000,000 or more, and new tenant improvements constructed in or on new or existing commercial and industrial buildings valued at $500,000 or more, shall be subject to the requirements of this Section. This Section does not apply to the residential portion of mixed-use projects.

(2) All residential projects and public facilities projects constructed by the City or by nonprofit organizations shall be exempt from the requirements of this Section.

(c) Minimum Public Art Allocation.

(1) The required minimum public art allocation fees shall be as follows, and may be amended from time to time by Resolution:

Eligibility	On-Site Fee Option	City Fee Option
New commercial/industrial development $5,000,000 or more.	Developer installs On-Site public art display valuated at 1% of the total final project valuation as determined by the building official or designee.	Developer provides the City $10,000 for City to deposit into the Public Art Fund to be used for the installation of a new public art display or maintain, upgrade, or expand an existing display.
Tenant Improvement on commercial/industrial development $500,000 or more.	Developer installs On-Site public art display valuated at 1% of the total final project improvement valuation as determined by the building official or designee.	Developer provides the City $5,000 for City to deposit into the Public Art Fund to be used for the installation of a new public art display or maintain, upgrade, or expand an existing display.

(2) All projects created through the On-Site Fee Option must be reviewed and approved by the City and shall be installed in compliance with all federal, state, and local applicable laws and regulations.

(3) All projects installed through the On-Site Fee Option must be maintained by the developer during the life of the buildings and structures.

(4) If the artwork installed pursuant to this Section is altered, removed, is not maintained in good condition, or is not provided as required, the City may exercise any and all available legal and/or equitable remedies.

(d) Penalties. Violations of this Section may be subject to the penalties set forth in Chapter 2 of Title 1 of Volume I of the Ontario Municipal Code and/or subject to revocation of the entitlements for the development project.

Sec. 5-33.06 Murals.

(a) Murals commissioned by the City may only be installed and maintained if they have been approved by the Public Art Program Advisory Committee. Other murals not commissioned by the City will be subject to an objective design checklist established, and amended from time to time, by Resolution, and subject to ministerial City review. Murals may only be located in commercial, industrial, city-owned public, and private property. The Advisory Committee shall have the authority to review and approve City commissioned murals in accordance with the procedures and standards outlined in this Chapter.

(b) Standards. The Public Art Program Advisory Committee shall ensure that City commissioned murals are consistent with the following standards:

(1) Murals shall be an original art mural, a work of art, that is hand-painted, hand-tiled or digitally printed image or digital display system on the exterior surfaces of a building or site designed as a work of art. The image cannot be advertising or other commercial message with brand name, product name, abbreviation thereof, company or business name or logo, trademark, brand imagery or products and services for sale. The Public Art Program Advisory Committee will determine if an image, painting pattern, or other element on the exterior of a building or site is a work of art. If the Public Art Program Advisory Committee determines that the image, painting pattern, or other element is not a work of art, then other applicable law may be applied such as sign or building design guidelines by other City departments.

(2) Murals must be durable and capable of being well-maintained.

(3) Murals shall not compromise the proper function of any building or use or diminish public safety.

(4) Murals shall not incorporate recognized signs of hatred or discrimination against any race, color, sex, age, national origin, disability, religion, ancestry, marital status, familial status, gender identity or expression, or sexual orientation.

(5) Murals shall not be obscene or harmful to minors as defined by law.

(6) A Certificate of Appropriateness shall be required if the mural is on a historic building or site pursuant to Ontario Development Code Section 4.02.050.

(c) Application fee. There shall be an application fee of $100 per non-City-commissioned mural application, which may be amended from time to time by Resolution.

(d) An Original Art Mural is not considered a sign as defined in the Ontario Development Code. However, nothing contained in this Chapter is intended to change the rules governing the determination of whether a mural may be placed on a historic building.

(e) A City commissioned mural shall remain in place, without alteration, for a minimum of six (6) months.

(f) Removal. A City commissioned mural may be removed after six (6) months from the date of registration, so long as it is not a registered historic landmark itself or associated with a registered historic landmark property, under any the following circumstances as determined by the Executive Director of the Community Life & Culture Agency:

(1) The property is sold;

(2) The structure or property is substantially remodeled or altered in a way that precludes continuance of the mural;

(3) The property undergoes a change of use authorized."

SECTION 3. The City Council hereby directs the Planning Director to proceed with a Development Code Amendment repealing the Public Art provisions from the Development Code following approval of this Ordinance.

SECTION 4. If any section, subsection, subdivision, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this ordinance or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid or ineffective.

SECTION 5. This Ordinance shall become effective thirty (30) days after its adoption by the City Council.

SECTION 6. CEQA. The City Council finds that adoption of this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15358 (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. Moreover, the City Council finds that this Ordinance is

also exempt under CEQA pursuant to Guidelines Section 15061(b)(3) (there exists no possibility that the activity will have a significant adverse effect on the environment).

SECTION 7. The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause a summary thereof to be published at least once, in a newspaper of general circulation in the City of Ontario, California within fifteen (15) days of the adoption. The City Clerk shall post a certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this 17th day of May 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Ordinance No. 3208 was duly introduced at a regular meeting of the City Council of the City of Ontario held May 3, 2022 and adopted at the regular meeting held May 17, 2022 by the following roll call vote, to wit:

AYES: MAYOR/COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

I hereby certify that the foregoing is the original of Ordinance No. 3208 duly passed and adopted by the Ontario City Council at their regular meeting held May 17, 2022 and that Summaries of the Ordinance were published on May 10, 2022 and May 24, 2022, in the Inland Valley Daily Bulletin newspaper.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Library Prepared By: Lacey A Rightmer Staff Member Presenting: Helen McAlary, Executive Director Community Life and Culture Approved By: 	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 5

SUBJECT: POLICY FOR NAMING OF ONTARIO CITY LIBRARY FACILITIES, ROOMS, OR COLLECTIONS

RECOMMENDATION: That the City Council adopt the Administrative Policy for naming of Ontario Library facilities, rooms, or collections.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner

FISCAL IMPACT: There is no direct fiscal impact associated with the adoption of this policy.

BACKGROUND & ANALYSIS: The Ontario City Library occasionally receives requests to name or rename library facilities, rooms, or collections. The name given to a library facility, room, or collection is important to the institution and the community, as such it requires thoughtful consideration.

At the September 21, 2021 City Council meeting, a community member submitted a petition with signatures to request the naming of the children's room at the Ovitt Family Community Library. Following that meeting, the community member made the same request at the October 12, 2021 meeting of the Ontario City Library Board of Trustees. Since the library did not have an existing policy in place to address the request, an Administrative Policy was written. The proposed Administrative Policy was presented to the Ontario City Library Board of Trustees at the March 8, 2022 meeting. After review, the Ontario City Library Board of Trustees recommended that the Administrative Policy be adopted by the Ontario City Council. The Administrative Policy is summarized below:

Application Process and Procedures

The initiation of a request to name a facility, room, or collection (hereafter referred to as a facility) will be through a written application. It can be completed by one or more city residents, business owners, property owners, or City of Ontario staff. The application must identify the facility and the proposed name change, as well as include at least three letters of support from community

members, and attach articles, documents, and other evidence demonstrating community support. Applications must meet the naming criteria outlined in the attached Administrative Policy.

The Library Director and Community Life & Culture Executive Director will review submitted applications to ensure they are consistent with the naming criteria. If approved, the application will be presented to the Ontario City Library Board of Trustees by the Library Director or their designee, no more than 60 days after receipt of the application. Public Notice will be given to community members allowing the opportunity to speak in favor or opposition of the application at the Ontario City Library Board meeting. The Library Board will review the application, and vote on a recommendation to City Council.

Ontario City Council will vote to approve, modify, or deny the application. All decisions concerning the naming or renaming of a library facility are at the discretion of the City Council. Incomplete applications or those otherwise inconsistent with the Administrative Policy will be returned within 60 days of receipt. Applications can be resubmitted.

Naming Criteria

The following criteria have been established to assist the Library Board and City Council in the decision-making process regarding the naming of a facility. Priority will be given to:

- Historic names
- Places and feature names
- Individuals of note
- Longstanding affiliation with the City of Ontario
- Significant community service

The Administrative Policy also outlines reasons for exclusions. Names that promote an unhealthy lifestyle, including but not limited to: tobacco, alcohol, gambling, drugs, or that promote a political organization or affiliation will not be considered.

The Administrative Policy lays out the termination of naming rights. City Council can reject any naming request at any time during the approval process. City Council may remove a name from a library facility when deemed to be in the best interest of the City of Ontario. City Council may suspend or terminate the use of a name in circumstances involving fraud, poor moral character, criminal activity, or other actions which would reflect poorly on the city. Should an organization or group cease to exist, its naming rights may be terminated.

To ensure the Ontario City Library remains consistent and intentional when presented with facility naming requests, we recommend that the City Council adopt the attached Administrative Policy for the naming of Ontario Library facilities, rooms, and collections.

SUBJECT Naming of Ontario City Library Facilities, Rooms or Collections.	Number: Property & Equipment, PE-001
	Effective Date: [Date]
	Policy Owner(s): Helen McAlary, Executive Director, Community Life and Culture
	Approved by: [Approver name, Title]

1. PURPOSE

The name given to a library facility, room or collection is important, as that name will come to symbolize the facility and the City of Ontario. Due to the high-profile nature of public facilities such as libraries, diligence and discretion must be exercised in their naming. Because of this, selecting a name should receive great consideration. Significant review and a high standard of care must be applied in the use of a name of an individual, organization, or business.

In addition, the city periodically receives requests to name or rename public facilities.

This policy establishes a fair, objective, and consistent procedure for formally naming or re-naming Ontario City Library facilities, rooms, or collections.

2. SCOPE

The scope is the naming of Ontario City Library facilities, rooms, or collections.

3. POLICY

3.1. Naming or Renaming Existing Library Facilities, Rooms, or Collections

3.1.1. A request to name or rename a library facility, room, or collection may be initiated by one (1) or more city resident(s), business owner(s), property owner(s) or city staff. The requesting party will use the Commemorative Dedication and Names Application ("Application") which shall be submitted to the Library Director.

3.1.2. The Application shall identify the library facility, room, or collection, state the reason(s) for the proposed name change, and specify the proposed name(s). The Application must include at least three letters of support from community members, articles, documents, and other evidence demonstrating community support.

3.1.3. The Library Director and Executive Director of Community Life and Culture shall review the Application and determine whether it is consistent with the policy. If consistent, the Application will be included in the agenda packet for a Library Board of Trustees meeting within 60 days of receipt of the Application. Prior notice will be given to the Library Board that the item will be on an upcoming agenda. The Library Director or designee will present a report and the Application to the Library Board of Trustees. Prior notice will be given to allow community members an opportunity to speak during public comment at the Library

Board of Trustees meeting.

3.1.4. Applications that are denied, determined to be incomplete, are submitted without the items of support as listed in section 3.1.2, or are otherwise inconsistent with this policy will be returned to the applicant. Applicants will receive a written explanation for the return within 60 days of receipt of the Application. The applicant may resubmit the Application at any time with new or additional information to correct the identified insufficiencies.

3.1.5. The Library Board of Trustees shall review the submitted Application and report and shall vote on a recommendation to the City Council. The Library Board of Trustees may recommend that City Council approve, modify, or deny the Application together with the reasons therefor.

3.2. Review by City Council

3.2.1. The Application, agenda report, and Library Board of Trustees' recommendation will be presented to the City Manager's Office.

3.2.2. The City Manager or designee will present the Application to City Council in the form of a City Council agenda report. Community members in support of the Application may be asked to speak during public comment at the City Council meeting.

3.2.3. All decisions with respect to the naming or renaming of library facilities, rooms, or collections will be at the discretion of the City Council, which shall determine whether a library facility, room, or collection shall be named or renamed.

3.3. Naming Criteria for All Library Facilities, Rooms, or Collections

3.3.1. Priorities to be considered in naming library facilities, rooms, or collections shall be as follows:

a. Historic Names. Names of historic events, groups or organizations that had a positive and significant local, regional, or national impact. Special consideration can be given to events, groups or organizations celebrating Ontario's history/heritage.

b. Places and Feature Names. The following criteria will be used in evaluating the use of places or feature names:

i. Recognizable area or neighborhood, e.g. Ontario Ranch. Names that aid in locating a library facility, room, or collection are acceptable. If the facility is located on a park or school site, the facility need not share the name of the park or school site.

ii. Theme Names. If a facility is located in an area with a specific theme, due consideration may be given to that theme, such as a farming or an old west theme.

iii. Natural Features. Natural and geographic features, such as creeks and terrain.

iv. Horticultural features. Horticultural features or characteristics of a certain area such as orange grove or grape vines.

c. Individuals. The following criteria will be used in evaluating the use of names of persons (whether living or deceased):

i. Persons who have made positive contributions at the local, regional, or national level of major significance. Such individuals may include:

1. Deceased persons of significance. Special consideration can be given to former or deceased Ontario residents.

2. Significant authors, musicians or artists who were born or resided in Ontario at some point in time.

3. National and/or local heroes.

ii. General Criteria. Names of persons, groups or organizations having longstanding affiliation with the city of significant community service, with involvement or contribution beyond the ordinary interest level whose efforts have:

1. Enhanced the quality of life and well-being of Ontario residents.

2. Contributed to the preservation of Ontario history or culture.

3. Made exemplary or meritorious contributions to Ontario or its residents.

4. Created a significant or exemplary body of literature or art.

5. Contributed to the acquisition, development, or conveyance of land, buildings, structures, or other amenities to the city or community.

6. Special consideration can be given to former or current Ontario residents.

iii. Living Persons. Facilities, rooms, or collections may be named after living persons only after a thorough study has been completed by city staff relative to the individual's background and qualifications pursuant to the criteria in Section 3.3.1.c.i-ii subsection of this policy.

iv. Groups and Organizations. Facilities, rooms, or collections may be named after groups or organizations pursuant to the criteria set forth in Section 3.3.1.c.i of this policy.

v. Alignment. The significance and notability of an individual should align with the suggested facility, room, or collection. The contributions to the community or mission of the library should be commensurate with the facility, room, or collection being named.

3.4. General Conditions and Exclusions

a. Naming that promotes an unhealthy lifestyle, including but not limited to drugs, alcohol, tobacco use, or gambling, will not be considered.

b. Naming that promotes any political organization or affiliation will not be considered.

3.5. Termination of Naming Rights

3.5.1. Due to the high-profile nature of public facilities such as libraries, diligence and discretion must be exercised in their naming. Significant review and a high standard of care will be applied in the use of a name of an individual, organization or business. The City of Ontario reserves the right to reject any sponsor requests or naming requests at any time during the approval process.

3.5.2. The City Council may remove a name from a library facility, room, or collection when deemed by the City Council to be in the best interest of the City of Ontario.

3.5.3. The City Council reserves the right to suspend and/or terminate the use of a name in the case of circumstances involving fraud, poor moral character, criminal activity, or other actions which would reflect poorly on the reputation, image, or good-will of the City of Ontario.

3.5.4. Should an organization or group cease to exist, their naming rights may be terminated.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Economic Development Prepared By: Charity Hernandez Staff Member Presenting: Jennifer McLain Hiramoto, Economic Development Director Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 6

SUBJECT: **A RESOLUTION APPROVING A PURCHASE AND SALE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE ONTARIO REDEVELOPMENT AGENCY AND HDC CONSTRUCTION, INC. IN ACCORDANCE WITH GOVERNMENT CODE SECTION 37350 ET. SEQ.**

RECOMMENDATION: That the Agency Board adopt a Resolution approving a Purchase and Sale Agreement ("Agreement") between the Successor Agency to the Ontario Redevelopment Agency ("Successor Agency") and HDC Construction, Inc., ("Developer") of Ontario, California (on file with the Records Management Department); and authorize the Executive Director to execute the Agreement and all other documents required for implementation of the Agreement.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Operate in a Businesslike Manner

FISCAL IMPACT: The City will convey approximately 4,350 square feet of real property located at 213 North Fern Avenue for a purchase price of $100,000, all of which will be disbursed to the local taxing entities within the former Center City Redevelopment Project Area. The sales price is supported by an independent appraisal completed by a certified MAI appraiser and represents the current fair market value of the property.

BACKGROUND & ANALYSIS: In 1992, the property located at 213 North Fern Avenue (a location map is provided for reference as Exhibit "A") was acquired by the former Redevelopment Agency in connection with the implementation of the Center City Redevelopment Project Area Plan ("Redevelopment Plan"). The Redevelopment Plan contained several broad goals and objectives including but not limited to, assisting in the elimination of blighting conditions, encouraging private investment, increasing availability of housing stock, and expanding the community's tax base and economic vitality.

The property is located on the southwest corner of "B" Street and Vesta Street, and is designated as Downtown Mixed-Use within Land Use Area 3 of the Holt Boulevard District.

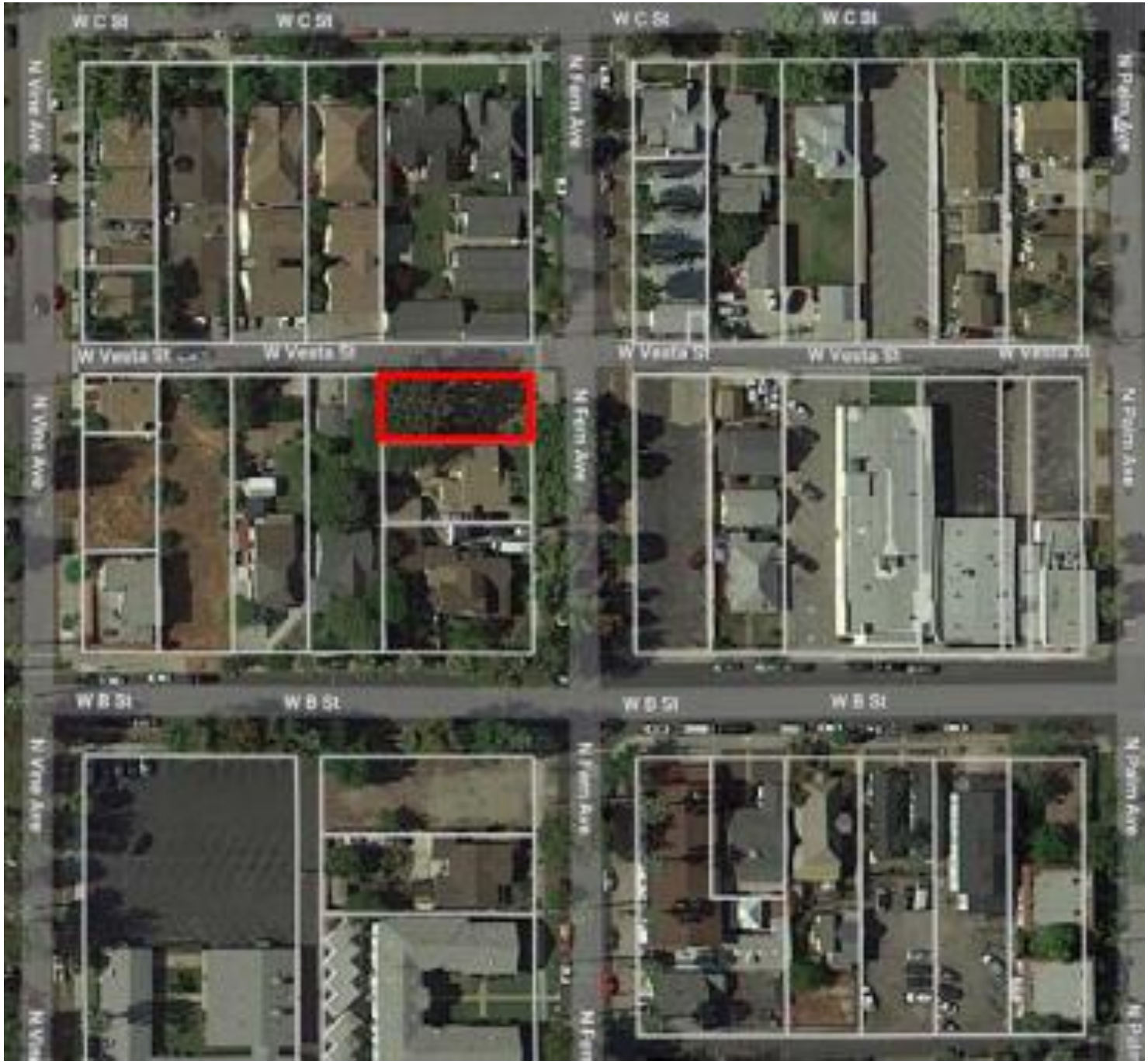
The Developer is proposing to construct 3 multi-family residential units on the site. The Developer will also be required to build all associated on-site and off-site improvements, including but not limited to all hardscape, landscaping, and public street improvements.

The proposed Project will provide for the development of a long-time remnant site to a higher and better use, generate property tax revenue, produce new jobs (both permanent and temporary), and stimulate additional development within the area.

The project is categorically exempt from the requirement of the California Environmental Quality Act ("CEQA") pursuant to Section 15332 (Class 23 – In-Fill Development) of the CEQA Guidelines.

EXHIBIT "A"

213 NORTH FERN AVENUE



RESOLUTION NO. SA-_____

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE ONTARIO REDEVELOPMENT AGENCY OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING A PURCHASE AND SALE AGREEMENT WITH HDC CONSTRUCTION, INC. FOR PURCHASE OF 213 NORTH FERN AVENUE

WHEREAS, the Successor Agency to the Ontario Redevelopment Agency ("Agency") is the owner of that certain 0.11 acres of vacant real property located at 213 North Fern Avenue, Assessor Parcel Number 1048-572-06, and legally described in that certain Purchase and Sale Agreement between the Agency and HDC and incorporated herein by reference (the "Property"); and

WHEREAS, the Agency does not have a Department of Finance-approved Long-Range Property Management Plan and must therefore dispose of its assets pursuant to Health and Safety Code Section 34177(e), which states, in relevant part, that the Agency must "[d]ispose of [its] assets and properties expeditiously and in a manner aimed at maximizing value" and transfer the sale "[p]roceeds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, to the county auditor-controller for distribution as property tax proceeds under [Health and Safety Code] Section 34188"; and

WHEREAS, on or about March 19, 2021, the Agency commissioned an appraisal of the Property and determined that the fair market value of the Property was approximately One Hundred Thousand Dollars ($100,000); and

WHEREAS, the Property is no longer necessary for the Agency's use and is therefore surplus land as defined in the Surplus Land Act (Government Code Section 54220 et seq.) (the "Act"); however, because the Property is less than 5,000 square feet in area, it is exempt surplus land, pursuant to Sections 54221(b)(1) and (f)(1)(B)(i) of the Act; and

WHEREAS, the Agency now desires to sell the Property to HDC Construction, Inc. ("HDC") pursuant to its authority under Government Code Section 37350 and pursuant to the terms of that certain Purchase and Sale Agreement between the Agency and HDC (the "Agreement"); and

WHEREAS, the proposed sale of the Property pursuant to the Agreement is authorized by Government Code Section 37350, as it is for the common benefit, because HDC intends to build multi-family housing on the Property, which would (a) directly support the efforts of the City of Ontario (the "City") to house its citizens, (b) generate property tax revenue for the City, which would, in turn, (c) provide opportunities for reinvestment in the community and elimination of blight caused by the vacant Property.

NOW, THEREFORE, THE BOARD OF THE SUCCESSOR AGENCY TO THE ONTARIO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AND FIND AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. Findings. The sale of the Property pursuant to the Agreement is authorized by Government Code Section 37350, as it is for the common benefit by addressing housing issues within the City, generating property tax revenue for the common benefit of the City, its residents and visitors, and contributing to the elimination of blight in the City.

SECTION 3. Surplus Land Act Compliance. The Property, while no longer necessary for the Agency's use, is exempt from the Surplus Land Act because it is less than 5,000 square feet in area. *See* Government Code Section 54221(f)(1)(B)(i).

SECTION 4. CEQA Compliance. The Agency Board's approval of the Agreement is exempt from the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines Sections 15061(b)(3), because the sale of the Property does not commit the Agency to any particular project or development on the Property, and any such project or development will be subject to separate review and approval by the City, including environmental review and approval. It can therefore be seen with certainty that there is no possibility that the Agreement may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of CEQA. The Agency Secretary is authorized and directed to file a Notice of Exemption with the appropriate official of the County of San Bernardino, California, within five (5) days following the date of adoption of this Resolution.

SECTION 5. Approval of Agreement. The Agency's Board hereby approves the Agreement, on file with the City Clerk, subject to any non-substantive revisions which do not increase the Agency's liability and are approved by the General Counsel for the Agency, and authorizes the Executive Director or his or her designee to sign and enter into the Agreement, and all agreements related thereto, and to take any other actions required to effectuate the purpose of the Agreement.

SECTION 6. Severability. 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 City Council declares that the City Council would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 7. Certification. The City Clerk of the City of Ontario shall certify to the adoption of this Resolution.

SECTION 8. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED this 17th day of May 2022.

_____
PAUL S. LEON, CHAIRMAN

ATTEST:

_____
SHEILA MAUTZ, AGENCY SECRETARY

APPROVED AS TO FORM:

_____
AGENCY COUNSEL

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, in my official capacity as Secretary to the Successor Agency to the Ontario Redevelopment Agency, DO HEREBY CERTIFY that Resolution No. SA- was duly adopted by the Successor Agency to the Ontario Redevelopment Agency at a regular meeting held on May 17, 2022 by the following vote:

AYES: AGENCY MEMBERS:

NOES: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

_____
SHEILA MAUTZ, AGENCY SECRETARY

(SEAL)

The foregoing is the original of Resolution No. SA- duly passed and adopted by the Successor Agency to the Ontario Redevelopment Agency at their regular meeting held May 17, 2022.

_____
SHEILA MAUTZ, AGENCY SECRETARY

(SEAL)

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Economic Development Prepared By: Karla Tavera Staff Member Presenting: Jennifer McLain Hiramoto, Economic Development Director Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 7

SUBJECT: AN AMENDMENT TO THE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDED DOWNTOWN FACADE IMPROVEMENT PROGRAM GUIDELINES

RECOMMENDATION: That the City Council consider and approve the adoption of the amended Community Development Block Grant funded Downtown Facade Improvement Program Guidelines.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Focus Resources in Ontario's Commercial and Residential Neighborhoods

FISCAL IMPACT: There will be no General Fund impact. All costs associated with the Downtown Façade Improvement Program will be funded by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program. A total of $125,000 has been allocated to this program for FY 2021-22 and subsequent years will have the same allocation upon Council approval.

BACKGROUND & ANALYSIS: The City of Ontario, in its continuing effort to support the revitalization of the Historic Downtown Area, created the Downtown Façade Improvement Program ("Program") in August of 2019 for eligible applicants within the designated Program area. The purpose of the Program is to provide financial assistance, in the form of a grant, to commercial property and/or business owners to make qualifying façade improvements on Euclid-facing buildings. The Program is intended to facilitate commercial revitalization, preserve and beautify the Historic Downtown Area, stimulate private investment, and beautify the commercial corridors by creating a pedestrian-friendly and aesthetically pleasing environment for residents, visitors and tourists.

Grant funds are available to eligible commercial property and/or business owners who meet the requirements of the Program. The maximum Program grant amount per applicant is $25,000. The applicant will be required to contribute a one-to-one leverage of private investment towards the approved improvements of the building. This means that the amount that the applicant contributes will be matched by the City.

The Program assistance is limited to supply and installation contracts, such as new signage, new awnings, exterior lighting, and anti-graffiti treatment to existing windows. Program eligible improvements are limited to exterior improvements, such as exterior refinishing, new exterior doors, exterior lighting, painting, decorative improvements, and new windows.

The Program guidelines adopted in August 2019 contain the details of the eligibility requirements, amount and type of financial assistance offered, eligible improvements, application, and procurement and award processes. The original Program area encompasses both sides of North Euclid Avenue from Holt Boulevard to G Street. Staff is requesting that the City Council adopt the amended Downtown Façade Improvement Program Guidelines (Attachment A) to expand the Program area to mirror the Downtown Ontario Benefits Improvement District (Attachment B). By expanding the Program area, more commercial property and/or business owners will be eligible. Since its original adoption in 2019, the program has assisted five businesses with a variety of exterior façade improvements.

CITY OF ONTARIO
ECONOMIC DEVELOPMENT DEPARTMENT
303 EAST B STREET
ONTARIO, CALIFORNIA 91764
(909) 395-2005

Downtown Storefront Façade Improvement Program

PROGRAM GUIDELINES

SECTION I- OVERVIEW OF PROGRAM

A. Purpose, Goal and Objective of Program-

The City of Ontario, in its continuing effort to support the revitalization of the Historic Downtown Area, has created a Downtown Storefront Façade Improvement Program (Program) for all property owners within the designated program area. The purpose of the program is to provide financial assistance to commercial property and/or business owners to make qualifying façade improvements within the Program area.

The goals of the Program are to facilitate commercial revitalization; stimulate private investment and customer patronage; preserve and beautify the Historic Downtown Area; and generate shopping opportunities by creating a pleasant walking environment resulting from the improved visual aesthetics of commercial building façades.

B. Source of Funds-

The Program is being funded by the Federal Government's Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG).

C. Financial Assistance-

Grant funds shall be available to eligible commercial property and/or business owners who meet the requirements of the Program. The maximum program grant amount per applicant is $25,000. The applicant will be required to contribute a 1:1 leverage of personal funds towards the approved improvements of the building. For example, if the grant amount requested is $10,000, the applicant will need to provide $10,000 of improvements within the approved scope of work.

SECTION II- PROGRAM REQUIREMENTS

A. Location- Only commercial properties located within the outlined map area are eligible to apply (See map at Section V).

B. Permits- Property owner must obtain plan approval and any applicable Planning and Building permits from the City. All work performed under the provisions of this Program shall meet all applicable standards contained in the City's adopted zoning ordinance, and local building and safety codes. The City's General Requirements can be viewed on the City's website at: https://www.ontarioca.gov/government-departments-development-building/general-requirements

C. Improvements- All building improvements must be to the exterior of the building. The scope of work must be approved by City of Ontario's Economic Development Agency and Community Improvement Department. Proposed work should be consistent with the historic nature of the building. No work, whether it is program funded or leverage funded shall be conducted prior to the written approval of the scope of work by the City. Improvements are not eligible if they are simply maintenance of the current façade.

D. Ownership- The applicant(s) must be either the current property owner(s) or business owner(s) (tenant) of the property to be rehabilitated in order to be eligible for the Program. Business owners must obtain consent from current property owner(s) in order to apply for the program. In case of multiple ownership, the signature of each titleholder is required on all appropriate documents. The City will verify property ownership and require all persons currently on title to give written consent to all work proposed to be performed on the property prior to initiating such work.

E. Program Limitations- If a building or qualified unit is occupied by one tenant occupant, the maximum number of applications is one per façade. If a building has multiple independent units, each unit with a separate entrance, which has a wall that qualifies as an exterior facade may make a separate application on the basis of one application per façade. If a portion of a building has been improved with Program funds, subsequent applications for the remaining portions of the building should be consistent with the prior grant work.

F. Program Eligible Property Improvements- The Program assistance is limited to supply and installation contracts. Supply and installation contracts are defined as those where the material supplier will provide installation of the material with an incidental amount of construction activity that does not require a separate construction contract. No extensive structural modifications should be required to install the materials (i.e., widening

entrances or installing wiring). Such improvements may include, but are not limited to:

- New signage;
- New awnings;
- Exterior lighting; and
- Anti-graffiti treatment to existing windows.

G. Owner Leverage Eligible Property Improvements- The program requirements require a 1:1 leverage of grant funds with personal funds from the applicant. Eligible leverage-funded improvements are limited to exterior improvements. Such improvements may include, but are not limited to:

- Exterior refinishing;
- New exterior doors;
- Exterior lighting;
- Painting;
- Decorative improvements; and
- New windows.

SECTION III- PROGRAM PROCEDURES

A. Applicant Intake and Eligibility Determination-

a. Application- Applications are available at City Hall or online at www.ontarioca.gov. A form of application is attached as Appendix A for your reference. Each application must be completed in its entirety, signed and submitted with all required documents as listed on the application, and signed proof of ownership of lease agreement. Applications will be reviewed in the order in which they are received. The City will maintain a waiting list for all prospective participants.

b. Verification and Eligibility Determination- The City shall verify all information as necessary. Applicants will be notified in writing regarding eligibility status.

c. Rehabilitation Feasibility Determination- Once an applicant has been determined to meet eligibility requirements, an initial inspection of the property will be made by the Economic Development Agency and Community Improvement Department to determine the extent of any code violations, as well as any health and safety issues, that need to be corrected as part of the program or leverage scopes of work. A proposed scope of work will be developed illustrating the items to be included as part of the program scope of work and items to be included as the leverage scope of work.

d. Approval and Notifications- Once the application and scope of work have been verified as eligible, the City and the applicant will enter into a Program Agreement that contains the terms and conditions required by the program. A form of Program Agreement is attached here as Appendix B for your reference. After execution of the Program Agreement, the City will issue a Notice to Proceed with work. **No work should be initiated, contracted for, or performed until after the Notice to Proceed has been issued.** The City may not approve reimbursement for work completed prior to the issuance of the Notice to Proceed.

e. Reservation of Funds- After the applicant has been approved for the program, a reservation of funds letter will be issued for the grant amount approved. This letter will reserve the approved grant amount for 90 days. If the applicant has not submitted all required items for reimbursement within the 90 days, the reservation of funds may be cancelled. If unforeseen conditions are delaying the project, the applicant should contact the City immediately to discuss options to preserve the reservation of program funds. One additional extension of time up to 90 days may be granted based upon a demonstrated hardship.

B. Procurement and Contractor Selection

a. **Program-Funded Improvements Procurement-** The applicant is required to obtain multiple proposals for the program-funded improvements. A minimum of three proposals for each item approved within the program scope of work shall be submitted. If the applicant is unable to obtain three proposals, the applicant shall provide a summary of the efforts made to obtain the minimum number of required proposals. Supply and installation proposals from vendors qualified to perform the improvements approved within the program scope of work shall be submitted for approval prior to execution of contracts with material suppliers. Proposals shall clearly state a cost for materials and a cost for installation.

b. **Program-Funded Improvements Selection-** The City will review the proposals submitted by the applicant and verify the lowest-qualified proposal. Approval will be given for the amount specified in the lowest-qualified proposal within the grant limits of the program. Should the applicant wish to enter into an agreement with a vendor other than the approved lowest-qualified proposal, the applicant will be responsible for the cost difference between the lowest-qualified proposal and the selected proposal. The material supplier and/or the applicant will be responsible to obtain all necessary permits for the program-funded improvements. The amount of reimbursement approved is limited to the approved lowest-qualified proposal.

c. **Leverage-Funded Improvements Selection-** The City will review the scope of work and contract proposal for the leverage-funded improvements pursuant to the scope of work approved during the feasibility determination. All leverage-funded improvements will be contracted for privately by the applicant and paid for from private funds. No CDBG funds will be used for any portion of the leverage-funded improvements. While the City is not involved with the contracting for the leverage-funded improvements, a best practice suggestion is that the applicant obtain a minimum of three bids for the leverage-funded improvements. The final amount of program funds reimbursed will be based on the final amount of the leverage-funded improvements.

d. **Insurance and Licenses-** The applicant is solely responsible for ensuring that the contractor has all necessary insurance and required licenses. In addition, the applicant shall insure that the contractor obtains all necessary permits for both the program-funded and leverage-funded improvements.

C. Award and Reimbursement

a. **Notification-** Once the applicant has submitted all required procurement documents for both the program-funded and leverage-funded improvements, the City will issue a final Notice to Proceed. No reimbursement shall be issued for work completed or contracted for prior to the issuance of the Notice to Proceed.

b. **Inspection of Completed Work-** After the applicant notifies the City that all work has been completed, including all program-funded and leverage-funded improvements, an inspection of the work will be conducted. This inspection shall include a review of the permits issued and inspections of permitted work.

c. **Reimbursement-** Based upon the results of the inspection, the City will issue reimbursement from program funds to the applicant for the completion of the improvements. In order for reimbursement to be processed, receipts evidencing payment in full on all vendor contracts for the program-funded work and construction contracts for all leverage-funded improvements shall be provided. In addition, the applicant shall file a Notice of Completion within 10 days of the completion of the work and provide a copy as part of the reimbursement request.

D. Applicant Responsibilities

a. **Property Maintenance-** The applicant is responsible for property maintenance and safety during the construction and material installation. The property owner/business owner is responsible for ongoing maintenance of the improvements for five (5) years following the completion of both the program-funded and leverage-funded improvements.

Section IV- AMENDMENTS

Amendments to these guidelines may be made from time to time by the City. Authority shall be granted to the City Manager or his/her designee to grant a minor waiver or make minor amendments to these guidelines, with the exception of Federal guidelines and regulations.

Section V- PROGRAM AREA MAP

APPENDIX A

DOWNTOWN FAÇADE IMPROVEMENT PROGRAM APPLICATION

Applicant name: _____

Applicant is the: Business Owner ☐ Property Owner ☐

Property address: _____

City, state, zip code: _____

Applicant's address: _____

City, state, zip code: _____

Phone number: _____

_____

Email address: _____

PROPOSED PROGRAM-FUNDED SCOPE OF WORK

Briefly describe the proposed Program-Funded Scope of Work. Eligible program-funded improvements include only supply and installation contracts, such as new signage, new awnings, exterior lighting, and anti-graffiti treatment to existing windows.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Estimated Proposed Program-Funded Scope of Work Cost: _____

PROPOSED LEVERAGE-FUNDED SCOPE OF WORK

Briefly describe the proposed Leverage-Funded Scope of Work. Eligible leverage-funded improvements include exterior improvements only, such as exterior refinishing, new exterior doors, exterior lighting, painting, decorative improvements, and new windows

Estimated Proposed Leverage-Funded Scope of Work Cost: _____

☐ I/We understand that the program requires owner leverage funds in a 1:1 ratio with the requested grant amount.

APPLICATION CERTIFICATION: I/we understand that the above information is being collected to determine if I/we are eligible to receive financial assistance through the Downtown Façade Improvement Program. I/we authorize the City of Ontario to verify all information provided on this application.

_____ APPLICANT SIGNATURE	_____ DATE
_____ PROPERTY OWNER SIGNATURE (IF APPLICABLE)	_____ DATE

APPENDIX B

PROGRAM AGREEMENT

CITY OF ONTARIO
Downtown Storefront Façade Improvement Grant Agreement

THIS AGREEMENT, entered into this _____day of _____, _____, between the City of Ontario, CA (hereinafter referred to as "City") and the following designated OWNER/LESSEE:

Owner Name: _____

Lessee's Name: _____

Name of Business: _____

Business Tax ID #: _____

Address of Property to be improved: _____

WITNESSETH:

WHEREAS, the City of Ontario has established the Downtown Storefront Façade Improvement Program (hereinafter referred to as the "Program") for application within the Historic Downtown Area (hereinafter referred to as "Program Area"); and

WHEREAS, the Program is administered by the City with the advice of the City Council and is funded by Community Development Block Grant (CDBG) Funds from the U.S. Department of Housing and Urban Development for the purpose of commercial revitalization, stimulation of private investment and customer patronage, preservation and beautification of the Historic Downtown Area, and to generate shopping opportunities by creating a pleasant walking environment resulting from the improved visual aesthetics of the commercial building façades.

WHEREAS, pursuant to the Program, the City has agreed to participate, subject to its sole discretion in reimbursing owners/lessees for the cost of eligible exterior improvements to commercial establishments within the Project Area up to a maximum of $25,000 with an applicant contribution of 1:1 leverage of personal funds towards the improvements of the building in the scope of work; and

WHEREAS, the Owner/Lessee's property is located within the Program Area, and the Owner/Lessee desires to participate in the Program pursuant to the terms and provisions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements obtained herein, the City and the Owner/Lessee do hereby agree as follows:

SECTION 1

With respect to the façade improvements to the exterior of the property, the City shall reimburse the Owner/Lessee for the cost of supply and installation contracts up to a maximum amount of $25,000 provided that Owner/Lessee has contributed said amount of personal funds towards the exterior improvements.

The actual total reimbursement amount per this Agreement shall not exceed $_____ for façade improvements.

The improvement costs, which are eligible for City reimbursement, are limited to supply and installation contracts which are defined as those where the material supplier will provide installation of the material with an incidental amount of construction activity that does not require a separate construction contract. No extensive structural modifications should be required to install the materials (i.e., widening entrances or installing wiring). Such improvements may include, but are not limited to: new signage; new awnings; exterior lighting; and anti-graffiti treatment to existing windows.

The improvement costs, which are eligible for City reimbursement, shall be shown on the plans, design drawings, specifications, and estimates approved by the City. Such plans, design drawings, specifications, and estimates are attached hereto as Exhibit "A."

SECTION 2

No improvement work shall be undertaken until the design has been submitted to and approved by the City. Following approval, the OWNER/LESSEE shall contract for the work and shall commence and complete all such work within ninety (90) days from the date of such approval. The OWNER/LESSEE may request a ninety (90) day extension provided there is a demonstrated hardship.

SECTION 3

The City shall periodically review the progress of the contractor's work on the façade improvements pursuant to this Agreement. Such inspections shall not replace any required permit inspection by Building Inspectors. All work which is not in conformance with the approved plans, design drawings, and specifications shall be immediately remedied by the OWNER/LESSEE and deficient or improper work shall be replaced and made to comply with the approved plans, design drawings, and specifications and the terms of this Agreement.

SECTION 4

Upon completion of the improvements and upon their final inspection and approval by the City, the OWNER/LESSEE shall submit to the City a properly executed and notarized contractor statement showing the full cost of the work to complete the façade improvement related work, as well as a statement for façade improvement work done to achieve the 1:1 match required by this Agreement. In addition, the OWNER/LESSEE shall submit to the City proof of payment of the contract cost pursuant to the contractor's statement and final lien waivers from all contractors and subcontractors as well as proof of 1:1 match. The City shall, within forty-five (45) days of receipt of contractors statement, proof of payment, conformed copy of the Notice of Completion, and lien waivers, issue a check to the OWNER/LESSEE as reimbursement in the total grant amount stated in SECTION 1 of this Agreement.

SECTION 5

If the OWNER/LESSEE fails to complete the improvement work provided for herein in conformity with the approved plans, design drawings, and specifications and the terms of this Agreement, then upon written notice being given by the City to the OWNER/LESSEE, by certified mail to the address listed above, this Agreement shall terminate and the financial obligation on the part of the City shall cease and become null and void.

SECTION 6

This Agreement shall be binding upon the City and upon the OWNER/LESSEE and its successors, to said property for a period of five (5) years from and after the date of completion and approval of the façade improvements provided herein unless otherwise agreed upon by the parties in writing. It shall be the responsibility of the OWNER/LESSEE to inform subsequent OWNER(S)/LESSEE(S) of the provisions of this Agreement.

SECTION 7

The OWNER/LESSEE agrees to maintain the improvements at his/her sole expense for a period of five (5) years unless otherwise agreed upon by the parties in writing. In the event that the OWNER/LESSEE fails to maintain the improvements, the City may issue a thirty (30) day written notice to the OWNER/LESSEE to correct any maintenance deficiencies. If the OWNER/LESSEE fails to correct the stated deficiencies within thirty (30) days of the notice, City may cause any maintenance or repair work to be performed at OWNER's expense.

SECTION 9

The OWNER/LESSEE agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal laws, pertaining to the development and use of the Property and construction of the façade improvements, as well as operations conducted on the Property. The OWNER/LESSEE agrees that the City shall not be liable for, and covenants and agrees to indemnify and hold harmless the City and its officials, officers, employees, and agents from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from noncompliance with all municipal, county, state and federal laws. The OWNER/LESSEE will require any contractor to comply with the above cited Local, State and Federal laws, and will incorporate these laws in any written agreement between the OWNER/LESSEE and a contractor.

SECTION 10

No member, official, agent, legal counsel or employee of the City shall be personally liable to the Participant, or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the OWNER/LESSEE or successor or on any obligation under the terms of this Agreement.

SECTION 11

The OWNER/LESSEE releases the City from, and covenants and agrees that the City shall not be liable for, and covenants and agrees to indemnify and hold harmless the City and its officials, officers, employees, and agents from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character and nature whatsoever arising out of or, resulting from or in any way connected with directly or indirectly with the façade improvements. The OWNER/LESSEE further covenants and agrees to pay for or reimburse the City and its officials, officers, employees, and agents for any and all costs, reasonable attorney's fees, liabilities, or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, or cause of action. The city shall have the right to select legal counsel and to approve any settlement in connection with such losses, claims, damages, liabilities, or causes of action. The provisions of this section shall survive the completion of said façade improvements.

SECTION 12

Nothing herein is intended to limit, restrict, or prohibit the OWNER/LESSEE from undertaking any other work in or about the subject premises, which is unrelated to the façade improvements provided for in this Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

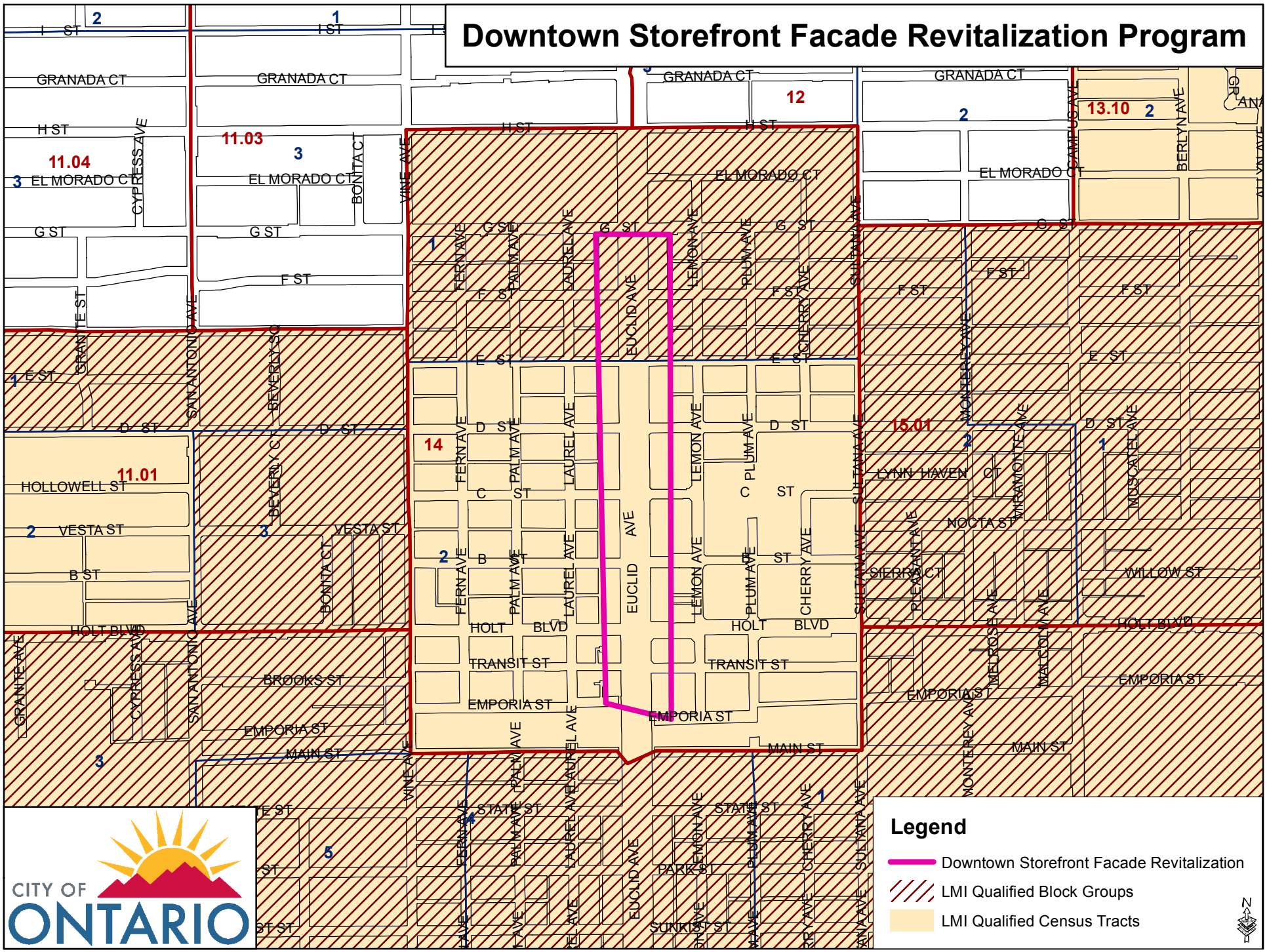
IN WITNESS THEREOF, the parties hereto have executed this Agreement on the date first appearing above.

PROPERTY OWNER	CITY OF ONTARIO
_____	_____
Name	Scott Ochoa, City Manager
_____	
Signature	
LESSEE/BUSINESS OWNER	Approved as to Form
_____	_____
Name	Ruben Duran, City Attorney
_____	
Signature	

Proposed Facade Improvement Program Area Map



CITY OF ONTARIO ECONOMIC DEVELOPMENT


Downtown Storefront Facade Revitalization Program
GRANADA CT
H ST
I ST
G ST
F ST
E ST
D ST
C ST
B ST
HOLLOWELL ST
VESTA ST
HOLT BLVD
TRANSIT ST
EMPORIA ST
MAIN ST
STATE ST
SUNKIST ST
EL MORADO CT
LYNN HAVEN CT
NOCTA ST
SIERRA CT
WILLOW ST
CYPRESS AVE
GRANITE AVE
SAN ANTONIO AVE
BEVERLY CT
BONITA CT
VINE AVE
FERN AVE
PALM AVE
LAUREL AVE
EUCLID AVE
LEMON AVE
PLUM AVE
CHERRY AVE
SULTANA AVE
MONTEREY AVE
MIRAMONTE AVE
MUSCATEL AVE
PLEASANT AVE
MALCOLM AVE
MELROSE AVE
BERLYN AVE
CAMELIA AVE
PARK ST
11.03
11.04
11.01
12
13.10
14
15.01
CITY OF ONTARIO
Legend
Downtown Storefront Facade Revitalization
LMI Qualified Block Groups
LMI Qualified Census Tracts
N

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Economic Development Prepared By: Miranda Watkins Staff Member Presenting: Jennifer McLain Hiramoto, Economic Development Director Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 8

SUBJECT: **A RESOLUTION REGARDING FOURTH AMENDMENT TO OPERATING COVENANT AND TAX SHARING AGREEMENT (EXCLUSIVELY VOLVO) BETWEEN THE CITY OF ONTARIO AND G.H.N., INC**

RECOMMENDATION: That the City Council take the following actions:

A. Adopt a Resolution approving the Fourth Amendment to the Operating Covenant and Tax Sharing Agreement (Exclusively Volvo), (on file with the Records Management Department) by and between the City of Ontario and G.H.N, Inc. hereafter referred to as "Dealer", and authorizing the City Manager to execute the Agreement, and making related findings; and
B. Direct City Staff to file a Notice of Exemption based upon the City Council's finding that the impacts for this Agreement is not a project and subject to environmental review and that there is no possibility that the activity in question may have a significant effect on the environment.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Operate in a Businesslike Manner

FISCAL IMPACT: There is no fiscal impact as a result of the adoption of the Resolution and approval of the recommended amendment. The Amendment will extend the term of the Dealer's Operating Covenant under the Agreement for an additional two years, and extend the associated eligibility period for a corresponding two years. The financial terms associated with the tax sharing are not affected by the recommended Amendment.

BACKGROUND & ANALYSIS: The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law. The City of Ontario receives one percent (1%) of all taxable sales generated within the City under this law. Sales and Use Tax revenues are an important source of revenue for the City, which are used to provide essential city services, such as police, fire, infrastructure maintenance and community facilities.

The City of Ontario and G.H.N, Inc. the "Dealer", entered into that certain Agreement for Purchase of Operating Covenant (Exclusively Volvo/Volkswagen/Subaru) on December 21, 2001 to assist in the establishment of the dealership operations in the City of Ontario, in the Ontario Auto Center. This Agreement was subsequently amended on December 12, 2002, and on January 16, 2007. This Agreement, and the two subsequent amendments, are collectively referred to as the Original Operating Covenant Agreement ("Original OCA").

The City of Ontario and the Dealer thereafter entered into an Operating Covenant and Tax Sharing Agreement (Exclusively Volvo), whereby Dealer agreed to operate the Volvo automobile dealership in the City of Ontario for an additional fifteen year period and City agreed to provide covenant payments following Dealer's receipt of the applicable payments under the Original OCA, or the expiration of the original sales tax eligibility period (July 2009), whichever was earlier. This Agreement was subsequently amended on May 24, 2010, February 21, 2012, and April 1, 2017. In October, 2018, the Dealer completed a $3.6M renovation of the Volvo dealership facilities, located at 1300 Auto Center Drive, in the Ontario Auto Center.

Pursuant to the recommended Fourth Amendment, the parties now wish to amend the Agreement to extend the term of the Dealer's operating covenant under the Agreement for an additional two years, and to extend the associated eligibility period for a corresponding two years.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING THE FOURTH AMENDMENT TO OPERATING COVENANT AND TAX SHARING AGREEMENT (EXCLUSIVELY VOLVO) BETWEEN THE CITY OF ONTARIO AND G.H.N., INC. AND MAKING RELATED FINDINGS.

WHEREAS, G.H.N., Inc., a California corporation and an auto dealership with its only location in the City of Ontario ("City"), and the City are parties to that certain "Agreement for Purchase of Operating Covenant and Operating Covenant (Exclusively Volvo/Volkswagen/Subaru)" ("Original Agreement") dated December 21, 2001 for reference purposes; and

WHEREAS, G.H.N., Inc. and the City entered into that certain "First Amendment to Agreement for Purchase of Operating Covenant and Operating Covenant (Exclusively Volvo/Volkswagen/Subaru)" dated December 12, 2002 for reference purposes; and

WHEREAS, G.H.N., Inc. and the City entered into that certain "Second Amendment to Agreement for Purchase of Operating Covenant and Operating Covenant (Exclusively Volvo/Volkswagen/Subaru)" dated January 16, 2007 for reference purposes where the auto dealership agreed to, among other things, develop and operate a facility and receive certain operating covenant payments; and

WHEREAS, the City and G.H.N., Inc. thereafter entered into that certain "Operating Covenant and Tax Sharing Agreement (Exclusively Volvo)" dated January 16, 2007 ("Agreement") whereby G.H.N., Inc. agreed to operate the Volvo dealership in the City for an additional fifteen (15) years and Ontario agreed to provide covenant payments following auto dealership's receipt of the applicable payments under the Original Agreement, or expiration of the original sales tax eligibility period (July 2009), whichever was earlier; and

WHEREAS, the City and G.H.N., Inc. entered into that certain "First Amendment to Operating Covenant and Tax Sharing Agreement (Exclusively Volvo)" dated May 24, 2010, for the purpose of extending the term of G.H.N., Inc.'s operating covenant under the Agreement by five (5) years in exchange for City's agreement to extend by five (5) years the period during which the G.H.N., Inc. may receive financial incentive payments from City; and

WHEREAS, the City and G.H.N., Inc. entered into that certain "Second Amendment to Operating Covenant and Tax Sharing Agreement (Exclusively Volvo)" dated February 21, 2012, for the purpose of extending the term of G.H.N., Inc.'s operating covenant under the Agreement for an additional five (5) years in exchange for a one-time payment by City in the amount of Eighty Thousand Dollars ($80,000); and

WHEREAS, the City and G.H.N., Inc. entered into that certain "Third Amendment to Operating Covenant and Tax Sharing Agreement (Exclusively Volvo)" dated April 1, 2017, to adjust the base amount in each Computation Period, extend the Eligibility Period for an additional 10 years, and increase the aggregate Covenant Payment amount to Nine Hundred Fifty Thousand Dollars ($950,000); and

WHEREAS, to ensure that the G.H.N., Inc. Volvo auto dealership remains in the City and continues to do business in the City, G.H.N., Inc. and City have negotiated a Fourth Amendment to Operating Covenant and Tax Sharing Agreement (Exclusively Volvo) ("Fourth Amendment") which extends the term of G.H.N., Inc.'s operating covenant under the Agreement for an additional two (2) years, and extends the Eligibility Period for an additional two (2) years; and

WHEREAS, the City has determined that the retention of the Volvo auto dealership within the City will generate substantial revenue for the City, allow for the retention of and the creation of new jobs, revitalize an area of the City which has suffered a loss of jobs and businesses during the economic downturn of the mid-2000's, and result in community and public improvements that might not otherwise be available to the community for many years; and

WHEREAS, entering into the Fourth Amendment and ensuring the retention of the Volvo auto dealership may attract additional businesses and investment to the community due to increased services and economic activity in the area; and

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

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by reference.

SECTION 2. Findings. The City Council hereby finds that:

(a) Entering into this Fourth Amendment will serve the following public purposes:

(1) G.H.N., Inc. is a successful auto dealership who will be committed to retaining the Volvo dealership in the City of Ontario.

(2) Retaining this business within the City will create jobs, maintain economic diversity in the community and stimulate the economic recovery of the Inland Empire by generating new opportunities for economic growth in the region.

(3) Retaining G.H.N., Inc.'s Volvo auto dealership within the City will generate substantial revenue for the City, allow for the retention of jobs, revitalize an area of the City which has suffered a loss of jobs and businesses during the economic downturn of the mid-2000's, and result in community and public improvements that might not otherwise be available to the community for many years.

(4) Entering into this Fourth Amendment and ensuring the retention of the auto dealership may attract additional businesses and investment in the community due to increased services and economic activity in the area.

(b) Based on these and other public benefits the public purposes of the Fourth Amendment outweigh any private benefit to private persons or entities.

(c) Contingent Obligations. The City finds that each City obligation is contingent upon separate consideration by G.H.N., Inc. including but not limited to quarterly sales tax generation.

SECTION 3. CEQA Compliance. The City Council hereby finds that pursuant to the California Environmental Quality Act ("CEQA") (Pub. Res. Code, § 21000 et seq.) and the State CEQA Guidelines (Cal Code Regs, tit. 14 § 15000 et seq.) approval of the Fourth Amendment is not a "project" for purposes of CEQA and therefore is not subject to CEQA review. The Agreement is not a project pursuant to State CEQA Guidelines section 15378(b)(4) which states that governmental fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant environmental impact are not subject to CEQA. Further, the Agreement is not a project under State CEQA Guidelines section 15061(b)(3), which states that CEQA does not apply where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

In addition, the City Council will direct staff to file a categorical exemption with the County of San Bernardino for this location upon adoption of this Resolution.

SECTION 4. Approve Fourth Amendment. The City Council hereby approves the Fourth Amendment to Operating Covenant and Tax Sharing Agreement in the form attached to this Resolution as Exhibit A. The City Council hereby authorizes the City Manager, with the concurrence of the City Attorney, to execute said Fourth Amendment. City Manager is hereby authorized to take any additional steps necessary to facilitate the intent of this action.

SECTION 5. Implementation. The City Manager or his or her designee is hereby authorized to and directed to, on behalf of the City, execute any and all documents in accordance with this Resolution and applicable law.

SECTION 6. Severability. 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 City declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 7. Certification. The City Clerk shall certify to the adoption of this Resolution.

SECTION 8. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED this 17th day of May 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST AND KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2022-__ was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held May 17, 2022 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2022-__ duly passed and adopted by the Ontario City Council at their regular meeting held May 17, 2022.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

EXHIBIT A

FOURTH AMENDMENT TO OPERATING COVENANT AND TAX SHARING AGREEMENT (EXCLUSIVELY VOLVO)

[Attached behind this cover page]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

The City of Ontario
303 East "B" Street
Ontario, California 91764
Attn: City Manager

Exempt from Recording Fee per
Government Code §27383
(Space above for Recorder's Use)

FOURTH AMENDMENT
TO
OPERATING COVENANT AND TAX SHARING AGREEMENT
(EXCLUSIVELY VOLVO)

between

THE CITY OF ONTARIO,
a California general law municipal corporation,

and

G.H.N., Inc.
a California corporation

[Effective _____, 2021]

1. PARTIES AND EFFECTIVE DATE.

1.1 Parties to this Fourth Amendment. This Fourth Amendment to Operating Covenant and Tax Sharing Agreement ("Fourth Amendment") is entered into between (i) the City of Ontario ("Ontario"), a California general law municipal corporation, and (ii) G.H.N., Inc. ("Dealer"), a California corporation, with regard to that certain Operating Covenant and Tax Sharing Agreement by and between Ontario and the Dealer, dated January 16, 2007, as previously amended by that certain First Amendment to Operating Covenant and Tax Sharing Agreement, dated May 24, 2010, that certain Second Amendment to Operating Covenant and Tax Sharing Agreement, dated February 21, 2012, and that certain Third Amendment to Operating Covenant and Tax Sharing Agreement, dated April 1, 2017 (collectively, the "Agreement").

1.2 Effective Date. The Effective Date of this Fourth Amendment is _____, 2021. All initially capitalized terms used, but not otherwise defined, in this Fourth Amendment shall have the meanings ascribed to them in the Agreement.

2. RECITALS AND REPRESENTATIONS.

2.1 Ontario and the Dealer entered into that certain "Agreement for Purchase of Operating Covenant and Operating Covenant (Exclusively Volvo/Volkswagen/Subaru)" ("2001 OCA") dated as of December 21, 2001, as amended by that certain "First Amendment to Agreement for Purchase of Operating Covenant and Operating Covenant (Exclusively Volvo/Volkswagen/Subaru)" ("First Amendment to OCA") dated December 12, 2002, and as amended by that certain Second Amendment to Agreement for Purchase of Operating Covenant and Operating Covenant (Exclusively Volvo/Volkswagen/Subaru) ("Second Amendment to OCA") dated January 16, 2007 for reference purposes, whereby the Dealer agreed to, among other things, develop and operate a facility and receive certain operating covenant payments (2001 OCA, First Amendment to OCA and Second Amendment to OCA are collectively referred to herein as "Original OCA").

2.2 Ontario and the Dealer thereafter entered into the Agreement whereby Dealer agreed to operate the Volvo dealership in the City of Ontario for an additional fifteen (15) years and Ontario agreed to provide covenant payments following Dealer's receipt of the applicable payments under the Original OCA, or expiration of the original sales tax eligibility period (July 2009), whichever was earlier.

2.3 Ontario and the Dealer entered into that certain First Amendment to Operating Covenant and Tax Sharing Agreement, dated May 24, 2010, for the purpose of extending the term of Dealer's operating covenant under the Agreement by five (5) years in exchange for Ontario's agreement to extend by five (5) years the period during which the Dealer may receive financial incentive payments from Ontario.

2.4 Ontario and the Dealer entered into that certain Second Amendment to Operating Covenant and Tax Sharing Agreement, dated February 21, 2012, for the purpose of extending the term of Dealer's operating covenant under the Agreement for an additional five (5) years in exchange for a one-time payment by Ontario in the amount of Eighty Thousand Dollars ($80,000).

2.5 Ontario and the Dealer entered into that certain Third Amendment to Operating Covenant and Tax Sharing Agreement, dated April 1, 2017, to adjust the base amount in each Computation Period, extend the Eligibility Period for an additional 10 years, and increase the aggregate Covenant Payment amount to Nine Hundred Fifty Thousand Dollars ($950,000).

2.6 The Parties now desire to amend the Agreement to extend the term of Dealer's operating covenant under the Agreement for an additional two (2) years, and to extend the Eligibility Period for an additional two (2) years.

3. TERMS.

3.1 **Amended Section 3.** Section 3 of the Agreement is amended to read as follows:

"This Agreement shall commence on the Effective Date and shall continue in effect thereafter until the twenty-seventh (27th) anniversary of the commencement of the Eligibility Period (which time period is referred to in this Agreement as the "Term"), subject to any rights or remedies available to a Party to sooner terminate this Agreement."

3.2 Amended Section 6.11. Section 6.11 of the Agreement is amended to read as follows:

Eligibility Period" means the period from July 1, 2009 until June 30, 2036."

3.3 No Other Amendment. Except as hereinabove set forth, the Agreement is unmodified and remains in full force and effect. From and after the effective date of this Fourth Amendment, whenever the term "Agreement" appears in the Agreement, such term or reference shall mean the Agreement as amended by this Fourth Amendment.

3.4 Ratification; Warranty Regarding Absence of Defaults. Ontario and the Dealer each ratify, reaffirm and reauthorize each and every one of their respective rights and obligations arising under the Agreement, as modified by this Fourth Amendment. Each Party represents and warrants to the other that there have been no written or oral modifications to the Agreement, other than those set forth in this Fourth Amendment. Each Party represents and warrants to the other that the Agreement is currently an effective, valid and binding obligation.

3.5 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Fourth Amendment.

3.6 Counterparts. This Fourth Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

[Signatures on the following page]

SIGNATURE PAGE
TO
FOURTH AMENDMENT
TO
OPERATING COVENANT AND TAX SHARING AGREEMENT
(Exclusively Volvo)

CITY:

CITY OF ONTARIO,
a California general law municipal corporation

By:_____
Scott Ochoa
City Manager

ATTEST:

By:_____
City Clerk

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

By:_____
City Attorney

SIGNATURE PAGE
TO
FOURTH AMENDMENT
TO
OPERATING COVENANT AND TAX SHARING AGREEMENT
(Exclusively Volvo)

DEALER:

G.H.N.,
a California corporation

By: _____
Name: GARY H. SHERMAN
Its: PRESIDENT

APPROVED AS TO FORM:

BURKHALTER KESSLER CLEMENT & GEORGE LLP

By: _____
Allon G. Burkhalter
Attorney for Dealer

ACKNOWLEDGMENT

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

State of California
County of Los Angeles)

On 11/30/2021 before me, J. Oronoz, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

MGC1 J. ORONOZ
COMM. # 2270770
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
COMM. EXPIRES DEC. 13, 2022 MGC1

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Engineering Prepared By: Yesenia Lopez Staff Member Presenting: Scott Murphy, Executive Director Community Development Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 9

SUBJECT: **AN INCREASE IN THE TOTAL AUTHORIZED EXPENDITURE FOR THE CONSTRUCTION CONTRACT FOR THE 2021 SPRING ALLEY CDBG PAVEMENT REHABILITATION PROJECT**

RECOMMENDATION: That the City Council approve an increase of $40,000 in the total authorized expenditure for the construction contract with Onyx Paving Company, Inc. of Anaheim, California (Contractor) for the 2021 Spring Alley Community Development Block Grant (CDBG) Pavement Rehabilitation Project, resulting in a revised total authorized expenditure of $639,500.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: The Fiscal Year 2021-22 Adopted Budget allocated funds for the 2021 Spring Alley CDBG Pavement Rehabilitation Project in the amount of $295,000 from SB1 funds and $599,500 from CDBG funds, for a total combined allocation of $894,500. The recommended revised total authorized expenditure amount is within the adopted budget.

BACKGROUND & ANALYSIS: On February, 15 2022, a construction contract was awarded to the Contractor for the rehabilitation of five residential alleys in the amount of $545,000 plus a 10% contingency of $54,500, for a total authorized expenditure of $599,500. Project location maps are provided for reference as Exhibit "A" and Exhibit "B."

During construction of the first of five alleys, drainage concerns were identified, which prompted a redesign and installation of a drainage system. Additionally, an unidentified culvert underneath a driveway required reconstruction that was not previously anticipated. The change order for these items exhausted the majority of the 10% contingency and an additional $40,000 is needed to replenish the contingency to finance any additional unforeseeable work that may arise during the construction of the remaining alleys. The additional funds will be added to the contract amount for a new, not to exceed amount of $639,500 and will be utilized for additional change orders, as necessary.

EXHIBIT "A"
CDBG ALLEY
PAVEMENT REHABILITATION
S/O SUNKIST STREET & N/O MISSION BLVD.
BETWEEN CYPRESS AVENUE AND OAKLAND AVENUE

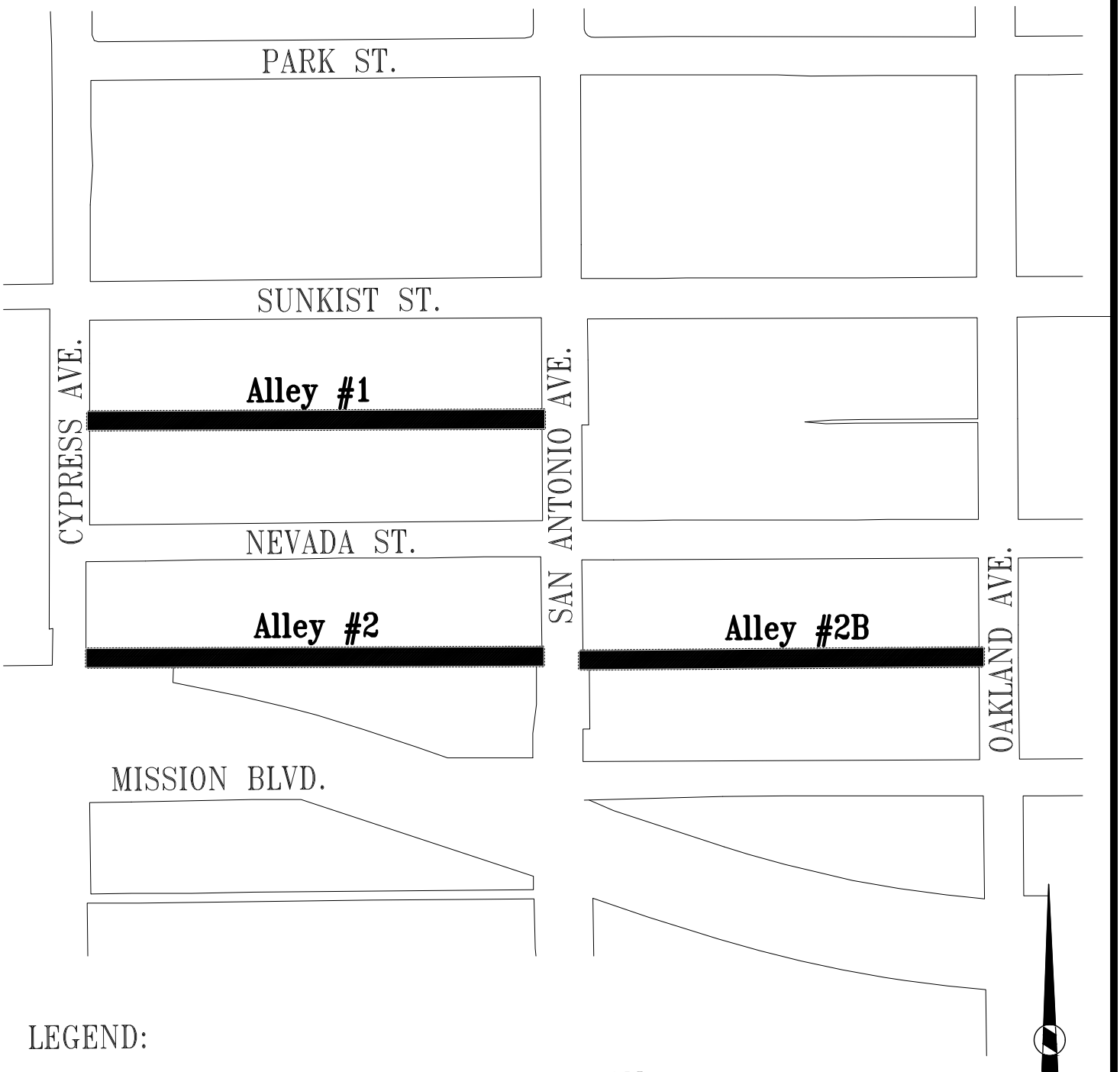
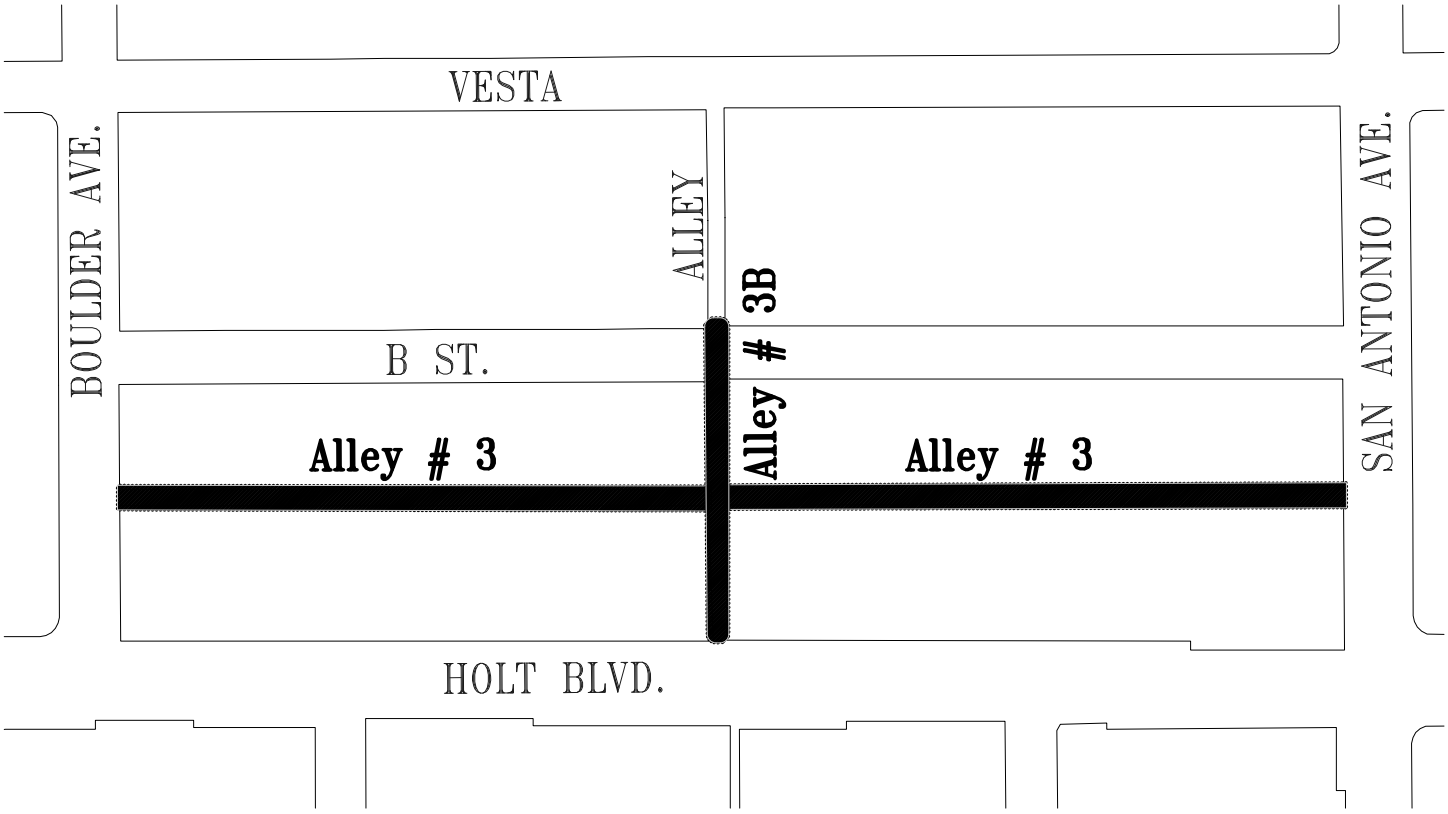


EXHIBIT "B"
CDBG ALLEY
PAVEMENT REHABILITATION
S/O "B" STREET & N/O HOLT BOULEVARD
BETWEEN BOULDER AVENUE AND SAN ANTONIO AVENUE



LEGEND:

CDBG ALLEY PROJECT LOCATION

N.T.S.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Planning Prepared By: Elly Antuna Staff Member Presenting: Scott Murphy, Executive Director Community Development Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 10

SUBJECT: RECOGNITION OF "HISTORIC PRESERVATION MONTH" IN THE CITY OF ONTARIO

RECOMMENDATION: That the City Council Proclaim the Month of May 2022 as "Historic Preservation Month" in the City of Ontario.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Encourage, Provide or Support Enhanced Recreational, Educational, Cultural and Healthy City Programs, Policies and Activities

FISCAL IMPACT: There is not a direct fiscal impact associated with this action.

BACKGROUND & ANALYSIS: Since 1971, the National Trust for Historic Preservation has conducted nationwide campaigns to celebrate historical places and showcase preservation activities. In 2005, the National Trust began designating the month of May as Historic Preservation Month. The goals of Historic Preservation Month are to promote historical places for the purpose of instilling national and community pride, promoting heritage tourism, and showcasing the social and economic benefits of historic preservation. This year, the City is celebrating historic preservation month by continuing the "Model Colony" Awards program and presentation.

This year's Model Colony Awards theme will be "Preserving Community," which explores how preserving and documenting Ontario's heritage is key to preserving the community. While Historic Preservation is typically associated with the preservation of the built environment and highlighting significant architectural resources, a community's heritage consists of much more than that. Ontario's heritage consists of many things including significant architectural buildings, unique neighborhoods, longstanding businesses, local traditions, and significant events. In keeping with this year's theme, Model Colony Award winners will display their award status on their properties to engage the community in this important program. Single-family property owners will display yard signs with their award status and the commercial recipient will display their award status with a window sign. Additionally, and as part of the 2020/2021 Certified Local Government (CLG) Grant, Staff has prepared a photo brochure of past entries in the City's historic preservation photo contest. The photo contest encouraged the community to submit photos of places in Ontario that

are significant to them and are 50 years or older, regardless of their official historic status. This collection of photographs gives insight into what the community believes is important and is another way to preserve Ontario's heritage.

PROCLAMATION

WHEREAS, *"Preserving Community"* is the theme for Historic Preservation Month 2022, sponsored by the City of Ontario; and

WHEREAS, the City's character and history are reflected in its cultural, historical, and architectural heritage with an emphasis on the "Model Colony" as declared by an Act of the Congress of the United States in 1903 and presented at the St. Louis World's Fair in 1904; and

WHEREAS, the City's historical foundation should be preserved and promoted in order to foster an understanding of the City's past, and provide future generations the opportunity to appreciate, enjoy, and understand Ontario's rich heritage; and

WHEREAS, historic preservation is an effective tool for managing smart growth, revitalizing neighborhoods, fostering local pride and maintaining community character while enhancing livability; and

WHEREAS, historic preservation is relevant for communities across the nation, both urban and rural, and for Americans of all ages, all walks of life and all ethnic backgrounds; and

WHEREAS, it is important to celebrate the role of history in our lives and the contributions made by dedicated individuals in helping to preserve the tangible aspects of the heritage that has shaped us as a people; and

WHEREAS, historic preservation provides an opportunity for the citizens of Ontario to be involved in the community and participate in the revitalization of the City; and

WHEREAS, HISTORIC PRESERVATION MONTH provides an opportunity to celebrate the role of history in our lives and the contributions made by dedicated individuals in helping to preserve the tangible aspects of the heritage that has shaped us as a people; and

WHEREAS, May 2022, has been proclaimed HISTORIC PRESERVATION MONTH in the United States; and

NOW, THEREFORE, the City of Ontario, its City Council and staff members do declare the month of May 2022 as

HISTORIC PRESERVATION MONTH

Given this 17th day of May, 2022, by the Ontario City Council

Paul S. Leon, Mayor
Alan D. Wapner, Mayor Pro Tem
Jim W. Bowman
Debra Dorst-Porada
Ruben Valencia
Council Members

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Police Department Prepared By: Lizceth Zazueta Staff Member Presenting: Mike Lorenz, Chief of Police Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 11

SUBJECT: APPROVAL FOR LEASE FOR A LEICA LASER SCANNER WITH GREATAMERICA FINANCIAL SERVICES CORPORATION

RECOMMENDATION: That City Council approve a second five-year $81,471 lease with GreatAmerica Services Corporation regarding a Precision Leica RTC360 Forensic Mapping Laser Scanner for the Police Department's Forensics Division.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Maintain the Current High Level of Public Safety
Operate in a Businesslike Manner

FISCAL IMPACT: The total cost of the contract per year for an additional Precision Leica RTC360 Forensic Mapping Laser Scanner is not to exceed $18,420 for the first four payments, over the term of five years, with the last payment being $7,791. The total not to exceed amount for the five year term is $81,471. Appropriations will be included in the General Fund in the next FY 2022-23 Quarterly Budget and the subsequent years for Council approval.

BACKGROUND & ANALYSIS: In April 2021, the City approved a lease agreement with GreatAmerica Financial Services Corporation to lease a Leica RTC360 Forensic Mapping Laser Scanner for the Traffic Division, allowing this division two available laser scanners for major incidents and collisions where the use of one scan station was not suitable.

The Forensic Division is requesting a third Leica RTC360 Forensic Mapping Laser Scanner to assist their Forensic Specialists. The Leica RTC360 Forensic Mapping Laser Scanner will provide the Forensics Division with the most up to date scanner technology. The Leica RTC360 Forensic Mapping Laser Scanner is the fastest laser scanner available. It can capture a full scene scan plus HDR imagery in 1 minute and 26 seconds. This maximizes the efficiency of the investigators' time which also produces a cost savings.

The Leica RTC360 Forensic Mapping Laser Scanner ensures unbiased collection of scene evidence. It eliminates extra office work by capturing clean, crisp, complete data with geometric accuracy, low range noise, and mixed pixel filtration that minimizes or eliminates invalid points. As a result, investigators and reconstructionist can generate a deliverable that can be deployed immediately

from the scene for mapping efficiency and will ensure the scanned data is captured at scientific accuracy for maximum confidence in the courtroom.

The efficiencies gained by leasing a third Leica RTC360 Forensic Mapping Laser Scanner from GreatAmerica include but not limited to, time, money, and training. Keeping the lease of the Leica RTC360 Forensic Mapping Laser Scanner with the same vendor ensures the software and technology stay current, allows for consistent training, and ensures that all scanners receive the same care and maintenance at a minimal cost. By leasing this piece of equipment, the Ontario Police Department is able to spread the cost over four years allowing the City of Ontario to fully purchase the equipment at the end of the lease or trade up to a newer model.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Adrian Escamilla Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 12

SUBJECT: A CONSTRUCTION CONTRACT FOR THE REPLACEMENT AND INSTALLATION OF FLOORING AT THE SENIOR CENTER

RECOMMENDATION: That the City Council take the following actions:

A. Authorize the City Manager to execute a cooperative purchasing construction contract (Sourcewell Contract #080819-SII on file with the Records Management Department) with Shaw Industries Inc. of Dallas, Texas, for the replacement and installation of new flooring at the Senior Center in the amount of $121,682.74 with a 10% contingency of $12,168.00 for a total amount not to exceed of $133,850.74.
B. Authorize the City Manager to execute said contract and authorize the filing of the notice of completion at the conclusion of all construction activities related to the project.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: The Fiscal Year 2021-22 Adopted Budget includes appropriations of $133,851 in the Facility Maintenance Fund for floor replacement at the Senior Center.

BACKGROUND & ANALYSIS: The flooring at the Senior Center has shown increased signs of deterioration. The project includes an application of moisture tek vapor barrier followed by the installation of carpet tile. The application of a moisture tek vapor barrier will provide protection against slow moisture moving through the subfloor, thus increasing the life expectancy of the carpet tile. Staff recommends awarding the cooperative purchasing construction contract, Sourcewell Contract #080819-SII, to Shaw Industries, Inc.

Sourcewell is an organization that provides cooperative purchasing, allowing governmental agencies to "piggyback" off of their bidding process. This saves the City money through "economies of scale" because Sourcewell combines the buying power of over 50,000 member agencies. Shaw Industries, Inc. was vetted through the Sourcewell cooperative and selected for the flooring project.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Daniel P Beers Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 13

SUBJECT: A CONSTRUCTION CONTRACT FOR THE OVITT FAMILY COMMUNITY LIBRARY ROOF RESTORATION

RECOMMENDATION: That the City Council take the following actions:

A. Award Bid No. 1505 and approve a Construction Contract with Letner Roofing Company located in Orange, California, for the roof restoration of the new Tremco Roof Application System (on file with Records Management) at the Ovitt Family Community Library for an amount of $830,700, plus a contingency of $32,128 for a total amount of $862,828;
B. Authorize the City Manager to execute said contract; and
C. Authorize the filing of the notice of completion at the conclusion of all construction activities related to the project.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: The Fiscal Year 2021-22 Adopted Budget includes appropriations of $862,828 in the Capital Projects Fund for the roof restoration at the Ovitt Family Community Library.

BACKGROUND & ANALYSIS: The roof at the Ovitt Family Community Library has required increased maintenance due to deterioration. The project includes the application of a base coat and installation of a new Tremco energy-efficient "Cool Roof" that meets California Title 24 specifications. The new roof restoration system will provide better drainage, faster evaporation, and lower roof-top temperatures. In addition, by reducing roof-top temperatures, this system decreases interior building temperatures resulting in reduced air conditioning and energy needs.

On April 25, 2022, 11 bids were received for the Ovitt Family Community Library Roof Restoration Project. The lowest responsive bidder (San Marino Roof Co, Inc.) withdrew their bid. The bid results are listed below.

Vendor	**Location**	**Amount**
San Marino Roof Co., Inc. (Withdrawn)	Orange, CA	$721,251
Letner Roofing Company	Orange, CA	$830,700
A Preman Roofing Inc.	San Diego, CA	$917,000
Best Contracting Services Inc.	Gardena, CA	$946,860
Universal Coatings Inc.	Fresno, CA	$947,000
C.I. Services Inc.	Mission Viejo, CA	$958,000
Chapman Coast Roof Inc.	Fullerton, CA	$962,233
AME Builders Inc.	Pomona, CA	$970,950
FC and Sons Roofing Incorporated	Bell Gardens, CA	$1,028,00
Rite-Way Roof Corporation	Fontana, CA	$1,039,608
Commercial Roofing Systems Inc.	Arcadia, CA	$1,198,729

Staff recommends award bid No. 1505 to Letner Roofing Company as they submitted the lowest responsive bid.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Daniel P Beers Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 14

SUBJECT: **AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR ENGINEERING DESIGN SERVICES FOR THE COMPRESSED NATURAL GAS COMPRESSOR REPLACEMENT AND UPGRADE PROJECT**

RECOMMENDATION: That the City Council authorize the City Manager to execute Amendment No. 3 (on file in the Records Management Department) to the Professional Service Agreement with STV Energy Services, Inc. of Douglassville, Pennsylvania for engineering services for the City's Compressed Natural Gas (CNG) Compressor Replacement and Upgrade Project, adding $34,690 for a revised total contract amount of $188,320.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: The Fiscal Year 2021-22 Adopted Budget includes appropriations of $153,630 in the Mobile Source Air Fund for engineering services equipment upgrades due to utility needs and capacity for the CNG Compressor Replacement and Upgrade Project. Recommended Amendment No. 3 will increase the contract by $34,690 for an amended total not-to-exceed contract amount of $188,320.

BACKGROUND & ANALYSIS: The City has owned and operated the CNG fueling facility since 1995. Over the years, this facility has reduced the community's collective carbon footprint, improved air quality, lowered dependency on fossil fuels and foreign oil, and enabled compliance with the South Coast Air Quality Management District Rule 1193 "Clean On-Road Residential and Commercial Refuse Collection Vehicles." The facility provides CNG for 91 City vehicles, Ontario-Montclair School District buses, and the public via a CNG fueling station located at 1440 South Cucamonga Avenue.

On June 18 2019, the City Council awarded a Professional Services Agreement with STV Energy Services Inc. to design the CNG Compressor Replacement and Upgrade Project. In March 2020, after deeper assessment of the existing facility and additional information from the Gas Company and Southern California Edison, the scope of work for the design of the Project needed to be changed. The new scope included revised equipment to meet the future CNG needs and a phasing

plan to allow for uninterrupted fueling operations during the construction of new CNG Compressor. On June 2, 2020 the City Council approved the additional scope of work for the Project. However, due to the larger footprint of the new compressors and generator available at this time, several electrical upgrades are needed which require an additional $34,690 in design costs. If approved, Staff anticipates the new CNG station to be operational by September 2022.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Blaine M Ishii Department: Prepared By: Bonnie Tam Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 15

SUBJECT: AN AMENDMENT TO THE EQUIPMENT PURCHASE AGREEMENT WITH MCLAUGHLIN WASTE EQUIPMENT, INC. FOR COMMERCIAL BIN CONTAINERS

RECOMMENDATION: That the City Council authorize the City Manager to execute Amendment No. 3 to the existing Equipment Purchase Agreement with McLaughlin Waste Equipment, Inc. of Galt, California (on file in the Records Management Department) for the procurement of commercial bin containers in an amount not to exceed $2,900,000.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: The proposed Amendment No. 3 extends the term of the Agreement to June 30, 2023 and increases the authorized expenditure amount. The amount will be increased by $500,000 in the Integrated Waste Fund for Fiscal Year 2021-22 (to be included in the Year-end Budget Update) and $1,500,000 for Fiscal Year 2022-23. The proposed total authorized contract amount will be $2,900,000 for the purchase of new and replacement commercial bin containers consistent with future budgets approved by the City Council. In addition, Amendment No. 3 allows for decreases in pricing based on the price of materials under the American Metal Market (AMM) at the time an order is placed. The AMM is an impartial provider of industry news and metal pricing information for the U.S. steel market.

Actual expenditures will be based on the fixed-unit pricing and the actual quantity of containers purchased in order to meet operational needs. The Integrated Waste Rates include funding for the routine replacement of worn-out containers and the purchase of additional containers to meet customer demands.

BACKGROUND & ANALYSIS: On June 16, 2019, the City awarded a Bid (bid #1122) to McLaughlin Waste Equipment, Inc. for the purchase of new and replacement commercial bin containers in the amount of $900,000. The Integrated Waste Department currently has commercial bin containers of various sizes for refuse, recycling, wood/green waste recycling, and food waste service, including 1.5 cubic yards (cy), 2.0 cy, 3.0 cy, 4.0 cy, and 6.0 cy. The Integrated Waste Department routinely repairs bin containers to maintain an adequate inventory to meet customer needs. Some bins are too costly to repair and require replacement. Additionally, due to the growth of Ontario Ranch, increase of commercial accounts, and various state mandates (such as AB 341, AB 1826, and SB 1383), additional bin containers for organics recycling is needed. The cost for these organic bin containers is $500,000.

Below is a fee schedule for the types of bin containers to be purchased:

Bin Type/Shipping/Tax	Quantity	Price
1.5 yd Pitch Top Container	1	$751.00 each
2.0 yd Pitch Top Container	1	$845.00 each
3.0 yd Pitch Top Container	1	$982.00 each
4.0 yd Pitch Top Container	1	$1,136.00 each
6.0 yd Pitch Top Container	1	$1,331.00 each

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Public Works Prepared By: Blaine M Ishii Department: Prepared By: Bonnie Tam Staff Member Presenting: Tito Haes, Executive Director Public Works Reviewed By: Bonnie Tam Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 16

SUBJECT: AN AMENDMENT TO THE EQUIPMENT PURCHASE AGREEMENT WITH MCLAUGHLIN WASTE EQUIPMENT, INC. FOR ROLL-OFF CONTAINERS AND PARTS

RECOMMENDATION: That the City Council authorize the City Manager to execute Amendment No. 1 to the existing Equipment Purchase Agreement with McLaughlin Waste Equipment, Inc. of Galt, California (on file in the Records Management Department) for the procurement of roll-off containers in an amount not to exceed $1,480,000.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: The proposed Amendment No. 1 extends the term of the Agreement to June 30, 2023 and increases the authorized expenditure amount. The expenditure amounts will be increased by $650,000 in the Integrated Waste Fund for Fiscal Year 2021-22 (to be included in the Year-end Budget Update) and $650,000 for Fiscal Year 2022-23. The proposed total authorized contract amount will be $1,480,000 for the purchase of new and replacement roll-off containers consistent with future budgets approved by the City Council. In addition, Amendment No. 1 allows for decreases in pricing based on the price of materials under the American Metal Market (AMM) at the time an order is placed. The AMM is an impartial provider of industry news and metal pricing information for the U.S. steel market.

Actual expenditures will be based on the fixed-unit pricing and the quantity of containers that are purchased in order to meet operational needs. The Integrated Waste Rates include funding for the routine replacement of worn-out containers and the purchase of additional containers to meet customer demands.

BACKGROUND & ANALYSIS: On June 21, 2021, the City awarded a Bid (bid #1418) to McLaughlin Waste Equipment, Inc. for the purchase of new roll-off containers and parts in the amount of $180,000. The Integrated Waste Department currently has roll-off bin containers of various sizes for refuse, recycling, wood/green waste recycling. The Integrated Waste Department routinely repairs containers to maintain an adequate inventory to meet customer needs. Some containers are too costly to repair and require replacement. In addition, due to the growth of Ontario Ranch and other demands for roll-off services, $650,000 in additional roll-off containers is needed. Below is the vendor quote price for the types of roll-off containers to be purchased:

Item No.	Description	Quantity	Unit Cost	Total Amount
1	28 Yd Heavy Duty Rectangular Roll--0ff 7/12ga. Dim. 20' x 60 16"" Posts & Crossmembers"" City of Ontario Specs., primed, painted your color.	10	$10,626.00	$10,260.00
2	39 Yd Heavy Duty Rectangular Roll-off 7/12ga. Dim. 20' x 84 16"" Posts & Crossmembers" , City of Ontario Specs., primed, painted your color.	40	$12,128.00	$485,120.00
	TOTAL VENDOR QUOTE PRICE			**$591,380.00**

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Recreation & Community Services Prepared By: Nick S Gonzalez Staff Member Presenting: Helen McAlary, Executive Director Community Life and Culture Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 17

SUBJECT: PROCLAMATION OF MAY 21, 2022 AS KIDS TO PARKS DAY

RECOMMENDATION: That the City Council proclaim May 21, 2022 as Kids to Parks Day in the City of Ontario.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Encourage, Provide or Support Enhanced Recreational, Educational, Cultural and Healthy City Programs, Policies and Activities

FISCAL IMPACT: There is no direct fiscal impact associated with the approval of this report.

BACKGROUND & ANALYSIS: Kids to Parks Day is a national day of outdoor play celebrated annually on the third Saturday of May in partnership with the National Park Trust. The National Park Trust is a 501(c)3 non-profit organization with a mission to "preserve parks today and create park stewards for tomorrow." 2022 marks the 12th anniversary of Kids to Parks Day. The day connects kids and families with their local, state, and national parks and public lands through thousands of park events that promote discovery and exploration in the great outdoors.

The City of Ontario will celebrate Kids to Parks Day through programming provided by the Ontario Recreation & Community Services Department. Activities will be provided at five park locations throughout Ontario. This program provides a great opportunity for Ontario residents to get outside and create fun family experiences. Residents are encouraged to visit multiple park locations throughout the City to learn about the City's park system and enjoy park amenities and services.

Kids to Parks Day locations in Ontario are as follows:

- Celebration Park North: Located at 4980 S. Celebration Avenue, activities will be held from 9 AM - 11 AM
- Vineyard Park: Located at 1400 E. Sixth Street, activities will be held from 10 AM - 12 PM
- Anthony Munoz Hall of Fame Park: Located at 1240 W. Fourth Street, activities will be held from 11 AM - 1 PM
- Ontario Town Square: 224 N. Euclid Avenue, activities will be held from 12 PM - 2 PM

- De Anza Park: Located at 1405 S. Fern Avenue, activities will be held from 1 PM - 3 PM

Residents can find more information about this event and all other programs, classes, and activities by following the Recreation Department on social media or by visiting www.OntarioCA.gov/Recreation.

PROCLAIMING MAY 21, 2022 AS KIDS TO PARKS DAY IN THE CITY OF ONTARIO

WHEREAS, May 21, 2022, is the twelfth Kids to Parks Day organized and launched by the National Park Trust held annually on the third Saturday of May; and

WHEREAS, Kids to Parks Day empowers kids and encourages families to get outdoors and visit local parks, public lands, and waters; and

WHEREAS, we should encourage children to lead a more active lifestyle to combat issues of childhood obesity, diabetes, hypertension, and hypercholesterolemia; and

WHEREAS, Kids to Parks Day will broaden children's appreciation for nature and outdoors; and WHEREAS, Kids to Parks Day will recognize the importance of recreating responsibly while enjoying the benefits of the outdoors; and

WHEREAS, parks and recreation programs are an integral part of communities throughout this country, including the City of Ontario, California; and

WHEREAS, the City of Ontario, California recognizes the benefits derived from parks and recreation resources for the children in Ontario.

NOW THEREFORE, BE IT RESOLVED BY THE ONTARIO CITY COUNCIL that May 21, 2022 is recognized as Kids to Parks Day in the City of Ontario, California.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Utilities Prepared By: Thomas Palmieri Staff Member Presenting: Scott Burton, Utilities General Manager Reviewed By: Dennice Raygoza, Albert G Gastelum, Michael Sigsbee Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 18

SUBJECT: AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR INTEGRATED PROJECT CONTROLS, ASSESSMENT, AND REPORTING SERVICES

RECOMMENDATION: That the City Council approve and authorize the City Manager or his designee to execute Amendment No. 2 to the Professional Services Agreement (on file in the Records Management Department) with CAPO Project Group, LLC., of San Clemente, California, in the amount of $200,000, increasing the not-to-exceed amount from $99,835 to $299,835 and extending the services to September 30, 2023.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: The Fiscal Year 2021-2022 Adopted Capital Improvement Program includes appropriations from the Water and Sewer Capital Fund for these services. This proposed amendment will increase the Agreement's not-to-exceed amount by $200,000, from $99,835 to $299,835. The City and CAPO Project Group, LLC. (CAPO) have agreed to the fixed billing rates and CAPO will be compensated for the scope of work at the approved billing rates. There is no impact to the General Fund.

BACKGROUND & ANALYSIS: The City's Water and Sewer Master Plans identify the water production, transmission, distribution, and sewer collection system improvements necessary to serve existing and future residents and businesses of the City. Over the next year, the Water and Sewer Capital Improvement Program (CIP) is projected to expense approximately $37 million in engineering and construction work for water main improvements, sewer main improvements, facility retrofits, well facility upgrades and equipping, and the construction of a new water treatment facility. To maintain consistent and accurate reporting of the City's progress of the Water and Sewer CIP, City Staff needs Integrated Project Controls, Assessment, and Reporting Services.

On October 1, 2019, the City awarded a Professional Services Agreement with CAPO entitled "On-Call Project Management Services," after an extensive Request for Proposal selection process. This Agreement had been previously amended one time for OMUC Capital Project Control Systems Integration and Support Services in the amount of $99,835. Amendment No. 2 will extend these services to September 30, 2023, and increase the consultant's compensation by an additional $200,000, for a total revised contract amount of $299,835.

Over the last year, CAPO has worked with City Staff to establish the process and tools to effectively and efficiently plan and administer the CIP. CAPO provides scheduling, program tracking, and management services for CIP. Retaining CAPO for further program management services will assist in delivering these capital projects in a timely and efficient manner and align the City with water sector industry best practices in the way of capital project management.

Based on the experience and qualifications of CAPO's proposed staff and their demonstration of providing a reliable project control system and support services, Staff is recommending utilizing CAPO for the Integrated Project Controls, Assessment and Reporting Services.

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Utilities Prepared By: Michael Birmelin Staff Member Presenting: Scott Burton, Utilities General Manager Reviewed By: Dennice Raygoza, Albert G Gastelum, Michael Sigsbee Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 19

SUBJECT: TWO PROFESSIONAL SERVICES AGREEMENTS FOR PRETREATMENT PROGRAM & CIVIL ENGINEERING SUPPORT SERVICES

RECOMMENDATION:

That the City Council take the following actions:

1. Approve and authorize the City Manager to execute a Professional Services Agreement with EEC Environmental of Orange, California, in the amount of $15,000 for Fiscal Year 2021-22, and authorize the cost of $80,000 (with up to a 5% increase) per Fiscal Year (2022-23 to 2027-28) for a total not-to-exceed of $457,050 for the five years.
2. Approve and authorize the City Manager to execute a Professional Services Agreement with Project Partners, Inc., of Laguna Hills, California, in the amount of $35,000 for Fiscal Year 2021-22, and authorize the cost of $120,000 (with up to a 5% increase) per Fiscal Year (2022-23 to 2027-28) for a total not-to-exceed of $698,075 for the five years.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: The Fiscal Year 2021-2022 Adopted Budget includes appropriations from the Water Operating, Sewer Operating, Water Capital, and Sewer Capital Funds for the pretreatment program and engineering support services.

The original term of the Agreements will be from May 2022 to May 2025. At the City's discretion, up to two additional one-year extensions may be executed. Pricing for each year will be negotiated and any increases will not exceed 5% per year. Exhibit "A" depicts Agreements costs per year and Fiscal Year.

Consultants have agreed to fixed billing rates, will be compensated for on-call, as-needed services at the billing rates set forth in their respective agreements. The total compensation paid to any of the consultants in any year under the term of these agreements will be commensurate with City Council approved plans and budgets. There is no fiscal impact to the General Fund.

BACKGROUND & ANALYSIS:

EEC Environmental

The City manages and implements a pretreatment program related to wastewater entering the sewer collection system from permitted customers. The program focuses on enforcement of allowable constituent limits of wastewater entering the sewage collection system which ultimately makes its way to the regional sewage treatment plant owned by the Inland Empire Utilities Agency (IEUA). The City, in effect, is the delegated enforcement agency for IEUA. Two areas of enforcement deal with industrial businesses that discharge high volumes of potent wastewater due to their business product processes and with restaurants that discharge fats, oils, and grease that could impede sewage flow and create maintenance challenges. With the expansion of the City and new industries moving in, the City finds itself in need of assistance to perform more field inspections, permit enforcement tasks, and administration of the pretreatment program.

Project Partners

The City also has a growing water and sewer capital improvement program to implement master-planned water production, transmission, distribution, and sewer collection system improvements necessary to serve existing and future residents and businesses for the City. Additional resources in the form of staff augmentation are also needed to deliver these capital projects in a timely manner.

To facilitate the workload associated, Staff has identified a need to contract with these firms to provide professional services. Staff is recommending on-call, as-needed contracts with two qualified consulting firms. Contracting with two consulting firms will ensure a cost-effective option and sufficient resources are always available for projects as they arise.

On February 4, 2022, two proposals were received for Bid No. 1492, Pretreatment Program and Civil Engineering support services:

COMPANY	LOCATION
EEC Environmental	Orange, CA
Project Partners, Inc.	Laguna Hills, CA

Using a qualifications-based selection process, Staff reviewed the proposals and recommends both EEC Environmental and Project Partners, Inc. based on their expertise, ability to perform the work in a timely manner, and successful past performance of this type of work.

Exhibit "A"

Agreements Costs Per Year and Fiscal Year

Year	Fiscal Year	EEC Environmental	Project Partners	Max % Increase (Negotiated Yearly)
First Year	21/22	$15,000.00	$35,000.00	N/A
First Year	22/23	$80,000.00	$120,000.00	N/A
Second Year	23/24	$84,000.00	$126,000.00	5%
Third Year	24/25	$88,200.00	$132,300.00	5%
Fourth Year	25/26	$92,610.00	$138,915.00	5%
Fifth Year	26/27	$97,240.50	$145,860.75	5%
	Total	**$457,050.50**	**$698,075.75**	

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **CONSENT CALENDAR**
Department: Management Services Prepared By: Claudia Y Isbell Staff Member Presenting: Darlene M. Sanchez, Assistant City Manager Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 20

SUBJECT: A PROCLAMATION DECLARING MAY 2022 AS HUNTINGTON'S DISEASE AWARENESS MONTH

RECOMMENDATION: That the City Council proclaim May 2022 as Huntington's Disease Awareness Month.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Pursue City's Goals and Objectives by Working with Other Governmental Agencies

FISCAL IMPACT: There is no fiscal impact associated with this item.

BACKGROUND & ANALYSIS: Huntington's Disease is a hereditary neurological disorder that causes gradual deterioration of one's ability to speak, move, and think. This disorder affects more than 30,000 Americans, and each of their children have a 50 percent chance of inheriting the disorder. Tragically, many are unaware they carry the gene, as the disease usually manifests in the middle years, after an individual has established a career and a family. The estimated 200,000 Americans who are at risk of developing the disease may spend years anxiously waiting for the appearance of symptoms.

Presently there is hope for patients and their families as the pace of research has accelerated and scientists are conducting important research into Huntington's Disease. Staff is recommending that the City Council proclaim May 2022 as Huntington's Disease Awareness Month in order to enhance public awareness and to express concern for those impacted by it.

PROCLAMATION

WHEREAS, Huntington's disease is a progressive neurodegenerative disorder affecting more than 30,000 Americans while another 200,000 are genetically at risk of inheriting the expanded gene responsible for causing the disease; and

WHEREAS, each child of a parent with Huntington's disease has a 50 percent chance of inheriting the condition, which can present at earlier ages in successive generations; and

WHEREAS, Huntington's disease typically occurs in mid-life, between the ages of 30 and 50, although a less common juvenile form can present in childhood or adolescence; and

WHEREAS, the average life expectancy of individuals with Huntington's disease is 10-20 years after symptoms begin, and earlier age of onset is associated with more rapid disease progression; and

WHEREAS, since the discovery of the gene that causes Huntington's disease in 1993, the pace of research has accelerated, and today scientists across the nation are conducting important research into Huntington's disease, which at present has no effective treatment or cure; and,

WHEREAS, it is critical to the success of research and support services to raise awareness in the general public and the medical community about Huntington's disease;

WHEREAS, May 2022, has been proclaimed HUNTINGTON'S DISEASE AWARENESS MONTH in the United States; and

NOW, THEREFORE, the City Council of the City of Ontario, does hereby proclaim May 2022 as Huntington's Disease Awareness Month.

HUNTINGTON'S DISEASE AWARENESS MONTH

Given this 17th day of May, 2022, by the Ontario City Council

Paul S. Leon, Mayor
Alan D. Wapner, Mayor Pro Tem
Jim W. Bowman
Debra Dorst-Porada
Ruben Valencia
Council Members

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **PUBLIC HEARINGS**
Department: Development Administration Prepared By: Derrick E Womble Staff Member Presenting: Scott Murphy, Executive Director Community Development Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 21

SUBJECT: **A PUBLIC HEARING TO CONSIDER AN ORDINANCE APPROVING A DEVELOPMENT AGREEMENT (FILE NO. PDA21-014) BETWEEN THE CITY OF ONTARIO AND BROOKCAL ONTARIO, LLC., TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20449 (FILE NO. PMTT21-014), A 35.65-ACRE PROPERTY LOCATED NEAR THE SOUTHEAST CORNER OF HAVEN AVENUE AND ONTARIO RANCH ROAD, WITHIN PLANNING AREA 9A (RESIDENTIAL & COMMERICIAL LAND USE DISTRICT) OF THE RICH HAVEN SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF - APN: 0218-211-01**

RECOMMENDATION: That the City Council introduce and waive further reading of an Ordinance approving the Development Agreement (File No. PDA21-014) between the City of Ontario and BrookCal Ontario, LLC., to establish the terms and conditions for the development of Tentative Tract Map 20499 (File No. PMTT21-014), a 35.65-acre property located near the southeast corner of Haven Avenue and Ontario Ranch Road, within Planning Area 9A (Residential & Commercial land use district) of the Rich Haven Specific Plan.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: The proposed Development Agreement (File No. PDA21-014) will not have a direct impact on the City's General Fund. The Development Agreement will provide funding from the formation of a Community Facilities District (CFD) for City services and facilities required to support the Rich Haven Specific Plan development, thereby mitigating the increased costs associated with such services. In addition, the City will receive public service funding fees plus development impact, compliance processing, licensing, and permitting fees. No General Fund revenue will be used to

support the Ontario Ranch development.

BACKGROUND & ANALYSIS: On December 4, 2007, the City Council certified the Rich Haven Specific Plan Environmental Impact Report in conjunction with File No. PGPA07-001. The related Rich Haven Specific Plan, File No. PSP05-004, was approved by the City Council on December 18, 2007. The Specific Plan established the land use designations, development standards, and design guidelines for approximately 512 acres of land, which included the potential development of 4,256 residential units and 889,200 square feet of commercial/office land uses.

The Ontario Ranch financial commitments required for construction of properties within a specific plan are substantial. Therefore, in order to adequately forecast these costs and gain assurance that the project may proceed under the existing policies, rules, and regulations, BrookCal Ontario LLC, ("Owner') has requested that the City enter into negotiations to create a Development Agreement ("Agreement"). In accordance with California Government Code Section 65865, which in part states that "[a]ny city… may enter into a Development Agreement with any person having a legal or equitable interest in real property for the development of such property…" and California Government Code Section 65865.52, which in part states that "a Development Agreement shall specify the duration of the Agreement, the permitted uses of the property… and may include conditions, terms, restrictions…," the City of Ontario adopted Resolution No. 2002-100 setting forth the procedures and requirements for consideration of Development Agreements. Furthermore, the Financing and Construction Agreement with the NMC Builders, LLC ("NMC Builders"), requires those developments wishing to use the infrastructure it created to enter into Development Agreements with the City of Ontario. Pursuant to these procedures and requirements, staff entered into negotiations with the Owner to create a Development Agreement for consideration by the Planning Commission and City Council.

The proposed Agreement (File No. PDA21-014) is based on the model Development Agreement that was developed in coordination with the City Attorney and legal counsel for NMC Builders. This model Development Agreement is consistent with the provisions of the Construction Agreement. The terms of the agreement between NMC Builders' members requires that members enter into Development Agreements that are consistent with the provisions of the Construction Agreement.

The Agreement proposes to include 35.65 gross acres of land within Planning Area 9A (Residential & Commercial land use district) of the Rich Haven Specific Plan, as shown on the attached Exhibit A. The Agreement grants the Owner a vested right to develop Tentative Tract Map 20449 (the "Map"), provided the Owner complies with the terms and conditions of the Agreement, Specific Plan, and EIR. The Map (see attached Exhibit B) is located near the southeast corner of Haven Avenue and Ontario Ranch Road and proposes to subdivide approximately 35.65 gross acres of land into 92 numbered lots and 55 lettered lots for residential and commercial uses, public/private streets, landscape neighborhood edges and common open space purposes.

The term of the Agreement is for 10 years, with a 5-year option to renew. The main points of the Agreement address funding for all new City expenses created by the project, which includes: Development Impact Fees ("DIF") for construction of public improvements (i.e., streets and bridges, sewer, water, storm drain and fiber); Public Service Funding to ensure adequate provisions of public services (police, fire and other public services); and the creation of a Community Facilities

District (“CFD”) for the maintenance of public facilities.

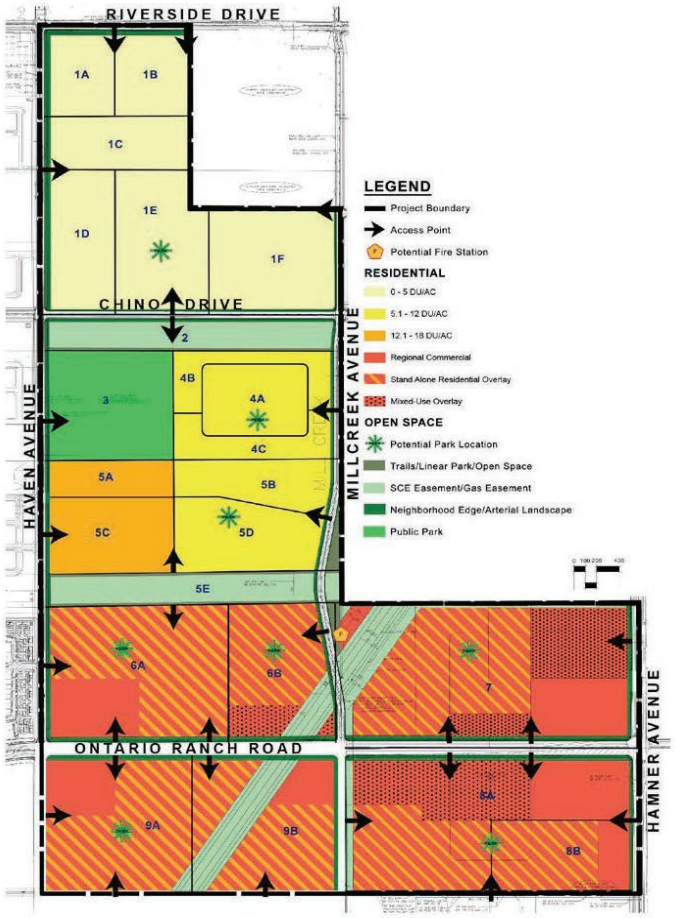
In considering the Agreement at their meeting on April 26, 2022, the Planning Commission found that the Agreement was consistent with State law, The Ontario Plan, and the City' Development Agreement policies. As a result, the Planning Commission adopted Resolution No. PC22-018 with a 6 to 0 vote, recommending City Council approval of the Agreement.

HOUSING ELEMENT COMPLIANCE: The project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan. The project site is one of the properties listed in the Available Land Inventory contained in Table A-3 (Available Land by Planning Area) of the Housing Element Technical Report Appendix, and the proposed project is consistent with the number of dwelling units (298) and density (13.97) specified in the Available Land Inventory.

AIRPORT LAND USE COMPATIBILITY PLAN (ALUCP) COMPLIANCE: The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan. On April 19, 2011, the City Council of the City of Ontario approved and adopted the Ontario International Airport Land use Compatibility Plan (“ALUCP”), establishing the Airport Influence Area for Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area, as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. The proposed project is located within the Airport Influence Area of Ontario International Airport and was evaluated and found to be consistent with the policies and criteria of the ALUCP. Any special conditions of approval associated with uses in close proximity to the airport are included in the conditions of approval provided with the attached Resolution.

ENVIRONMENTAL REVIEW: The environmental impacts of this Project were previously analyzed in an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports and Approved Addendums and introduces no new significant environmental impacts. All previously adopted mitigation measures are a condition of project approval and are incorporated herein by this reference.

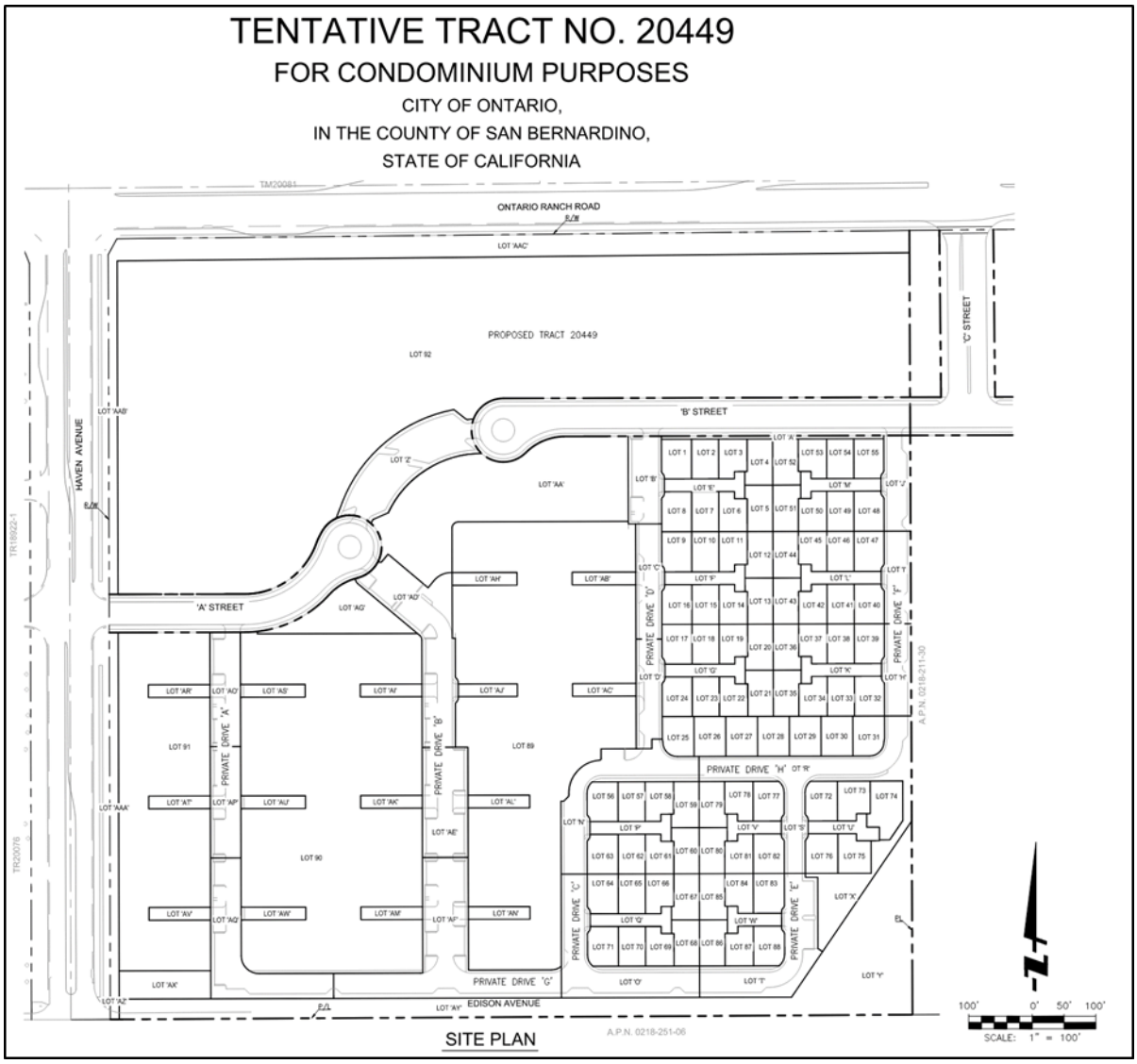
Exhibit A—RICH HAVEN SPECIFIC PLAN LAND USE PLAN



* Circulation pattern for local streets within Specific Plan Area to be established at Tentative Tract Map submittal.
** Residential development along the frontage of Haven Avenue within Planning Areas 5A, 5C and 6A and residential development along the frontage of Ontario Ranch Road within Planning Areas 6A and 7 shall average a density of 18 to 25 dwelling units per acre to support Bus Rapid Transit (BRT) along Haven Avenue.
*** After full dedication of Master Plan sheets and neighborhood edges, residential development within Planning Areas 6A + 9A and residential development within Planning Areas 6B + 9B shall meet a minimum net density of 14 dwelling units per acre.
The minimum density in Planting Areas 6A + 9B and Planning Areas 6B + 9B can be averaged between the two areas and shall be established at Tentative Tract submittal for each Planning Area.

RICH HAVEN SPECIFIC PLAN
LAND USE PLAN
FIGURE 3-1

Exhibit B—TENTATIVE TRACT MAP NO. 20449



CITY OF ONTARIO PLANNING DEPARTMENT

PLANNING COMMISSION STAFF REPORT

April 26, 2022

303 East B Street, Ontario, California 91764 Phone: 909.395.2036 / Fax: 909.395.2420

FILE NO: PDA21-014

SUBJECT: A public hearing to consider a Development Agreement between the City of Ontario and BrookCal Ontario LLC, to establish the terms and conditions associated with the development of Tentative Tract Map No. 20449 (File No. PMTT21-014), a 35.65 gross acre property located at the southeast corner of Haven Avenue and Ontario Ranch Road, within Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan; (APN: 218-211-01) **submitted by BrookCal Ontario LLC. City Council action is required.**

PROPERTY OWNER: BrookCal Ontario LLC., a Delaware limited liability company

---

RECOMMENDED ACTION: That the Planning Commission consider and recommend the City Council adopt an ordinance approving the Development Agreement (File No. PDA21-014) between the City of Ontario and BrookCal Ontario LLC, pursuant to the facts and reasons contained in the staff report and attached resolution.

PROJECT SETTING: The project site is comprised of 35.65 gross acres of land located at the southeast corner of Haven Avenue and Ontario Ranch Road, within Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan, depicted in Figure 1: Project Location, right. The existing surrounding land uses, zoning, and general plan and specific plan land use designations are summarized in the "Surrounding Zoning & Land Uses" table located in the Technical Appendix of this report.



Figure 1: Project Location

PROJECT ANALYSIS:

(1) Background — On December 4, 2007, the City Council certified the Rich Haven Specific Plan Environmental Impact Report in conjunction with File No. PGPA07-001. The related Rich Haven Specific Plan, File No. PSP05-004, was

Case Planner:	Derrick Womble, Administrative Officer
Planning Director Approval:	
Submittal Date:	12/09/2021

Hearing Body	*Date*	*Decision*	*Action*
DAB	N/A	N/A	N/A
PC	04/26/2022		Recommend
CC	05/17/2022		Final

approved by the City Council on December 18, 2007. The Specific Plan established the land use designations, development standards, and design guidelines for approximately 512 acres of land, which included the potential development of 4,256 residential units and 889,200 square feet of commercial/office land uses.

The Ontario Ranch financial commitments required for construction of properties within a specific plan are substantial. Therefore, in order to adequately forecast these costs and gain assurance that the project may proceed under the existing policies, rules, and regulations, BrookCal Ontario LLC, ("Owner') has requested that the City enter into negotiations to create a Development Agreement ("Agreement").

In accordance with California Government Code Section 65865, which in part states that "[a]ny city… may enter into a Development Agreement with any person having a legal or equitable interest in real property for the development of such property…" and California Government Code Section 65865.52, which in part states that "a Development Agreement shall specify the duration of the Agreement, the permitted uses of the property… and may include conditions, terms, restrictions…," the City of Ontario adopted Resolution No. 2002-100 setting forth the procedures and requirements for consideration of Development Agreements. Furthermore, the Financing and Construction Agreement with the NMC Builders, LLC ("NMC Builders"), requires those developments wishing to use the infrastructure it created to enter into Development Agreements with the City of Ontario. Pursuant to these procedures and requirements, staff entered into negotiations with the Owner to create a Development Agreement for consideration by the Planning Commission and City Council.

The proposed Agreement (File No. PDA21-014) is based on the model Development Agreement that was developed in coordination with the City Attorney and legal counsel for NMC Builders. This model Development Agreement is consistent with the provisions of the Construction Agreement. The terms of the agreement between NMC Builders' members requires that members of the LLC enter into Development Agreements that are consistent with the provisions of the Construction Agreement.

(2) Staff Analysis — The Agreement proposes to include 35.65 gross acres of land within Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan, as shown on the attached Exhibit A. The Agreement grants the Owner a vested right to develop Tentative Tract Map 20449 (the "Map"), provided the Owner complies with the terms and conditions of the Agreement, Specific Plan, and EIR.

The Map (see attached Exhibit B) is located near the southeast corner of Haven Avenue and Ontario Ranch Road and proposes to subdivide approximately 35.65 gross acres of land into 92 numbered lots and 55 lettered lots for residential and commercial uses, public/private streets, landscape neighborhood edges and common open space purposes.

The term of the Agreement is for 10 years, with a 5-year option to renew. The main points of the Agreement address funding for all new City expenses created by the project, which includes: Development Impact Fees ("DIF") for construction of public improvements (i.e., streets and bridges, sewer, water, storm drain and fiber); Public Service Funding to ensure adequate provisions of public services (police, fire and other public services); and the creation of a Community Facilities District ("CFD") for the maintenance of public facilities.

Staff finds that the Agreement is consistent with State law, The Ontario Plan, and the City's Development Agreement policies. As a result, staff is recommending approval of the application to the Planning Commission. If the Planning Commission finds the Agreement is acceptable, a recommendation of approval to the City Council would be appropriate.

COMPLIANCE WITH THE ONTARIO PLAN: The proposed project is consistent with the principles, goals and policies contained within the Vision, Governance, Policy Plan (General Plan), and City Council Priorities components of The Ontario Plan (TOP). More specifically, the goals and policies of TOP that are furthered by the proposed project are as follows:

(1) City Council Goals.

- Invest in the Growth and Evolution of the City's Economy
- Operate in a Businesslike Manner
- Focus Resources in Ontario's Commercial and Residential Neighborhoods
- Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
- Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in the New Model Colony

(2) Vision.

Distinctive Development:

- Commercial and Residential Development

➢ Development quality that is broadly recognized as distinctive and not exclusively tied to the general suburban character typical of much of Southern California.

(3) Governance.

Decision Making:

- Goal G1: Sustained decision-making that consistently moves Ontario towards its Vision by using The Ontario Plan as a framework for assessing choices.

➢ G1-2 Long-term Benefit. We require decisions to demonstrate and document how they add value to the community and support the Ontario Vision

(4) Policy Plan (General Plan)

Land Use Element:

- Goal LU1: A community that has a spectrum of housing types and price ranges that match the jobs in the City and that make it possible for people to live and work in Ontario and maintain a quality of life.

➢ LU1-1 Strategic Growth. We concentrate growth in strategic locations that help create place and identity, maximize available and planned infrastructure, and foster the development of transit.

➢ LU1-6 Complete Community: We incorporate a variety of land uses and building types in our land use planning efforts that result in a complete community where residents at all stages of life, employers, workers and visitors have a wide spectrum of choices of where they can live, work, shop and recreate within Ontario. (Refer to Complete Community Section of Community Economics Element).

- Goal LU2: Compatibility between a wide range of uses.

➢ LU2-6: Infrastructure Compatibility: We require infrastructure to be aesthetically pleasing and in context with the community character.

Housing Element:

- Goal H2: Diversity of types of quality housing that are affordable to a range of household income levels, accommodate changing demographics, and support and reinforce the economic sustainability of Ontario.

➢ H2-4 New Model Colony. We support a premier lifestyle community in the New Model Colony distinguished by diverse housing, highest design quality, and cohesive and highly amenitized neighborhoods.

➢ H2-5 Housing Design. We require architectural excellence through adherence to City design guidelines, thoughtful site planning, environmentally sustainable practices and other best practices.

Goal H5: A full range of housing types and community services that meet the special housing needs for all individuals and families in Ontario, regardless of income level, age or other status.

- H5-2 Family Housing. We support the development of larger rental apartments that are appropriate for families with children, including, as feasible, the provision of services, recreation and other amenities.

Community Economics Element:

- Goal CE1: A complete community that provides for all incomes and stages of life.

- CE1-6 Diversity of Housing. We collaborate with residents, housing providers and the development community to provide housing opportunities for every stage of life; we plan for a variety of housing types and price points to support our workforce, attract business and foster a balanced community.

- Goal CE2: A City of distinctive neighborhoods, districts, and corridors, where people choose to be.

- CE2-1 Development Projects. We require new development and redevelopment to create unique, high-quality places that add value to the community.

- CE2-2 Development Review. We require those proposing new development and redevelopment to demonstrate how their projects will create appropriately unique, functional and sustainable places that will compete well with their competition within the region.

- CE2-4 Protection of Investment. We require that new development and redevelopment protect existing investment by providing architecture and urban design of equal or greater quality.

- CE2-5 Private Maintenance. We require adequate maintenance, upkeep, and investment in private property because proper maintenance on private property protects property values.

Safety Element:

- Goal S1: Minimized risk of injury, loss of life, property damage and economic and social disruption caused by earthquake-induced and other geologic hazards.

- S1-1 Implementation of Regulations and Standards. We require that all new habitable structures be designed in accordance with the most recent California Building Code adopted by the City, including provisions regarding lateral forces and grading.

Community Design Element:

- Goal CD1: A dynamic, progressive city containing distinct neighborhoods and commercial districts that foster a positive sense of identity and belonging among residents, visitors, and businesses.

  - CD1-1 City Identity. We take actions that are consistent with the City being a leading urban center in Southern California while recognizing the diverse character of our existing viable neighborhoods.

  - CD1-2 Growth Areas. We require development in growth areas to be distinctive and unique places within which there are cohesive design themes.

  - CD1-3 Neighborhood Improvement. We require viable existing residential and non-residential neighborhoods to be preserved, protected, and enhanced in accordance with our land use policies.

- Goal CD2: A high level of design quality resulting in public spaces, streetscapes, and developments that are attractive, safe, functional and distinct.

  - CD2-1 Quality Architecture. We encourage all development projects to convey visual interest and character through:

    - Building volume, massing, and height to provide appropriate scale and proportion;
    - A true architectural style which is carried out in plan, section and elevation through all aspects of the building and site design and appropriate for its setting; and
    - Exterior building materials that are visually interesting, high quality, durable, and appropriate for the architectural style.

  - CD2-2 Neighborhood Design. We create distinct residential neighborhoods that are functional, have a sense of community, emphasize livability and social interaction, and are uniquely identifiable places through such elements as:

    - A pattern of smaller, walkable blocks that promote access, activity and safety;
    - Variable setbacks and parcel sizes to accommodate a diversity of housing types;
    - Traffic calming measures to slow traffic and promote walkability while maintaining acceptable fire protection and traffic flows;
    - Floor plans that encourage views onto the street and de-emphasize the visual and physical dominance of garages (introducing the front porch as the "outdoor living room"), as appropriate; and
    - Landscaped parkways, with sidewalks separated from the curb.

- CD2-7 Sustainability. We collaborate with the development community to design and build neighborhoods, streetscapes, sites, outdoor spaces, landscaping and buildings to reduce energy demand through solar orientation, maximum use of natural daylight, passive solar and natural ventilation, building form, mechanical and structural systems, building materials and construction techniques.

- CD2-8 Safe Design. We incorporate defensible space design into new and existing developments to ensure the maximum safe travel and visibility on pathways, corridors, and open space and at building entrances and parking areas by avoiding physically and visually isolated spaces, maintenance of visibility and accessibility, and use of lighting.

- CD2-9 Landscape Design. We encourage durable landscaping materials and designs that enhance the aesthetics of structures, create and define public and private spaces, and provide shade and environmental benefits.

- CD2-10 Surface Parking Areas. We require parking areas visible to or used by the public to be landscaped in an aesthetically pleasing, safe and environmentally sensitive manner. Examples include shade trees, pervious surfaces, urban run-off capture and infiltration, and pedestrian paths to guide users through the parking field.

- CD2-11 Entry Statements. We encourage the inclusion of amenities, signage and landscaping at the entry to neighborhoods, commercial centers, mixed use areas, industrial developments, and public places that reinforce them as uniquely identifiable places.

- CD2-12 Site and Building Signage. We encourage the use of sign programs that utilize complementary materials, colors, and themes. Project signage should be designed to effectively communicate and direct users to various aspects of the development and complement the character of the structures.

- CD2-13 Entitlement Process. We work collaboratively with all stakeholders to ensure a high degree of certainty in the efficient review and timely processing of all development plans and permits.

▪ Goal CD3: Vibrant urban environments that are organized around intense buildings, pedestrian and transit areas, public plazas, and linkages between and within developments that are conveniently located, visually appealing and safe during all hours.

- CD3-1 Design. We require that pedestrian, vehicular, bicycle and equestrian circulation on both public and private property be coordinated and designed to maximize safety, comfort and aesthetics.

- CD3-2 Connectivity Between Streets, Sidewalks, Walkways and Plazas. We require landscaping and paving be used to optimize visual connectivity between streets, sidewalks, walkways and plazas for pedestrians.

- CD3-3 Building Entrances. We require all building entrances to be accessible and visible from adjacent streets, sidewalks or public open spaces.

- CD3-5 Paving. We require sidewalks and road surfaces to be of a type and quality that contributes to the appearance and utility of streets and public spaces.

- CD3-6 Landscaping. We utilize landscaping to enhance the aesthetics, functionality and sustainability of streetscapes, outdoor spaces and buildings.

- Goal CD5: A sustained level of maintenance and improvement of properties, buildings and infrastructure that protects the property values and encourages additional public and private investments.

- CD5-1 Maintenance of Buildings and Property. We require all public and privately owned buildings and property (including trails and easements) to be properly and consistently maintained.

- CD5-2 Maintenance of Infrastructure. We require the continual maintenance of infrastructure.

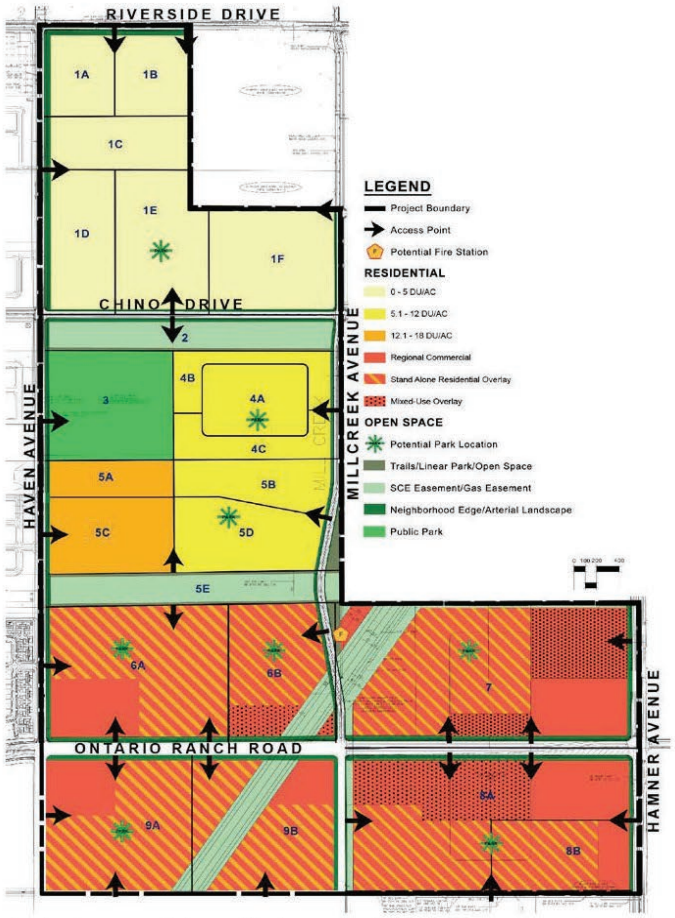
HOUSING ELEMENT COMPLIANCE: The project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan. The project site is one of the properties listed in the Available Land Inventory contained in Table A-3 (Available Land by Planning Area) of the Housing Element Technical Report Appendix, and the proposed project is consistent with the number of dwelling units (298) and density (13.97) specified in the Available Land Inventory.

AIRPORT LAND USE COMPATIBILITY PLAN (ALUCP) COMPLIANCE: The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan. On April 19, 2011, the City Council of the City of Ontario approved and adopted the Ontario International Airport Land use Compatibility Plan ("ALUCP"), establishing the Airport Influence Area for Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area, as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. The proposed project is located within the Airport Influence Area of Ontario International Airport and was evaluated and found to be consistent with the policies and criteria of the ALUCP. Any special conditions

of approval associated with uses in close proximity to the airport are included in the conditions of approval provided with the attached Resolution.

ENVIRONMENTAL REVIEW: The environmental impacts of this Project were previously analyzed in an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports and Approved Addendums and introduces no new significant environmental impacts. All previously adopted mitigation measures are a condition of project approval and are incorporated herein by this reference.

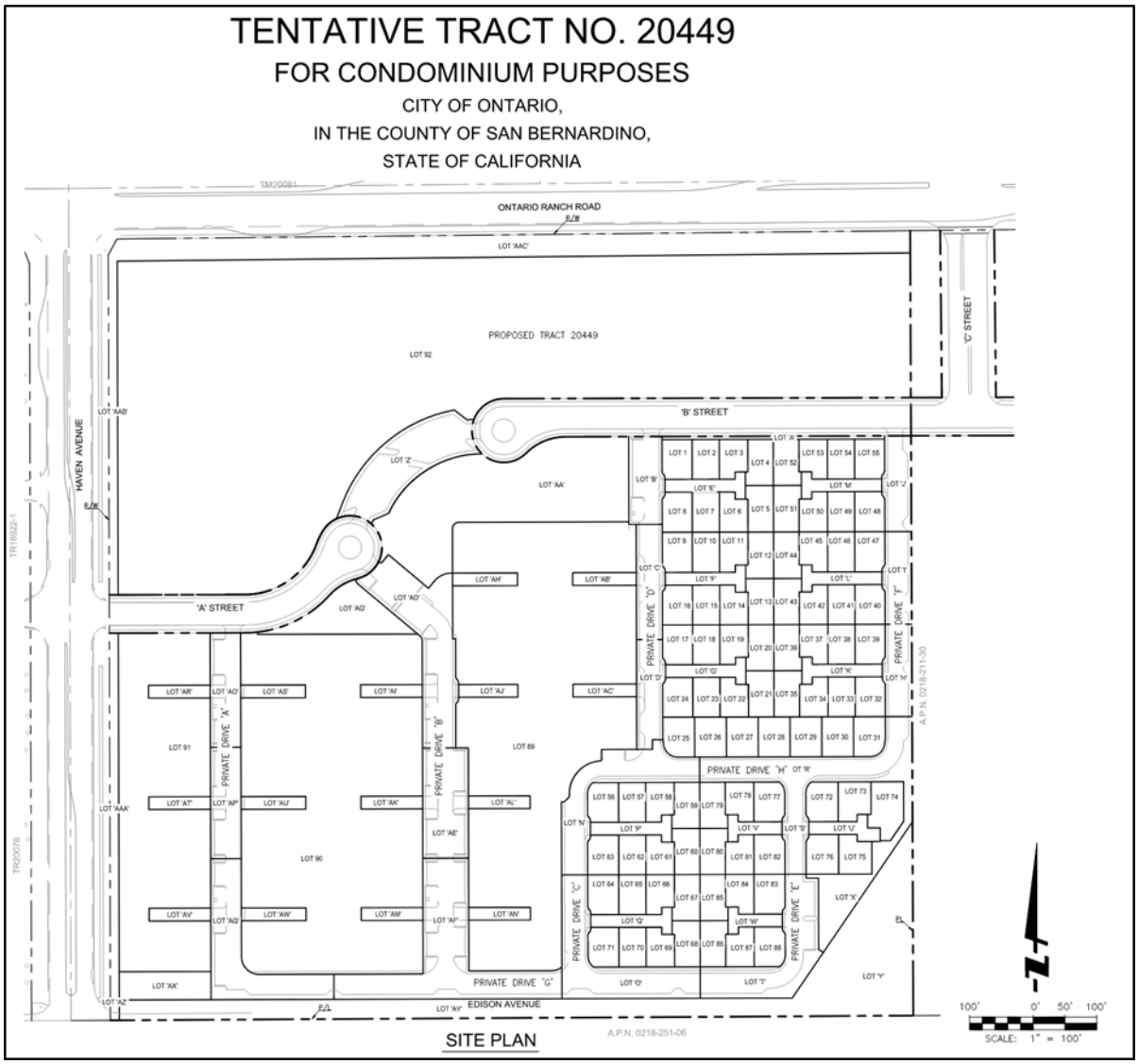
Exhibit A—RICH HAVEN SPECIFIC PLAN LAND USE PLAN



* Circulation pattern for local streets within Specific Plan Area to be established at Tentative Tract Map submittal.
** Residential development along the frontage of Haven Avenue within Planning Areas 5A, 5C and 6A and residential development along the frontage of Ontario Ranch Road within Planning Areas 6A and 7 shall average a density of 18 to 25 dwelling units per acre to support Bus Rapid Transit (BRT) along Haven Avenue.
*** After full dedication of Master Plan sheets and neighborhood edges, residential development within Planning Areas 6A + 9A and residential development within Planning Areas 6B + 9B shall meet a minimum net density of 14 dwelling units per acre.
The minimum density in Planting Areas 6A + 9B and Planning Areas 6B + 9B can be averaged between the two areas and shall be established at Tentative Tract submittal for each Planning Area.

RICH HAVEN SPECIFIC PLAN
LAND USE PLAN
FIGURE 3-1

Exhibit B—TENTATIVE TRACT MAP NO. 20449



RESOLUTION NO. PC22-018

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ONTARIO, CALIFORNIA, RECOMMENDING THE CITY COUNCIL APPROVE FILE NO. PDA21-014, A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF ONTARIO AND BROOKCAL ONTARIO LLC., TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20449 (FILE NO. PMTT21-014), A 35.65 GROSS ACRE PROPERTY LOCATED NEAR THE SOUTHEAST CORNER OF HAVEN AVENUE AND ONTARIO RANCH ROAD, WITHIN PLANNING AREA 9A (RESIDENTIAL & COMMERICIAL) LAND USE DISTRICT OF THE RICH HAVEN SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF—APN: 0218-211-01.

WHEREAS, BrookCal Ontario, LLC., ("Applicant") has filed an Application for the approval of a Development Agreement, File No. PDA21-014, as described in the title of this Resolution (hereinafter referred to as "Application" or "Project"); and

WHEREAS, the Application applies to 35.65 gross acres of land generally located near the southeast corner of Haven Avenue and Ontario Ranch road, within Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan; and

WHEREAS, the Applicant has submitted a Tentative Tract Map 20449 (File No. PMTT21-014) to subdivide approximately 35.65 gross acres of land into 92 numbered lots and 55 lettered common lots for residential and commercial uses, public/private streets, landscape neighborhood edges and common open space purposes; and

WHEREAS, the environmental impacts of this Project were previously analyzed in an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports and Approved Addendums and introduces no new significant environmental impacts; and

WHEREAS, the City's "Local Guidelines for the Implementation of the California Environmental Quality Act (CEQA)" provide for the use of a single environmental assessment in situations where the impacts of subsequent projects are adequately analyzed; and

WHEREAS, Ontario Development Code Table 2.02-1 (Review Matrix) grants the Planning Commission the responsibility and authority to review and make recommendations to the City Council on the subject Application; and

WHEREAS, the Project has been reviewed for consistency with the Housing Element of the Policy Plan component of The Ontario Plan, as State Housing Element law (as prescribed in Government Code Sections 65580 through 65589.8) requires that development projects must be consistent with the Housing Element, if upon consideration of all its aspects, it is found to further the purposes, principals, goals, and policies of the Housing Element; and

WHEREAS, the Project is located within the Airport Influence Area of Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and is subject to, and must be consistent with, the policies and criteria set forth in the Ontario International Airport Land Use Compatibility Plan ("ALUCP"), which applies only to jurisdictions within San Bernardino County, and addresses the noise, safety, airspace protection, and overflight impacts of current and future airport activity; and

WHEREAS, City of Ontario Development Code Division 2.03 (Public Hearings) prescribes the manner in which public notification shall be provided and hearing procedures to be followed, and all such notifications and procedures have been completed; and

WHEREAS, on April 26, 2022, the Planning Commission of the City of Ontario conducted a hearing to consider the Project, and concluded said hearing on that date; and

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

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND RESOLVED by the Planning Commission of the City of Ontario, as follows:

SECTION 1: ***Environmental Determination and Findings.*** As the recommending authority for the Project, the Planning Commission has reviewed and considered the information contained in the previous Certified EIR and supporting documentation. Based upon the facts and information contained in the previous Certified EIR and supporting documentation, the Planning Commission finds as follows:

(1) The environmental impacts of this project were previously reviewed in conjunction with an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports (collectively the "Certified EIR") and Approved Addendums and introduces no new significant environmental impacts; and

(2) The previous Certified EIR contains a complete and accurate reporting of the environmental impacts associated with the Project; and

(3) The previous Certified EIR was completed in compliance with CEQA and the Guidelines promulgated thereunder; and

(4) The previous Certified EIR reflects the independent judgment of the Planning Commission; and

(5) The proposed project will introduce no new significant environmental impacts beyond those previously analyzed in the previous Certified EIR, and all mitigation measures previously adopted with the Certified EIR, are incorporated herein by this reference.

SECTION 2: ***Subsequent or Supplemental Environmental Review Not Required.*** Based on the information presented to the Planning Commission, and the specific findings set forth in Section 1, above, the Planning Commission finds that the preparation of a subsequent or supplemental Certified EIR is not required for the Project, as the Project:

(1) Does not constitute substantial changes to the Certified EIR that will require major revisions to the Certified EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

(2) Does not constitute substantial changes with respect to the circumstances under which the Certified EIR was prepared, that will require major revisions to the Certified EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and.

(3) Does not contain new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the Certified EIR was certified/adopted, that shows any of the following:

(a) The project will have one or more significant effects not discussed in the Certified EIR; or

(b) Significant effects previously examined will be substantially more severe than shown in the Certified EIR; or

(c) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the Project, but the City declined to adopt such measures; or

(d) Mitigation measures or alternatives considerably different from those analyzed in the Certified EIR would substantially reduce one or more significant effects on the environment, but which the City declined to adopt.

SECTION 3: ***Housing Element Compliance.*** Pursuant to the requirements of California Government Code Chapter 3, Article 10.6, commencing with Section 65580, as the recommending authority for the Project, the Planning Commission finds that based on the facts and information contained in the Application and supporting documentation, at the time of Project implementation, the project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan. The project site is one of the properties listed in the Available Land Inventory contained in Table A-3 (Available Land by Planning Area) of the Housing Element Technical Report Appendix, and the proposed project is consistent with the number of dwelling units (298) and density (13.97) specified in the Available Land Inventory.

SECTION 4: ***Ontario International Airport Land Use Compatibility Plan ("ALUCP") Compliance.*** The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan. On April 19, 2011, the City Council of the City of Ontario approved and adopted the ALUCP, establishing the Airport Influence Area for Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area, as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. As the recommending authority for the Project, the Planning Commission has reviewed and considered the facts and information contained in the Application and supporting documentation against the ALUCP compatibility factors, including [1] Safety Criteria (ALUCP Table 2-2) and Safety Zones (ALUCP Map 2-2), [2] Noise Criteria (ALUCP Table 2-3) and Noise Impact Zones (ALUCP Map 2-3), [3] Airspace protection Zones (ALUCP Map 2-4), and [4] Overflight Notification Zones (ALUCP Map 2-5). As a result, the PLANNING COMMISSION, therefore, finds and determines that the Project, when implemented in conjunction with the conditions of approval, will be consistent with the policies and criteria set forth within the ALUCP.

SECTION 5: ***Concluding Facts and Reasons.*** Based upon the substantial evidence presented to the Planning Commission during the above-referenced hearing, and upon the specific findings set forth in Section 1 through 4, above, the Planning Commission hereby concludes as follows:

a. The Development Agreement applies to approximately 35.65 gross acres of land located near the southeast corner of Haven Avenue and Ontario Ranch

road, within Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan; and

b. The Development Agreement establishes parameters for the development of the Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan. The Development Agreement also grants the Applicant, the right to develop, the ability to quantify the fees; and establish the terms and conditions that apply to those projects. These terms and conditions are consistent with The Ontario Plan Policy Plan (General Plan), design guidelines and development standards for the Rich Haven Specific Plan; and

c. The Development Agreement grants the Owner a vested right to develop Tentative Tract Map 20449 (File No. PMTT21-014) as long as the Owner complies with the terms and conditions of the Specific Plan and EIR. Tentative Tract Map 20449 is located near the southeast corner of Haven Avenue and Ontario Ranch Road, and proposes to subdivide 35.65 gross acres of land into 92 numbered lots and 55 lettered common lots; and

d. The Development Agreement has been prepared in conformance with the goals and policies of The Ontario Plan Policy Plan (General Plan); and

e. The Development Agreement does not conflict with the Land Use Policies of The Ontario Plan Policy Plan (General Plan) and will provide for development, within the district, in a manner consistent with the Policy Plan and with related development; and

f. This Development Agreement will promote the goals and objectives of the Land Use Element of the Policy Plan; and

g. This Development Agreement will not be materially injurious or detrimental to the adjacent properties and will not have a significant impact on the environment or the surrounding properties. The environmental impacts of this project were previously reviewed in conjunction with an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports and Approved Addendums and introduces no new significant environmental impacts; and

h. This Application introduces no new significant environmental impacts. All previously adopted mitigation measures are a condition of project approval and are incorporated herein by this reference.

SECTION 6: ***Planning Commission Action.*** Based upon the findings and conclusions set forth in Sections 1 through 5, above, the Planning Commission hereby RECOMMENDS THE CITY COUNCIL APPROVE the herein described Application, subject to each and every condition set forth in the Development Agreement (File No. PDA21-014) attached hereto as "Attachment A," and incorporated herein by this reference.

SECTION 7: ***Indemnification.*** The Applicant shall agree to defend, indemnify and hold harmless, the City of Ontario or its agents, officers, and employees from any claim, action or proceeding against the City of Ontario or its agents, officers or employees to attack, set aside, void, or annul this approval. The City of Ontario shall promptly notify the applicant of any such claim, action, or proceeding, and the City of Ontario shall cooperate fully in the defense.

SECTION 8: ***Custodian of Records.*** The documents and materials that constitute the record of proceedings on which these findings have been based are located at the City of Ontario City Hall, 303 East "B" Street, Ontario, California 91764. The custodian for these records is the City Clerk of the City of Ontario.

SECTION 9: ***Certification to Adoption.*** The Secretary shall certify to the adoption of the Resolution.

- - - - - - - - - - - - - -

The Secretary Pro Tempore for the Planning Commission of the City of Ontario shall certify as to the adoption of this Resolution.

I hereby certify that the foregoing Resolution was duly and regularly introduced, passed and adopted by the Planning Commission of the City of Ontario at a regular meeting thereof held on the 26th day of April 2022, and the foregoing is a full, true and correct copy of said Resolution, and has not been amended or repealed.

Jim Willoughby
Planning Commission Chairman

ATTEST:

Rudy Zeledon
Planning Director and
Secretary to the Planning Commission

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, Gwen Berendsen, Secretary Pro Tempore of the Planning Commission of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. PC22-018, was duly passed and adopted by the Planning Commission of the City of Ontario at their regular meeting held on April 26, 2022, by the following roll call vote, to wit:

AYES: Anderson, Dean, DeDiemar, Lampkin, Ricci, Willoughby

NOES: None

ABSENT: Gage

ABSTAIN: None

Gwen Berendsen
Secretary Pro Tempore

ATTACHMENT A:

File No. PDA21-014

DEVELOPMENT AGREEMENT

By and Between

City of Ontario
a California municipal corporation

and

BrookCal Ontario LLC.,
a Delaware limited liability company

(Development Agreement to follow this page)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

CITY OF ONTARIO
CITY CLERK / RECORDS MANAGEMENT
303 EAST "B" STREET
ONTARIO, CA 91764-4196

Exempt from Fees Per Gov. Code § 6103

Space above this line for Recorder's Use Only

FILE NO. PDA21-014

DEVELOPMENT AGREEMENT

By and Between

City of Ontario
a California municipal corporation

and
BrookCal Ontario LLC
a Delaware limited liability company

_____, 2022

San Bernardino County, California

DEVELOPMENT AGREEMENT NO. PDA21-014

This Development Agreement (hereinafter "Agreement") is entered into effective as of the ____ day of _____, 2022 by and among the City of Ontario, a California municipal corporation (hereinafter "CITY"), and BrookCal Ontario, LLC., a Delaware limited liability company (hereinafter "OWNER"):

RECITALS

WHEREAS, CITY is authorized to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property, pursuant to Section 65864, et seq. of the Government Code; and

WHEREAS, OWNER has requested CITY to enter into a development agreement and proceedings have been taken in accordance with the rules and regulations of CITY; and

WHEREAS, by electing to enter into this Agreement, CITY shall bind future City Councils of CITY by the obligations specified herein and limit the future exercise of certain governmental and proprietary powers of CITY; and

WHEREAS, the terms and conditions of this Agreement have undergone extensive review by CITY and the City Council and have been found to be fair, just and reasonable; and

WHEREAS, the best interests of the citizens of the CITY and the public health, safety and welfare will be served by entering into this Agreement; and

WHEREAS, all of the procedures of the California Environmental Quality Act have been met with respect to the Project and the Agreement in that Rich-Haven Specific Plan (State Clearinghouse No. 2006051081 (the "FEIR"). The City Council found and determined that the FEIR was prepared in accordance with the requirements of the California Environmental Quality Act and adequately describes the impacts of the project described in the FEIR, which included consideration of this Agreement; and

WHEREAS, this Agreement and the Project are consistent with the CITY's Comprehensive General Plan and the Rich-Haven Specific Plan; and

WHEREAS, all actions taken and approvals given by CITY have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters; and

WHEREAS, development of the Property in accordance with this Agreement will provide substantial benefits to CITY and will further important policies and goals of CITY; and

WHEREAS, this Agreement will eliminate uncertainty in planning and provide for the orderly development of the Property, ensure progressive installation of necessary

improvements, provide for public services appropriate to the development of the Project, and generally serve the purposes for which development agreements under Sections 65864 et seq. of the Government Code are intended; and

WHEREAS, OWNER has incurred and will in the future incur substantial costs in excess of the generally applicable requirements in order to assure vesting of legal rights to develop the Property in accordance with this Agreement.

WHEREAS, the Property is located in an area of the City of Ontario that has been known as the "New Model Colony" area and the New Model Colony area has now been renamed as "Ontario Ranch."

WHEREAS, the property developer/owners are made aware of the South Archibald Trichloroethylene (TCE) Plume Disclosure Letter (Exhibit "G"). Property owner may wish to provide the attached Letter as part of the Real Estate Transfer Disclosure requirements under California Civil Code Section 1102 et seq. This may include notifications in the Covenants, Conditions and Restrictions (CC&Rs) or other documents related to property transfer and disclosures. Additional information on the plume is available from the Santa Ana Regional Water Quality Control Board at http://geotracker.waterboards.ca.gov/profile_report.asp?global_id=T10000004658.

COVENANTS

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. The following terms when used in this Agreement shall be defined as follows:

1.1.1 "Agreement" means this Development Agreement.

1.1.2 "CITY" means the City of Ontario, California, a California municipal corporation.

1.1.3 "Construction Agreement" means that certain Agreement for the Financing and Construction of Phases I and II Infrastructure Improvements to Serve an Easterly Portion of the New Model Colony, entered into between the CITY and NMC Builders as of the 4th day of October, 2005, and all amendments thereto and "Construction Agreement Amendment" means that First Amended and Restated Agreement for the Financing and Construction of Limited Infrastructure Improvements to Serve and Easterly Portion of the New Model Colony entered into between the CITY and NMC Builders as of the 21st day of August 2012.

1.1.4 “Development” means the improvement of the Property for the purposes of completing the structures, improvements and facilities comprising the Project including, but not limited to: grading; the construction of public infrastructure and public facilities related to the Project whether located within or outside the Property; the construction of buildings and structures; and the installation of landscaping. “Development” does not include the maintenance, repair, reconstruction or redevelopment of any building, structure, improvement or facility after the construction and completion thereof.

1.1.5 “Development Approvals” means all permits and other entitlements for use subject to approval or issuance by CITY in connection with development of the Property including, but not limited to:

(a) specific plans and specific plan amendments;

(b) tentative and final subdivision and parcel maps;

(c) development plan review;

(d) conditional use permits (including model home use permits), public use permits and plot plans;

(e) zoning;

(f) grading and building permits.

1.1.6 “Development Exaction” means any requirement of CITY in connection with or pursuant to any Land Use Regulation or Development Approval for the dedication of land, the construction of improvements or public facilities, or the payment of fees in order to lessen, offset, mitigate or compensate for the impacts of development on the environment or other public interests.

1.1.7 “Development Impact Fee” means a monetary exaction, other than a tax or special assessment, whether characterized as a fee or a tax and whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, and, for purposes of this Agreement only, includes fees collected under development agreements adopted pursuant to Article 2.5 of the Government Code (commencing with Section 65864) of Chapter 4, For purposes of this Agreement only, "Development Impact Fee" shall not include processing fees and charges imposed by CITY to cover the estimated actual costs to CITY of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued, including, without limitation, fees for zoning variances; zoning changes; use permits; building inspections; building permits; filing and processing applications and petitions filed with the local agency formation commission or conducting preliminary proceedings or proceedings under the Cortese-Knox-Hertzberg Local Government

Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5 of the Government Code; the processing of maps under the provisions of the Subdivision Map Act, Division 2 (commencing with Section 66410) of Title 7 of the Government Code; or planning services under the authority of Chapter 3 (commencing with Section 65100) of Division 1 of Title 7 of the Government Code, fees and charges as described in Sections 51287, 56383, 57004, 65104, 65456, 65863.7, 65909.5, 66013, 66014, and 66451.2 of the Government Code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code, as such codes may be amended or superceded, including by amendment or replacement.

1.1.8 "Development Plan" means the Existing Development Approvals and the Existing Land Use Regulations applicable to development of the Property.

1.1.9 "Effective Date" means the date that the ordinance approving this Agreement goes into effect.

1.1.10 "Existing Development Approvals" means all Development Approvals approved or issued prior to the Effective Date. Existing Development Approvals includes the Approvals incorporated herein as Exhibit "C" and all other Approvals which are a matter of public record on the Effective Date.

1.1.11 "Existing Land Use Regulations" means all Land Use Regulations in effect on the Effective Date. Existing Land Use Regulations includes the Regulations incorporated herein as Exhibit "D" and all other Land Use Regulations that are in effect and a matter of public record on the Effective Date.

1.1.12 "General Plan" means the General Plan adopted on January 27, 2010.

1.1.13 "Improvement" or "Improvements" means those public improvements required to support the development of the Project as described in the Tract Map conditions for Tract No. 20449 as further described in Exhibit "E" and depicted in Exhibit "F" (the "Infrastructure Improvements Exhibit").

1.1.14 "Land Use Regulations" means all ordinances, resolutions, codes, rules, regulations and official policies of CITY governing the development and use of land, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property. "Land Use Regulations" does not include any CITY ordinance, resolution, code, rule, regulation or official policy, governing:

(a) the conduct of businesses, professions, and occupations;

(b) taxes and assessments;

(c) the control and abatement of nuisances;

(d) the granting of encroachment permits and the conveyance of similar rights and interests that provide for the use of or the entry upon public property;

(e) the exercise of the power of eminent domain.

1.1.15 "Mortgagee" means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security-device lender, and their successors and assigns.

1.1.16 "Model Units" means a maximum of nineteen (19) model units, private common recreation facilities and sales facilities constructed by OWNER prior to the construction of any Production units and not offered for sale and occupancy for a period of time after the issuance of permits for Production Units.

1.1.17 "OWNER" means the persons and entities listed as owner on page 1 of this Agreement and their permitted successors in interest to all or any part of the Property.

1.1.18 "Production Unit(s)" means all units constructed for sale and occupancy by OWNER and excludes the specified number of Model Units constructed by OWNER for promotion of sales.

1.1.19 "Project" means the development of the Property contemplated by the Development Plan, as such Plan may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.1.20 "Property" means the real property described on Exhibit "A" and shown on Exhibit "B" to this Agreement.

1.1.21 "Reservations of Authority" means the rights and authority excepted from the assurances and rights provided to OWNER under this Agreement and reserved to CITY under Section 3.6 of this Agreement.

1.1.22 "Specific Plan" means that certain specific plan adopted by the City Council, and entitled, "Rich-Haven Specific Plan."

1.1.23 "Storm Water Treatment Capacity Availability" means a designated portion of the total Storm Water Treatment Capacity Availability made available through the completion of construction of a Phase of regional storm water treatment facilities by the NMC Builders LLC as described in the Construction Agreement Amendment. The amount, in acres, of Storm Water Treatment Capacity Availability required for the issuance of a grading permit shall be based upon the factors and assumptions listed in the Construction Agreement Amendment.

1.1.24 "Subsequent Development Approvals" means all Development Approvals required subsequent to the Effective Date in connection with development of the Property.

1.1.25 "Subsequent Land Use Regulations" means any Land Use Regulations adopted and effective after the Effective Date of this Agreement.

1.1.26 "Water Availability Equivalent (WAE)" means a designated portion of the total Net MDD made available through the construction of each Phase described in the Water Phasing Plan of the Construction Agreement. The number of Water Availability Equivalents (of portions thereof) required for the issuance of each building permit shall be based upon water demand factors and assumptions listed in the Construction Agreement and Construction Agreement Amendment as "Water Availability Equivalents by Land Use" for each land use category.

1.2 Exhibits. The following documents are attached to, and by this reference made a part of, this Agreement:

Exhibit "A" — Legal Description of the Property.

Exhibit "B" — Map showing Property and its location.

Exhibit "C" — Existing Development Approvals.

Exhibit "D" — Existing Land Use Regulations.

Exhibit "E" — Description of Required Infrastructure Improvements

Exhibit "F" — Depiction of Required Infrastructure Improvements Exhibit

Exhibit "G" - Form of Plume Disclosure Letter

2. GENERAL PROVISIONS.

2.1 Binding Effect of Agreement. The Property is hereby made subject to this Agreement. Development of the Property is hereby authorized and shall be carried out only in accordance with the terms of this Agreement.

2.2 Ownership of Property. OWNER represents and covenants that it is the owner of the fee simple title to the Property or a portion thereof, or has the right to acquire fee simple title to the Property or a portion thereof from the current owner(s) thereof. To the extent OWNER does not own fee simple title to the Property, OWNER shall obtain written consent from the current fee owner of the Property agreeing to the terms of this Agreement and the recordation thereof.

2.3 Term. The term of this Agreement shall commence on the Effective Date and shall continue for an initial term of ten (10) years thereafter unless this term is modified or extended pursuant to the provisions of this Agreement. The term of this Agreement may be extended for an additional five (5) years following expiration of the initial ten (10) year term, provided the following have occurred:

(a) OWNER provides at least 180 days written notice to CITY prior to expiration of the initial term; and

(b) In non-mixed use and residential use only projects, the OWNER shall have obtained, as applicable, building permits for at least seventy percent (70%) of the actual number of residential units permitted under this Agreement; and

(c) OWNER is not then in uncured default of this Agreement.

2.4 Assignment.

2.4.1 Right to Assign. OWNER shall have the right to sell, transfer or assign the Property in whole or in part (provided that no such partial transfer shall violate the Subdivision Map Act, Government Code Section 66410, et seq.), to any person, partnership, limited liability company, joint venture, firm or corporation at any time during the term of this Agreement; provided, however, that any such sale, transfer or assignment shall include the assignment and assumption of the rights, duties and obligations arising under or from this Agreement and be made in strict compliance with the following:

(a) No sale, transfer or assignment of any right or interest under this Agreement shall be made unless made together with the sale, transfer or assignment of all or a part of the Property. OWNER may be required to provide disclosure that the Property is within the South Archibald Trichloroethylene (TCE) Plume. OWNER may wish to provide the attached Disclosure Letter (Exhibit G) as part of the Real Estate Transfer Disclosure requirements under California Civil Code Section 1102 et seq.

(b) Concurrent with any such sale, transfer or assignment, or within fifteen (15) business days thereafter, OWNER shall notify CITY's City Manager, in writing, of such sale, transfer or assignment and shall provide CITY with: (1) an executed agreement, in a form reasonably acceptable to CITY, by the purchaser, transferee or assignee and providing therein that the purchaser, transferee or assignee expressly and unconditionally assumes all the duties and obligations of OWNER under this Agreement with respect to the portion of the Property so sold, transferred or assigned; and (2) the payment of the applicable processing charge to cover the CITY's review and consideration of such sale, transfer or assignment.

(c) Any sale, transfer or assignment not made in strict compliance with the foregoing conditions shall constitute a default by OWNER under this Agreement. Notwithstanding the failure of any purchaser, transferee or assignee to execute the agreement required by Paragraph (b) of this Subsection 2.4.1, the burdens of this Agreement shall be binding upon such purchaser, transferee or assignee, but the benefits of this Agreement shall not inure to such purchaser, transferee or assignee until and unless such agreement is executed. The City Manager shall have the authority to review, consider and either approve, conditionally approve, or deny any proposed sale, transfer or assignment that is not made in compliance with this section 2.4.

2.4.2 Release of Transferring Owner. Notwithstanding any sale, transfer or assignment, a transferring OWNER shall continue to be obligated under this Agreement unless such transferring owner is given a release in writing by CITY, which release shall be provided by CITY upon the full satisfaction by such transferring owner of the following conditions:

(a) OWNER no longer has a legal or equitable interest in all or any part of the portion of the Property sold, transferred or assigned.

(b) OWNER is not then in default under this Agreement.

(c) OWNER has provided CITY with the notice and executed agreement required under Paragraph (b) of Subsection 2.4.1 above.

(d) The purchaser, transferee or assignee provides CITY with security equivalent to any security previously provided by OWNER to secure performance of its obligations hereunder.

2.4.3 Effect of Assignment and Release of Obligations. In the event of a sale, transfer or assignment pursuant to the provisions of Section 2.4.2 above:

(a) The assignee shall be liable for the performance of all obligations of OWNER with respect to transferred property, but shall have no obligations with respect to the portions of the Property, if any, not transferred (the "Retained Property").

(b) The owner of the Retained Property shall be liable for the performance of all obligations of OWNER with respect to Retained Property, but shall have no further obligations with respect to the transferred property.

(c) The assignee's exercise, use and enjoyment of the Property or portion thereof shall be subject to the terms of this Agreement to the same extent as if the assignee were the OWNER.

2.4.4 Subsequent Assignment. Any subsequent sale, transfer or assignment after an initial sale, transfer or assignment shall be made only in accordance with and subject to the terms and conditions of this Section 2.4.

2.4.5 Termination of Agreement with Respect to Individual Lots Upon Sale to Public and Completion of Construction. The provisions of Subsection 2.4.1 shall not apply to the sale or lease (for a period longer than one year) of any lot which has been finally subdivided and is individually (and not in "bulk") sold or leased to a member of the public or other ultimate user. Notwithstanding any other provisions of this Agreement, this Agreement shall terminate with respect to any lot and such lot shall be released and no longer be subject to this Agreement without the execution or recordation of any further document upon satisfaction of both of the following conditions:

(a) The lot has been finally subdivided and individually (and not in "bulk") sold or leased (for a period longer than one year) to a member of the public or other ultimate user; and,

(b) A certificate of occupancy has been issued for a building on the lot, and the fees set forth under Section 4 of this Agreement have been paid.

2.5 Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only in the manner provided for in Government Code Section 65868.1. Any amendment of this Agreement, which amendment has been requested by OWNER, shall be considered by the CITY only upon the payment of the applicable processing charge. This provision shall not limit any remedy of CITY or OWNER as provided by this Agreement. Either Party or successor in interest, may propose an amendment to or cancellation, in whole or in part, of this Agreement. Any amendment or cancellation shall be by mutual consent of the parties or their successors in interest except as provided otherwise in this Agreement or in Government Code Section 65865.1. For purposes of this section, the term "successor in interest" shall mean any person having a legal or equitable interest in the whole of the Property, or any portion thereof as to which such person wishes to amend or cancel this Agreement. The procedure for proposing and adopting an amendment to, or cancellation of, in whole or in part, this Agreement shall be the same as the procedure for adopting and entering into this Agreement in the first instance. Notwithstanding the foregoing sentence, if the CITY initiates the proposed amendment to, or cancellation of, in whole or in part, this Agreement, CITY shall first give notice to the OWNER of its intention to initiate such proceedings at least sixty (60) days in advance of the giving the public notice of intention to consider the amendment or cancellation.

2.5.1 Amendment to Reflect Consistency With Future Amendments to the Construction Agreement. To the extent any future amendment to the Construction Agreement provides for modifications to rights or obligations that differ from or alter the same or similar rights or obligations contained in this Development Agreement, OWNER reserves the right to request an amendment to the Development Agreement to reflect any or all of such modifications.

2.6 Termination. This Agreement shall be deemed terminated and of no further effect upon the occurrence of any of the following events:

(a) Expiration of the stated term of this Agreement as set forth in Section 2.3.

(b) Entry of a final judgment setting aside, voiding or annulling the adoption of the ordinance approving this Agreement.

(c) The adoption of a referendum measure overriding or repealing the ordinance approving this Agreement.

(d) Completion of the Project in accordance with the terms of this Agreement including issuance of all required occupancy permits and acceptance by CITY or applicable public agency of all required dedications.

Termination of this Agreement shall not constitute termination of any other land use entitlements approved for the Property. Upon the termination of this Agreement, no party shall have any further right or obligation hereunder except with respect to any obligation to have been performed prior to such termination or with respect to any default in the performance of the provisions of this Agreement which has occurred prior to such termination or with respect to any obligations which are specifically set forth as surviving this Agreement. Upon such termination, any public facilities and services mitigation fees paid pursuant to Section 4.2 of this Agreement by OWNER to CITY for residential units on which construction has not yet begun shall be refunded to OWNER by CITY.

2.7 Notices.

(a) As used in this Agreement, "notice" includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

(b) All notices shall be in writing and shall be considered given either: (i) when delivered in person, including, without limitation, by courier, to the recipient named below; or (ii) on the date of delivery shown on the return receipt, after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below. All notices shall be addressed as follows:

If to CITY:
Scott Ochoa, City Manager
City of Ontario
303 East "B" Street
Ontario, CA 91764

If to OWNER:
Dave Bartlett
BrookCal Ontario LLC
3200 Park Center Drive, Suite 100
Costa Mesa, CA 92626
Phone: 714.200.1533

with a copy to:
Ruben Duran, City Attorney
Best Best & Krieger, LLP
2855 E Guasti Road
Ontario, CA 91761

with a copy to:
Tim Roberts
BrookCal Ontario LLC
3200 Park Center Drive, Suite 1000
Costa Mesa, CA 92626
Phone: 714.200.2483

(c) Either party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a party or an officer or representative of

a party, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

3. DEVELOPMENT OF THE PROPERTY.

3.1 Rights to Develop. Subject to the terms of this Agreement including the Reservations of Authority, OWNER shall have a vested right to develop the Property in accordance with, and to the extent of, the Development Plan. The Project shall remain subject to all Subsequent Development Approvals required to complete the Project as contemplated by the Development Plan. Except as otherwise provided in this Agreement, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, and provisions for reservation and dedication of land for public purposes shall be those set forth in the Development Plan.

3.2 Effect of Agreement on Land Use Regulations. Except as otherwise provided under the terms of this Agreement including the Reservations of Authority, the rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings, and the design, improvement and construction standards and specifications applicable to development of the Property shall be the Existing Land Use Regulations. In connection with any Subsequent Development Approval, CITY shall exercise discretion in accordance with the same manner as it exercises its discretion under its police powers, including the Reservations of Authority set forth herein; provided however, that such discretion shall not prevent development of the Property for the uses and to the density or intensity of development set forth in this Agreement.

3.3 Timing of Development. The parties acknowledge that OWNER cannot at this time predict when or the rate at which phases of the Property will be developed. Such decisions depend upon numerous factors which are not within the control of OWNER, such as market orientation and demand, interest rates, absorption, completion and other similar factors. Since the California Supreme Court held in Pardee Construction Co. v. City of Camarillo (1984) 37 Ca1. 3d 465, that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the parties' intent to cure that deficiency by acknowledging and providing that OWNER shall have the right to develop the Property in such order and at such rate and at such times as OWNER deems appropriate within the exercise of its subjective business judgment.

3.3.1 Infrastructure Improvement Exhibit. Attached hereto as Exhibits "E" and "F" are a description and depiction, respectively, of the improvements needed for the development of the Property. In the event of any discrepancy between Exhibit E and Exhibit F, Exhibit F shall control.

3.4 Requirement for Public Infrastructure Improvements. Development of the Property is contingent in part on the phasing of area-wide infrastructure improvements

over which the OWNER has control. The issuance of building permits by CITY for Model Units and Production Units is, in general, contingent on OWNER's completion of needed infrastructure improvements and the availability of improvements and services to serve the Property.

3.4.1 Attached hereto as Exhibit "E" and Exhibit "F" are the description and depiction of the infrastructure improvements needed for the development of the Property ("the Infrastructure Improvement Exhibit").

3.4.2 Subject to the prior submittal by OWNER and approval by CITY of a plan to provide sufficient public infrastructure for the construction of a maximum number of nineteen (19) Model Units, private common recreation facilities and sales facilities. CITY may issue a maximum of nineteen (19) building permits for Model Units, private common recreation facilities and sales facilities. The plan to be submitted by OWNER for CITY approval shall describe the utilities and other infrastructure necessary to provide sufficient fire protection and other public health and safety requirements for the Model Units and other facilities.

3.5 Changes and Amendments. The parties acknowledge that refinement and further development of the Project will require Subsequent Development Approvals and may demonstrate that changes are appropriate and mutually desirable in the Existing Development Approvals. In the event OWNER finds that a change in the Existing Development Approvals is necessary or appropriate, OWNER shall apply for a Subsequent Development Approval to effectuate such change and CITY shall process and act on such application in accordance with the Existing Land Use Regulations, except as otherwise provided by this Agreement including the Reservations of Authority. If approved, any such change in the Existing Development Approvals shall be incorporated herein as an addendum to Exhibit "C", and may be further changed from time to time as provided in this Section. Unless otherwise required by law, as determined in CITY's reasonable discretion, a change to the Existing Development Approvals shall be deemed "minor" and not require an amendment to this Agreement provided such change does not:

(a) Alter the permitted uses of the Property as a whole; or,

(b) Increase the density or intensity of use of the Property as a whole; or,

(c) Increase the maximum height and size of permitted buildings; or,

(d) Delete a requirement for the reservation or dedication of land for public purposes within the Property as a whole; or,

(e) Constitute a project requiring a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.

3.6 Reservations of Authority.

3.6.1 Limitations, Reservations and Exceptions. Notwithstanding any other provision of this Agreement, the CITY shall not be prevented from applying new rules, regulations and policies upon the OWNER, nor shall a development agreement prevent the CITY from denying or conditionally approving any subsequent development project application on the basis of such new rules, regulations and policies where the new rules, regulations and policies consist of the following:

(a) Processing fees by CITY to cover costs of processing applications for development approvals or for monitoring compliance with any development approvals;

(b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records and any other matter of procedure;

(c) Regulations, policies and rules governing engineering and construction standards and specifications applicable to public and private improvements, including all uniform codes adopted by the CITY and any local amendments to those codes adopted by the CITY; provided however that, OWNER shall have a vested right to develop the Property in accordance with, and to the extent of, the standards and specifications that are expressly identified in the Specific Plan;

(d) Regulations that may conflict with this Agreement and the Development Plan but that are reasonably necessary to protect the residents of the project and/or of the immediate community from a condition perilous to their health or safety;

(e) Regulations that do not conflict with those rules, regulations and policies set forth in this Agreement or the Development Plan;

(f) Regulations that may conflict but to which the OWNER consents.

3.6.2 Subsequent Development Approvals. This Agreement shall not prevent CITY, in acting on Subsequent Development Approvals, from applying Subsequent Land Use Regulations that do not conflict with the Development Plan, nor shall this Agreement prevent CITY from denying or conditionally approving any Subsequent Development Approval on the basis of the Existing Land Use Regulations or any Subsequent Land Use Regulation not in conflict with the Development Plan.

3.6.3 Modification or Suspension by State or Federal Law. In the event that State or Federal laws or regulations, enacted after the Effective Date of this Agreement, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or

suspended as may be necessary to comply with such State or Federal laws or regulations, provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce. In the event OWNER alleges that such State or Federal laws or regulations preclude or prevent compliance with one or more provisions of this Agreement, and the CITY does not agree, the OWNER may, at its sole cost and expense, seek declaratory relief (or other similar non-monetary remedies); provided however, that nothing contained in this Section 3.6.3 shall impose on CITY any monetary liability for contesting such declaratory relief (or other similar non-monetary relief).

3.6.4 Intent. The parties acknowledge and agree that CITY is restricted in its authority to limit its police power by contract and that the foregoing limitations, reservations and exceptions are intended to reserve to CITY all of its police power which cannot be so limited. This Agreement shall be construed, contrary to its stated terms if necessary, to reserve to CITY all such power and authority which cannot be restricted by contract.

3.7 Public Works; Utilities. If OWNER is required by this Agreement to construct any public works facilities which will be dedicated to CITY or any other public agency upon completion, and if required by applicable laws to do so, OWNER shall perform such work in the same manner and subject to the same requirements as would be applicable to CITY or such other public agency should it have undertaken such construction. As a condition of development approval, OWNER shall connect the Project to all utilities necessary to provide adequate water, recycled water, sewer, gas, electric, and other utility service to the Project. As a further condition of development approval, OWNER shall contract with the CITY for CITY-owned or operated utilities for this purpose, for such price and on such terms as may be available to similarly situated customers in the CITY.

3.7.1 OWNER agrees that development of the Project shall require the construction of storm drain improvements as described in Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the storm drain improvements, as described in Exhibit E and depicted in Exhibit F.

3.7.2 OWNER agrees that development of the Project shall require the construction of street improvements as described in Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the street improvements, as described in Exhibit E and depicted in Exhibit F.

3.7.3 OWNER agrees that development of the Property shall require the extension of water and recycled water utility infrastructure as described in Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the water and recycled

water improvements as described in Exhibit E and depicted in Exhibit F. OWNER also agrees that recycled water shall be available and utilized by OWNER for all construction-related water uses including prior to, and during, any grading of the Property.

3.7.4 OWNER agrees that development of the Property shall require the extension of sewer improvements, as described in the attached Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the sewer improvements, as described in Exhibit E and depicted in Exhibit F.

3.7.5 OWNER agrees that development of the Property shall require the extension of fiber optic communications improvements as described in the attached Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the fiber optic communication improvements, as described in Exhibit E and depicted in Exhibit F.

3.8 Acquisition of Offsite Provision of Real Property Interests. In any instance where OWNER is required by any Development Approval or Land Use Regulation and the Construction Agreement to construct any public improvement on land not owned by OWNER ("Offsite Improvements"), the CITY and OWNER shall cooperate in acquiring the necessary legal interest ("Offsite Property") in accordance with the procedures set forth in Section 2.4 of the Construction Agreement. This section 3.8 is not intended by the parties to impose upon the OWNER an enforceable duty to acquire land or construct any public improvements on land not owned by OWNER, except to the extent that the OWNER elects to proceed with the development of the Project, and then only in accordance with valid conditions imposed by the CITY upon the development of the Project under the Subdivision Map Act or other legal authority.

3.8.1 CITY Acquisition of Non-Construction Agreement Offsite Property. In the event OWNER is required to construct any public improvements on land not owned by OWNER, but such requirement is not based upon the Construction Agreement, Sections 3.8.1 and 3.8.2 shall control the acquisition of the necessary property interest(s) ("Non-Construction Agreement Offsite Property"). If the OWNER is unable to acquire such Non-Construction Agreement Offsite Property, and following the written request from the OWNER to CITY, CITY agrees to use reasonable and diligent good faith efforts to acquire the Non-Construction Agreement Offsite Property from the owner or owners of record by negotiation to the extent permitted by law and consistent with this Agreement. If CITY is unable to acquire the Non-Construction Agreement Offsite Property by negotiation within thirty (30) days after OWNER'S written request, CITY shall, initiate proceedings utilizing its power of eminent domain to acquire that Non-Construction Agreement Subject Property at a public hearing noticed and conducted in accordance with California Code of Civil Procedure Section 1245.235 for the purpose of considering the adoption of a resolution of necessity concerning the Non-Construction Agreement Offsite Property, subject to the

conditions set forth in this Section 3.8. The CITY and OWNER acknowledge that the timelines set forth in this Section 3.8.1 represent the maximum time periods which CITY and OWNER reasonably believe will be necessary to complete the acquisition of any Non-Construction Agreement Offsite Property. CITY agrees to use reasonable good faith efforts to complete the actions described within lesser time periods, to the extent that it is reasonably able to do so, consistent with the legal constraints imposed upon CITY.

3.8.2 Owner's Option to Terminate Proceedings. CITY shall provide written notice to OWNER no later than fifteen (15) days prior to making an offer to the owner of the Non-Construction Agreement Offsite Property. At any time within that fifteen (15) day period, OWNER may, at its option, notify CITY that it wants CITY to cease all acquisition proceedings with respect to that Non-Construction Agreement Offsite Property, whereupon CITY shall cease such proceedings. CITY shall provide written notice to OWNER no later than fifteen (15) days prior to the date of the hearing on CITY'S intent to consider the adoption of a resolution of necessity as to any Non-Construction Agreement Offsite Property. At any time within that fifteen (15) day period, OWNER may, at its option, notify CITY that it wants CITY to cease condemnation proceedings, whereupon CITY shall cease such proceedings. If OWNER does not notify CITY to cease condemnation proceedings within said fifteen (15) day period, then the CITY may proceed to consider and act upon the Non-Construction Agreement Offsite Property resolution of necessity. If CITY adopts such resolution of necessity, then CITY shall diligently institute condemnation proceedings and file a complaint in condemnation and seek an order of immediate possession with respect to the Non-Construction Agreement Offsite Property.

3.9 Regulation by Other Public Agencies. It is acknowledged by the parties that other public agencies not within the control of CITY possess authority to regulate aspects of the development of the Property separately from or jointly with CITY and this Agreement does not limit the authority of such other public agencies. CITY agrees to cooperate fully, at no cost to CITY, with OWNER in obtaining any required permits or compliance with the regulations of other public agencies provided such cooperation is not in conflict with any laws, regulations or policies of the CITY.

3.10 Tentative Tract Maps; Extension. With respect to applications by OWNER for tentative subdivision maps for portions of the Property, CITY agrees that OWNER may file and process tentative maps in accordance with Chapter 4.5 (commencing with Section 66498.1) of Division 2 of Title 7 of the California Government Code and the applicable provisions of CITY's subdivision ordinance, as the same may be amended from time to time. In accordance with the provisions of Section 66452.6 of the Government Code, each tentative subdivision map or tentative parcel map, heretofore or hereafter approved in connection with development of the Property, shall be deemed to have been granted an extension of time to and until the date that is five (5) years following the Effective Date of this Agreement.; The CITY's City Council may, in its discretion, extend any such map for an additional period of up to five (5) years beyond

its original term, so long as the subdivider files a written request for an extension with the City prior to the expiration of the initial five (5) year term.

4. PUBLIC BENEFITS.

4.1 Intent. The parties acknowledge and agree that development of the Property will result in substantial public needs that will not be fully met by the Development Plan and further acknowledge and agree that this Agreement confers substantial private benefits on OWNER that should be balanced by commensurate public benefits. Accordingly, the parties intend to provide consideration to the public to balance the private benefits conferred on OWNER by providing more fully for the satisfaction of the public needs resulting from the Project.

4.2 Development Impact Fees.

4.2.1 Amount of Development Impact Fee. Development Impact Fees (DIF) shall be paid by OWNER. The Development Impact Fee amounts to be paid by OWNER shall be the amounts that are in effect at the time such amounts are due. Nothing contained in this Agreement shall affect the ability of the CITY to impose new Development Impact Fees or amend the amounts of existing Development Impact Fees. Additionally, nothing contained in this Agreement shall affect the ability of other public agencies that are not controlled by CITY to impose and amend, from time to time, Development Impact Fees established or imposed by such other public agencies, even though such Development Impact Fees may be collected by CITY.

4.2.2 Time of Payment. The Development Impact Fees required pursuant to Subsection 4.2.1 shall be paid to CITY prior to the issuance of building permit for each applicable residential or other unit, except for the Open Space and Habitat Acquisition Development Impact fee, which shall be paid by OWNER to CITY prior to the issuance of a grading permit. Deferral of the payment of Development Impact Fees may be granted pursuant to a separate agreement approved by City pursuant to City policy.

4.2.3 Parkland and Quimby Act Fees. Pursuant to the General Plan (Ontario Plan) Goal PR1, Policy PR1-5 (achievement of a park standard of 5 acres of parkland per 1,000 residents) OWNER shall provide improved parks, developed in accordance with the City's park standards in an amount equal to two (2) acres per 1,000 of projected population without credit, reimbursement, offset or consideration from City. Such areas shall either be dedicated to the City or transferred to a homeowners' association. If approved by the City Manager, OWNER may satisfy this requirement through the development of non-public recreation facilities such as private recreational clubhouses or pool facilities. Credit for such private recreational facilities areas shall be limited to a maximum of 50% of the foregoing park development requirement. If OWNER's Project does not provide dedicated and developed park acreage equal to two (2) acres per 1,000 projected population, OWNER shall pay a fee in-lieu equal to the per

acre estimated costs of acquisition and development of parkland in the City's Development Impact Fee for the calculated park acreage deficiency, at the time the fee becomes due and payable to the City. Such in-lieu fee shall be due and payable prior to the issuance of the first building permit for Production Units issued to OWNER. Any park dedication and/or improvements in excess of such two (2) acres per thousand standard, provided such park has been developed in accordance with the City's park standards and is open to the public generally, shall entitle OWNER to a credit toward its obligations under the Quimby Act (Gov. Code, § 64477) and the City's implementing ordinance and/or resolution (collectively "**Quimby Act Obligations**"), and to the extent OWNER's Quimby Act Obligations are satisfied, OWNER shall be entitled to have the City acquire such developed and publicly available parks as Non-Program Interests in accordance with Section 4.3.3 below.

4.3 Responsibility for Construction of Public Improvements.

4.3.1 Timely Construction of Public Infrastructure. The phasing of the areawide infrastructure construction within the New Model Colony will be as approved by the CITY. OWNER shall be responsible for the timely construction and completion of all public infrastructure required for the Project as shown on the attached Exhibit "F" and any and all tentative tract map conditions. Unless otherwise specified in the Subdivision Agreement/Tract Map conditions, all other required Improvements for each Tract Map, shall be completed and operational prior to, and as a condition precedent to, OWNER requesting and CITY's granting of the first building permit for Production Units for each such Tract Map. All Infrastructure and Improvements shall be completed as required by the Subdivision Agreement/Tract Map conditions for Tract Map No. 20449.

4.3.2 Construction of DIF Program Infrastructure (Construction Agreement). To the extent OWNER is required to construct and completes construction of public improvements that are included in CITY's Development Impact Fee Program and the Construction Agreement between CITY and NMC Builders LLC, CITY agrees that CITY shall issue DIF Credit in accordance with the provisions of the Construction Agreement and any amendments thereto. Use of DIF Credit issued to OWNER as a member of NMC Builders LLC to offset OWNER's DIF payment obligations shall also be subject to the provisions of the Construction Agreement and any amendments thereto.

4.3.3 Construction of DIF Program Infrastructure (Non-Construction Agreement). To the extent OWNER is required to construct and completes construction of public improvements that are included in CITY's Development Impact Fee Program and such public improvements are not included the Construction Agreement between CITY and NMC Builders LLC, CITY agrees that CITY shall issue DIF Credit in accordance with the provisions of a separate Fee Credit Agreement between CITY and OWNER. Limitation on the use of DIF Credit issued to OWNER to offset OWNER's DIF payment obligations shall also be subject to the provisions of a separate Fee Credit Agreement. CITY and

OWNER agree that the Fee Credit Agreement between CITY and OWNER shall comply with CITY's adopted policies applicable to such agreements.

4.4 Affordable Housing Requirement.

4.4.1 Affordable Housing- Number of Units. OWNER shall provide a minimum number of affordable housing units, equivalent to 10% of the OWNER's total approved residential units within the Project, that are affordable to very low, low and moderate income households. Such requirement for affordable housing shall be met through one, or a combination of one or more, of the options provided in the following Sections 4.3.2.1 through 4.3.2.1. For the purposes of this Section, any term not defined in this Agreement shall be as defined by California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.).

4.4.2 Affordability Spread. Of the total number of residential dwelling units specified in Section 4.4.1, to be constructed or rehabilitated pursuant to Sections 4.4.2.1 or 4.4.2.2 respectively, thirty percent (30%) shall be available to very low income, thirty percent (30%) shall be available to low income and forty percent (40%) shall be available to moderate income households. "**Households**" shall be as defined by California Health and Safety Code Section 50053.

4.4.2.1 New Construction. If OWNER elects to fully or partially satisfy the affordable housing requirement by the construction of new residential units, it shall construct and restrict the affordability of residential dwelling units within its Project or, at OWNER's option and with the approval of the City, within another project elsewhere within the City. The affordable units constructed shall be intermingled with other units as part of the Project, and shall be built to the same construction, design and aesthetic standards, as well as number of rooms, as other units constructed as part of that OWNER's Project. In addition, the percentage ratio of affordable units offered for sale versus those offered for rent shall equal the percentage ratio of other units offered for sale versus for rent within OWNER's Project. Such construction shall be completed no later than the date that is five (5) years following the issuance of the first building permit for OWNER's Project; provided however that to the extent OWNER has not constructed the required percentage of units, based on the number of building permits for non-restricted units, OWNER shall, prior to the issuance of such building permits, provide security (in the form and substance approved by the City Manager and City Attorney) to City in order to ensure the faithful completion of such required percentage of construction of affordable units. If OWNER elects the option of constructing new affordable units, a detailed Affordable Housing Agreement specifying terms for the allowable monthly housing costs or rents (as applicable) and maintenance and occupancy standards shall be prepared, executed and recorded against such units as a condition to the issuance of a building permit. The Affordable Housing Agreement shall hold a recorded priority position senior to any other non-

statutory lien or encumbrance affecting the unit.

4.4.2.2 Rehabilitation. If OWNER elects to fully or partially satisfy the affordable housing requirement by the substantial rehabilitation of existing residential units in the City, it shall substantially rehabilitate and restrict the affordability of, the number of residential units specified in Section 4.4.1, provided that such units shall be provided elsewhere within the City. The rehabilitation work shall be substantial and of high quality and shall also address any deferred property maintenance issues on the property. "**Substantial rehabilitation**" shall mean rehabilitated multi-family rented dwelling units with three or more units and the value of the rehabilitation constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of land value pursuant to Health and Safety Code Section 33413(b)(2)(A)(iii-iv) as such section exists as of the Effective Date of this Agreement. If OWNER chooses the option of rehabilitation of existing housing units within the City, a detailed Affordable Housing Agreement specifying the terms for the allowable month housing costs or rents (as applicable) and maintenance and occupancy standards shall be prepared, executed and recorded against such units as a condition to the issuance of a building permit. Such rehabilitation shall be completed no later than the date that is five (5) years following the issuance of the first building permit for OWNER's Project; provided however that to the extent OWNER has not rehabilitated the required percentage of units, based on the number of building permits, OWNER shall, prior to the issuance of such building permits, provide security (in the form and substance approved by the City Manager and City Attorney) to the City in order to ensure the faithful completion of such required percentage of rehabilitation.

4.4.2.3 In-Lieu Fee. If OWNER has not fully complied with the requirements of Section 4.3.1 by providing the minimum number of affordable units through the construction of new affordable units or by the substantial rehabilitation of existing units, shall pay an "**Affordability In-Lieu Fee**". If OWNER has not provided any affordable residential units by construction or rehabilitation, the Affordability In-Lieu fee shall be equal to Two Dollars Sixty-One Cents ($2.61) per square foot of residential development within OWNER's Project or, if pre-paid as set forth below, Two Dollars Twenty-Eight Cents ($2.28) per square foot of residential development within OWNER's Project. If OWNER has partially complied with the requirements of Section 4.4.1 by construction or rehabilitation of less than the minimum number of units, then the Affordability In-lieu Fee shall be recalculated and reduced in consideration of the number and type of affordable units provided. The Affordability In-Lieu Fee shall be paid by OWNER to City no later than prior to the issuance of each building permit within OWNER's Project based on the square footage of the residential unit for which such building permit is sought; provided however that OWNER may, at OWNER's election, pre-pay such Affordability In-Lieu Fee by paying such Affordability In-Lieu Fee within thirty (30) days following the

earliest discretionary approval by the City for OWNER's Project, including, but not limited to, any general plan amendment, specific plan adoption, development agreement, tentative map approval, variance, conditional use permit, or resolution of intention to form any public financing mechanism. The Two Dollars, Thirty-Seven Cents ($2.37) and the Two Dollars Seven Cents ($2.07) per square foot amounts shall automatically be increased annually, commencing on July 1, 2022, and automatically each July 1 thereafter. Such adjustment shall be based on the percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA), (December 2017=100) over the preceding year. The pre-paid Affordability In-Lieu Fee shall be calculated based on the maximum floor area ratio (FAR) permitted within the General Plan and any applicable FAR contained within the applicable specific plan, whichever is greater, and the Maximum Development Density. For purposes of this Agreement, "**Maximum Development Density**" shall be determined by multiplying the OWNER's Project's density for residential development potential as set forth in the General Plan or the applicable Specific Plan, whichever is less, by the net acreage of land within OWNER's Project. All "Affordability In-Lieu Fees" collected by the City shall be used to promote the construction of affordable housing within the City.

4.4.2.4 Affordability Covenants. Prior to the issuance of the first building permit for any affordable unit, the City and OWNER shall enter into an Affordable Housing Agreement Affordability shall be assured for a period of forty-five (45) years for for-sale units and fifty-five (55) years for rentals. For rental units, base rents shall be established by the City and rental adjustments required by the City shall be performed on an annual basis. In addition, the Affordable Housing Agreement shall impose maximum occupancy limits of 2 occupants per bedroom plus 1 additional occupant per dwelling unit, and a requirement for the owner or tenant to properly maintain each dwelling unit.

4.4.2.5 Transfer of Affordable Project. No transfer of title to any affordable housing project shall occur without the prior written consent of the City. In the event OWNER transfers title to any affordable housing project required to be constructed pursuant to this Agreement to a non-profit entity, or other entity, that receives an exemption from ad valorem real property taxes, the City shall be required to assure payment of an annual in lieu fee to the City on July 1 of each year equal to one-tenth of one percent (0.1%) of the assessed value of such project. The City may permit OWNER to satisfy this obligation by recorded covenants against the property and enforceable against said entity by the City. Any such covenants shall be approved by the Planning Director and the City Attorney.

4.5 Schools Obligations.

4.5.1 Written Evidence of Compliance with Schools Obligations.
OWNER shall, either through joint or individual agreements between OWNER and the applicable school district(s), shall satisfy its new school obligations. The new school obligations for the Mountain View School District in the Ontario Ranch area have been projected to include the acquisition or dedication of school sites for, and construction of, up to eight (8) schools. Of these eight (8) schools, six (6) are to be elementary (K-5) grade schools and two (2) are to be middle grade schools. The new school obligations for the Chaffey Joint Union High School District in the Ontario Ranch area have been projected to include the dedication of a school site for, and construction of, an additional high school. The new school obligations for the applicable school district shall be met by a combination of the following: (1) designating and dedicating school site(s) within the Property as set forth in the General Plan, and/or (2) paying school impact fees, (3) entering into a joint mitigation agreement or individual mitigation agreements, or (4) any combination of the foregoing. Written evidence of approval by the applicable school district that OWNER has met their school obligations may be required by the City as the condition to the issuance by the City of any entitlements for OWNER's Project. In the event OWNER is unable to provide such written evidence from the applicable school district(s), the City shall have the right to decline to honor any DIF Credit, Certificates of MDD Availability, Certificates of Storm Water Treatment Capacity Availability, or any combination thereof, presented by such OWNER, without liability to the City. To the extent that a joint mitigation agreement is approved by the applicable school district(s), and OWNER is a participant in good standing in such mitigation agreement, OWNER shall be deemed to have mitigated its new school obligations under this Section 4.4.1.

4.6 Public Services Funding Fee.

4.6.1 Requirement for Payment of Public Services Funding Fee. In order to ensure that the adequate provision of public services, including without limitation, police, fire and other public safety services, are available to the residents of each Project in a timely manner, OWNER shall pay to CITY a "**Public Services Funding Fee**." The Public Services Funding Fee shall apply to residential and non-residential uses as set forth below.

4.6.2 Public Services Funding Fee Amount. OWNER shall pay a Public Services Funding fee in the total amount of Two Thousand Three Hundred Seventeen dollars ($2,317.00) per residential dwelling unit. The Public Services Funding Fee shall be paid in one (1) installment within one hundred eighty (180) calendar days after the effective date of the Development Agreement or in two (2) installments, at OWNER's option, as follows:

4.6.2.1 First Installment (Residential uses). The First Installment of the Public Services Funding Fee shall be One Thousand One Hundred Fifty Eight dollars and fifty cents ($1,158.50) per residential dwelling unit. The First Installment shall be based upon the "**Maximum Development**

Density" of the OWNER Project, as defined in Section 3.7.2.3 of the First Amended and Restated Construction Agreement. The First Installment shall be due and payable 30 days following the effective date of the Development Agreement.

If the First installment amount is not paid for all residential dwelling units within the Project (based on the Maximum Development Density, or the number of units described on "B Maps" if approved) by January 1, 2023, the amount of the First Installment shall be increased. Such increase shall be based on the percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA) (December 2017=100) over the preceding year. Additionally, the amount shall be further increased automatically by the percentage increase in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA) (December 2017=100) on each January 1 thereafter.

4.6.2.2 Second Installment (Residential Uses). The Second Installment of the Public Services Funding Fee shall be One Thousand One Hundred Fifty Eight dollars and fifty cents ($1,158.50) per residential unit. The Second Installment shall be paid at the time of the issuance of each building permit for the Project. The amount of the Second Installment shall increase automatically by percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA) (December 2017=100) over the preceding year on January 1st of each year, beginning on January 1, 2023. OWNER may exercise the option to pay the Second Installment amount for all residential units, a portion of the residential units, or for the remainder of the residential units within OWNER's Project on or before each December 31st, before the Second Installment amount is automatically increased.

4.6.2.3 Single Installment (Non-residential Uses). A single installment payment of the Public Services Funding Fee shall be required in the amount of Seventy Cents ($.70) per square foot of non-residential buildings. The single installment for non-residential uses shall be due and payable prior to the issuance of the building permit for a non-residential building. The amount of the Single Installment for non-residential uses shall automatically increase by percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA), (December 2017=100) over the preceding year on January 1st of each year, beginning on January 1, 2023. OWNER may exercise the option to pay any single installment amounts for the remainder of the non-residential square footage within the Project on or before December 31st, before the Single Installment amount is automatically increased.

4.7 Net MDD/Water Availability Equivalents.

4.7.1 Assigned Net MDD/Water Availability Equivalents. The City has agreed with NMC Builders LLC to reserve exclusively for Members of NMC Builders, including OWNER, Net MDD made available through the construction of water system improvements funded by NMC Builders LLC. NMC Builders has assigned to OWNER its allocable share of the Net MDD issued by City. The provisions of the Construction Agreement Amendment requires that the City shall not approve a final tract map or issue building permits or certificates of occupancy for the area of development within the New Model Colony served by the water system improvements funded by NMC Builders LLC, except to the bearer of an Assignment of Net MDD Water Availability.

4.7.2 Use of Assigned Net MDD Water Availability. OWNER shall provide evidence of sufficient Net MDD Water Availability Equivalents (or portions thereof) prior to and as a condition precedent to, the City's approval of any and all tract maps for the Property. The amount of Net MDD Water Availability Equivalents required for City's approval of a tract map shall be based upon water demand factors and assumptions listed in Exhibit C-2R of the Construction Agreement Amendment as "Water Demand Equivalents by Land Use" for each land use category.

4.7.3 Requirement for other Water System Improvements. A Certificate of Net MDD Availability is evidence only of available water capacity and does not satisfy any other conditions applicable to an OWNER's Project, including those relating to design and construction of master-planned potable water and recycled water transmission and distribution system for the respective pressure zone and other public infrastructure requirements.

4.8 Storm Water Capacity Availability.

4.8.1 Requirement for Storm Water Treatment Capacity Availability. OWNER shall provide evidence of sufficient Storm Water Treatment Capacity Availability as reserved in a Certificate of Storm Water Treatment Capacity Availability the same manner and subject to the same limitations as provided for the assignment of Certificates of Net MDD Availability in Section 4.6 of this Agreement.

4.8.2 Use of Storm Water Treatment Capacity Availability. The amount of Storm Water Treatment Capacity Availability required for the issuance of a grading permit to OWNER shall be based upon the Net Residential Acreage of the area to be graded regardless of the corresponding use.

4.8.3 Requirement for other Storm Water Improvements. The Certificate of Storm Water Treatment Capacity Availability is evidence only of available storm water treatment capacity and does not satisfy any other conditions applicable to a particular development project, including those relating to on-site water treatment, water quality, connection to the storm water collection system, or other public infrastructure requirements.

4.9 Maintenance of Open Space. OWNER shall provide for the ongoing maintenance of all park, common areas and open space areas within the Project as more particularly set forth in the Specific Plan, through a homeowners' association as approved by the CITY. Covenants, conditions and restrictions establishing any homeowners' association shall be approved by the Planning Director and City Attorney.

4.10 Compliance with Public Benefits Requirements.

4.10.1 Failure to Provide Public Benefits. In the event OWNER fails or refuses to comply with any condition referenced in Section 4.1 through 4.10, or challenges (whether administratively or through legal proceedings) the imposition of such conditions, OWNER shall be deemed in default of this Agreement pursuant to Section 8.4 hereof, thereby entitling the City to any and all remedies available to it, including, without limitation, the right of the City to withhold OWNER's Project-related building permits, certificates of occupancy, or discretionary approvals, without liability.

5. FINANCING OF PUBLIC IMPROVEMENTS.

5.1 Financing Mechanism(s). In accordance with the Memorandum of Agreement between the CITY and NMC Builders, CITY will cooperate with OWNER in the formation of a CFD, or CFDs, to include all of the Project, to provide a financing mechanism to reimburse the OWNER for funds paid to NMC Builders LLC for OWNER's share of the costs of public infrastructure pursuant to the Construction Agreement and to acquire other public facilities constructed by OWNER subject to the provisions of the Memorandum of Agreement between CITY and NMC Builders LLC. Notwithstanding such reimbursements and acquisitions, OWNER shall remain entitled to DIF Credits as provided for in Article 3 of the Construction Agreement and/or as provided for in a separate Fee Credit Agreement between CITY and OWNER. OWNER agrees that, prior to the recordation of any Tract Map for the Property, the Property shall be included in a CFD to finance City services through annual special taxes that will initially be $1,560.77 per Single Family Detached Dwelling Unit, $1,352.59 per Multiple-Family Dwelling Unit, $1,134.29 per Gated Apartment Community Dwelling Unit, and $.29 per square foot for Non-Residential buildings. These amounts shall be subject to an automatic increase at a rate not to exceed four (4%) percent per year, unless otherwise modified by the CITY. CITY shall be the sole and exclusive lead agency in the formation of any CFD, assessment district or other public financing mechanism within the Property; provided however, that the proceeds of any such CFD, assessment district, or financing mechanism may be used, subject to restrictions that may be imposed by applicable law, for the purposes of acquiring, constructing or maintaining public facilities to be owned or operated by other public agencies, including, without limitation those facilities owned or operated by a school district. In addition to the rights of the CITY pursuant to section 5.2 hereof, CITY shall have the right, but not the obligation, to condition the formation of any CFD, assessment district or other public financing mechanism within the Property on the OWNER mitigating all Project-related impacts to the applicable school district(s) as required by such school district(s). Written evidence by such school district(s) may be required by the CITY as the

condition to the formation of any CFD, assessment district or other public financing mechanism within the Property, or any steps preliminary thereto, including, without limitation, the adoption of any resolution of intention to form such CFD, assessment district or other public financing mechanism within the Property. It is not the intent of the parties hereto, by this provision, to prohibit or otherwise limit the City's ability to take any and all necessary steps requisite to the formation of the CFD to finance City services through annual special taxes as set forth in this Section 5.1. Formation of any CFD, assessment district or other public financing mechanism within the Property, shall be subject to CITY's ability to make all findings required by applicable law and complying with all applicable legal procedures and requirements including, without limitation, CITY's public financing district policies as such policies may be amended from time to time. Notwithstanding the foregoing, it is acknowledged and agreed by the parties that nothing contained in this Agreement shall be construed as requiring CITY or the City Council to form any such district or to issue and sell bonds.

6. REVIEW FOR COMPLIANCE.

6.1 Periodic and Special Reviews.

6.1.1 Time for and Initiation of Periodic Review. The CITY shall review this Agreement every twelve (12) months from the Effective Date in order to ascertain the good faith compliance by the OWNER with the terms of this Agreement. The OWNER shall submit an Annual Monitoring Report to CITY, in a form acceptable to the City Manager, along with any applicable processing charge within ten (10) days after each anniversary date of the Effective Date of this Agreement. Within fifteen (15) days after the receipt of the Annual Monitoring Report, CITY shall review the Annual Monitoring Report. Prior to the expiration of the fifteen (15) day review period, CITY shall either issue a notice of continuing compliance or a notice of non-compliance and a notice of CITY's intent to conduct a Special Review pursuant to Sections 6.1.2 through 6.1.6. Issuance of a notice of continuing compliance may be issued by the City Manager or his designee.

6.1.2 Initiation of Special Review. A special review may be called either by agreement between the parties or by initiation in one or more of the following ways:

(1) Recommendation of the Planning staff;

(2) Affirmative vote of at least four (4) members of the Planning Commission; or

(3) Affirmative vote of at least three (3) members of the City Council.

6.1.3 Notice of Special Review. The City Manager shall begin the special review proceeding by giving notice that the CITY intends to undertake a special

review of this Agreement to the OWNER. Such notice shall be given at least ten (10) days in advance of the time at which the matter will be considered by the Planning Commission.

6.1.4 Public Hearing. The Planning Commission shall conduct a hearing at which the OWNER must demonstrate good faith compliance with the terms of this Agreement. The burden of proof on this issue is upon the OWNER.

6.1.5 Findings Upon Public Hearing. The Planning Commission shall determine upon the basis of substantial evidence whether or not the OWNER has, for the period under review, complied in good faith with the terms and conditions of this Agreement.

6.1.6 Procedure Upon Findings.

(a) If the Planning Commission finds and determines on the basis of substantial evidence that the OWNER has complied in good faith with the terms and conditions of this Agreement during the period under review, the review for that period is concluded.

(b) If the Planning Commission finds and determines on the basis of substantial evidence that the OWNER has not complied in good faith with the terms and conditions of this Agreement during the period under review, the Planning Commission may recommend to the City Council to modify or terminate this Agreement.

(c) The OWNER may appeal a determination pursuant to paragraph (b) to the City Council in accordance with the CITY's rule for consideration of appeals in zoning matters generally.

6.2 Proceedings Upon Modification or Termination. If, upon a finding under Section 6.1.6(b), the CITY determines to proceed with modification or termination of this Agreement, the CITY shall give notice to the property OWNER of its intention so to do. The notice shall contain:

(a) The time and place of the hearing;

(b) A statement as to whether or not the CITY proposes to terminate or to modify this Agreement; and

(c) Other information that the CITY considers necessary to inform the OWNER of the nature of the proceeding.

6.3 Hearing on Modification or Termination. At the time and place set for the hearing on modification or termination, the OWNER shall be given an opportunity to be heard. The OWNER shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. The burden of proof on this issue shall be on the OWNER. If the City Council finds, based upon substantial evidence in the

administrative record, that the OWNER has not complied in good faith with the terms and conditions of the agreement, the City Council may terminate or modify this Agreement and impose those conditions to the action it takes as it considers necessary to protect the interests of the CITY. The decision of the City Council shall be final, subject only to judicial review pursuant to Section 1094.5 of the Code of Civil Procedure.

6.4 Certificate of Agreement Compliance. If, at the conclusion of a Periodic or Special Review, OWNER is found to be in compliance with this Agreement, CITY shall, upon written request by OWNER, issue a Certificate of Agreement Compliance ("Certificate") to OWNER stating that after the most recent Periodic or Special Review and based upon the information known or made known to the Planning Director and City Council that (1) this Agreement remains in effect and (2) OWNER is not in default. The Certificate shall be in recordable form, shall contain information necessary to communicate constructive record notice of the finding of compliance, shall state whether the Certificate is issued after a Periodic or Special Review and shall state the anticipated date of commencement of the next Periodic Review. OWNER may record the Certificate with the County Recorder. Whether or not the Certificate is relied upon by assignees or other transferees or OWNER, CITY shall not be bound by a Certificate if a default existed at the time of the Periodic or Special Review, but was concealed from or otherwise not known to the Planning Director or City Council.

7. [RESERVED]

8. DEFAULT AND REMEDIES.

8.1 Remedies in General. It is acknowledged by the parties that CITY would not have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that CITY shall not be liable in damages to OWNER, or to any successor in interest of OWNER, or to any other person, and OWNER covenants not to sue for damages or claim any damages:

(a) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or

(b) For the taking, impairment or restriction of any right or interest conveyed or provided under or pursuant to this Agreement; or

(c) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

8.2 Specific Performance. The parties acknowledge that money damages and remedies at law generally are inadequate and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this Agreement and should be available to all parties for the following reasons:

(a) Money damages are unavailable against CITY as provided in Section 8.1 above.

(b) Due to the size, nature and scope of the project, it may not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, OWNER may be foreclosed from other choices it may have had to utilize the Property or portions thereof. OWNER has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate OWNER for such efforts.

8.3 Release. Except for nondamage remedies, including the remedy of specific performance and judicial review as provided for in Section 6.5, OWNER, for itself, its successors and assignees, hereby releases the CITY, its officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon the CITY because it entered into this Agreement or because of the terms of this Agreement.

8.4 Termination or Modification of Agreement for Default of OWNER. Subject to the provisions contained in Subsections 6.2 and 6.3 herein, CITY may terminate or modify this Agreement for any failure of OWNER to perform any material duty or obligation of OWNER under this Agreement, or to comply in good faith with the terms of this Agreement (hereinafter referred to as "default"); provided, however, CITY may terminate or modify this Agreement pursuant to this Section only after providing written notice to OWNER of default setting forth the nature of the default and the actions, if any, required by OWNER to cure such default and, where the default can be cured, OWNER has failed to take such actions and cure such default within 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such 60 day period and to diligently proceed to complete such actions and cure such default.

8.5 Termination of Agreement for Default of CITY. OWNER may terminate this Agreement only in the event of a default by CITY in the performance of a material term of this Agreement and only after providing written notice to CITY of default setting forth the nature of the default and the actions, if any, required by CITY to cure such default and, where the default can be cured, CITY has failed to take such actions and cure such default within 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such 60 day period and to diligently proceed to complete such actions and cure such default.

9. THIRD PARTY LITIGATION.

9.1 General Plan Litigation. CITY has determined that this Agreement is consistent with its Comprehensive General Plan, as such General Plan exists as of the Effective Date ("General Plan"), and that the General Plan meets all requirements of law. OWNER has reviewed the General Plan and concurs with CITY's determination. CITY shall have no liability in damages under this Agreement for any failure of CITY to perform under this Agreement or the inability of OWNER to develop the Property as contemplated by the Development Plan of this Agreement as the result of a judicial determination that on the Effective Date, or at any time thereafter, the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law.

9.2 Third Party Litigation Concerning Agreement. OWNER shall defend, at its expense, including attorneys' fees, indemnify, and hold harmless CITY, its agents, officers and employees from any claim, action or proceeding against CITY, its agents, officers, or employees to attack, set aside, void, or annul the approval of this Agreement or the approval of any permit granted pursuant to this Agreement. CITY shall promptly notify OWNER of any such claim, action or proceeding, and CITY shall cooperate in the defense. If CITY fails to promptly notify OWNER of any such claim, action or proceeding, or if CITY fails to cooperate in the defense, OWNER shall not thereafter be responsible to defend, indemnify, or hold harmless CITY. CITY may in its discretion participate in the defense of any such claim, action or proceeding.

9.3 Indemnity. In addition to the provisions of 9.2 above, OWNER shall indemnify and hold CITY, its officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted upon any act or omission of OWNER, its officers, agents, employees, subcontractors and independent contractors, for property damage, bodily injury, or death (OWNER's employees included) or any other element of damage of any kind or nature, relating to or in any way connected with or arising from the activities contemplated hereunder, including, but not limited to, the study, design, engineering, construction, completion, failure and conveyance of the public improvements, save and except claims for damages arising through the sole active negligence or sole willful misconduct of CITY. OWNER shall defend, at its expense, including attorneys' fees, CITY, its officers, agents, employees and independent contractors in any legal action based upon such alleged acts or omissions. CITY may in its discretion participate in the defense of any such legal action.

9.4 Environment Assurances. OWNER shall indemnify and hold CITY, its officers, agents, and employees free and harmless from any liability, based or asserted, upon any act or omission of OWNER, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and OWNER shall defend, at its expense, including attorneys' fees, CITY, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. CITY may in its discretion participate in the defense of any such action.

9.5 Reservation of Rights. With respect to Sections 9.2, 9.3 and 9.4 herein, CITY reserves the right to either (1) approve the attorney(s) which OWNER selects, hires or otherwise engages to defend CITY hereunder, which approval shall not be unreasonably withheld, or (2) conduct its own defense, provided, however, that OWNER shall reimburse CITY forthwith for any and all reasonable expenses incurred for such defense, including attorneys' fees, upon billing and accounting therefor.

9.6 Survival. The provisions of this Sections 9.1 through 9.6, inclusive, shall survive the termination of this Agreement.

10. MORTGAGEE PROTECTION.

The parties hereto agree that this Agreement shall not prevent or limit OWNER, in any manner, at OWNER's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. CITY acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with OWNER and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. CITY will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee, has submitted a request in writing to the CITY in the manner specified herein for giving notices, shall be entitled to receive written notification from CITY of any default by OWNER in the performance of OWNER's obligations under this Agreement.

(c) If CITY timely receives a request from a Mortgagee requesting a copy of any notice of default given to OWNER under the terms of this Agreement, CITY shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to OWNER. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such party under this Agreement.

(d) Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of OWNER's obligations or other affirmative covenants of OWNER hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to

be performed by OWNER is a condition precedent to the performance of a covenant by CITY, the performance thereof shall continue to be a condition precedent to CITY's performance hereunder, and further provided that any sale, transfer or assignment by any Mortgagee in possession shall be subject to the provisions of Section 2.4 of this Agreement.

11. MISCELLANEOUS PROVISIONS.

11.1 Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the San Bernardino County Recorder by the City Clerk within the ten (10) days after the CITY executes this Agreement, as required by Section 65868.5 of the Government Code. If the parties to this Agreement or their successors in interest amend or cancel this Agreement as provided for herein and in Government Code Section 65868, or if the CITY terminates or modifies the agreement as provided for herein and in Government Code Section 65865.1 for failure of the applicant to comply in good faith with the terms or conditions of this Agreement, the City Clerk shall have notice of such action recorded with the San Bernardino County Recorder.

11.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the parties, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

11.3 Severability. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. Notwithstanding the foregoing, the provision of the Public Benefits set forth in Section 4 of this Agreement, including the payment of the fees set forth therein, are essential elements of this Agreement and CITY would not have entered into this Agreement but for such provisions, and therefore in the event such provisions are determined to be invalid, void or unenforceable, this entire Agreement shall be null and void and of no force and effect whatsoever.

11.4 Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, all parties having been represented by counsel in the negotiation and preparation hereof.

11.5 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

11.6 Singular and Plural. As used herein, the singular of any word includes the plural.

11.7 Joint and Several Obligations. Subject to section 2.4, if at any time during the term of this Agreement the Property is owned, in whole or in part, by more than one owner, all obligations of such owners under this Agreement shall be joint and several, and the default of any such owner shall be the default of all such owners. Notwithstanding the foregoing, no owner of a single lot which has been finally subdivided and sold to such owner as a member of the general public or otherwise as an ultimate user shall have any obligation under this Agreement except as provided under Section 4 hereof.

11.8 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

11.9 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

11.10 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

11.11 Force Majeure. Neither party shall be deemed to be in default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the party's control, (including the party's employment force), government regulations, court actions (such as restraining orders or injunctions), or other causes beyond the party's control. If any such events shall occur, the term of this Agreement and the time for performance by either party of any of its obligations hereunder may be extended by the written agreement of the parties for the period of time that such events prevented such performance, provided that the term of this Agreement shall not be extended under any circumstances for more than five (5) years.

11.12 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefited thereby of the covenants to be performed hereunder by such benefited party.

11.13 Successors in Interest. The burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all successors in interest to the parties to this Agreement. All provisions of this Agreement shall be enforceable as equitable servitudes and constitute covenants running with the land. Each covenant to

do or refrain from doing some act hereunder with regard to development of the Property: (a) is for the benefit of and is a burden upon every portion of the Property; (b) runs with the Property and each portion thereof; and, (c) is binding upon each party and each successor in interest during ownership of the Property or any portion thereof.

11.14 Counterparts. This Agreement may be executed by the parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

11.15 Jurisdiction and Venue. Any action at law or in equity arising under this Agreement or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of San Bernardino, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court.

11.16 Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between CITY and OWNER is that of a government entity regulating the development of private property and the owner of such property.

11.17 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement. Upon the request of either party at any time, the other party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement or to evidence or consummate the transactions contemplated by this Agreement. The City Manager may delegate his powers and duties under this Agreement to an Assistant City Manager or other management level employee of the CITY.

11.18 Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by CITY of its power of eminent domain.

11.19 Agent for Service of Process. In the event OWNER is not a resident of the State of California or it is an association, partnership or joint venture without a member, partner or joint venturer resident of the State of California, or it is a foreign corporation, then in any such event, OWNER shall file with the Planning Director, upon its execution of this Agreement, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Agreement,

and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon OWNER. If for any reason service of such process upon such agent is not feasible, then in such event OWNER may be personally served with such process out of this County and such service shall constitute valid service upon OWNER. OWNER is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto. OWNER for itself, assigns and successors hereby waives the provisions of the Hague Convention (Convention on the Service Abroad of Judicial and Extra Judicial Documents in Civil or Commercial Matters, 20 U.S.T. 361, T.I.A.S. No. 6638).

11.20 Estoppel Certificate. Within thirty (30) business days following a written request by any of the parties, the other party shall execute and deliver to the requesting party a statement certifying that (i) either this Agreement is unmodified and in full force and effect or there have been specified (date and nature) modifications to the Agreement, but it remains in full force and effect as modified; and (ii) either there are no known current uncured defaults under this Agreement or that the responding party alleges that specified (date and nature) defaults exist. The statement shall also provide any other reasonable information requested. The failure to timely deliver this statement shall constitute a conclusive presumption that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no uncured defaults in the performance of the requesting party, except as may be represented by the requesting party. OWNER shall pay to CITY all costs incurred by CITY in connection with the issuance of estoppel certificates under this Section 11.20 prior to CITY's issuance of such certificates.

11.21 Authority to Execute. The person or persons executing this Agreement on behalf of OWNER warrants and represents that he or she/they have the authority to execute this Agreement on behalf of his or her/their corporation, partnership or business entity and warrants and represents that he or she/they has/have the authority to bind OWNER to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth below.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

SIGNATURE PAGE
TO DEVELOPMENT AGREEMENT NO. PDA21-014

"OWNER"

BROOKCAL ONTARIO LLC, a Delaware limited liability company

By:_____
Name: David E. Bartlett
Title: Vice President
Date: _____

"CITY"

CITY OF ONTARIO

By:_____
Scott Ochoa
City Manager

Date: _____

ATTEST:

_____
City Clerk, Ontario

APPROVED AS TO FORM:
BEST BEST KRIEGER, LLP

_____
City Attorney

ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
COUNTY OF_____)

On _____, 20_____, before me,_____,
Date *Insert Name and Title of the Officer*

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

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

WITNESS my hand and official seal.

Signature_____
Signature of Notary Public

Place Notary Seal Above

ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
COUNTY OF_____)

On _____, 20_____, before me _____,
Date Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature_____
Signature of Notary Public

Place Notary Seal Above

EXHIBIT "A"
TO DEVELOPMENT AGREEMENT

Legal Description of Property

Real property in the City of Ontario, County of San Bernardino, State of California, described as follows:

THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP2 SOUTH, RANGE 7 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXHIBIT "B"
TO DEVELOPMENT AGREEMENT

Map showing Property and its location

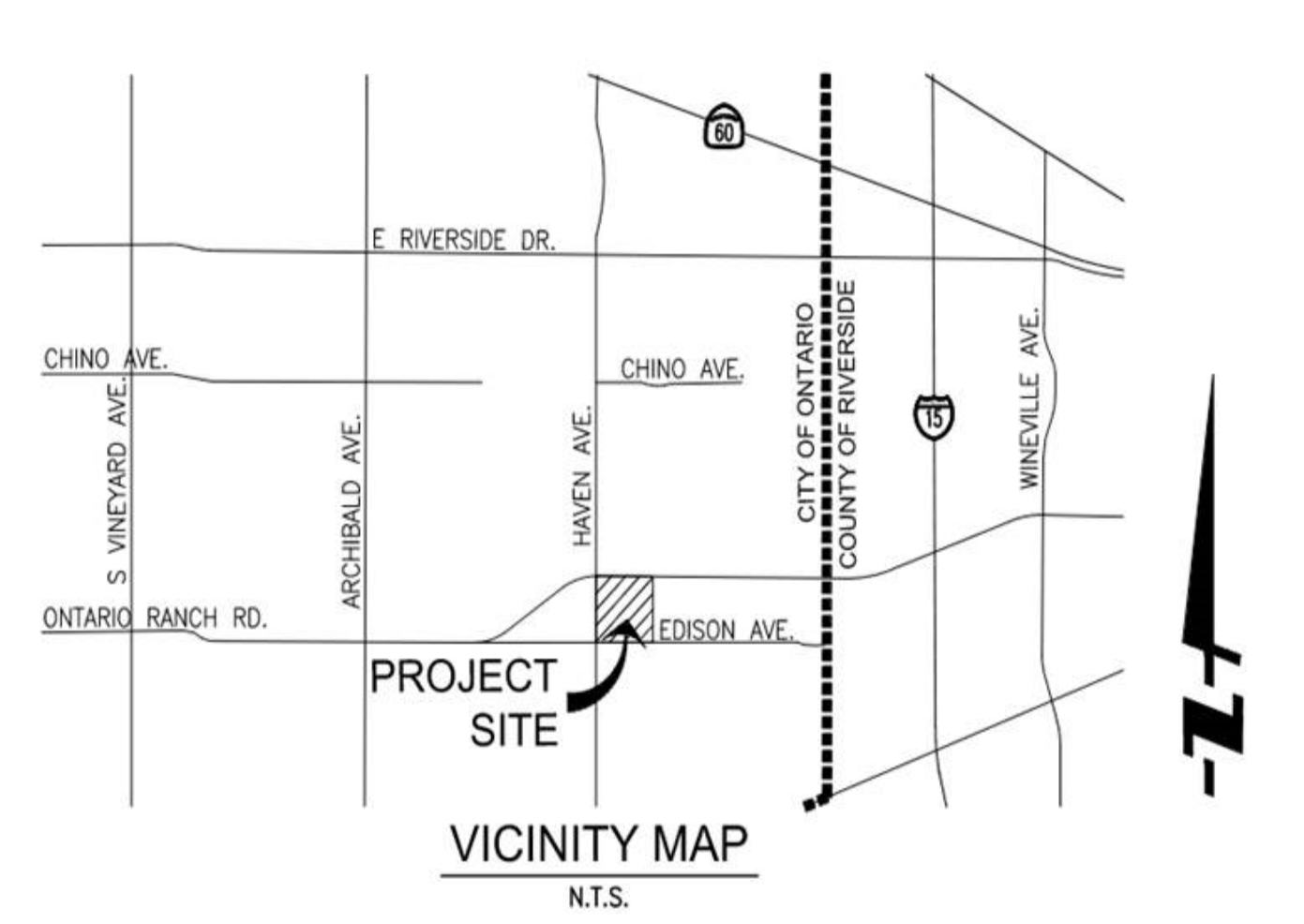


EXHIBIT "C"
TO DEVELOPMENT AGREEMENT

Existing Development Approvals

On October 23, 2007 the Planning Commission:

a) Issued Resolution No. PC07-125 recommending City Council certification of the Rich-Haven Specific Plan EIR (SCH#2006051081).
b) Issued Resolution No. PC07-127 recommending to City Council approval of the Rich-Haven Specific Plan (File No. PSP05-004).

On December 4, 2007, the City Council:

a) Issued Resolution No. 2007-145 certifying the Rich-Haven Specific Plan EIR (SCH#2006051081).
b) Adopted Ordinance No. 2884 approving the Rich-Haven Specific Plan.

On February 23, 2016, the Planning Commission:

a) Issued Resolution No. PC16-003 recommending City Council adoption of an Addendum to the Rich-Haven EIR.
b) Issued Resolution PC16-004 recommending approval of the Rich-Haven Specific Plan Amendment (File No. PSPA16-001).

On March 15, 2016, the City Council:

a) Issued Resolution No. 2016-024 for the adoption of an Addendum (File No. PSPA16-001) to the Rich-Haven Specific Plan EIR.
b) Issued Resolution No. 2016-025 approving an Amendment (File No. PSPA16-001) to the Rich-Haven Specific Plan.

On January 23, 2018, the Planning Commission:

a) Issued Resolution No. PC18-014 recommending City Council adoption of an Addendum to the Rich-haven EIR.
b) Issued Resolution No. PC18-015 recommending to City Council adoption of the Rich-Haven Specific Plan Amendment (File No. PSPA16-005).

On February 20, 2018, the City Council:

a) Issued Resolution No. 2018-017 for the adoption of an Addendum (File No. PSPA16-005) to the Rich-Haven Specific Plan EIR.
b) Issued Resolution No. 2018-018 approving an Amendment (File No. PSPA16-005) to the Rich-Haven Specific Plan.

EXHIBIT "D"
TO DEVELOPMENT AGREEMENT

Existing Land Use Regulations

These documents are listed for reference only:

1. The Rich-Haven Specific Plan (File No. PSP05-004) Environmental Impact Report, Resolution No. 2007-145.

2. The Rich-Haven Specific Plan (File No. PSP05-004), Ordinance No. 2884.

3. Addendum to the Rich-Haven Specific Plan (File No. PSPA16-001) Environmental Impact Report, Resolution No. 2016-024.

4. Amendment to the Rich-Haven Specific Plan (File No. PSPA16-001), Resolution No. 2016-025.

5. Addendum to the Rich-Haven Specific Plan (File No. PSPA16-005) Environmental Impact Report, Resolution No. 2018-017.

6. Amendment to the Rich-Haven Specific Plan (File No. PSPA16-005), Resolution No. 2018-018.

7. City of Ontario Municipal Code
    a. Six – Sanitation & Health
    b. Seven – Public Works
    c. Eight – Building Regulations
    d. Nine – Development Code
    e. Ten – Parks & Recreation

EXHIBIT "E"
TO DEVELOPMENT AGREEMENT

Description of Required Improvements

OWNER shall design, construct, and complete all improvements including but not limited to sewer, water, recycled water, storm drain, fiber, and street improvements necessary to serve the Property, prior to the request of any Production Units.

STREETS (ST)

(A) As part of the required ST improvements, OWNER shall include the ultimate signing and striping improvements along the Property frontage on Haven Avenue, including the northbound section of Haven Avenue, north of Schaefer Avenue to Aspen/Nelson, to install the two (2) northbound thru lanes with a trap right turn lane at the intersection of Aspen/Nelson.

FIBER OPTIC (FO)

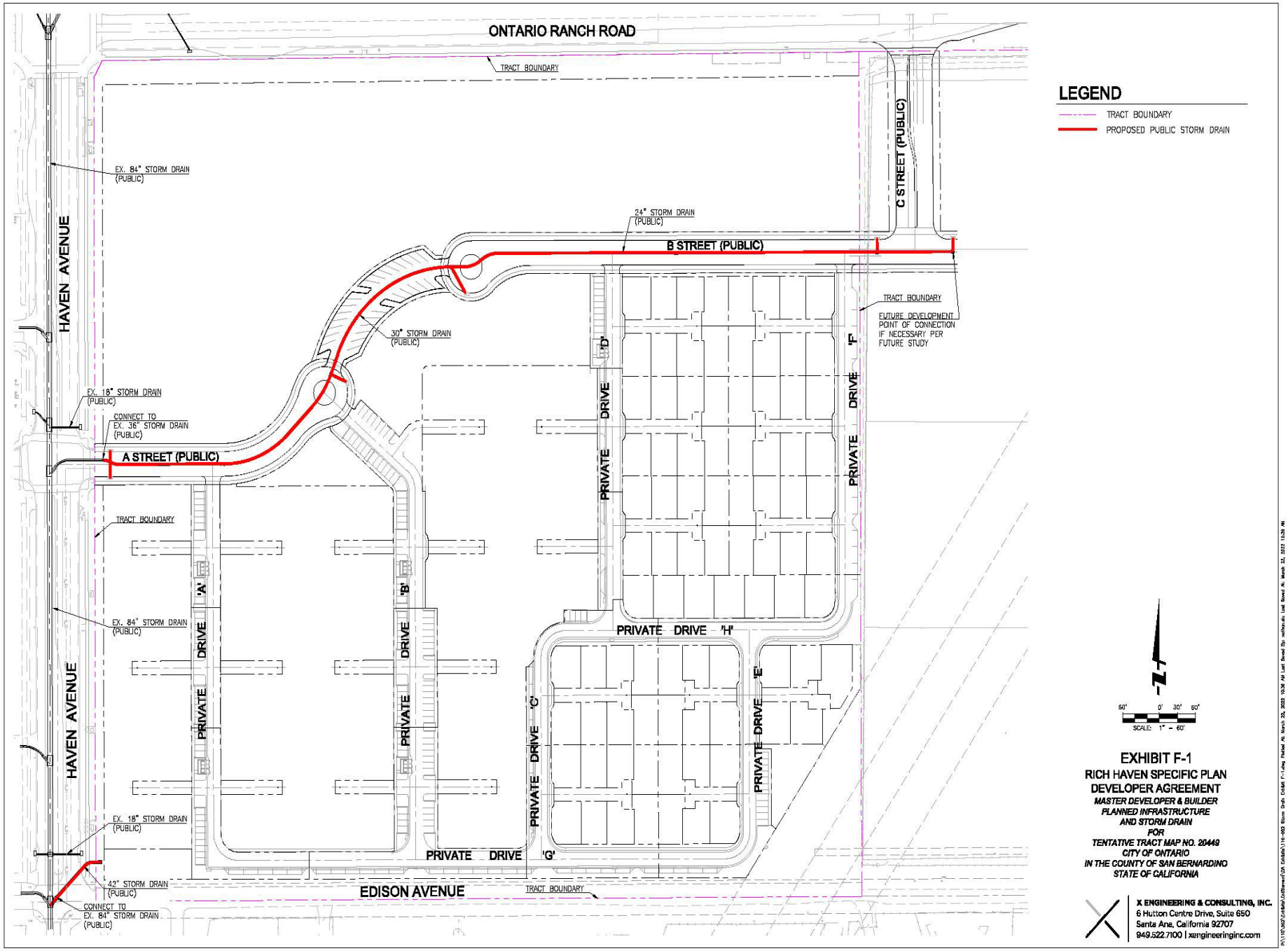
(A) OWNER shall design, construct, complete, and connect the FO improvements necessary for the vacant portion of the Property to the nearest point of connection that exist at the time the vacant Property develops. If the vacant Property develops as non-residential (e.g., retail/commercial), OWNER shall construct and complete the connection prior to the request of any occupancy. If the vacant Property develops as residential, OWNER shall construct and complete the connection prior to the request for occupancy of any Production Units.

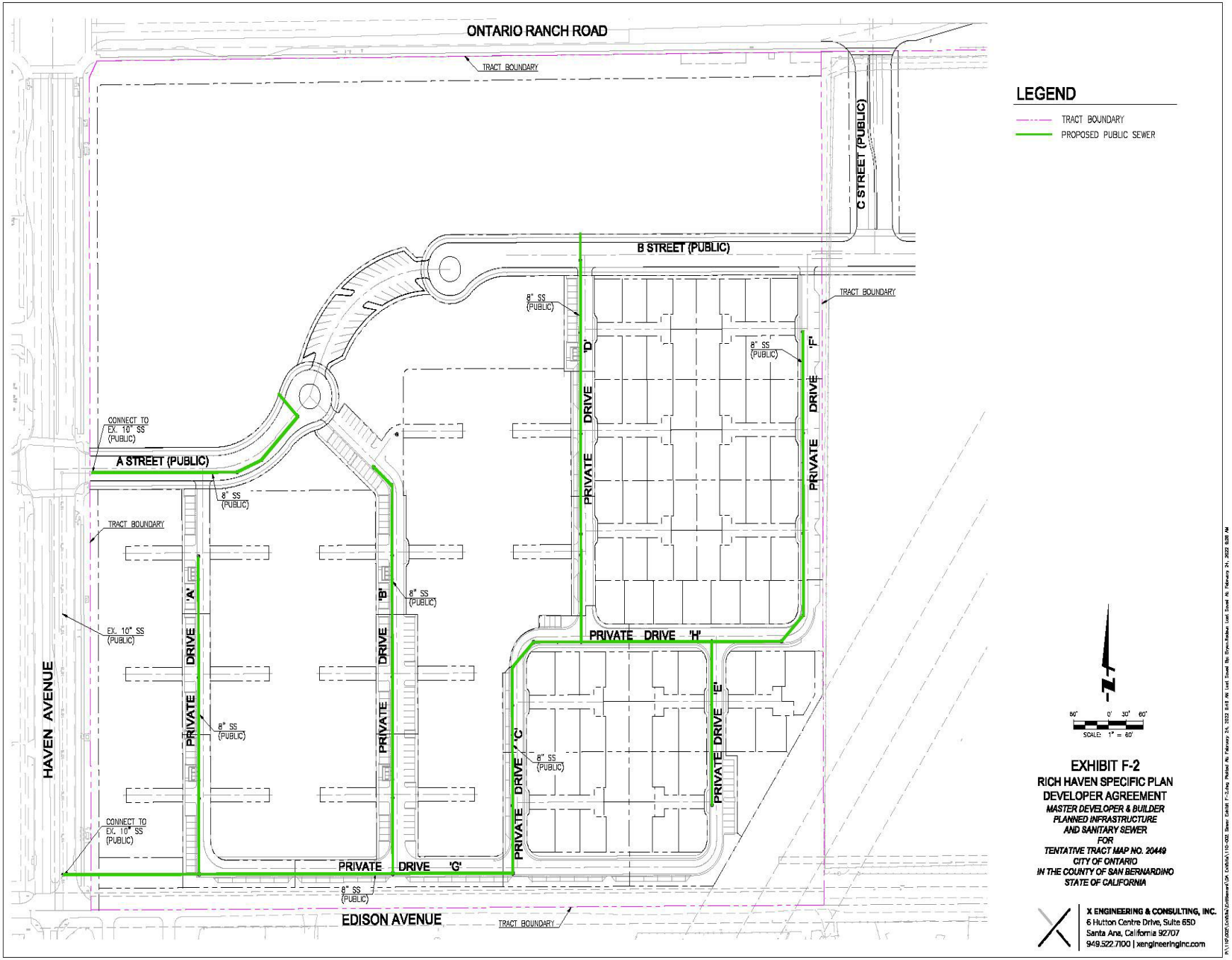
EXHIBIT "F"
TO DEVELOPMENT AGREEMENT

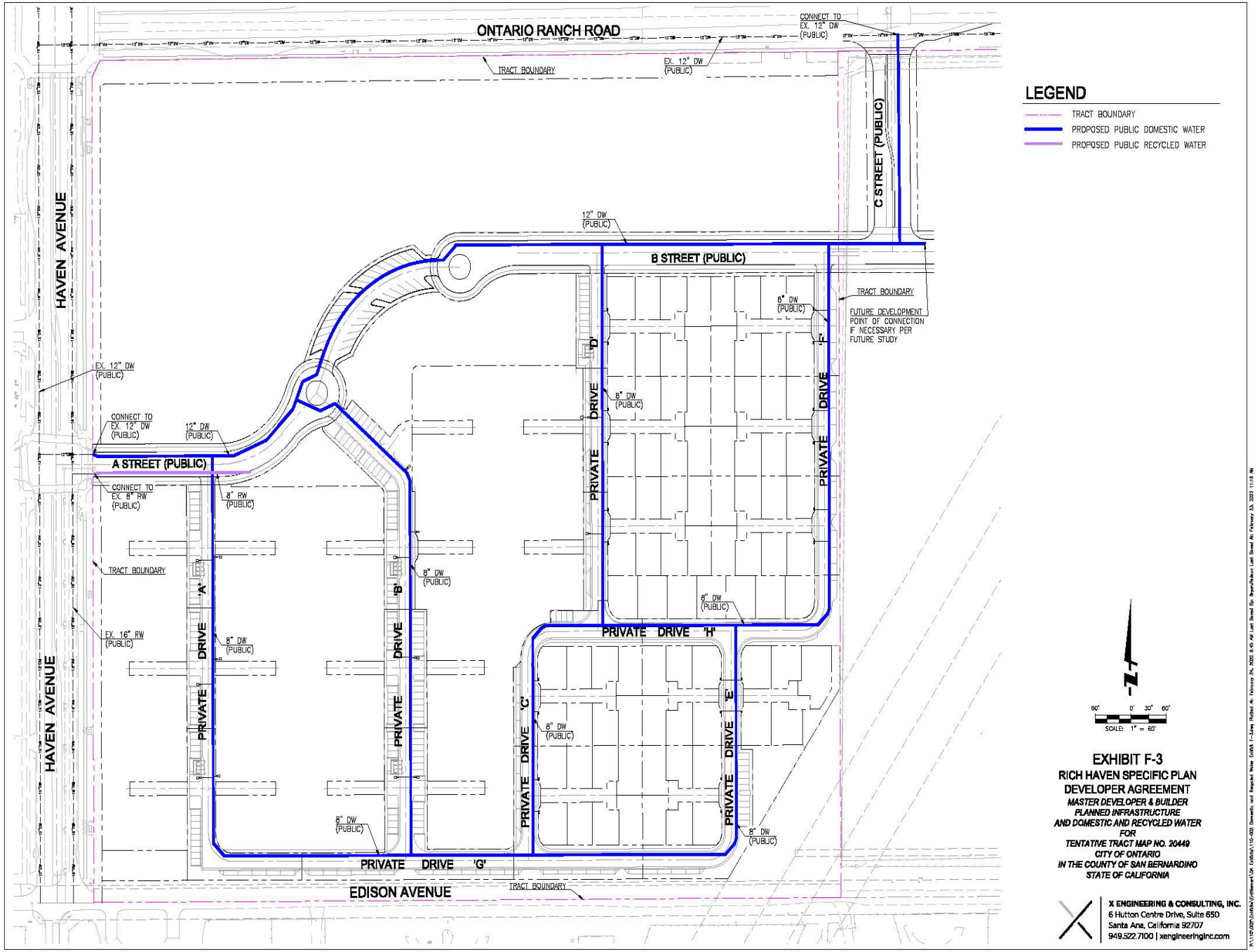
Depiction of Required Infrastructure Improvements

(SEE ATTACHED)

ONTARIO RANCH ROAD
ONTARIO RANCH ROAD MASTER PLANNED HAVEN AVENUE TO "C" STREET SIDEWALK, STREET LIGHTS, PARKWAY, MULTIPURPOSE TRAIL AND NEIGHBORHOOD EDGE IMPROVEMENTS
HAVEN AVENUE
HAVEN AVENUE MASTER PLANNED ONTARIO RANCH ROAD TO OLD EDISON AVENUE SIDEWALK, STREET LIGHTS, PARKWAY AND NEIGHBORHOOD EDGE IMPROVEMENTS
EDISON AVENUE
A STREET (PUBLIC)
B STREET (PUBLIC)
C STREET (PUBLIC)
PRIVATE DRIVE 'A'
PRIVATE DRIVE 'B'
PRIVATE DRIVE 'C'
PRIVATE DRIVE 'D'
PRIVATE DRIVE 'E'
PRIVATE DRIVE 'F'
PRIVATE DRIVE 'G'
PRIVATE DRIVE 'H'
TRACT BOUNDARY
FUTURE DEVELOPMENT POINT OF CONNECTION IF NECESSARY PER FUTURE STUDY
MASTER PLANNED SIGNAL TO BE MODIFIED
EX. SIGNAL AT INTERSECTION
EX. 12" DW (PUBLIC)
EX. 84" STORM DRAIN (PUBLIC)
EX. 18" STORM DRAIN (PUBLIC)
CONNECT TO EX. 12" DW (PUBLIC)
CONNECT TO EX. 36" STORM DRAIN (PUBLIC)
CONNECT TO EX. 10" SS (PUBLIC)
CONNECT TO EX. 8" RW (PUBLIC)
EX. 16" RW (PUBLIC)
EX. 10" SS (PUBLIC)
CONNECT TO EX. 10" SS (PUBLIC)
42" STORM DRAIN (PUBLIC)
CONNECT TO EX. 84" STORM DRAIN (PUBLIC)
12" DW (PUBLIC)
24" STORM DRAIN (PUBLIC)
30" STORM DRAIN (PUBLIC)
36" STORM DRAIN (PUBLIC)
8" RW (PUBLIC)
8" SS (PUBLIC)
8" DW (PUBLIC)
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC DOMESTIC WATER
PROPOSED FIBER OPTIC LINE
PROPOSED PUBLIC SEWER
PROPOSED PUBLIC STORM DRAIN
PROPOSED PUBLIC RECYCLED WATER
PROPOSED SIGNAL IMPROVEMENTS
PUBLIC STREETS
IN-TRACT IMPROVEMENTS
NON-MASTER PLANNED
FULL WIDTH STREET IMPROVEMENTS
"A" STREET, "B" STREET & "C" STREET.
N
90' 0' 30' 60'
SCALE: 1" = 60'
EXHIBIT F
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER PLANNED INFRASTRUCTURE
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com


ONTARIO RANCH ROAD
TRACT BOUNDARY
EX. 84" STORM DRAIN (PUBLIC)
HAVEN AVENUE
24" STORM DRAIN (PUBLIC)
B STREET (PUBLIC)
C STREET (PUBLIC)
TRACT BOUNDARY
FUTURE DEVELOPMENT POINT OF CONNECTION IF NECESSARY PER FUTURE STUDY
30" STORM DRAIN (PUBLIC)
EX. 18" STORM DRAIN (PUBLIC)
CONNECT TO EX. 36" STORM DRAIN (PUBLIC)
A STREET (PUBLIC)
'D'
'F'
DRIVE
PRIVATE
TRACT BOUNDARY
'A'
'B'
EX. 84" STORM DRAIN (PUBLIC)
PRIVATE DRIVE 'H'
HAVEN AVENUE
'C'
'E'
EX. 18" STORM DRAIN (PUBLIC)
PRIVATE DRIVE 'G'
42" STORM DRAIN (PUBLIC)
CONNECT TO EX. 84" STORM DRAIN (PUBLIC)
EDISON AVENUE
TRACT BOUNDARY
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC STORM DRAIN
60' 0' 30' 60'
SCALE: 1" = 60'
EXHIBIT F-1
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND STORM DRAIN
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com


ONTARIO RANCH ROAD
TRACT BOUNDARY
C STREET (PUBLIC)
B STREET (PUBLIC)
A STREET (PUBLIC)
CONNECT TO EX. 10" SS (PUBLIC)
8" SS (PUBLIC)
'A' DRIVE
'B' DRIVE
'C' DRIVE
'D' DRIVE
'E' DRIVE
'F' DRIVE
'G' DRIVE
'H' DRIVE
PRIVATE
HAVEN AVENUE
EDISON AVENUE
EX. 10" SS (PUBLIC)
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC SEWER
N
SCALE: 1" = 60'
EXHIBIT F-2
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND SANITARY SEWER
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com


ONTARIO RANCH ROAD
CONNECT TO EX. 12" DW (PUBLIC)
TRACT BOUNDARY
EX. 12" DW (PUBLIC)
C STREET (PUBLIC)
HAVEN AVENUE
12" DW (PUBLIC)
B STREET (PUBLIC)
6" DW (PUBLIC)
TRACT BOUNDARY
FUTURE DEVELOPMENT
POINT OF CONNECTION IF NECESSARY PER FUTURE STUDY
'D'
'F'
DRIVE
8" DW (PUBLIC)
PRIVATE
EX. 12" DW (PUBLIC)
CONNECT TO EX. 12" DW (PUBLIC)
12" DW (PUBLIC)
A STREET (PUBLIC)
CONNECT TO EX. 8" RW (PUBLIC)
8" RW (PUBLIC)
TRACT BOUNDARY
'A'
'B'
8" DW (PUBLIC)
EX. 16" RW (PUBLIC)
DRIVE
8" DW (PUBLIC)
PRIVATE
PRIVATE DRIVE 'H'
'C'
'E'
8" DW (PUBLIC)
PRIVATE DRIVE 'G'
EDISON AVENUE
TRACT BOUNDARY
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC DOMESTIC WATER
PROPOSED PUBLIC RECYCLED WATER
N
60' 0' 30' 60'
SCALE: 1" = 60'
EXHIBIT F-3
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND DOMESTIC AND RECYCLED WATER
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com

ONTARIO RANCH ROAD
CONNECT TO EXISTING FIBER OPTICS LINE ON NORTH SIDE OF ONTARIO RANCH ROAD.
CONNECT TO EXISTING FIBER OPTICS LINE
TRACT BOUNDARY
HAVEN AVENUE
C STREET (PUBLIC)
B STREET (PUBLIC)
A STREET (PUBLIC)
DRIVE 'D'
DRIVE 'F'
PRIVATE
PRIVATE DRIVE 'H'
DRIVE 'A'
DRIVE 'B'
PRIVATE DRIVE 'C'
PRIVATE DRIVE 'E'
PRIVATE DRIVE 'G'
EDISON AVENUE
LEGEND
TRACT BOUNDARY
PROPOSED FIBER OPTIC LINE
N
SCALE: 1" = 60'
EXHIBIT F-4
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND FIBER OPTIC
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com

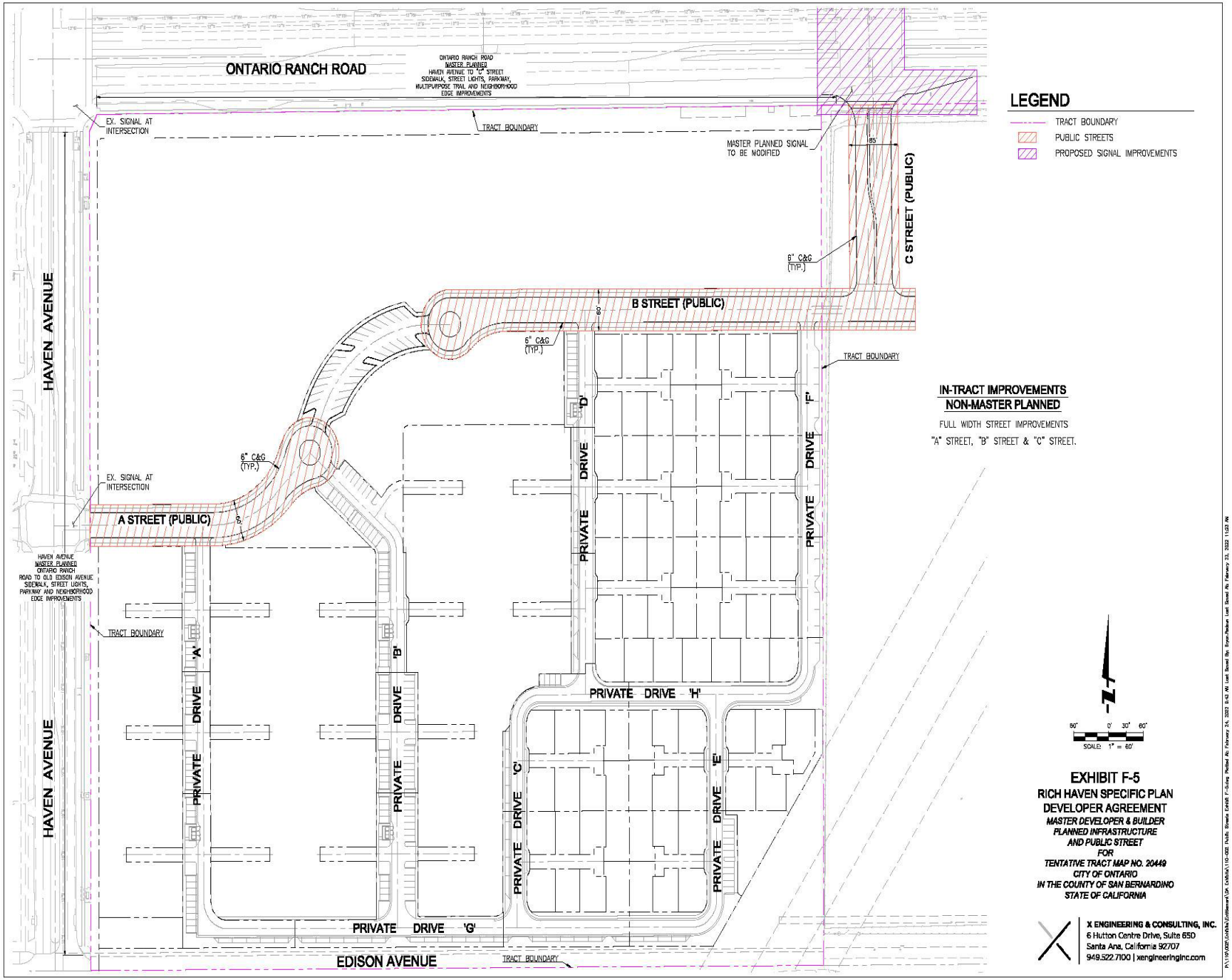

ONTARIO RANCH ROAD
ONTARIO RANCH ROAD MASTER PLANNED HAVEN AVENUE TO "C" STREET SIDEWALK, STREET LIGHTS, PARKWAY, MULTIPURPOSE TRAIL AND NEIGHBORHOOD EDGE IMPROVEMENTS
EX. SIGNAL AT INTERSECTION
TRACT BOUNDARY
MASTER PLANNED SIGNAL TO BE MODIFIED
85'
C STREET (PUBLIC)
6" C&G (TYP.)
B STREET (PUBLIC)
80'
HAVEN AVENUE
A STREET (PUBLIC)
88'
HAVEN AVENUE MASTER PLANNED ONTARIO RANCH ROAD TO OLD EDISON AVENUE SIDEWALK, STREET LIGHTS, PARKWAY AND NEIGHBORHOOD EDGE IMPROVEMENTS
PRIVATE DRIVE 'A'
PRIVATE DRIVE 'B'
PRIVATE DRIVE 'C'
PRIVATE DRIVE 'D'
PRIVATE DRIVE 'E'
PRIVATE DRIVE 'F'
PRIVATE DRIVE 'G'
PRIVATE DRIVE 'H'
EDISON AVENUE
LEGEND
TRACT BOUNDARY
PUBLIC STREETS
PROPOSED SIGNAL IMPROVEMENTS
IN-TRACT IMPROVEMENTS
NON-MASTER PLANNED
FULL WIDTH STREET IMPROVEMENTS
"A" STREET, "B" STREET & "C" STREET.
N
80' 0' 30' 60'
SCALE: 1" = 60'
EXHIBIT F-5
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND PUBLIC STREET
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com

Exhibit "G"
TO DEVELOPMENT AGREEMENT

Form of Plume Disclosure Letter

CITY OF ONTARIO

ONTARIO MUNICIPAL UTILITIES COMPANY

PAUL S. LEON
MAYOR

DEBRA DORST-PORADA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
RUBEN VALENCIA
COUNCIL MEMBERS

AL C. BOLING
CITY MANAGER

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT BURTON
UTILITIES GENERAL MANAGER

March 2017

DISCLOSURE NOTICE
SOUTH ARCHIBALD TRICHLOROETHYLENE PLUME

Dear Property Owner/Developer/Applicant:

The City of Ontario ("City") has approved or will be approving development in the Ontario Ranch area in the next few years, subject to the appropriate and required statutory process. This letter is intended to serve as notice to all potential property owners of the existence of a groundwater plume, known as the South Archibald Trichloroethylene (TCE) Plume which may exist in, under or near owner's property.

The groundwater plume is in an area in the central Chino Basin south of the Pomona Freeway, west of Turner Avenue, east of Grove Avenue, and north of Kimball Avenue. The plume primarily consists of TCE, a discontinued industrial solvent, and is subject to a clean-up under the oversight and direction of the Santa Ana Regional Water Quality Control Board ("Regional Board").

The Regional Board's approved clean-up procedure involves the removal and treatment of groundwater containing TCE via groundwater wells to reduce the plume concentrations and control its migration. In addition, the City is providing potable water supplies for domestic purposes to residences with private domestic wells affected by the plume. Finally, the Regional Board will continue to monitor all impacted areas and private domestic wells to ensure that residents' health and the environment are properly safeguarded. These remedial actions are documented in a Remedial Action Plan approved by the Regional Board in September 2016.

Further and current information may be found on the Regional Board's Geotracker website at https://geotracker.waterboards.ca.gov/profile_report?global_id=T10000004658.

Property owners may wish to include this letter as a part of a Real Estate Transfer Disclosure under California Civil Code Section 1102 et seq.

1425 SOUTH BON VIEW - ONTARIO, CALIFORNIA 91761-4406 - (909) 395-2605 - FAX (909) 395-2601

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PDA21-014, A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF ONTARIO AND BROOKCAL ONTARIO LLC., TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20449 (FILE NO. PMTT21-014), A 35.65 GROSS ACRE PROPERTY LOCATED NEAR THE SOUTHEAST CORNER OF HAVEN AVENUE AND ONTARIO RANCH ROAD, WITHIN PLANNING AREA 9A (RESIDENTIAL & COMMERICIAL) LAND USE DISTRICT OF THE RICH HAVEN SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF—APN: 0218-211-01.

WHEREAS, BrookCal Ontario, LLC., ("Applicant") has filed an Application for the approval of a Development Agreement, File No. PDA21-014, as described in the title of this Resolution (hereinafter referred to as "Application" or "Project"); and

WHEREAS, the Application applies to 35.65 gross acres of land generally located near the southeast corner of Haven Avenue and Ontario Ranch road, within Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan; and

WHEREAS, the Applicant has submitted a Tentative Tract Map 20449 (File No. PMTT21-014) to subdivide approximately 35.65 gross acres of land into 92 numbered lots and 55 lettered common lots for residential and commercial uses, public/private streets, landscape neighborhood edges and common open space purposes; and

WHEREAS, the environmental impacts of this Project were previously analyzed in an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports and Approved Addendums and introduces no new significant environmental impacts; and

WHEREAS, the City's "Local Guidelines for the Implementation of the California Environmental Quality Act (CEQA)" provide for the use of a single environmental assessment in situations where the impacts of subsequent projects are adequately analyzed; and

WHEREAS, Ontario Development Code Table 2.02-1 (Review Matrix) grants the Planning Commission the responsibility and authority to review and make recommendations to the City Council on the subject Application; and

WHEREAS, the Project has been reviewed for consistency with the Housing Element of the Policy Plan component of The Ontario Plan, as State Housing Element law (as prescribed in Government Code Sections 65580 through 65589.8) requires that development projects must be consistent with the Housing Element, if upon consideration of all its aspects, it is found to further the purposes, principals, goals, and policies of the Housing Element; and

WHEREAS, the Project is located within the Airport Influence Area of Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and is subject to, and must be consistent with, the policies and criteria set forth in the Ontario International Airport Land Use Compatibility Plan ("ALUCP"), which applies only to jurisdictions within San Bernardino County, and addresses the noise, safety, airspace protection, and overflight impacts of current and future airport activity; and

WHEREAS, City of Ontario Development Code Division 2.03 (Public Hearings) prescribes the manner in which public notification shall be provided and hearing procedures to be followed, and all such notifications and procedures have been completed; and

WHEREAS, on April 26, 2022, the Planning Commission of the City of Ontario conducted a hearing to consider the Project, and concluded said hearing on that date, voting to issue Resolution No. PC22-018, recommending the City Council approve the Application; and

WHEREAS, on May 17, 2022, the City Council of the City of Ontario conducted a hearing to consider the Project, and concluded said hearing on that date; and

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

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND RESOLVED by the Planning Commission of the City of Ontario, as follows:

SECTION 1. ***Environmental Determination and Findings.*** As the decision-making body for the Project, the City Council has reviewed and considered the information contained in the previous Certified EIR and supporting documentation. Based upon the facts and information contained in the previous Certified EIR and supporting documentation, the City Council finds as follows:

(1) The environmental impacts of this project were previously reviewed in conjunction with an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports (collectively the "Certified EIR") and Approved Addendums and introduces no new significant environmental impacts; and

(2) The previous Certified EIR contains a complete and accurate reporting of the environmental impacts associated with the Project; and

(3) The previous Certified EIR was completed in compliance with CEQA and the Guidelines promulgated thereunder; and

(4) The previous Certified EIR reflects the independent judgment of the Planning Commission; and

(5) The proposed project will introduce no new significant environmental impacts beyond those previously analyzed in the previous Certified EIR, and all mitigation measures previously adopted with the Certified EIR, are incorporated herein by this reference.

SECTION 2. ***Subsequent or Supplemental Environmental Review Not Required.*** Based on the information presented to the City Council, and the specific findings set forth in Section 1, above, the City Council finds that the preparation of a subsequent or supplemental Certified EIR is not required for the Project, as the Project:

(1) Does not constitute substantial changes to the Certified EIR that will require major revisions to the Certified EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

(2) Does not constitute substantial changes with respect to the circumstances under which the Certified EIR was prepared, that will require major revisions to the Certified EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and.

(3) Does not contain new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the Certified EIR was certified/adopted, that shows any of the following:

(a) The project will have one or more significant effects not discussed in the Certified EIR; or

(b) Significant effects previously examined will be substantially more severe than shown in the Certified EIR; or

(c) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the Project, but the City declined to adopt such measures; or

(d) Mitigation measures or alternatives considerably different from those analyzed in the Certified EIR would substantially reduce one or more significant effects on the environment, but which the City declined to adopt.

SECTION 3. ***Housing Element Compliance.*** Pursuant to the requirements of California Government Code Chapter 3, Article 10.6, commencing with Section 65580, as the recommending authority for the Project, the Planning Commission finds that based on the facts and information contained in the Application and supporting documentation, at the time of Project implementation, the project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan. The project site is one of the properties listed in the Available Land Inventory contained in Table A-3 (Available

Land by Planning Area) of the Housing Element Technical Report Appendix, and the proposed project is consistent with the number of dwelling units (298) and density (13.97) specified in the Available Land Inventory.

SECTION 4. ***Ontario International Airport Land Use Compatibility Plan ("ALUCP") Compliance.*** The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan. On April 19, 2011, the City Council of the City of Ontario approved and adopted the ALUCP, establishing the Airport Influence Area for Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area, as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. As the recommending authority for the Project, the Planning Commission has reviewed and considered the facts and information contained in the Application and supporting documentation against the ALUCP compatibility factors, including [1] Safety Criteria (ALUCP Table 2-2) and Safety Zones (ALUCP Map 2-2), [2] Noise Criteria (ALUCP Table 2-3) and Noise Impact Zones (ALUCP Map 2-3), [3] Airspace protection Zones (ALUCP Map 2-4), and [4] Overflight Notification Zones (ALUCP Map 2-5). As a result, the City Council, therefore, finds and determines that the Project, when implemented in conjunction with the conditions of approval, will be consistent with the policies and criteria set forth within the ALUCP.

SECTION 5. ***Concluding Facts and Reasons.*** Based upon the substantial evidence presented to the City Council during the above-referenced hearing, and upon the specific findings set forth in Section 1 through 4, above, the City Council hereby concludes as follows:

a. The Development Agreement applies to approximately 35.65 gross acres of land located near the southeast corner of Haven Avenue and Ontario Ranch road, within Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan; and

b. The Development Agreement establishes parameters for the development of the Planning Area 9A (Residential & Commercial) land use district of the Rich Haven Specific Plan. The Development Agreement also grants the Applicant, the right to develop, the ability to quantify the fees; and establish the terms and conditions that apply to those projects. These terms and conditions are consistent with The Ontario Plan Policy Plan (General Plan), design guidelines and development standards for the Rich Haven Specific Plan; and

c. The Development Agreement grants the Owner a vested right to develop Tentative Tract Map 20449 (File No. PMTT21-014) as long as the Owner complies with the terms and conditions of the Specific Plan and EIR. Tentative Tract Map 20449 is located near the southeast corner of Haven Avenue and Ontario Ranch Road, and proposes to subdivide 35.65 gross acres of land into 92 numbered lots and 55 lettered common lots; and

d. The Development Agreement has been prepared in conformance with the goals and policies of The Ontario Plan Policy Plan (General Plan); and

e. The Development Agreement does not conflict with the Land Use Policies of The Ontario Plan Policy Plan (General Plan) and will provide for development, within the district, in a manner consistent with the Policy Plan and with related development; and

f. This Development Agreement will promote the goals and objectives of the Land Use Element of the Policy Plan; and

g. This Development Agreement will not be materially injurious or detrimental to the adjacent properties and will not have a significant impact on the environment or the surrounding properties. The environmental impacts of this project were previously reviewed in conjunction with an Addendum to the Rich Haven Specific Plan Environmental Impact Report (State Clearinghouse No. 2006051081) and an Addendum to The Ontario Plan Environmental Impact Report (State Clearinghouse No. 2008101140). This Application is consistent with the previously Certified Environmental Impact Reports and Approved Addendums and introduces no new significant environmental impacts; and

h. This Application introduces no new significant environmental impacts. All previously adopted mitigation measures are a condition of project approval and are incorporated herein by this reference.

SECTION 6. ***City Council Action.*** Based upon the findings and conclusions set forth in Sections 1 through 5, above, the City Council hereby APPROVES the herein described Application, subject to each and every condition set forth in the Development Agreement (File No. PDA21-014) attached hereto as "Attachment A," and incorporated herein by this reference.

SECTION 7. ***Indemnification.*** The Applicant shall agree to defend, indemnify and hold harmless, the City of Ontario or its agents, officers, and employees from any claim, action or proceeding against the City of Ontario or its agents, officers or employees to attack, set aside, void, or annul this approval. The City of Ontario shall promptly notify the applicant of any such claim, action, or proceeding, and the City of Ontario shall cooperate fully in the defense.

SECTION 8. ***Custodian of Records.*** The documents and materials that constitute the record of proceedings on which these findings have been based are located at the City of Ontario City Hall, 303 East "B" Street, Ontario, California 91764. The custodian for these records is the City Clerk of the City of Ontario.

SECTION 9. ***Severability.*** If any section, sentence, clause or phrase of this Ordinance or the application thereof to any entity, person or circumstance is held for any reason to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are

severable. The People of the City of Ontario hereby declare that they would have adopted this Ordinance and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

SECTION 10. ***Effective Date.*** This Ordinance shall become effective 30 days following its adoption.

SECTION 11. ***Publication and Posting.*** The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause a summary thereof to be published at least once, in a newspaper of general circulation in the City of Ontario, California within 15 days following the adoption. The City Clerk shall post a certified copy of this ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this ____ day of _____ 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Ordinance No. _____ was duly introduced at a regular meeting of the City Council of the City of Ontario held May 17, 2022, and adopted at the regular meeting held _____, 20__ by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

I hereby certify that the foregoing is the original of Ordinance No. _____ duly passed and adopted by the Ontario City Council at their regular meeting held _____ and that Summaries of the Ordinance were published on _____ and _____, in the Inland Valley Daily Bulletin newspaper.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

ATTACHMENT A:

File No. PDA21-014

DEVELOPMENT AGREEMENT

By and Between

City of Ontario
a California municipal corporation

and

BrookCal Ontario LLC.,
a Delaware limited liability company

(Development Agreement to follow this page)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

CITY OF ONTARIO
CITY CLERK / RECORDS MANAGEMENT
303 EAST "B" STREET
ONTARIO, CA 91764-4196

Exempt from Fees Per Gov. Code § 6103

Space above this line for Recorder's Use Only

FILE NO. PDA21-014

DEVELOPMENT AGREEMENT

By and Between

City of Ontario
a California municipal corporation

and
BrookCal Ontario LLC
a Delaware limited liability company

_____, 2022

San Bernardino County, California

DEVELOPMENT AGREEMENT NO. PDA21-014

This Development Agreement (hereinafter "Agreement") is entered into effective as of the ____ day of _____, 2022 by and among the City of Ontario, a California municipal corporation (hereinafter "CITY"), and BrookCal Ontario, LLC., a Delaware limited liability company (hereinafter "OWNER"):

RECITALS

WHEREAS, CITY is authorized to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property, pursuant to Section 65864, et seq. of the Government Code; and

WHEREAS, OWNER has requested CITY to enter into a development agreement and proceedings have been taken in accordance with the rules and regulations of CITY; and

WHEREAS, by electing to enter into this Agreement, CITY shall bind future City Councils of CITY by the obligations specified herein and limit the future exercise of certain governmental and proprietary powers of CITY; and

WHEREAS, the terms and conditions of this Agreement have undergone extensive review by CITY and the City Council and have been found to be fair, just and reasonable; and

WHEREAS, the best interests of the citizens of the CITY and the public health, safety and welfare will be served by entering into this Agreement; and

WHEREAS, all of the procedures of the California Environmental Quality Act have been met with respect to the Project and the Agreement in that Rich-Haven Specific Plan (State Clearinghouse No. 2006051081 (the "FEIR"). The City Council found and determined that the FEIR was prepared in accordance with the requirements of the California Environmental Quality Act and adequately describes the impacts of the project described in the FEIR, which included consideration of this Agreement; and

WHEREAS, this Agreement and the Project are consistent with the CITY's Comprehensive General Plan and the Rich-Haven Specific Plan; and

WHEREAS, all actions taken and approvals given by CITY have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters; and

WHEREAS, development of the Property in accordance with this Agreement will provide substantial benefits to CITY and will further important policies and goals of CITY; and

WHEREAS, this Agreement will eliminate uncertainty in planning and provide for the orderly development of the Property, ensure progressive installation of necessary

improvements, provide for public services appropriate to the development of the Project, and generally serve the purposes for which development agreements under Sections 65864 et seq. of the Government Code are intended; and

WHEREAS, OWNER has incurred and will in the future incur substantial costs in excess of the generally applicable requirements in order to assure vesting of legal rights to develop the Property in accordance with this Agreement.

WHEREAS, the Property is located in an area of the City of Ontario that has been known as the "New Model Colony" area and the New Model Colony area has now been renamed as "Ontario Ranch."

WHEREAS, the property developer/owners are made aware of the South Archibald Trichloroethylene (TCE) Plume Disclosure Letter (Exhibit "G"). Property owner may wish to provide the attached Letter as part of the Real Estate Transfer Disclosure requirements under California Civil Code Section 1102 et seq. This may include notifications in the Covenants, Conditions and Restrictions (CC&Rs) or other documents related to property transfer and disclosures. Additional information on the plume is available from the Santa Ana Regional Water Quality Control Board at http://geotracker.waterboards.ca.gov/profile_report.asp?global_id=T10000004658.

COVENANTS

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. The following terms when used in this Agreement shall be defined as follows:

1.1.1 "Agreement" means this Development Agreement.

1.1.2 "CITY" means the City of Ontario, California, a California municipal corporation.

1.1.3 "Construction Agreement" means that certain Agreement for the Financing and Construction of Phases I and II Infrastructure Improvements to Serve an Easterly Portion of the New Model Colony, entered into between the CITY and NMC Builders as of the 4th day of October, 2005, and all amendments thereto and "Construction Agreement Amendment" means that First Amended and Restated Agreement for the Financing and Construction of Limited Infrastructure Improvements to Serve and Easterly Portion of the New Model Colony entered into between the CITY and NMC Builders as of the 21st day of August 2012.

1.1.4 “Development” means the improvement of the Property for the purposes of completing the structures, improvements and facilities comprising the Project including, but not limited to: grading; the construction of public infrastructure and public facilities related to the Project whether located within or outside the Property; the construction of buildings and structures; and the installation of landscaping. “Development” does not include the maintenance, repair, reconstruction or redevelopment of any building, structure, improvement or facility after the construction and completion thereof.

1.1.5 “Development Approvals” means all permits and other entitlements for use subject to approval or issuance by CITY in connection with development of the Property including, but not limited to:

(a) specific plans and specific plan amendments;

(b) tentative and final subdivision and parcel maps;

(c) development plan review;

(d) conditional use permits (including model home use permits), public use permits and plot plans;

(e) zoning;

(f) grading and building permits.

1.1.6 “Development Exaction” means any requirement of CITY in connection with or pursuant to any Land Use Regulation or Development Approval for the dedication of land, the construction of improvements or public facilities, or the payment of fees in order to lessen, offset, mitigate or compensate for the impacts of development on the environment or other public interests.

1.1.7 “Development Impact Fee” means a monetary exaction, other than a tax or special assessment, whether characterized as a fee or a tax and whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, and, for purposes of this Agreement only, includes fees collected under development agreements adopted pursuant to Article 2.5 of the Government Code (commencing with Section 65864) of Chapter 4, For purposes of this Agreement only, "Development Impact Fee" shall not include processing fees and charges imposed by CITY to cover the estimated actual costs to CITY of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued, including, without limitation, fees for zoning variances; zoning changes; use permits; building inspections; building permits; filing and processing applications and petitions filed with the local agency formation commission or conducting preliminary proceedings or proceedings under the Cortese-Knox-Hertzberg Local Government

Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5 of the Government Code; the processing of maps under the provisions of the Subdivision Map Act, Division 2 (commencing with Section 66410) of Title 7 of the Government Code; or planning services under the authority of Chapter 3 (commencing with Section 65100) of Division 1 of Title 7 of the Government Code, fees and charges as described in Sections 51287, 56383, 57004, 65104, 65456, 65863.7, 65909.5, 66013, 66014, and 66451.2 of the Government Code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code, as such codes may be amended or superceded, including by amendment or replacement.

1.1.8 "Development Plan" means the Existing Development Approvals and the Existing Land Use Regulations applicable to development of the Property.

1.1.9 "Effective Date" means the date that the ordinance approving this Agreement goes into effect.

1.1.10 "Existing Development Approvals" means all Development Approvals approved or issued prior to the Effective Date. Existing Development Approvals includes the Approvals incorporated herein as Exhibit "C" and all other Approvals which are a matter of public record on the Effective Date.

1.1.11 "Existing Land Use Regulations" means all Land Use Regulations in effect on the Effective Date. Existing Land Use Regulations includes the Regulations incorporated herein as Exhibit "D" and all other Land Use Regulations that are in effect and a matter of public record on the Effective Date.

1.1.12 "General Plan" means the General Plan adopted on January 27, 2010.

1.1.13 "Improvement" or "Improvements" means those public improvements required to support the development of the Project as described in the Tract Map conditions for Tract No. 20449 as further described in Exhibit "E" and depicted in Exhibit "F" (the "Infrastructure Improvements Exhibit").

1.1.14 "Land Use Regulations" means all ordinances, resolutions, codes, rules, regulations and official policies of CITY governing the development and use of land, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property. "Land Use Regulations" does not include any CITY ordinance, resolution, code, rule, regulation or official policy, governing:

(a) the conduct of businesses, professions, and occupations;

(b) taxes and assessments;

(c) the control and abatement of nuisances;

(d) the granting of encroachment permits and the conveyance of similar rights and interests that provide for the use of or the entry upon public property;

(e) the exercise of the power of eminent domain.

1.1.15 "Mortgagee" means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security-device lender, and their successors and assigns.

1.1.16 "Model Units" means a maximum of nineteen (19) model units, private common recreation facilities and sales facilities constructed by OWNER prior to the construction of any Production units and not offered for sale and occupancy for a period of time after the issuance of permits for Production Units.

1.1.17 "OWNER" means the persons and entities listed as owner on page 1 of this Agreement and their permitted successors in interest to all or any part of the Property.

1.1.18 "Production Unit(s)" means all units constructed for sale and occupancy by OWNER and excludes the specified number of Model Units constructed by OWNER for promotion of sales.

1.1.19 "Project" means the development of the Property contemplated by the Development Plan, as such Plan may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.1.20 "Property" means the real property described on Exhibit "A" and shown on Exhibit "B" to this Agreement.

1.1.21 "Reservations of Authority" means the rights and authority excepted from the assurances and rights provided to OWNER under this Agreement and reserved to CITY under Section 3.6 of this Agreement.

1.1.22 "Specific Plan" means that certain specific plan adopted by the City Council, and entitled, "Rich-Haven Specific Plan."

1.1.23 "Storm Water Treatment Capacity Availability" means a designated portion of the total Storm Water Treatment Capacity Availability made available through the completion of construction of a Phase of regional storm water treatment facilities by the NMC Builders LLC as described in the Construction Agreement Amendment. The amount, in acres, of Storm Water Treatment Capacity Availability required for the issuance of a grading permit shall be based upon the factors and assumptions listed in the Construction Agreement Amendment.

1.1.24 "Subsequent Development Approvals" means all Development Approvals required subsequent to the Effective Date in connection with development of the Property.

1.1.25 "Subsequent Land Use Regulations" means any Land Use Regulations adopted and effective after the Effective Date of this Agreement.

1.1.26 "Water Availability Equivalent (WAE)" means a designated portion of the total Net MDD made available through the construction of each Phase described in the Water Phasing Plan of the Construction Agreement. The number of Water Availability Equivalents (of portions thereof) required for the issuance of each building permit shall be based upon water demand factors and assumptions listed in the Construction Agreement and Construction Agreement Amendment as "Water Availability Equivalents by Land Use" for each land use category.

1.2 Exhibits. The following documents are attached to, and by this reference made a part of, this Agreement:

Exhibit "A" — Legal Description of the Property.

Exhibit "B" — Map showing Property and its location.

Exhibit "C" — Existing Development Approvals.

Exhibit "D" — Existing Land Use Regulations.

Exhibit "E" — Description of Required Infrastructure Improvements

Exhibit "F" — Depiction of Required Infrastructure Improvements Exhibit

Exhibit "G" - Form of Plume Disclosure Letter

2. GENERAL PROVISIONS.

2.1 Binding Effect of Agreement. The Property is hereby made subject to this Agreement. Development of the Property is hereby authorized and shall be carried out only in accordance with the terms of this Agreement.

2.2 Ownership of Property. OWNER represents and covenants that it is the owner of the fee simple title to the Property or a portion thereof, or has the right to acquire fee simple title to the Property or a portion thereof from the current owner(s) thereof. To the extent OWNER does not own fee simple title to the Property, OWNER shall obtain written consent from the current fee owner of the Property agreeing to the terms of this Agreement and the recordation thereof.

2.3 Term. The term of this Agreement shall commence on the Effective Date and shall continue for an initial term of ten (10) years thereafter unless this term is modified or extended pursuant to the provisions of this Agreement. The term of this Agreement may be extended for an additional five (5) years following expiration of the initial ten (10) year term, provided the following have occurred:

(a) OWNER provides at least 180 days written notice to CITY prior to expiration of the initial term; and

(b) In non-mixed use and residential use only projects, the OWNER shall have obtained, as applicable, building permits for at least seventy percent (70%) of the actual number of residential units permitted under this Agreement; and

(c) OWNER is not then in uncured default of this Agreement.

2.4 Assignment.

2.4.1 Right to Assign. OWNER shall have the right to sell, transfer or assign the Property in whole or in part (provided that no such partial transfer shall violate the Subdivision Map Act, Government Code Section 66410, et seq.), to any person, partnership, limited liability company, joint venture, firm or corporation at any time during the term of this Agreement; provided, however, that any such sale, transfer or assignment shall include the assignment and assumption of the rights, duties and obligations arising under or from this Agreement and be made in strict compliance with the following:

(a) No sale, transfer or assignment of any right or interest under this Agreement shall be made unless made together with the sale, transfer or assignment of all or a part of the Property. OWNER may be required to provide disclosure that the Property is within the South Archibald Trichloroethylene (TCE) Plume. OWNER may wish to provide the attached Disclosure Letter (Exhibit G) as part of the Real Estate Transfer Disclosure requirements under California Civil Code Section 1102 et seq.

(b) Concurrent with any such sale, transfer or assignment, or within fifteen (15) business days thereafter, OWNER shall notify CITY's City Manager, in writing, of such sale, transfer or assignment and shall provide CITY with: (1) an executed agreement, in a form reasonably acceptable to CITY, by the purchaser, transferee or assignee and providing therein that the purchaser, transferee or assignee expressly and unconditionally assumes all the duties and obligations of OWNER under this Agreement with respect to the portion of the Property so sold, transferred or assigned; and (2) the payment of the applicable processing charge to cover the CITY's review and consideration of such sale, transfer or assignment.

(c) Any sale, transfer or assignment not made in strict compliance with the foregoing conditions shall constitute a default by OWNER under this Agreement. Notwithstanding the failure of any purchaser, transferee or assignee to execute the agreement required by Paragraph (b) of this Subsection 2.4.1, the burdens of this Agreement shall be binding upon such purchaser, transferee or assignee, but the benefits of this Agreement shall not inure to such purchaser, transferee or assignee until and unless such agreement is executed. The City Manager shall have the authority to review, consider and either approve, conditionally approve, or deny any proposed sale, transfer or assignment that is not made in compliance with this section 2.4.

2.4.2 Release of Transferring Owner. Notwithstanding any sale, transfer or assignment, a transferring OWNER shall continue to be obligated under this Agreement unless such transferring owner is given a release in writing by CITY, which release shall be provided by CITY upon the full satisfaction by such transferring owner of the following conditions:

(a) OWNER no longer has a legal or equitable interest in all or any part of the portion of the Property sold, transferred or assigned.

(b) OWNER is not then in default under this Agreement.

(c) OWNER has provided CITY with the notice and executed agreement required under Paragraph (b) of Subsection 2.4.1 above.

(d) The purchaser, transferee or assignee provides CITY with security equivalent to any security previously provided by OWNER to secure performance of its obligations hereunder.

2.4.3 Effect of Assignment and Release of Obligations. In the event of a sale, transfer or assignment pursuant to the provisions of Section 2.4.2 above:

(a) The assignee shall be liable for the performance of all obligations of OWNER with respect to transferred property, but shall have no obligations with respect to the portions of the Property, if any, not transferred (the "Retained Property").

(b) The owner of the Retained Property shall be liable for the performance of all obligations of OWNER with respect to Retained Property, but shall have no further obligations with respect to the transferred property.

(c) The assignee's exercise, use and enjoyment of the Property or portion thereof shall be subject to the terms of this Agreement to the same extent as if the assignee were the OWNER.

2.4.4 Subsequent Assignment. Any subsequent sale, transfer or assignment after an initial sale, transfer or assignment shall be made only in accordance with and subject to the terms and conditions of this Section 2.4.

2.4.5 Termination of Agreement with Respect to Individual Lots Upon Sale to Public and Completion of Construction. The provisions of Subsection 2.4.1 shall not apply to the sale or lease (for a period longer than one year) of any lot which has been finally subdivided and is individually (and not in "bulk") sold or leased to a member of the public or other ultimate user. Notwithstanding any other provisions of this Agreement, this Agreement shall terminate with respect to any lot and such lot shall be released and no longer be subject to this Agreement without the execution or recordation of any further document upon satisfaction of both of the following conditions:

(a) The lot has been finally subdivided and individually (and not in "bulk") sold or leased (for a period longer than one year) to a member of the public or other ultimate user; and,

(b) A certificate of occupancy has been issued for a building on the lot, and the fees set forth under Section 4 of this Agreement have been paid.

2.5 Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only in the manner provided for in Government Code Section 65868.1. Any amendment of this Agreement, which amendment has been requested by OWNER, shall be considered by the CITY only upon the payment of the applicable processing charge. This provision shall not limit any remedy of CITY or OWNER as provided by this Agreement. Either Party or successor in interest, may propose an amendment to or cancellation, in whole or in part, of this Agreement. Any amendment or cancellation shall be by mutual consent of the parties or their successors in interest except as provided otherwise in this Agreement or in Government Code Section 65865.1. For purposes of this section, the term "successor in interest" shall mean any person having a legal or equitable interest in the whole of the Property, or any portion thereof as to which such person wishes to amend or cancel this Agreement. The procedure for proposing and adopting an amendment to, or cancellation of, in whole or in part, this Agreement shall be the same as the procedure for adopting and entering into this Agreement in the first instance. Notwithstanding the foregoing sentence, if the CITY initiates the proposed amendment to, or cancellation of, in whole or in part, this Agreement, CITY shall first give notice to the OWNER of its intention to initiate such proceedings at least sixty (60) days in advance of the giving the public notice of intention to consider the amendment or cancellation.

2.5.1 Amendment to Reflect Consistency With Future Amendments to the Construction Agreement. To the extent any future amendment to the Construction Agreement provides for modifications to rights or obligations that differ from or alter the same or similar rights or obligations contained in this Development Agreement, OWNER reserves the right to request an amendment to the Development Agreement to reflect any or all of such modifications.

2.6 Termination. This Agreement shall be deemed terminated and of no further effect upon the occurrence of any of the following events:

(a) Expiration of the stated term of this Agreement as set forth in Section 2.3.

(b) Entry of a final judgment setting aside, voiding or annulling the adoption of the ordinance approving this Agreement.

(c) The adoption of a referendum measure overriding or repealing the ordinance approving this Agreement.

(d) Completion of the Project in accordance with the terms of this Agreement including issuance of all required occupancy permits and acceptance by CITY or applicable public agency of all required dedications.

Termination of this Agreement shall not constitute termination of any other land use entitlements approved for the Property. Upon the termination of this Agreement, no party shall have any further right or obligation hereunder except with respect to any obligation to have been performed prior to such termination or with respect to any default in the performance of the provisions of this Agreement which has occurred prior to such termination or with respect to any obligations which are specifically set forth as surviving this Agreement. Upon such termination, any public facilities and services mitigation fees paid pursuant to Section 4.2 of this Agreement by OWNER to CITY for residential units on which construction has not yet begun shall be refunded to OWNER by CITY.

2.7 Notices.

(a) As used in this Agreement, "notice" includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

(b) All notices shall be in writing and shall be considered given either: (i) when delivered in person, including, without limitation, by courier, to the recipient named below; or (ii) on the date of delivery shown on the return receipt, after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below. All notices shall be addressed as follows:

If to CITY:
Scott Ochoa, City Manager
City of Ontario
303 East "B" Street
Ontario, CA 91764

If to OWNER:
Dave Bartlett
BrookCal Ontario LLC
3200 Park Center Drive, Suite 100
Costa Mesa, CA 92626
Phone: 714.200.1533

with a copy to:
Ruben Duran, City Attorney
Best Best & Krieger, LLP
2855 E Guasti Road
Ontario, CA 91761

with a copy to:
Tim Roberts
BrookCal Ontario LLC
3200 Park Center Drive, Suite 1000
Costa Mesa, CA 92626
Phone: 714.200.2483

(c) Either party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a party or an officer or representative of

a party, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

3. DEVELOPMENT OF THE PROPERTY.

3.1 Rights to Develop. Subject to the terms of this Agreement including the Reservations of Authority, OWNER shall have a vested right to develop the Property in accordance with, and to the extent of, the Development Plan. The Project shall remain subject to all Subsequent Development Approvals required to complete the Project as contemplated by the Development Plan. Except as otherwise provided in this Agreement, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, and provisions for reservation and dedication of land for public purposes shall be those set forth in the Development Plan.

3.2 Effect of Agreement on Land Use Regulations. Except as otherwise provided under the terms of this Agreement including the Reservations of Authority, the rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings, and the design, improvement and construction standards and specifications applicable to development of the Property shall be the Existing Land Use Regulations. In connection with any Subsequent Development Approval, CITY shall exercise discretion in accordance with the same manner as it exercises its discretion under its police powers, including the Reservations of Authority set forth herein; provided however, that such discretion shall not prevent development of the Property for the uses and to the density or intensity of development set forth in this Agreement.

3.3 Timing of Development. The parties acknowledge that OWNER cannot at this time predict when or the rate at which phases of the Property will be developed. Such decisions depend upon numerous factors which are not within the control of OWNER, such as market orientation and demand, interest rates, absorption, completion and other similar factors. Since the California Supreme Court held in Pardee Construction Co. v. City of Camarillo (1984) 37 Ca1. 3d 465, that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the parties' intent to cure that deficiency by acknowledging and providing that OWNER shall have the right to develop the Property in such order and at such rate and at such times as OWNER deems appropriate within the exercise of its subjective business judgment.

3.3.1 Infrastructure Improvement Exhibit. Attached hereto as Exhibits "E" and "F" are a description and depiction, respectively, of the improvements needed for the development of the Property. In the event of any discrepancy between Exhibit E and Exhibit F, Exhibit F shall control.

3.4 Requirement for Public Infrastructure Improvements. Development of the Property is contingent in part on the phasing of area-wide infrastructure improvements

over which the OWNER has control. The issuance of building permits by CITY for Model Units and Production Units is, in general, contingent on OWNER's completion of needed infrastructure improvements and the availability of improvements and services to serve the Property.

3.4.1 Attached hereto as Exhibit "E" and Exhibit "F" are the description and depiction of the infrastructure improvements needed for the development of the Property ("the Infrastructure Improvement Exhibit").

3.4.2 Subject to the prior submittal by OWNER and approval by CITY of a plan to provide sufficient public infrastructure for the construction of a maximum number of nineteen (19) Model Units, private common recreation facilities and sales facilities. CITY may issue a maximum of nineteen (19) building permits for Model Units, private common recreation facilities and sales facilities. The plan to be submitted by OWNER for CITY approval shall describe the utilities and other infrastructure necessary to provide sufficient fire protection and other public health and safety requirements for the Model Units and other facilities.

3.5 Changes and Amendments. The parties acknowledge that refinement and further development of the Project will require Subsequent Development Approvals and may demonstrate that changes are appropriate and mutually desirable in the Existing Development Approvals. In the event OWNER finds that a change in the Existing Development Approvals is necessary or appropriate, OWNER shall apply for a Subsequent Development Approval to effectuate such change and CITY shall process and act on such application in accordance with the Existing Land Use Regulations, except as otherwise provided by this Agreement including the Reservations of Authority. If approved, any such change in the Existing Development Approvals shall be incorporated herein as an addendum to Exhibit "C", and may be further changed from time to time as provided in this Section. Unless otherwise required by law, as determined in CITY's reasonable discretion, a change to the Existing Development Approvals shall be deemed "minor" and not require an amendment to this Agreement provided such change does not:

(a) Alter the permitted uses of the Property as a whole; or,

(b) Increase the density or intensity of use of the Property as a whole; or,

(c) Increase the maximum height and size of permitted buildings; or,

(d) Delete a requirement for the reservation or dedication of land for public purposes within the Property as a whole; or,

(e) Constitute a project requiring a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.

3.6 Reservations of Authority.

3.6.1 Limitations, Reservations and Exceptions. Notwithstanding any other provision of this Agreement, the CITY shall not be prevented from applying new rules, regulations and policies upon the OWNER, nor shall a development agreement prevent the CITY from denying or conditionally approving any subsequent development project application on the basis of such new rules, regulations and policies where the new rules, regulations and policies consist of the following:

(a) Processing fees by CITY to cover costs of processing applications for development approvals or for monitoring compliance with any development approvals;

(b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records and any other matter of procedure;

(c) Regulations, policies and rules governing engineering and construction standards and specifications applicable to public and private improvements, including all uniform codes adopted by the CITY and any local amendments to those codes adopted by the CITY; provided however that, OWNER shall have a vested right to develop the Property in accordance with, and to the extent of, the standards and specifications that are expressly identified in the Specific Plan;

(d) Regulations that may conflict with this Agreement and the Development Plan but that are reasonably necessary to protect the residents of the project and/or of the immediate community from a condition perilous to their health or safety;

(e) Regulations that do not conflict with those rules, regulations and policies set forth in this Agreement or the Development Plan;

(f) Regulations that may conflict but to which the OWNER consents.

3.6.2 Subsequent Development Approvals. This Agreement shall not prevent CITY, in acting on Subsequent Development Approvals, from applying Subsequent Land Use Regulations that do not conflict with the Development Plan, nor shall this Agreement prevent CITY from denying or conditionally approving any Subsequent Development Approval on the basis of the Existing Land Use Regulations or any Subsequent Land Use Regulation not in conflict with the Development Plan.

3.6.3 Modification or Suspension by State or Federal Law. In the event that State or Federal laws or regulations, enacted after the Effective Date of this Agreement, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or

suspended as may be necessary to comply with such State or Federal laws or regulations, provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce. In the event OWNER alleges that such State or Federal laws or regulations preclude or prevent compliance with one or more provisions of this Agreement, and the CITY does not agree, the OWNER may, at its sole cost and expense, seek declaratory relief (or other similar non-monetary remedies); provided however, that nothing contained in this Section 3.6.3 shall impose on CITY any monetary liability for contesting such declaratory relief (or other similar non-monetary relief).

3.6.4 Intent. The parties acknowledge and agree that CITY is restricted in its authority to limit its police power by contract and that the foregoing limitations, reservations and exceptions are intended to reserve to CITY all of its police power which cannot be so limited. This Agreement shall be construed, contrary to its stated terms if necessary, to reserve to CITY all such power and authority which cannot be restricted by contract.

3.7 Public Works; Utilities. If OWNER is required by this Agreement to construct any public works facilities which will be dedicated to CITY or any other public agency upon completion, and if required by applicable laws to do so, OWNER shall perform such work in the same manner and subject to the same requirements as would be applicable to CITY or such other public agency should it have undertaken such construction. As a condition of development approval, OWNER shall connect the Project to all utilities necessary to provide adequate water, recycled water, sewer, gas, electric, and other utility service to the Project. As a further condition of development approval, OWNER shall contract with the CITY for CITY-owned or operated utilities for this purpose, for such price and on such terms as may be available to similarly situated customers in the CITY.

3.7.1 OWNER agrees that development of the Project shall require the construction of storm drain improvements as described in Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the storm drain improvements, as described in Exhibit E and depicted in Exhibit F.

3.7.2 OWNER agrees that development of the Project shall require the construction of street improvements as described in Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the street improvements, as described in Exhibit E and depicted in Exhibit F.

3.7.3 OWNER agrees that development of the Property shall require the extension of water and recycled water utility infrastructure as described in Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the water and recycled

water improvements as described in Exhibit E and depicted in Exhibit F. OWNER also agrees that recycled water shall be available and utilized by OWNER for all construction-related water uses including prior to, and during, any grading of the Property.

3.7.4 OWNER agrees that development of the Property shall require the extension of sewer improvements, as described in the attached Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the sewer improvements, as described in Exhibit E and depicted in Exhibit F.

3.7.5 OWNER agrees that development of the Property shall require the extension of fiber optic communications improvements as described in the attached Exhibit E and depicted in Exhibit F. OWNER agrees that no building permits shall be issued by CITY for Production Units prior to completion of the fiber optic communication improvements, as described in Exhibit E and depicted in Exhibit F.

3.8 Acquisition of Offsite Provision of Real Property Interests. In any instance where OWNER is required by any Development Approval or Land Use Regulation and the Construction Agreement to construct any public improvement on land not owned by OWNER ("Offsite Improvements"), the CITY and OWNER shall cooperate in acquiring the necessary legal interest ("Offsite Property") in accordance with the procedures set forth in Section 2.4 of the Construction Agreement. This section 3.8 is not intended by the parties to impose upon the OWNER an enforceable duty to acquire land or construct any public improvements on land not owned by OWNER, except to the extent that the OWNER elects to proceed with the development of the Project, and then only in accordance with valid conditions imposed by the CITY upon the development of the Project under the Subdivision Map Act or other legal authority.

3.8.1 CITY Acquisition of Non-Construction Agreement Offsite Property. In the event OWNER is required to construct any public improvements on land not owned by OWNER, but such requirement is not based upon the Construction Agreement, Sections 3.8.1 and 3.8.2 shall control the acquisition of the necessary property interest(s) ("Non-Construction Agreement Offsite Property"). If the OWNER is unable to acquire such Non-Construction Agreement Offsite Property, and following the written request from the OWNER to CITY, CITY agrees to use reasonable and diligent good faith efforts to acquire the Non-Construction Agreement Offsite Property from the owner or owners of record by negotiation to the extent permitted by law and consistent with this Agreement. If CITY is unable to acquire the Non-Construction Agreement Offsite Property by negotiation within thirty (30) days after OWNER'S written request, CITY shall, initiate proceedings utilizing its power of eminent domain to acquire that Non-Construction Agreement Subject Property at a public hearing noticed and conducted in accordance with California Code of Civil Procedure Section 1245.235 for the purpose of considering the adoption of a resolution of necessity concerning the Non-Construction Agreement Offsite Property, subject to the

conditions set forth in this Section 3.8. The CITY and OWNER acknowledge that the timelines set forth in this Section 3.8.1 represent the maximum time periods which CITY and OWNER reasonably believe will be necessary to complete the acquisition of any Non-Construction Agreement Offsite Property. CITY agrees to use reasonable good faith efforts to complete the actions described within lesser time periods, to the extent that it is reasonably able to do so, consistent with the legal constraints imposed upon CITY.

3.8.2 Owner's Option to Terminate Proceedings. CITY shall provide written notice to OWNER no later than fifteen (15) days prior to making an offer to the owner of the Non-Construction Agreement Offsite Property. At any time within that fifteen (15) day period, OWNER may, at its option, notify CITY that it wants CITY to cease all acquisition proceedings with respect to that Non-Construction Agreement Offsite Property, whereupon CITY shall cease such proceedings. CITY shall provide written notice to OWNER no later than fifteen (15) days prior to the date of the hearing on CITY'S intent to consider the adoption of a resolution of necessity as to any Non-Construction Agreement Offsite Property. At any time within that fifteen (15) day period, OWNER may, at its option, notify CITY that it wants CITY to cease condemnation proceedings, whereupon CITY shall cease such proceedings. If OWNER does not notify CITY to cease condemnation proceedings within said fifteen (15) day period, then the CITY may proceed to consider and act upon the Non-Construction Agreement Offsite Property resolution of necessity. If CITY adopts such resolution of necessity, then CITY shall diligently institute condemnation proceedings and file a complaint in condemnation and seek an order of immediate possession with respect to the Non-Construction Agreement Offsite Property.

3.9 Regulation by Other Public Agencies. It is acknowledged by the parties that other public agencies not within the control of CITY possess authority to regulate aspects of the development of the Property separately from or jointly with CITY and this Agreement does not limit the authority of such other public agencies. CITY agrees to cooperate fully, at no cost to CITY, with OWNER in obtaining any required permits or compliance with the regulations of other public agencies provided such cooperation is not in conflict with any laws, regulations or policies of the CITY.

3.10 Tentative Tract Maps; Extension. With respect to applications by OWNER for tentative subdivision maps for portions of the Property, CITY agrees that OWNER may file and process tentative maps in accordance with Chapter 4.5 (commencing with Section 66498.1) of Division 2 of Title 7 of the California Government Code and the applicable provisions of CITY's subdivision ordinance, as the same may be amended from time to time. In accordance with the provisions of Section 66452.6 of the Government Code, each tentative subdivision map or tentative parcel map, heretofore or hereafter approved in connection with development of the Property, shall be deemed to have been granted an extension of time to and until the date that is five (5) years following the Effective Date of this Agreement.; The CITY's City Council may, in its discretion, extend any such map for an additional period of up to five (5) years beyond

its original term, so long as the subdivider files a written request for an extension with the City prior to the expiration of the initial five (5) year term.

4. PUBLIC BENEFITS.

4.1 Intent. The parties acknowledge and agree that development of the Property will result in substantial public needs that will not be fully met by the Development Plan and further acknowledge and agree that this Agreement confers substantial private benefits on OWNER that should be balanced by commensurate public benefits. Accordingly, the parties intend to provide consideration to the public to balance the private benefits conferred on OWNER by providing more fully for the satisfaction of the public needs resulting from the Project.

4.2 Development Impact Fees.

4.2.1 Amount of Development Impact Fee. Development Impact Fees (DIF) shall be paid by OWNER. The Development Impact Fee amounts to be paid by OWNER shall be the amounts that are in effect at the time such amounts are due. Nothing contained in this Agreement shall affect the ability of the CITY to impose new Development Impact Fees or amend the amounts of existing Development Impact Fees. Additionally, nothing contained in this Agreement shall affect the ability of other public agencies that are not controlled by CITY to impose and amend, from time to time, Development Impact Fees established or imposed by such other public agencies, even though such Development Impact Fees may be collected by CITY.

4.2.2 Time of Payment. The Development Impact Fees required pursuant to Subsection 4.2.1 shall be paid to CITY prior to the issuance of building permit for each applicable residential or other unit, except for the Open Space and Habitat Acquisition Development Impact fee, which shall be paid by OWNER to CITY prior to the issuance of a grading permit. Deferral of the payment of Development Impact Fees may be granted pursuant to a separate agreement approved by City pursuant to City policy.

4.2.3 Parkland and Quimby Act Fees. Pursuant to the General Plan (Ontario Plan) Goal PR1, Policy PR1-5 (achievement of a park standard of 5 acres of parkland per 1,000 residents) OWNER shall provide improved parks, developed in accordance with the City's park standards in an amount equal to two (2) acres per 1,000 of projected population without credit, reimbursement, offset or consideration from City. Such areas shall either be dedicated to the City or transferred to a homeowners' association. If approved by the City Manager, OWNER may satisfy this requirement through the development of non-public recreation facilities such as private recreational clubhouses or pool facilities. Credit for such private recreational facilities areas shall be limited to a maximum of 50% of the foregoing park development requirement. If OWNER's Project does not provide dedicated and developed park acreage equal to two (2) acres per 1,000 projected population, OWNER shall pay a fee in-lieu equal to the per

acre estimated costs of acquisition and development of parkland in the City's Development Impact Fee for the calculated park acreage deficiency, at the time the fee becomes due and payable to the City. Such in-lieu fee shall be due and payable prior to the issuance of the first building permit for Production Units issued to OWNER. Any park dedication and/or improvements in excess of such two (2) acres per thousand standard, provided such park has been developed in accordance with the City's park standards and is open to the public generally, shall entitle OWNER to a credit toward its obligations under the Quimby Act (Gov. Code, § 64477) and the City's implementing ordinance and/or resolution (collectively "**Quimby Act Obligations**"), and to the extent OWNER's Quimby Act Obligations are satisfied, OWNER shall be entitled to have the City acquire such developed and publicly available parks as Non-Program Interests in accordance with Section 4.3.3 below.

4.3 Responsibility for Construction of Public Improvements.

4.3.1 Timely Construction of Public Infrastructure. The phasing of the areawide infrastructure construction within the New Model Colony will be as approved by the CITY. OWNER shall be responsible for the timely construction and completion of all public infrastructure required for the Project as shown on the attached Exhibit "F" and any and all tentative tract map conditions. Unless otherwise specified in the Subdivision Agreement/Tract Map conditions, all other required Improvements for each Tract Map, shall be completed and operational prior to, and as a condition precedent to, OWNER requesting and CITY's granting of the first building permit for Production Units for each such Tract Map. All Infrastructure and Improvements shall be completed as required by the Subdivision Agreement/Tract Map conditions for Tract Map No. 20449.

4.3.2 Construction of DIF Program Infrastructure (Construction Agreement). To the extent OWNER is required to construct and completes construction of public improvements that are included in CITY's Development Impact Fee Program and the Construction Agreement between CITY and NMC Builders LLC, CITY agrees that CITY shall issue DIF Credit in accordance with the provisions of the Construction Agreement and any amendments thereto. Use of DIF Credit issued to OWNER as a member of NMC Builders LLC to offset OWNER's DIF payment obligations shall also be subject to the provisions of the Construction Agreement and any amendments thereto.

4.3.3 Construction of DIF Program Infrastructure (Non-Construction Agreement). To the extent OWNER is required to construct and completes construction of public improvements that are included in CITY's Development Impact Fee Program and such public improvements are not included the Construction Agreement between CITY and NMC Builders LLC, CITY agrees that CITY shall issue DIF Credit in accordance with the provisions of a separate Fee Credit Agreement between CITY and OWNER. Limitation on the use of DIF Credit issued to OWNER to offset OWNER's DIF payment obligations shall also be subject to the provisions of a separate Fee Credit Agreement. CITY and

OWNER agree that the Fee Credit Agreement between CITY and OWNER shall comply with CITY's adopted policies applicable to such agreements.

4.4 Affordable Housing Requirement.

4.4.1 Affordable Housing- Number of Units. OWNER shall provide a minimum number of affordable housing units, equivalent to 10% of the OWNER's total approved residential units within the Project, that are affordable to very low, low and moderate income households. Such requirement for affordable housing shall be met through one, or a combination of one or more, of the options provided in the following Sections 4.3.2.1 through 4.3.2.1. For the purposes of this Section, any term not defined in this Agreement shall be as defined by California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.).

4.4.2 Affordability Spread. Of the total number of residential dwelling units specified in Section 4.4.1, to be constructed or rehabilitated pursuant to Sections 4.4.2.1 or 4.4.2.2 respectively, thirty percent (30%) shall be available to very low income, thirty percent (30%) shall be available to low income and forty percent (40%) shall be available to moderate income households. "**Households**" shall be as defined by California Health and Safety Code Section 50053.

4.4.2.1 New Construction. If OWNER elects to fully or partially satisfy the affordable housing requirement by the construction of new residential units, it shall construct and restrict the affordability of residential dwelling units within its Project or, at OWNER's option and with the approval of the City, within another project elsewhere within the City. The affordable units constructed shall be intermingled with other units as part of the Project, and shall be built to the same construction, design and aesthetic standards, as well as number of rooms, as other units constructed as part of that OWNER's Project. In addition, the percentage ratio of affordable units offered for sale versus those offered for rent shall equal the percentage ratio of other units offered for sale versus for rent within OWNER's Project. Such construction shall be completed no later than the date that is five (5) years following the issuance of the first building permit for OWNER's Project; provided however that to the extent OWNER has not constructed the required percentage of units, based on the number of building permits for non-restricted units, OWNER shall, prior to the issuance of such building permits, provide security (in the form and substance approved by the City Manager and City Attorney) to City in order to ensure the faithful completion of such required percentage of construction of affordable units. If OWNER elects the option of constructing new affordable units, a detailed Affordable Housing Agreement specifying terms for the allowable monthly housing costs or rents (as applicable) and maintenance and occupancy standards shall be prepared, executed and recorded against such units as a condition to the issuance of a building permit. The Affordable Housing Agreement shall hold a recorded priority position senior to any other non-

statutory lien or encumbrance affecting the unit.

4.4.2.2 Rehabilitation. If OWNER elects to fully or partially satisfy the affordable housing requirement by the substantial rehabilitation of existing residential units in the City, it shall substantially rehabilitate and restrict the affordability of, the number of residential units specified in Section 4.4.1, provided that such units shall be provided elsewhere within the City. The rehabilitation work shall be substantial and of high quality and shall also address any deferred property maintenance issues on the property. "**Substantial rehabilitation**" shall mean rehabilitated multi-family rented dwelling units with three or more units and the value of the rehabilitation constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of land value pursuant to Health and Safety Code Section 33413(b)(2)(A)(iii-iv) as such section exists as of the Effective Date of this Agreement. If OWNER chooses the option of rehabilitation of existing housing units within the City, a detailed Affordable Housing Agreement specifying the terms for the allowable month housing costs or rents (as applicable) and maintenance and occupancy standards shall be prepared, executed and recorded against such units as a condition to the issuance of a building permit. Such rehabilitation shall be completed no later than the date that is five (5) years following the issuance of the first building permit for OWNER's Project; provided however that to the extent OWNER has not rehabilitated the required percentage of units, based on the number of building permits, OWNER shall, prior to the issuance of such building permits, provide security (in the form and substance approved by the City Manager and City Attorney) to the City in order to ensure the faithful completion of such required percentage of rehabilitation.

4.4.2.3 In-Lieu Fee. If OWNER has not fully complied with the requirements of Section 4.3.1 by providing the minimum number of affordable units through the construction of new affordable units or by the substantial rehabilitation of existing units, shall pay an "**Affordability In-Lieu Fee**". If OWNER has not provided any affordable residential units by construction or rehabilitation, the Affordability In-Lieu fee shall be equal to Two Dollars Sixty-One Cents ($2.61) per square foot of residential development within OWNER's Project or, if pre-paid as set forth below, Two Dollars Twenty-Eight Cents ($2.28) per square foot of residential development within OWNER's Project. If OWNER has partially complied with the requirements of Section 4.4.1 by construction or rehabilitation of less than the minimum number of units, then the Affordability In-lieu Fee shall be recalculated and reduced in consideration of the number and type of affordable units provided. The Affordability In-Lieu Fee shall be paid by OWNER to City no later than prior to the issuance of each building permit within OWNER's Project based on the square footage of the residential unit for which such building permit is sought; provided however that OWNER may, at OWNER's election, pre-pay such Affordability In-Lieu Fee by paying such Affordability In-Lieu Fee within thirty (30) days following the

earliest discretionary approval by the City for OWNER's Project, including, but not limited to, any general plan amendment, specific plan adoption, development agreement, tentative map approval, variance, conditional use permit, or resolution of intention to form any public financing mechanism. The Two Dollars, Thirty-Seven Cents ($2.37) and the Two Dollars Seven Cents ($2.07) per square foot amounts shall automatically be increased annually, commencing on July 1, 2022, and automatically each July 1 thereafter. Such adjustment shall be based on the percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA), (December 2017=100) over the preceding year. The pre-paid Affordability In-Lieu Fee shall be calculated based on the maximum floor area ratio (FAR) permitted within the General Plan and any applicable FAR contained within the applicable specific plan, whichever is greater, and the Maximum Development Density. For purposes of this Agreement, "**Maximum Development Density**" shall be determined by multiplying the OWNER's Project's density for residential development potential as set forth in the General Plan or the applicable Specific Plan, whichever is less, by the net acreage of land within OWNER's Project. All "Affordability In-Lieu Fees" collected by the City shall be used to promote the construction of affordable housing within the City.

4.4.2.4 Affordability Covenants. Prior to the issuance of the first building permit for any affordable unit, the City and OWNER shall enter into an Affordable Housing Agreement Affordability shall be assured for a period of forty-five (45) years for for-sale units and fifty-five (55) years for rentals. For rental units, base rents shall be established by the City and rental adjustments required by the City shall be performed on an annual basis. In addition, the Affordable Housing Agreement shall impose maximum occupancy limits of 2 occupants per bedroom plus 1 additional occupant per dwelling unit, and a requirement for the owner or tenant to properly maintain each dwelling unit.

4.4.2.5 Transfer of Affordable Project. No transfer of title to any affordable housing project shall occur without the prior written consent of the City. In the event OWNER transfers title to any affordable housing project required to be constructed pursuant to this Agreement to a non-profit entity, or other entity, that receives an exemption from ad valorem real property taxes, the City shall be required to assure payment of an annual in lieu fee to the City on July 1 of each year equal to one-tenth of one percent (0.1%) of the assessed value of such project. The City may permit OWNER to satisfy this obligation by recorded covenants against the property and enforceable against said entity by the City. Any such covenants shall be approved by the Planning Director and the City Attorney.

4.5 Schools Obligations.

4.5.1 Written Evidence of Compliance with Schools Obligations.
OWNER shall, either through joint or individual agreements between OWNER and the applicable school district(s), shall satisfy its new school obligations. The new school obligations for the Mountain View School District in the Ontario Ranch area have been projected to include the acquisition or dedication of school sites for, and construction of, up to eight (8) schools. Of these eight (8) schools, six (6) are to be elementary (K-5) grade schools and two (2) are to be middle grade schools. The new school obligations for the Chaffey Joint Union High School District in the Ontario Ranch area have been projected to include the dedication of a school site for, and construction of, an additional high school. The new school obligations for the applicable school district shall be met by a combination of the following: (1) designating and dedicating school site(s) within the Property as set forth in the General Plan, and/or (2) paying school impact fees, (3) entering into a joint mitigation agreement or individual mitigation agreements, or (4) any combination of the foregoing. Written evidence of approval by the applicable school district that OWNER has met their school obligations may be required by the City as the condition to the issuance by the City of any entitlements for OWNER's Project. In the event OWNER is unable to provide such written evidence from the applicable school district(s), the City shall have the right to decline to honor any DIF Credit, Certificates of MDD Availability, Certificates of Storm Water Treatment Capacity Availability, or any combination thereof, presented by such OWNER, without liability to the City. To the extent that a joint mitigation agreement is approved by the applicable school district(s), and OWNER is a participant in good standing in such mitigation agreement, OWNER shall be deemed to have mitigated its new school obligations under this Section 4.4.1.

4.6 Public Services Funding Fee.

4.6.1 Requirement for Payment of Public Services Funding Fee. In order to ensure that the adequate provision of public services, including without limitation, police, fire and other public safety services, are available to the residents of each Project in a timely manner, OWNER shall pay to CITY a "**Public Services Funding Fee**." The Public Services Funding Fee shall apply to residential and non-residential uses as set forth below.

4.6.2 Public Services Funding Fee Amount. OWNER shall pay a Public Services Funding fee in the total amount of Two Thousand Three Hundred Seventeen dollars ($2,317.00) per residential dwelling unit. The Public Services Funding Fee shall be paid in one (1) installment within one hundred eighty (180) calendar days after the effective date of the Development Agreement or in two (2) installments, at OWNER's option, as follows:

4.6.2.1 First Installment (Residential uses). The First Installment of the Public Services Funding Fee shall be One Thousand One Hundred Fifty Eight dollars and fifty cents ($1,158.50) per residential dwelling unit. The First Installment shall be based upon the "**Maximum Development**

Density" of the OWNER Project, as defined in Section 3.7.2.3 of the First Amended and Restated Construction Agreement. The First Installment shall be due and payable 30 days following the effective date of the Development Agreement.

If the First installment amount is not paid for all residential dwelling units within the Project (based on the Maximum Development Density, or the number of units described on "B Maps" if approved) by January 1, 2023, the amount of the First Installment shall be increased. Such increase shall be based on the percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA) (December 2017=100) over the preceding year. Additionally, the amount shall be further increased automatically by the percentage increase in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA) (December 2017=100) on each January 1 thereafter.

4.6.2.2 Second Installment (Residential Uses). The Second Installment of the Public Services Funding Fee shall be One Thousand One Hundred Fifty Eight dollars and fifty cents ($1,158.50) per residential unit. The Second Installment shall be paid at the time of the issuance of each building permit for the Project. The amount of the Second Installment shall increase automatically by percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA) (December 2017=100) over the preceding year on January 1st of each year, beginning on January 1, 2023. OWNER may exercise the option to pay the Second Installment amount for all residential units, a portion of the residential units, or for the remainder of the residential units within OWNER's Project on or before each December 31st, before the Second Installment amount is automatically increased.

4.6.2.3 Single Installment (Non-residential Uses). A single installment payment of the Public Services Funding Fee shall be required in the amount of Seventy Cents ($.70) per square foot of non-residential buildings. The single installment for non-residential uses shall be due and payable prior to the issuance of the building permit for a non-residential building. The amount of the Single Installment for non-residential uses shall automatically increase by percentage increase (but no decrease) in the Consumer Price Index (Riverside - San Bernardino - Ontario, CA), (December 2017=100) over the preceding year on January 1st of each year, beginning on January 1, 2023. OWNER may exercise the option to pay any single installment amounts for the remainder of the non-residential square footage within the Project on or before December 31st, before the Single Installment amount is automatically increased.

4.7 Net MDD/Water Availability Equivalents.

4.7.1 Assigned Net MDD/Water Availability Equivalents. The City has agreed with NMC Builders LLC to reserve exclusively for Members of NMC Builders, including OWNER, Net MDD made available through the construction of water system improvements funded by NMC Builders LLC. NMC Builders has assigned to OWNER its allocable share of the Net MDD issued by City. The provisions of the Construction Agreement Amendment requires that the City shall not approve a final tract map or issue building permits or certificates of occupancy for the area of development within the New Model Colony served by the water system improvements funded by NMC Builders LLC, except to the bearer of an Assignment of Net MDD Water Availability.

4.7.2 Use of Assigned Net MDD Water Availability. OWNER shall provide evidence of sufficient Net MDD Water Availability Equivalents (or portions thereof) prior to and as a condition precedent to, the City's approval of any and all tract maps for the Property. The amount of Net MDD Water Availability Equivalents required for City's approval of a tract map shall be based upon water demand factors and assumptions listed in Exhibit C-2R of the Construction Agreement Amendment as "Water Demand Equivalents by Land Use" for each land use category.

4.7.3 Requirement for other Water System Improvements. A Certificate of Net MDD Availability is evidence only of available water capacity and does not satisfy any other conditions applicable to an OWNER's Project, including those relating to design and construction of master-planned potable water and recycled water transmission and distribution system for the respective pressure zone and other public infrastructure requirements.

4.8 Storm Water Capacity Availability.

4.8.1 Requirement for Storm Water Treatment Capacity Availability. OWNER shall provide evidence of sufficient Storm Water Treatment Capacity Availability as reserved in a Certificate of Storm Water Treatment Capacity Availability the same manner and subject to the same limitations as provided for the assignment of Certificates of Net MDD Availability in Section 4.6 of this Agreement.

4.8.2 Use of Storm Water Treatment Capacity Availability. The amount of Storm Water Treatment Capacity Availability required for the issuance of a grading permit to OWNER shall be based upon the Net Residential Acreage of the area to be graded regardless of the corresponding use.

4.8.3 Requirement for other Storm Water Improvements. The Certificate of Storm Water Treatment Capacity Availability is evidence only of available storm water treatment capacity and does not satisfy any other conditions applicable to a particular development project, including those relating to on-site water treatment, water quality, connection to the storm water collection system, or other public infrastructure requirements.

4.9 Maintenance of Open Space. OWNER shall provide for the ongoing maintenance of all park, common areas and open space areas within the Project as more particularly set forth in the Specific Plan, through a homeowners' association as approved by the CITY. Covenants, conditions and restrictions establishing any homeowners' association shall be approved by the Planning Director and City Attorney.

4.10 Compliance with Public Benefits Requirements.

4.10.1 Failure to Provide Public Benefits. In the event OWNER fails or refuses to comply with any condition referenced in Section 4.1 through 4.10, or challenges (whether administratively or through legal proceedings) the imposition of such conditions, OWNER shall be deemed in default of this Agreement pursuant to Section 8.4 hereof, thereby entitling the City to any and all remedies available to it, including, without limitation, the right of the City to withhold OWNER's Project-related building permits, certificates of occupancy, or discretionary approvals, without liability.

5. FINANCING OF PUBLIC IMPROVEMENTS.

5.1 Financing Mechanism(s). In accordance with the Memorandum of Agreement between the CITY and NMC Builders, CITY will cooperate with OWNER in the formation of a CFD, or CFDs, to include all of the Project, to provide a financing mechanism to reimburse the OWNER for funds paid to NMC Builders LLC for OWNER's share of the costs of public infrastructure pursuant to the Construction Agreement and to acquire other public facilities constructed by OWNER subject to the provisions of the Memorandum of Agreement between CITY and NMC Builders LLC. Notwithstanding such reimbursements and acquisitions, OWNER shall remain entitled to DIF Credits as provided for in Article 3 of the Construction Agreement and/or as provided for in a separate Fee Credit Agreement between CITY and OWNER. OWNER agrees that, prior to the recordation of any Tract Map for the Property, the Property shall be included in a CFD to finance City services through annual special taxes that will initially be $1,560.77 per Single Family Detached Dwelling Unit, $1,352.59 per Multiple-Family Dwelling Unit, $1,134.29 per Gated Apartment Community Dwelling Unit, and $.29 per square foot for Non-Residential buildings. These amounts shall be subject to an automatic increase at a rate not to exceed four (4%) percent per year, unless otherwise modified by the CITY. CITY shall be the sole and exclusive lead agency in the formation of any CFD, assessment district or other public financing mechanism within the Property; provided however, that the proceeds of any such CFD, assessment district, or financing mechanism may be used, subject to restrictions that may be imposed by applicable law, for the purposes of acquiring, constructing or maintaining public facilities to be owned or operated by other public agencies, including, without limitation those facilities owned or operated by a school district. In addition to the rights of the CITY pursuant to section 5.2 hereof, CITY shall have the right, but not the obligation, to condition the formation of any CFD, assessment district or other public financing mechanism within the Property on the OWNER mitigating all Project-related impacts to the applicable school district(s) as required by such school district(s). Written evidence by such school district(s) may be required by the CITY as the

condition to the formation of any CFD, assessment district or other public financing mechanism within the Property, or any steps preliminary thereto, including, without limitation, the adoption of any resolution of intention to form such CFD, assessment district or other public financing mechanism within the Property. It is not the intent of the parties hereto, by this provision, to prohibit or otherwise limit the City's ability to take any and all necessary steps requisite to the formation of the CFD to finance City services through annual special taxes as set forth in this Section 5.1. Formation of any CFD, assessment district or other public financing mechanism within the Property, shall be subject to CITY's ability to make all findings required by applicable law and complying with all applicable legal procedures and requirements including, without limitation, CITY's public financing district policies as such policies may be amended from time to time. Notwithstanding the foregoing, it is acknowledged and agreed by the parties that nothing contained in this Agreement shall be construed as requiring CITY or the City Council to form any such district or to issue and sell bonds.

6. REVIEW FOR COMPLIANCE.

6.1 Periodic and Special Reviews.

6.1.1 Time for and Initiation of Periodic Review. The CITY shall review this Agreement every twelve (12) months from the Effective Date in order to ascertain the good faith compliance by the OWNER with the terms of this Agreement. The OWNER shall submit an Annual Monitoring Report to CITY, in a form acceptable to the City Manager, along with any applicable processing charge within ten (10) days after each anniversary date of the Effective Date of this Agreement. Within fifteen (15) days after the receipt of the Annual Monitoring Report, CITY shall review the Annual Monitoring Report. Prior to the expiration of the fifteen (15) day review period, CITY shall either issue a notice of continuing compliance or a notice of non-compliance and a notice of CITY's intent to conduct a Special Review pursuant to Sections 6.1.2 through 6.1.6. Issuance of a notice of continuing compliance may be issued by the City Manager or his designee.

6.1.2 Initiation of Special Review. A special review may be called either by agreement between the parties or by initiation in one or more of the following ways:

(1) Recommendation of the Planning staff;

(2) Affirmative vote of at least four (4) members of the Planning Commission; or

(3) Affirmative vote of at least three (3) members of the City Council.

6.1.3 Notice of Special Review. The City Manager shall begin the special review proceeding by giving notice that the CITY intends to undertake a special

review of this Agreement to the OWNER. Such notice shall be given at least ten (10) days in advance of the time at which the matter will be considered by the Planning Commission.

6.1.4 Public Hearing. The Planning Commission shall conduct a hearing at which the OWNER must demonstrate good faith compliance with the terms of this Agreement. The burden of proof on this issue is upon the OWNER.

6.1.5 Findings Upon Public Hearing. The Planning Commission shall determine upon the basis of substantial evidence whether or not the OWNER has, for the period under review, complied in good faith with the terms and conditions of this Agreement.

6.1.6 Procedure Upon Findings.

(a) If the Planning Commission finds and determines on the basis of substantial evidence that the OWNER has complied in good faith with the terms and conditions of this Agreement during the period under review, the review for that period is concluded.

(b) If the Planning Commission finds and determines on the basis of substantial evidence that the OWNER has not complied in good faith with the terms and conditions of this Agreement during the period under review, the Planning Commission may recommend to the City Council to modify or terminate this Agreement.

(c) The OWNER may appeal a determination pursuant to paragraph (b) to the City Council in accordance with the CITY's rule for consideration of appeals in zoning matters generally.

6.2 Proceedings Upon Modification or Termination. If, upon a finding under Section 6.1.6(b), the CITY determines to proceed with modification or termination of this Agreement, the CITY shall give notice to the property OWNER of its intention so to do. The notice shall contain:

(a) The time and place of the hearing;

(b) A statement as to whether or not the CITY proposes to terminate or to modify this Agreement; and

(c) Other information that the CITY considers necessary to inform the OWNER of the nature of the proceeding.

6.3 Hearing on Modification or Termination. At the time and place set for the hearing on modification or termination, the OWNER shall be given an opportunity to be heard. The OWNER shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. The burden of proof on this issue shall be on the OWNER. If the City Council finds, based upon substantial evidence in the

administrative record, that the OWNER has not complied in good faith with the terms and conditions of the agreement, the City Council may terminate or modify this Agreement and impose those conditions to the action it takes as it considers necessary to protect the interests of the CITY. The decision of the City Council shall be final, subject only to judicial review pursuant to Section 1094.5 of the Code of Civil Procedure.

6.4 Certificate of Agreement Compliance. If, at the conclusion of a Periodic or Special Review, OWNER is found to be in compliance with this Agreement, CITY shall, upon written request by OWNER, issue a Certificate of Agreement Compliance ("Certificate") to OWNER stating that after the most recent Periodic or Special Review and based upon the information known or made known to the Planning Director and City Council that (1) this Agreement remains in effect and (2) OWNER is not in default. The Certificate shall be in recordable form, shall contain information necessary to communicate constructive record notice of the finding of compliance, shall state whether the Certificate is issued after a Periodic or Special Review and shall state the anticipated date of commencement of the next Periodic Review. OWNER may record the Certificate with the County Recorder. Whether or not the Certificate is relied upon by assignees or other transferees or OWNER, CITY shall not be bound by a Certificate if a default existed at the time of the Periodic or Special Review, but was concealed from or otherwise not known to the Planning Director or City Council.

7. [RESERVED]

8. DEFAULT AND REMEDIES.

8.1 Remedies in General. It is acknowledged by the parties that CITY would not have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that CITY shall not be liable in damages to OWNER, or to any successor in interest of OWNER, or to any other person, and OWNER covenants not to sue for damages or claim any damages:

(a) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or

(b) For the taking, impairment or restriction of any right or interest conveyed or provided under or pursuant to this Agreement; or

(c) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

8.2 Specific Performance. The parties acknowledge that money damages and remedies at law generally are inadequate and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this Agreement and should be available to all parties for the following reasons:

(a) Money damages are unavailable against CITY as provided in Section 8.1 above.

(b) Due to the size, nature and scope of the project, it may not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, OWNER may be foreclosed from other choices it may have had to utilize the Property or portions thereof. OWNER has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate OWNER for such efforts.

8.3 Release. Except for nondamage remedies, including the remedy of specific performance and judicial review as provided for in Section 6.5, OWNER, for itself, its successors and assignees, hereby releases the CITY, its officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon the CITY because it entered into this Agreement or because of the terms of this Agreement.

8.4 Termination or Modification of Agreement for Default of OWNER. Subject to the provisions contained in Subsections 6.2 and 6.3 herein, CITY may terminate or modify this Agreement for any failure of OWNER to perform any material duty or obligation of OWNER under this Agreement, or to comply in good faith with the terms of this Agreement (hereinafter referred to as "default"); provided, however, CITY may terminate or modify this Agreement pursuant to this Section only after providing written notice to OWNER of default setting forth the nature of the default and the actions, if any, required by OWNER to cure such default and, where the default can be cured, OWNER has failed to take such actions and cure such default within 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such 60 day period and to diligently proceed to complete such actions and cure such default.

8.5 Termination of Agreement for Default of CITY. OWNER may terminate this Agreement only in the event of a default by CITY in the performance of a material term of this Agreement and only after providing written notice to CITY of default setting forth the nature of the default and the actions, if any, required by CITY to cure such default and, where the default can be cured, CITY has failed to take such actions and cure such default within 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such 60 day period and to diligently proceed to complete such actions and cure such default.

9. THIRD PARTY LITIGATION.

9.1 General Plan Litigation. CITY has determined that this Agreement is consistent with its Comprehensive General Plan, as such General Plan exists as of the Effective Date ("General Plan"), and that the General Plan meets all requirements of law. OWNER has reviewed the General Plan and concurs with CITY's determination. CITY shall have no liability in damages under this Agreement for any failure of CITY to perform under this Agreement or the inability of OWNER to develop the Property as contemplated by the Development Plan of this Agreement as the result of a judicial determination that on the Effective Date, or at any time thereafter, the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law.

9.2 Third Party Litigation Concerning Agreement. OWNER shall defend, at its expense, including attorneys' fees, indemnify, and hold harmless CITY, its agents, officers and employees from any claim, action or proceeding against CITY, its agents, officers, or employees to attack, set aside, void, or annul the approval of this Agreement or the approval of any permit granted pursuant to this Agreement. CITY shall promptly notify OWNER of any such claim, action or proceeding, and CITY shall cooperate in the defense. If CITY fails to promptly notify OWNER of any such claim, action or proceeding, or if CITY fails to cooperate in the defense, OWNER shall not thereafter be responsible to defend, indemnify, or hold harmless CITY. CITY may in its discretion participate in the defense of any such claim, action or proceeding.

9.3 Indemnity. In addition to the provisions of 9.2 above, OWNER shall indemnify and hold CITY, its officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted upon any act or omission of OWNER, its officers, agents, employees, subcontractors and independent contractors, for property damage, bodily injury, or death (OWNER's employees included) or any other element of damage of any kind or nature, relating to or in any way connected with or arising from the activities contemplated hereunder, including, but not limited to, the study, design, engineering, construction, completion, failure and conveyance of the public improvements, save and except claims for damages arising through the sole active negligence or sole willful misconduct of CITY. OWNER shall defend, at its expense, including attorneys' fees, CITY, its officers, agents, employees and independent contractors in any legal action based upon such alleged acts or omissions. CITY may in its discretion participate in the defense of any such legal action.

9.4 Environment Assurances. OWNER shall indemnify and hold CITY, its officers, agents, and employees free and harmless from any liability, based or asserted, upon any act or omission of OWNER, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and OWNER shall defend, at its expense, including attorneys' fees, CITY, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. CITY may in its discretion participate in the defense of any such action.

9.5 Reservation of Rights. With respect to Sections 9.2, 9.3 and 9.4 herein, CITY reserves the right to either (1) approve the attorney(s) which OWNER selects, hires or otherwise engages to defend CITY hereunder, which approval shall not be unreasonably withheld, or (2) conduct its own defense, provided, however, that OWNER shall reimburse CITY forthwith for any and all reasonable expenses incurred for such defense, including attorneys' fees, upon billing and accounting therefor.

9.6 Survival. The provisions of this Sections 9.1 through 9.6, inclusive, shall survive the termination of this Agreement.

10. MORTGAGEE PROTECTION.

The parties hereto agree that this Agreement shall not prevent or limit OWNER, in any manner, at OWNER's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. CITY acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with OWNER and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. CITY will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee, has submitted a request in writing to the CITY in the manner specified herein for giving notices, shall be entitled to receive written notification from CITY of any default by OWNER in the performance of OWNER's obligations under this Agreement.

(c) If CITY timely receives a request from a Mortgagee requesting a copy of any notice of default given to OWNER under the terms of this Agreement, CITY shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to OWNER. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such party under this Agreement.

(d) Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of OWNER's obligations or other affirmative covenants of OWNER hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to

be performed by OWNER is a condition precedent to the performance of a covenant by CITY, the performance thereof shall continue to be a condition precedent to CITY's performance hereunder, and further provided that any sale, transfer or assignment by any Mortgagee in possession shall be subject to the provisions of Section 2.4 of this Agreement.

11. MISCELLANEOUS PROVISIONS.

11.1 Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the San Bernardino County Recorder by the City Clerk within the ten (10) days after the CITY executes this Agreement, as required by Section 65868.5 of the Government Code. If the parties to this Agreement or their successors in interest amend or cancel this Agreement as provided for herein and in Government Code Section 65868, or if the CITY terminates or modifies the agreement as provided for herein and in Government Code Section 65865.1 for failure of the applicant to comply in good faith with the terms or conditions of this Agreement, the City Clerk shall have notice of such action recorded with the San Bernardino County Recorder.

11.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the parties, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

11.3 Severability. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. Notwithstanding the foregoing, the provision of the Public Benefits set forth in Section 4 of this Agreement, including the payment of the fees set forth therein, are essential elements of this Agreement and CITY would not have entered into this Agreement but for such provisions, and therefore in the event such provisions are determined to be invalid, void or unenforceable, this entire Agreement shall be null and void and of no force and effect whatsoever.

11.4 Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, all parties having been represented by counsel in the negotiation and preparation hereof.

11.5 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

11.6 Singular and Plural. As used herein, the singular of any word includes the plural.

11.7 Joint and Several Obligations. Subject to section 2.4, if at any time during the term of this Agreement the Property is owned, in whole or in part, by more than one owner, all obligations of such owners under this Agreement shall be joint and several, and the default of any such owner shall be the default of all such owners. Notwithstanding the foregoing, no owner of a single lot which has been finally subdivided and sold to such owner as a member of the general public or otherwise as an ultimate user shall have any obligation under this Agreement except as provided under Section 4 hereof.

11.8 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

11.9 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

11.10 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

11.11 Force Majeure. Neither party shall be deemed to be in default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the party's control, (including the party's employment force), government regulations, court actions (such as restraining orders or injunctions), or other causes beyond the party's control. If any such events shall occur, the term of this Agreement and the time for performance by either party of any of its obligations hereunder may be extended by the written agreement of the parties for the period of time that such events prevented such performance, provided that the term of this Agreement shall not be extended under any circumstances for more than five (5) years.

11.12 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefited thereby of the covenants to be performed hereunder by such benefited party.

11.13 Successors in Interest. The burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all successors in interest to the parties to this Agreement. All provisions of this Agreement shall be enforceable as equitable servitudes and constitute covenants running with the land. Each covenant to

do or refrain from doing some act hereunder with regard to development of the Property: (a) is for the benefit of and is a burden upon every portion of the Property; (b) runs with the Property and each portion thereof; and, (c) is binding upon each party and each successor in interest during ownership of the Property or any portion thereof.

11.14 Counterparts. This Agreement may be executed by the parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

11.15 Jurisdiction and Venue. Any action at law or in equity arising under this Agreement or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of San Bernardino, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court.

11.16 Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between CITY and OWNER is that of a government entity regulating the development of private property and the owner of such property.

11.17 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement. Upon the request of either party at any time, the other party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement or to evidence or consummate the transactions contemplated by this Agreement. The City Manager may delegate his powers and duties under this Agreement to an Assistant City Manager or other management level employee of the CITY.

11.18 Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by CITY of its power of eminent domain.

11.19 Agent for Service of Process. In the event OWNER is not a resident of the State of California or it is an association, partnership or joint venture without a member, partner or joint venturer resident of the State of California, or it is a foreign corporation, then in any such event, OWNER shall file with the Planning Director, upon its execution of this Agreement, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Agreement,

and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon OWNER. If for any reason service of such process upon such agent is not feasible, then in such event OWNER may be personally served with such process out of this County and such service shall constitute valid service upon OWNER. OWNER is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto. OWNER for itself, assigns and successors hereby waives the provisions of the Hague Convention (Convention on the Service Abroad of Judicial and Extra Judicial Documents in Civil or Commercial Matters, 20 U.S.T. 361, T.I.A.S. No. 6638).

11.20 Estoppel Certificate. Within thirty (30) business days following a written request by any of the parties, the other party shall execute and deliver to the requesting party a statement certifying that (i) either this Agreement is unmodified and in full force and effect or there have been specified (date and nature) modifications to the Agreement, but it remains in full force and effect as modified; and (ii) either there are no known current uncured defaults under this Agreement or that the responding party alleges that specified (date and nature) defaults exist. The statement shall also provide any other reasonable information requested. The failure to timely deliver this statement shall constitute a conclusive presumption that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no uncured defaults in the performance of the requesting party, except as may be represented by the requesting party. OWNER shall pay to CITY all costs incurred by CITY in connection with the issuance of estoppel certificates under this Section 11.20 prior to CITY's issuance of such certificates.

11.21 Authority to Execute. The person or persons executing this Agreement on behalf of OWNER warrants and represents that he or she/they have the authority to execute this Agreement on behalf of his or her/their corporation, partnership or business entity and warrants and represents that he or she/they has/have the authority to bind OWNER to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth below.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

SIGNATURE PAGE
TO DEVELOPMENT AGREEMENT NO. PDA21-014

"OWNER"

BROOKCAL ONTARIO LLC, a Delaware limited liability company

By:_____
Name: David E. Bartlett
Title: Vice President
Date: _____

"CITY"

CITY OF ONTARIO

By:_____
Scott Ochoa
City Manager

Date: _____

ATTEST:

_____
City Clerk, Ontario

APPROVED AS TO FORM:
BEST BEST KRIEGER, LLP

_____
City Attorney

ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
COUNTY OF_____)

On _____, 20_____, before me,_____,
Date *Insert Name and Title of the Officer*

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

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

WITNESS my hand and official seal.

Signature_____
Signature of Notary Public

Place Notary Seal Above

ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
COUNTY OF_____)

On _____, 20_____, before me _____,
Date Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature_____
Signature of Notary Public

Place Notary Seal Above

EXHIBIT "A"
TO DEVELOPMENT AGREEMENT

Legal Description of Property

Real property in the City of Ontario, County of San Bernardino, State of California, described as follows:

THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP2 SOUTH, RANGE 7 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXHIBIT "B"
TO DEVELOPMENT AGREEMENT

Map showing Property and its location

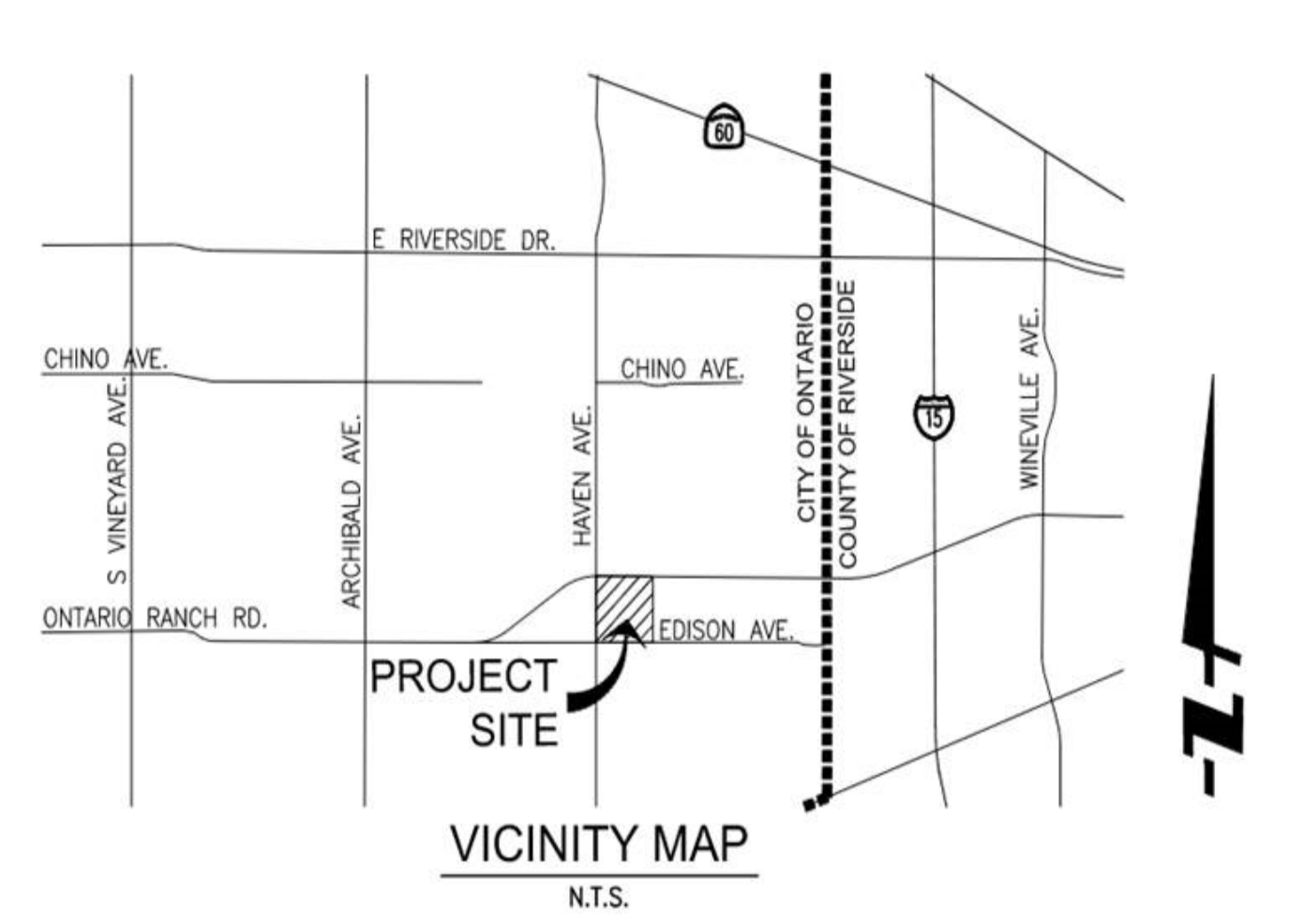


EXHIBIT "C"
TO DEVELOPMENT AGREEMENT

Existing Development Approvals

On October 23, 2007 the Planning Commission:

a) Issued Resolution No. PC07-125 recommending City Council certification of the Rich-Haven Specific Plan EIR (SCH#2006051081).
b) Issued Resolution No. PC07-127 recommending to City Council approval of the Rich-Haven Specific Plan (File No. PSP05-004).

On December 4, 2007, the City Council:

a) Issued Resolution No. 2007-145 certifying the Rich-Haven Specific Plan EIR (SCH#2006051081).
b) Adopted Ordinance No. 2884 approving the Rich-Haven Specific Plan.

On February 23, 2016, the Planning Commission:

a) Issued Resolution No. PC16-003 recommending City Council adoption of an Addendum to the Rich-Haven EIR.
b) Issued Resolution PC16-004 recommending approval of the Rich-Haven Specific Plan Amendment (File No. PSPA16-001).

On March 15, 2016, the City Council:

a) Issued Resolution No. 2016-024 for the adoption of an Addendum (File No. PSPA16-001) to the Rich-Haven Specific Plan EIR.
b) Issued Resolution No. 2016-025 approving an Amendment (File No. PSPA16-001) to the Rich-Haven Specific Plan.

On January 23, 2018, the Planning Commission:

a) Issued Resolution No. PC18-014 recommending City Council adoption of an Addendum to the Rich-haven EIR.
b) Issued Resolution No. PC18-015 recommending to City Council adoption of the Rich-Haven Specific Plan Amendment (File No. PSPA16-005).

On February 20, 2018, the City Council:

a) Issued Resolution No. 2018-017 for the adoption of an Addendum (File No. PSPA16-005) to the Rich-Haven Specific Plan EIR.
b) Issued Resolution No. 2018-018 approving an Amendment (File No. PSPA16-005) to the Rich-Haven Specific Plan.

EXHIBIT "D"
TO DEVELOPMENT AGREEMENT

Existing Land Use Regulations

These documents are listed for reference only:

1. The Rich-Haven Specific Plan (File No. PSP05-004) Environmental Impact Report, Resolution No. 2007-145.

2. The Rich-Haven Specific Plan (File No. PSP05-004), Ordinance No. 2884.

3. Addendum to the Rich-Haven Specific Plan (File No. PSPA16-001) Environmental Impact Report, Resolution No. 2016-024.

4. Amendment to the Rich-Haven Specific Plan (File No. PSPA16-001), Resolution No. 2016-025.

5. Addendum to the Rich-Haven Specific Plan (File No. PSPA16-005) Environmental Impact Report, Resolution No. 2018-017.

6. Amendment to the Rich-Haven Specific Plan (File No. PSPA16-005), Resolution No. 2018-018.

7. City of Ontario Municipal Code
    a. Six – Sanitation & Health
    b. Seven – Public Works
    c. Eight – Building Regulations
    d. Nine – Development Code
    e. Ten – Parks & Recreation

EXHIBIT "E"
TO DEVELOPMENT AGREEMENT

Description of Required Improvements

OWNER shall design, construct, and complete all improvements including but not limited to sewer, water, recycled water, storm drain, fiber, and street improvements necessary to serve the Property, prior to the request of any Production Units.

STREETS (ST)

(A) As part of the required ST improvements, OWNER shall include the ultimate signing and striping improvements along the Property frontage on Haven Avenue, including the northbound section of Haven Avenue, north of Schaefer Avenue to Aspen/Nelson, to install the two (2) northbound thru lanes with a trap right turn lane at the intersection of Aspen/Nelson.

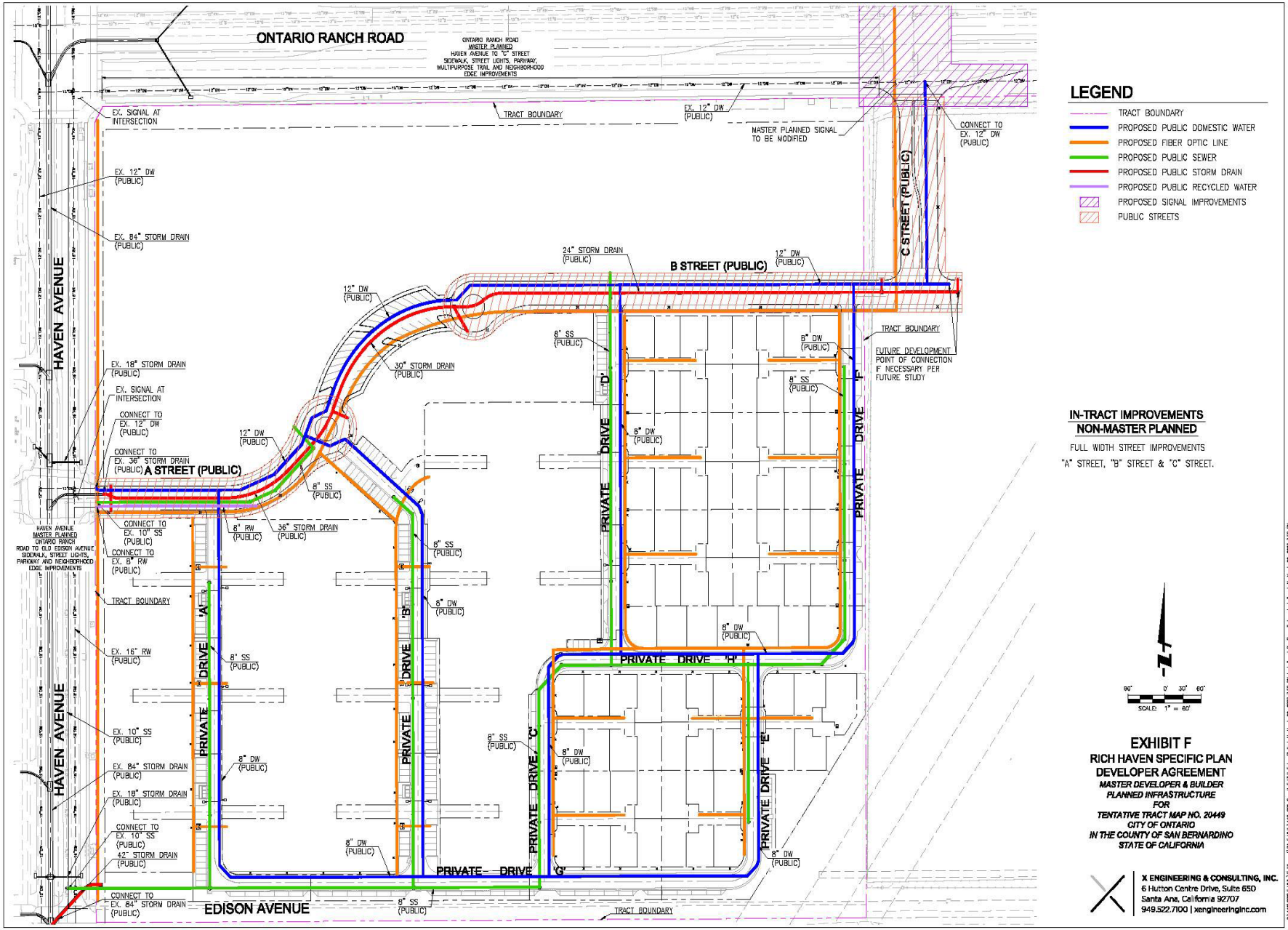
FIBER OPTIC (FO)

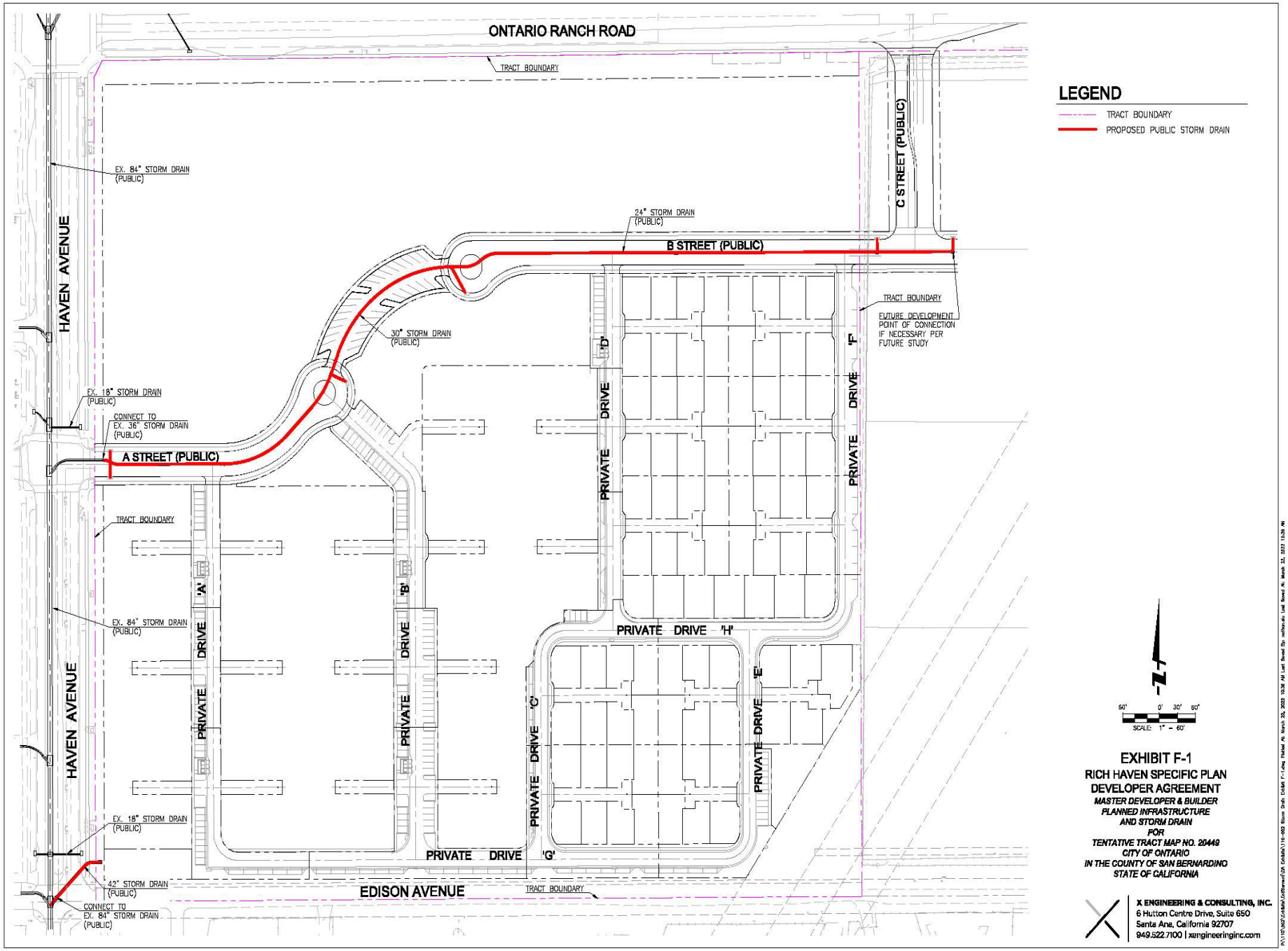
(A) OWNER shall design, construct, complete, and connect the FO improvements necessary for the vacant portion of the Property to the nearest point of connection that exist at the time the vacant Property develops. If the vacant Property develops as non-residential (e.g., retail/commercial), OWNER shall construct and complete the connection prior to the request of any occupancy. If the vacant Property develops as residential, OWNER shall construct and complete the connection prior to the request for occupancy of any Production Units.

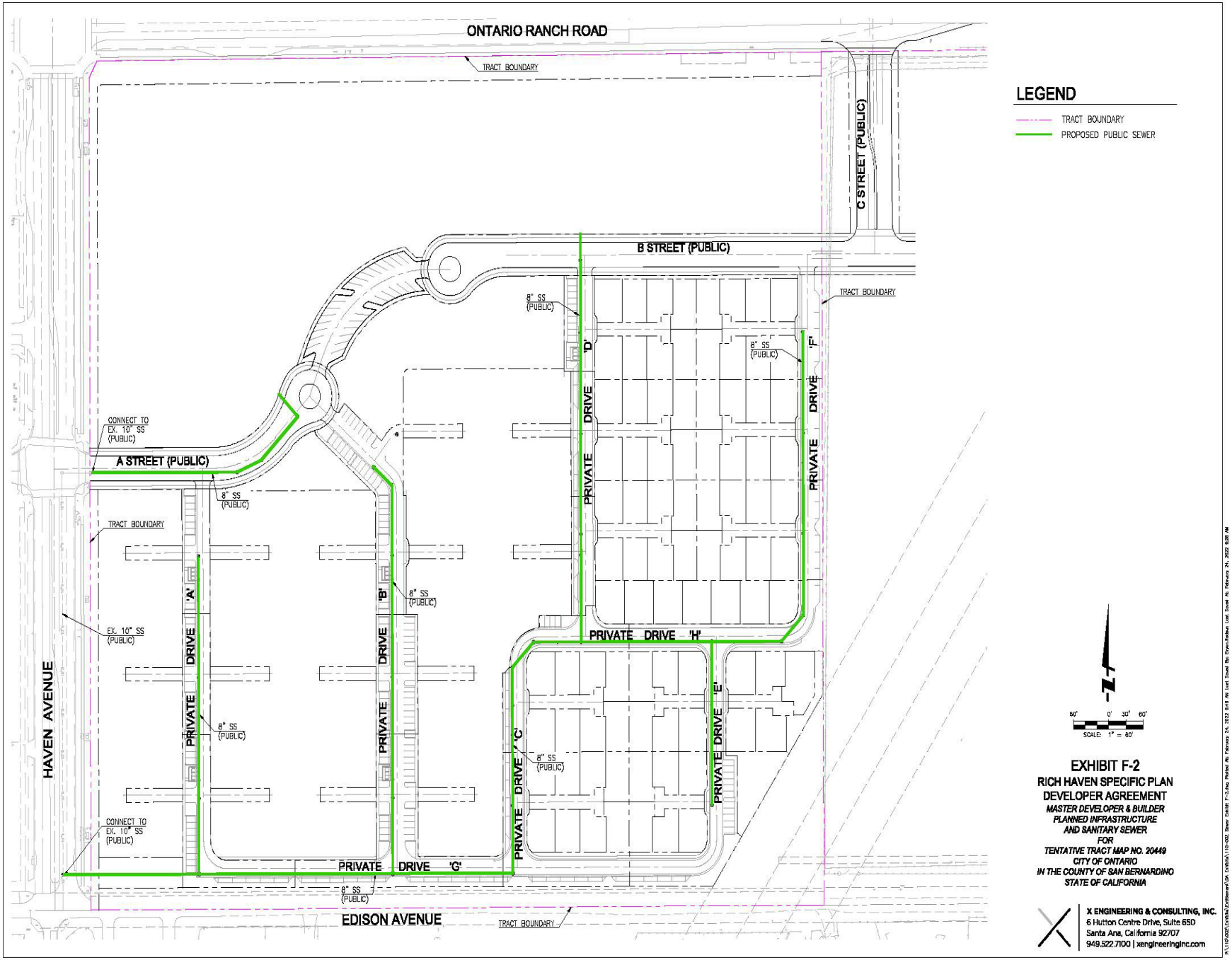
EXHIBIT "F"
TO DEVELOPMENT AGREEMENT

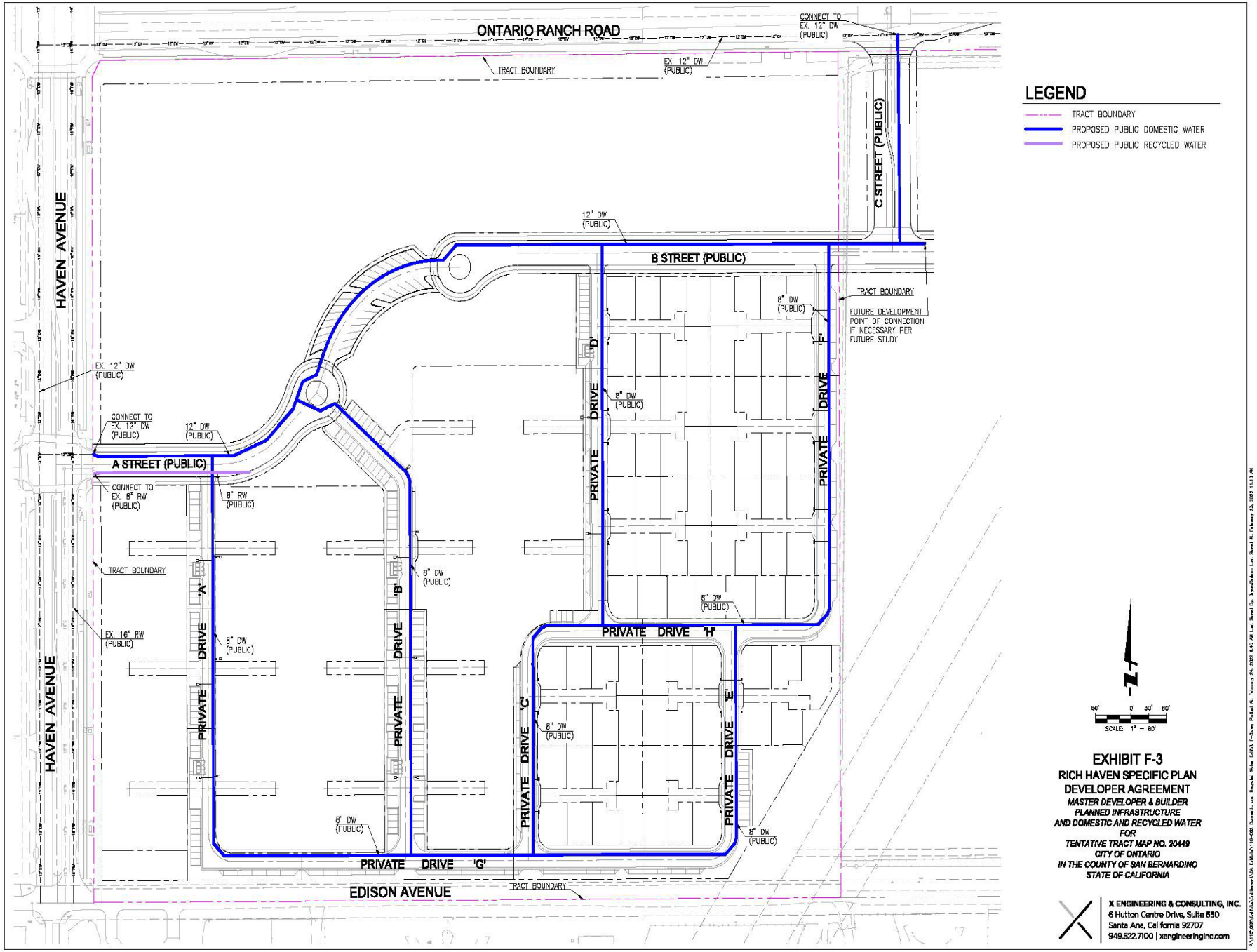
Depiction of Required Infrastructure Improvements

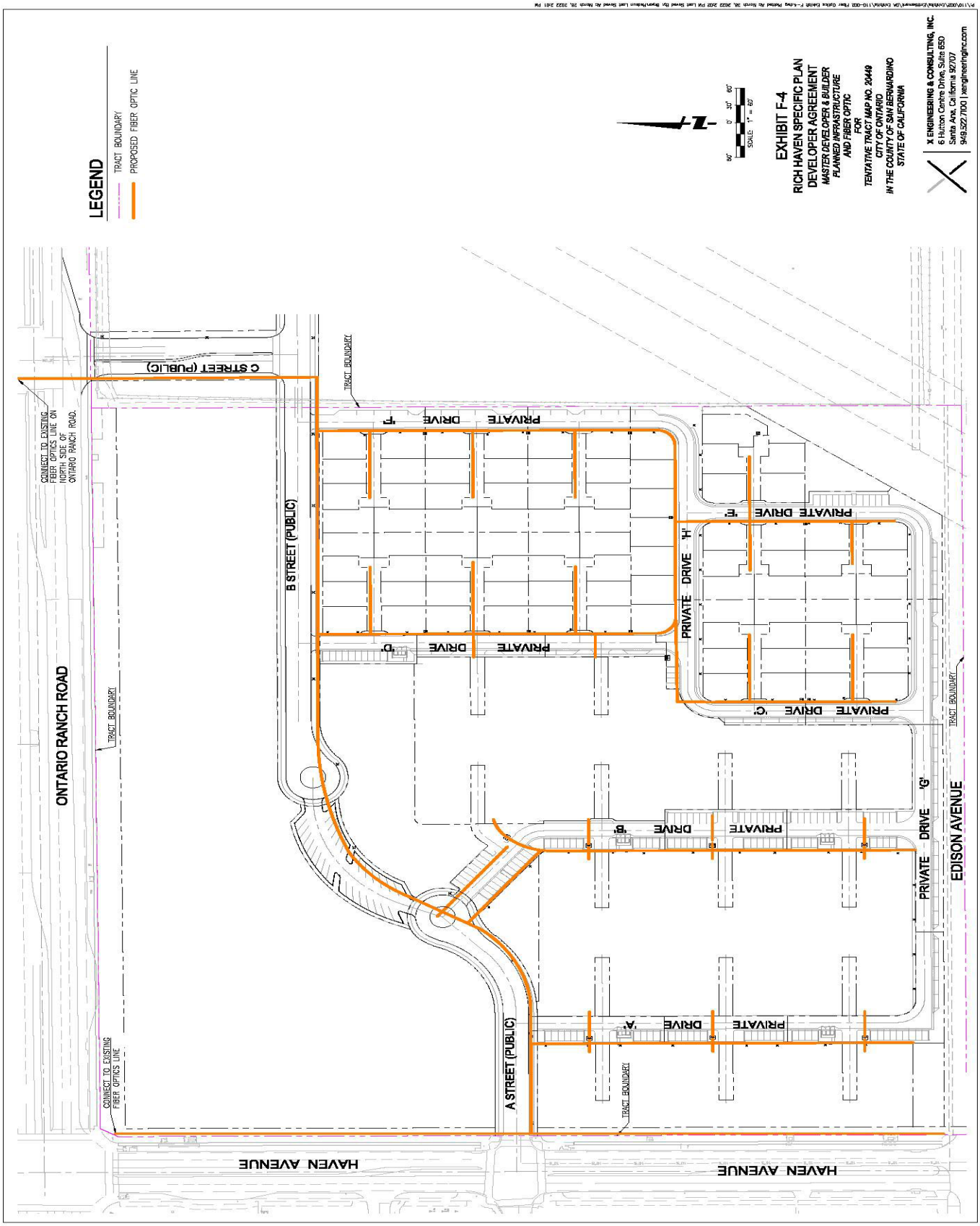
(SEE ATTACHED)


ONTARIO RANCH ROAD
ONTARIO RANCH ROAD MASTER PLANNED HAVEN AVENUE TO "C" STREET SIDEWALK, STREET LIGHTS, PARKWAY, MULTIPURPOSE TRAIL AND NEIGHBORHOOD EDGE IMPROVEMENTS
HAVEN AVENUE
EDISON AVENUE
B STREET (PUBLIC)
A STREET (PUBLIC)
C STREET (PUBLIC)
PRIVATE DRIVE 'A'
PRIVATE DRIVE 'B'
PRIVATE DRIVE 'C'
PRIVATE DRIVE 'D'
PRIVATE DRIVE 'E'
PRIVATE DRIVE 'F'
PRIVATE DRIVE 'G'
PRIVATE DRIVE 'H'
TRACT BOUNDARY
EX. SIGNAL AT INTERSECTION
EX. 12" DW (PUBLIC)
EX. 84" STORM DRAIN (PUBLIC)
EX. 18" STORM DRAIN (PUBLIC)
CONNECT TO EX. 12" DW (PUBLIC)
CONNECT TO EX. 36" STORM DRAIN (PUBLIC)
CONNECT TO EX. 10" SS (PUBLIC)
CONNECT TO EX. 8" RW (PUBLIC)
EX. 16" RW (PUBLIC)
EX. 10" SS (PUBLIC)
42" STORM DRAIN (PUBLIC)
CONNECT TO EX. 84" STORM DRAIN (PUBLIC)
MASTER PLANNED SIGNAL TO BE MODIFIED
24" STORM DRAIN (PUBLIC)
30" STORM DRAIN (PUBLIC)
36" STORM DRAIN (PUBLIC)
12" DW (PUBLIC)
8" DW (PUBLIC)
8" SS (PUBLIC)
8" RW (PUBLIC)
6" SS (PUBLIC)
6" DW (PUBLIC)
FUTURE DEVELOPMENT POINT OF CONNECTION IF NECESSARY PER FUTURE STUDY
HAVEN AVENUE MASTER PLANNED ONTARIO RANCH ROAD TO OLD EDISON AVENUE SIDEWALK, STREET LIGHTS, PARKWAY AND NEIGHBORHOOD EDGE IMPROVEMENTS
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC DOMESTIC WATER
PROPOSED FIBER OPTIC LINE
PROPOSED PUBLIC SEWER
PROPOSED PUBLIC STORM DRAIN
PROPOSED PUBLIC RECYCLED WATER
PROPOSED SIGNAL IMPROVEMENTS
PUBLIC STREETS
IN-TRACT IMPROVEMENTS
NON-MASTER PLANNED
FULL WIDTH STREET IMPROVEMENTS
"A" STREET, "B" STREET & "C" STREET.
SCALE: 1" = 60'
EXHIBIT F
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER PLANNED INFRASTRUCTURE
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com


ONTARIO RANCH ROAD
TRACT BOUNDARY
EX. 84" STORM DRAIN (PUBLIC)
HAVEN AVENUE
24" STORM DRAIN (PUBLIC)
B STREET (PUBLIC)
C STREET (PUBLIC)
TRACT BOUNDARY
FUTURE DEVELOPMENT POINT OF CONNECTION IF NECESSARY PER FUTURE STUDY
30" STORM DRAIN (PUBLIC)
EX. 18" STORM DRAIN (PUBLIC)
CONNECT TO EX. 36" STORM DRAIN (PUBLIC)
A STREET (PUBLIC)
'D'
'F'
DRIVE
PRIVATE
TRACT BOUNDARY
'A'
'B'
EX. 84" STORM DRAIN (PUBLIC)
PRIVATE DRIVE 'H'
'C'
'E'
EX. 18" STORM DRAIN (PUBLIC)
PRIVATE DRIVE 'G'
42" STORM DRAIN (PUBLIC)
CONNECT TO EX. 84" STORM DRAIN (PUBLIC)
EDISON AVENUE
TRACT BOUNDARY
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC STORM DRAIN
60' 0' 30' 60'
SCALE: 1" = 60'
EXHIBIT F-1
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND STORM DRAIN
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com


ONTARIO RANCH ROAD
TRACT BOUNDARY
C STREET (PUBLIC)
B STREET (PUBLIC)
A STREET (PUBLIC)
HAVEN AVENUE
EDISON AVENUE
CONNECT TO EX. 10" SS (PUBLIC)
EX. 10" SS (PUBLIC)
8" SS (PUBLIC)
PRIVATE DRIVE 'A'
PRIVATE DRIVE 'B'
PRIVATE DRIVE 'C'
PRIVATE DRIVE 'D'
PRIVATE DRIVE 'E'
PRIVATE DRIVE 'F'
PRIVATE DRIVE 'G'
PRIVATE DRIVE 'H'
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC SEWER
N
80' 0' 30' 60'
SCALE: 1" = 60'
EXHIBIT F-2
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND SANITARY SEWER
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com


ONTARIO RANCH ROAD
CONNECT TO EX. 12" DW (PUBLIC)
TRACT BOUNDARY
EX. 12" DW (PUBLIC)
C STREET (PUBLIC)
HAVEN AVENUE
12" DW (PUBLIC)
B STREET (PUBLIC)
6" DW (PUBLIC)
TRACT BOUNDARY
FUTURE DEVELOPMENT
POINT OF CONNECTION IF NECESSARY PER FUTURE STUDY
'D' DRIVE
'F' DRIVE
8" DW (PUBLIC)
PRIVATE
EX. 12" DW (PUBLIC)
CONNECT TO EX. 12" DW (PUBLIC)
12" DW (PUBLIC)
A STREET (PUBLIC)
CONNECT TO EX. 8" RW (PUBLIC)
8" RW (PUBLIC)
TRACT BOUNDARY
'A' DRIVE
'B' DRIVE
8" DW (PUBLIC)
EX. 16" RW (PUBLIC)
8" DW (PUBLIC)
PRIVATE
PRIVATE DRIVE 'H'
'C' DRIVE
'E' DRIVE
8" DW (PUBLIC)
8" DW (PUBLIC)
8" DW (PUBLIC)
PRIVATE DRIVE 'G'
EDISON AVENUE
TRACT BOUNDARY
LEGEND
TRACT BOUNDARY
PROPOSED PUBLIC DOMESTIC WATER
PROPOSED PUBLIC RECYCLED WATER
N
60' 0' 30' 60'
SCALE: 1" = 60'
EXHIBIT F-3
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND DOMESTIC AND RECYCLED WATER
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com


LEGEND
TRACT BOUNDARY
PROPOSED FIBER OPTIC LINE
EXHIBIT F-4
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND FIBER OPTIC
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
SCALE: 1" = 80'
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com
ONTARIO RANCH ROAD
C STREET (PUBLIC)
B STREET (PUBLIC)
A STREET (PUBLIC)
EDISON AVENUE
HAVEN AVENUE
HAVEN AVENUE
PRIVATE DRIVE 'F'
PRIVATE DRIVE 'E'
PRIVATE DRIVE 'D'
PRIVATE DRIVE 'C'
PRIVATE DRIVE 'H'
PRIVATE DRIVE 'B'
PRIVATE DRIVE 'A'
PRIVATE DRIVE 'G'
TRACT BOUNDARY
CONNECT TO EXISTING FIBER OPTICS LINE ON NORTH SIDE OF ONTARIO RANCH ROAD.
CONNECT TO EXISTING FIBER OPTICS LINE

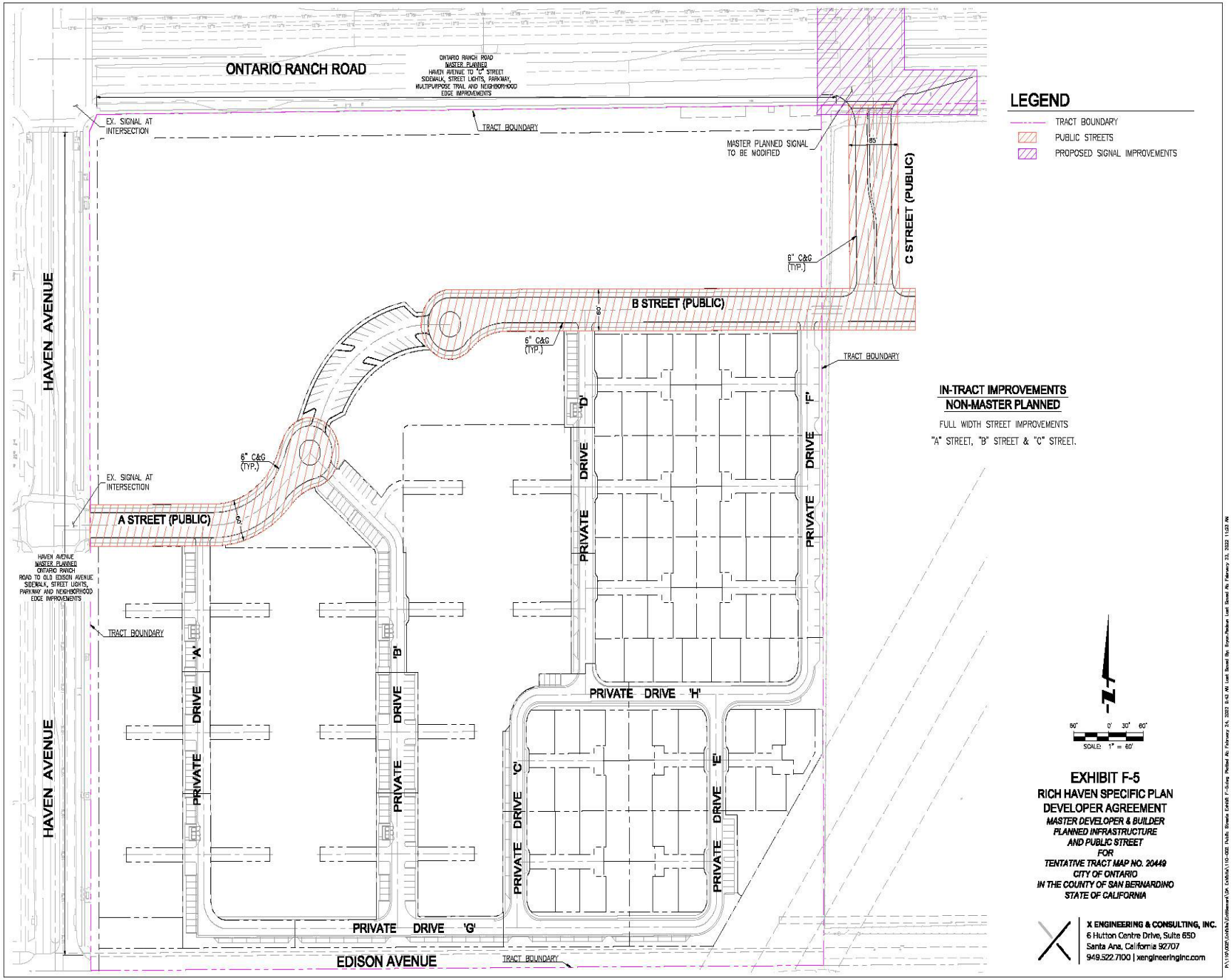

ONTARIO RANCH ROAD
ONTARIO RANCH ROAD MASTER PLANNED HAVEN AVENUE TO "C" STREET SIDEWALK, STREET LIGHTS, PARKWAY, MULTIPURPOSE TRAIL AND NEIGHBORHOOD EDGE IMPROVEMENTS
EX. SIGNAL AT INTERSECTION
TRACT BOUNDARY
MASTER PLANNED SIGNAL TO BE MODIFIED
85'
C STREET (PUBLIC)
6" C&G (TYP.)
B STREET (PUBLIC)
80'
HAVEN AVENUE
EX. SIGNAL AT INTERSECTION
A STREET (PUBLIC)
80'
HAVEN AVENUE MASTER PLANNED ONTARIO RANCH ROAD TO OLD EDISON AVENUE SIDEWALK, STREET LIGHTS, PARKWAY AND NEIGHBORHOOD EDGE IMPROVEMENTS
HAVEN AVENUE
'A' DRIVE
PRIVATE
'B' DRIVE
PRIVATE
'C' DRIVE
PRIVATE
'D' DRIVE
PRIVATE
'E' DRIVE
PRIVATE
'F' DRIVE
PRIVATE
PRIVATE DRIVE 'G'
PRIVATE DRIVE 'H'
EDISON AVENUE
TRACT BOUNDARY
LEGEND
TRACT BOUNDARY
PUBLIC STREETS
PROPOSED SIGNAL IMPROVEMENTS
IN-TRACT IMPROVEMENTS
NON-MASTER PLANNED
FULL WIDTH STREET IMPROVEMENTS
"A" STREET, "B" STREET & "C" STREET.
SCALE: 1" = 60'
EXHIBIT F-5
RICH HAVEN SPECIFIC PLAN
DEVELOPER AGREEMENT
MASTER DEVELOPER & BUILDER
PLANNED INFRASTRUCTURE
AND PUBLIC STREET
FOR
TENTATIVE TRACT MAP NO. 20449
CITY OF ONTARIO
IN THE COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
X ENGINEERING & CONSULTING, INC.
6 Hutton Centre Drive, Suite 650
Santa Ana, California 92707
949.522.7100 | xengineeringinc.com

Exhibit "G"
TO DEVELOPMENT AGREEMENT

Form of Plume Disclosure Letter

CITY OF ONTARIO

ONTARIO MUNICIPAL UTILITIES COMPANY

PAUL S. LEON
MAYOR

DEBRA DORST-PORADA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
RUBEN VALENCIA
COUNCIL MEMBERS

AL C. BOLING
CITY MANAGER

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT BURTON
UTILITIES GENERAL MANAGER

March 2017

DISCLOSURE NOTICE
SOUTH ARCHIBALD TRICHLOROETHYLENE PLUME

Dear Property Owner/Developer/Applicant:

The City of Ontario ("City") has approved or will be approving development in the Ontario Ranch area in the next few years, subject to the appropriate and required statutory process. This letter is intended to serve as notice to all potential property owners of the existence of a groundwater plume, known as the South Archibald Trichloroethylene (TCE) Plume which may exist in, under or near owner's property.

The groundwater plume is in an area in the central Chino Basin south of the Pomona Freeway, west of Turner Avenue, east of Grove Avenue, and north of Kimball Avenue. The plume primarily consists of TCE, a discontinued industrial solvent, and is subject to a clean-up under the oversight and direction of the Santa Ana Regional Water Quality Control Board ("Regional Board").

The Regional Board's approved clean-up procedure involves the removal and treatment of groundwater containing TCE via groundwater wells to reduce the plume concentrations and control its migration. In addition, the City is providing potable water supplies for domestic purposes to residences with private domestic wells affected by the plume. Finally, the Regional Board will continue to monitor all impacted areas and private domestic wells to ensure that residents' health and the environment are properly safeguarded. These remedial actions are documented in a Remedial Action Plan approved by the Regional Board in September 2016.

Further and current information may be found on the Regional Board's Geotracker website at https://geotracker.waterboards.ca.gov/profile_report?global_id=T10000004658.

Property owners may wish to include this letter as a part of a Real Estate Transfer Disclosure under California Civil Code Section 1102 et seq.

1425 SOUTH BON VIEW - ONTARIO, CALIFORNIA 91761-4406 - (909) 395-2605 - FAX (909) 395-2601

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **PUBLIC HEARINGS**
Department: Investments & Revenue Resources Prepared By: Cruz Torres Staff Member Presenting: Armen Harkalyan, Executive Director of Finance Reviewed By: Cecilia House, Armen Harkalyan Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 22

SUBJECT: **ACCEPTANCE OF A RESOLUTION OF ABANDONMENT OF PROCEEDINGS FOR PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER FACILITIES)**

RECOMMENDATION: That the City Council consider and accept a Resolution of Abandonment to abandon any and all proceedings with respect to the Proposed Community Facilities District No 63 (Olive and Oleander Facilities) (the "CFD"), including any and all proceedings initiated or completed by the Resolution of Intention to Incur Bonded Indebtedness and any and all proceedings, required or contemplated by the Act with respect thereto subsequent date of adoption of the Resolution of Intention and the Resolution to Incur Bonded Indebtedness.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: There are no costs attributable to the abandonment of the Community Facilities District No 63.

BACKGROUND & ANALYSIS: On April 2, 2022, the Landowner requested the City to abandon the proceedings initiated for the formation of the Community Facilities District due to a Fiscal Year 2021-22 levy error by the County of San Bernardino related to an overlapping tax imposed for the Mountain View School District School Facility Improvement District No. 2. The levy error resulted in the miscalculation of special taxes for the Community Facilities District that are inconsistent with the terms of the Memorandum of Agreement between the City and NMC Builders, LLC dated July 21, 2015 (the "MOU") regarding the total tax burden for residential development. City Staff requested and received a letter addressed to Mountain View School District from the County confirming the error.

Upon reviewing the letter from the County and discussing this matter among City Staff and consultants, it was decided to abandon the change proceedings for the Community Facilities District No 63 and restart the formation of the district as Community Facilities District No 66 - Olive and Oleander Facilities. At the May 17, 2022 Council meeting, the City will present the Community Facilities District No 66 Resolution of Intention and the Resolution to Incur Bonded Indebtedness declaring the necessity for incurring bonded indebtedness for adoption by City Council as a separate action item. This will restart the formation of the district.

Under the Resolution of Abandonment, the City Clerk is directed to record a certified copy of the Resolution of Abandonment of Proceedings for Proposed City of Ontario Community Facilities District No 63 in the County Recorder's Office, as required by Section 3117 of the California Streets and Highways Code.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, OF ABANDONMENT OF PROCEEDINGS FOR PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 63 (OLIVE AND OLEANDER FACILITIES).

WHEREAS, on March 15, 2022, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), adopted a resolution entitled "A Resolution of the City Council of the City of Ontario, California, of Intention to Establish a Community Facilities District, Proposed to be Named City of Ontario Community Facilities District No. 63 (Olive and Oleander Facilities), and to Authorize the Levy of Special Taxes" (the "Resolution of Intention") stating its intention to establish City of Ontario Community Facilities District No. 63 (Olive and Oleander Facilities) (the "Proposed Community Facilities District") and to authorize the levy of special taxes within the Proposed Community Facilities District to finance certain public facilities; and

WHEREAS, on March 15, 2022, the City Council also adopted a resolution entitled "A Resolution of the City Council of the City of Ontario, California, to Incur Bonded Indebtedness of the Proposed City of Ontario Community Facilities District No. 63 (Olive and Oleander Facilities)" (the "Resolution to Incur Bonded Indebtedness") declaring the necessity for incurring bonded indebtedness; and

WHEREAS, the boundaries of the territory proposed for inclusion in the Proposed Community Facilities District are described in the map showing the Proposed Community Facilities District (the "Proposed Boundary Map"), which map was on file with the City Clerk of the City (the "City Clerk") at the time of adoption of the Resolution of Intention and which boundaries were preliminarily approved pursuant to the Resolution of Intention; and

WHEREAS, the Proposed Boundary Map was recorded on March 17, 2022 as instrument number 2022-0100950, in the office of the County Recorder for the County of San Bernardino, State of California; and

WHEREAS, the City Council now desires to abandon any and all proceedings with respect to the Proposed Community Facilities District, including any and all proceedings initiated or contemplated by the Resolution of Intention and the Resolution to Incur Bonded Indebtedness and any and all proceedings required or contemplated by the Act with respect thereto subsequent to the date of adoption of the Resolution of Intention and the Resolution to Incur Bonded Indebtedness.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ONTARIO, as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The City Council hereby abandons any and all proceedings with respect to the Proposed Community Facilities District, including any and all proceedings initiated or contemplated by the Resolution of Intention and the Resolution to Incur Bonded Indebtedness and any and all proceedings required or contemplated by the Act with respect thereto subsequent to the date of adoption of the Resolution of Intention and the Resolution to Incur Bonded Indebtedness.

SECTION 3. The City Clerk is hereby directed to record a certified copy of this Resolution in the office of the San Bernardino County Recorder, as required by Section 3117 of the California Streets and Highways Code. The certificate of the City Clerk for purposes of such recording shall be in substantially the form attached hereto as Attachment I.

SECTION 4. All actions heretofore taken by the officers, employees and agents of the City with respect to the abandonment of proceedings for the Proposed Community Facilities District called for herein, or in connection with or related to any of the matters referred to herein, are hereby approved, confirmed and ratified.

SECTION 5. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 6. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 17th day of May 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER, LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2022- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held May 17, 2022 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2022- duly passed and adopted by the Ontario City Council at their regular meeting held May 17, 2022.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

ATTACHMENT I

CERTIFICATE OF ABANDONMENT

On March 15, 2022, the Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), adopted a resolution entitled "A Resolution of the City Council of the City of Ontario, California, of Intention to Establish a Community Facilities District, Proposed to be Named City of Ontario Community Facilities District No. 63 (Olive and Oleander Facilities), and to Authorize the Levy of Special Taxes" (the "Resolution of Intention") stating its intention to establish City of Ontario Community Facilities District No. 63 (Olive and Oleander Facilities) (the "Proposed Community Facilities District") and to authorize the levy of special taxes within the Proposed Community Facilities District to finance certain public facilities.

On March 15, 2022, the City Council also adopted a resolution entitled "A Resolution of the City Council of the City of Ontario, California, to Incur Bonded Indebtedness of the Proposed City of Ontario Community Facilities District No. 63 (Olive and Oleander Facilities)" (the "Resolution to Incur Bonded Indebtedness") declaring the necessity for incurring bonded indebtedness.

The boundaries of the territory proposed for inclusion in the Proposed Community Facilities District are described in the map showing the Proposed Community Facilities District (the "Proposed Boundary Map"), which map was on file with the City Clerk of the City (the "City Clerk") at the time of adoption of the Resolution of Intention and which boundaries were preliminarily approved pursuant to the Resolution of Intention.

The Proposed Boundary Map was recorded on March 17, 2022 as instrument number 2022-0100950, in the office of the County Recorder for the County of San Bernardino, State of California.

On May 17, 2022, the City Council adopted a resolution entitled "A Resolution of the City Council of the City of Ontario, California, of Abandonment of Proceedings for Proposed City of Ontario Community Facilities District No. 63 (Olive and Oleander Facilities)" (the "Resolution of Abandonment"), pursuant to which the City Council abandoned any and all proceedings with respect to the Proposed Community Facilities District, including any and all proceedings initiated or contemplated by the Resolution of Intention and the Resolution to Incur Bonded Indebtedness and any and all proceedings required or contemplated by the Act with respect thereto subsequent to the date of adoption of the Resolution of Intention and the Resolution to Incur Bonded Indebtedness.

The undersigned City Clerk of the City of Ontario certifies that attached hereto as Exhibit A is a true, correct and complete copy of the Resolution of Abandonment, which resolution has not been amended, modified or rescinded since the date of its adoption and remains in full force and effect as of the date hereof.

The name(s) of the owner(s) and the assessor's tax parcel number(s) of the real property proposed to be included within the Proposed Community Facilities District are as set forth in Exhibit B attached hereto.

Dated: May 17, 2022

By:

_____
Sheila Mautz, City Clerk

EXHIBIT A

RESOLUTION OF ABANDONMENT

EXHIBIT B

PROPERTY OWNER AND ASSESSOR'S PARCEL NUMBERS

Name of Property Owner	San Bernardino County Assessor's Parcel No.
Shea Homes Limited Partnership	0218-211-35-0000

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **PUBLIC HEARINGS**
Department: Financial Services Prepared By: Doreen Nunes Staff Member Presenting: Armen Harkalyan, Executive Director of Finance Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 23

SUBJECT: APPROVAL OF THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE CERTAIN PUBLIC CAPITAL IMPROVEMENTS FOR PUBLIC PURPOSES

RECOMMENDATION: That the City Council and the Ontario Public Financing Authority adopt a Resolution authorizing proceedings and agreements relating to the financing of public capital improvements for public purposes.

A. City Council adopt a Resolution approving issuance and sale of bonds by the Ontario Public Financing Authority;
B. Approve an Official Statement and authorize official actions;
C. Ontario Public Financing Authority adopt a Resolution of the Ontario Public Financing Authority authorizing the issuance of its Lease Revenue Bonds in the aggregate principal amount of not to exceed $110,000,000 in connection with the financing of public capital improvements;
D. Authorize and direct execution of a first amendment and supplement to Indenture, a first amendment and supplement to Lease Agreement, a first amendment Ground Lease Agreement, Assignment Agreement, and Agency Agreement;
E. Authorize the sale of the bonds and an Official Statement and authorize official actions and execution of related documents; and
F. Authorize the City Manager to negotiate and execute contracts for the services of Bond Counsel, Municipal Advisor, Underwriter, and Trustee.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

FISCAL IMPACT: The City, through the Ontario Public Financing Authority (the "Authority"), is proposing to issue its 2022 Lease Revenue Bonds Series A (Civic Center Improvements) (the "Bonds") in an amount needed to fund approximately $100,000,000 of public improvements. At market interest rates as of April, the true interest cost of the Bonds is estimated at 4.39%. Assuming such interest rates continue and confirmation of the bond issuance costs, the average

annual debt service through the term of the Bonds is estimated at approximately $6,150,000 per year. The actual par amount and annual debt service will be determined when the Bonds are priced in late May or early June. The Bonds will be structured to allow refinancing ten years from the issuance date.

Appropriations for the 2022 Bonds annual debt service payment is included in the Fiscal Year 2022-23 Proposed Budget. This appropriation will be adjusted accordingly if the next quarterly budget update once the Bonds are sold and issued. Future appropriations for the 2022 Bonds annual debt service payment will be included in future annual budgets presented to City Council for approval.

BACKGROUND & ANALYSIS: The Authority is a Joint Powers Authority which was formed to finance the acquisition and construction of public capital improvements for the City. The City has requested that the Authority issue its lease revenue bonds for the purpose of providing funds to enable the City to finance the cost of the public capital improvements, specifically improvements to the Civic Center. This will include a 40,000 square foot municipal annex that is expected to house approximately 200 City employees and a 700 space municipal parking structure; a Fire Administration Building to be located at 1408 East Francis Street (the current site of Fire Station No. 3 and the Fire Training Station); and a new Fire Station No. 1 located at the southwest corner of East D Street and North Sultana Avenue (collectively, the "Project").

The Authority has previously issued its 2017 Lease Revenue Refunding Bonds (the "2017 Bonds"), which refinanced a previous 2007 issuance. The 2017 Bonds are payable and secured from base rental payments made by the City with respect to the lease of the City's Convention Center (the "Leased Premises"), pursuant to a Lease Agreement dated as of July 1, 2017 (the "2017 Lease Agreement").

Under provisions of the 2017 Lease Agreement, the City may issue additional bonds if the City determines that the base rental payments, including any increase in base rental payments as a result of such issuance will be in excess of the annual fair rental value of the leased property, after taking into account the use of the proceeds of such additional bonds. Furthermore, in accordance with the 2017 Lease Agreement, the City may amend the 2017 Lease Agreement to add additional real property.

In order to minimize the encumbrance of existing City real property to facilitate the financing of the Project, the City determined to amend the 2017 Lease Agreement by adding the following City properties to the Leased Premises: City Hall, Fire Training Center, and Fire Stations No. 3, 6, 7, 8, and 9.

The Amendment to the 2017 Lease Agreement and issuance of the Bonds is dependent upon the delivery of municipal bond insurance and reserve fund surety policy, and written consent from Assured Guaranty Corporation (AGM), the insurer of the 2017 Bonds.

To provide services necessary for the issuance of the bonds, Staff seeks City Council authority for the City Manager to negotiate and execute agreements with: Best Best & Krieger LLP to act as bond counsel; Stradling Yocca Carlson & Rauth, a professional corporation, to act as disclosure counsel;

CSG Advisors, Inc., to act as municipal advisor; Ramirez & Co., Inc. and Cabrera Capital Markets, LLC as joint underwriters; and The Bank of New York Mellon Trust Company, N.A., to act as trustee. The costs for such services will be paid for and from the bond proceeds.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING PROCEEDINGS AND AGREEMENTS RELATING TO THE FINANCING OF PUBLIC CAPITAL IMPROVEMENTS FOR PUBLIC PURPOSES, APPROVING ISSUANCE AND SALE OF BONDS BY THE ONTARIO PUBLIC FINANCING AUTHORITY, APPROVING AN OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS.

WHEREAS, the Ontario Public Financing Authority (the "Authority") has been formed pursuant to the laws of the State of California, namely, the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended from time to time (the "Act"), to finance the acquisition and construction of public capital improvements for the City of Ontario (the "City"); and

WHEREAS, for the purpose of refinancing the acquisition and construction of capital projects of the City (the "2017 Project"), the Authority has previously issued 2017 Lease Revenue Refunding Bonds (the "2017 Bonds") under a certain Indenture dated as of July 1, 2017 (the "2017 Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, the 2017 Bonds are payable and secured from Base Rental Payments made by the City with respect to the lease of certain real property and the facilities thereon (the "Leased Premises") pursuant to a Lease Agreement dated as of July 1, 2017 (the "2017 Lease Agreement"); and

WHEREAS, the City has previously leased the Leased Premises to the Authority under a Ground Lease, dated as of July 1, 2017 (the "2017 Ground Lease"); and

WHEREAS, the City has requested that the Authority issue its lease revenue bonds for the purpose of providing funds to enable the City to finance the cost of the public capital improvements, specifically improvements to the Civic Center, a Fire Administration Building, a new Fire Station No. 1, a parking garage, and a City Hall Annex. (the "Project"); and

WHEREAS, the Authority desires to issue its 2022 Lease Revenue Bonds Series A (Civic Center Improvements) (the "Bonds") for the purpose of financing the Project, which Bonds will be payable from base rental payments to be paid to the Authority by the City pursuant to the 2017 Lease Agreement, as amended and supplemented by that First Amendment and Supplement to Lease Agreement, between the City and the Authority (the "Lease Agreement Supplement"), upon and the delivery of a municipal bond insurance policy from Assured Guaranty Municipal Corp. ("AGM") and the written consent of AGM; and

WHEREAS, in order to accomplish the Project, the Authority will enter into a First Amendment and Supplement to Ground Lease (the "Ground Lease Amendment") as lessee and the City as lessor, amending and supplementing the Ground Lease dated July 1, 2017, by and between the Authority, as lessee, and the City, as lessor (the "2017 Ground Lease"), pursuant to which the City will lease certain property owned in fee by the City in addition to the property leased under the 2017 Ground Lease and concurrently enter into the Lease Agreement Supplement, the Authority being Lessor and the City being Lessee; and

WHEREAS, the Bonds will be issued under the 2017 Indenture, as amended and supplemented by that First Amendment and Supplement to Indenture (the "Indenture Supplement") by and between the Authority and the Trustee, and secured by the payment of the base rental payments under the 2017 Lease Agreement and Lease Agreement Supplement, and will be payable on a parity with the 2017 Bonds; and

WHEREAS, the Authority will assign its right to receive the base rental payments and the right to exercise remedies under the 2017 Lease Agreement, as amended and supplemented by the Lease Agreement Supplement, to the Trustee under an Assignment Agreement (the "Assignment Agreement"); and

WHEREAS, the City will undertake to construct the Project for the Authority pursuant to an Agency Agreement (the "Agency Agreement") between the City and the Authority; and

WHEREAS, the City and the Authority have been presented with a form of Bond Purchase Agreement (the "Bond Purchase Agreement"), among the Authority, the City and Samuel A. Ramirez & Co., Inc., and Cabrera Capital Markets, LLC, as underwriters for the Bonds (together, the "Underwriters"), which establishes the terms and conditions for the Underwriters to purchase all of the Bonds; and

WHEREAS, there has been presented to the City and the Authority a form of Preliminary Official Statement (the "Preliminary Official Statement") relating to the Bonds, the terms thereof and the security for the Bonds; and

WHEREAS, there has also been presented to the City a form of Continuing Disclosure Certificate to be executed and delivered by the City (the "Continuing Disclosure Certificate"), for the benefit of the owners of the Bonds and in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission, as amended (the "Rule"); and

WHEREAS, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the City Council obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Bonds, good faith estimates of: (a) the true interest cost of the Bonds, (b) the finance charge of the Bonds, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the Bonds received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the Bonds and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds; and

WHEREAS, in accordance with Section 5852.1, the City has obtained such good faith estimates from CSG Advisors Incorporated, the City's municipal advisor (the "Municipal Advisor"), and such estimates are disclosed in Exhibit A attached hereto; and

WHEREAS, the City Council has conducted a noticed public hearing pursuant to Section 6586.5 of the California Government Code and published notice was given in accordance with the terms of the Government Code.

WHEREAS, the City Council wishes at this time to authorize all proceedings relating to the issuance and sale of the Bonds and all other agreements and documents relating thereto.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY OF ONTARIO AS FOLLOWS:

SECTION 1. Findings and Determinations. (a) The City Council finds and determines that it is in the prudent management of the fiscal affairs of the City that the proceeds of the Bonds be used to finance the Project.

(b) Pursuant to the Act, the City Council hereby finds that the issuance of the Bonds by the Authority will result in savings in effective interest rates, underwriting costs and bond issuance costs and thereby result in significant public benefits pursuant to Section 6586 of the Act.

(c) The fair rental value of the leased premises, under the 2017 Lease Agreement, as supplemented under the Lease Agreement Supplement (the "Leased Premises"), exceeds the present value of Base Rental Payments to be made under the 2017 Lease Agreement as amended and supplemented by the Lease Agreement Supplement.

SECTION 2. Approval of Bonds. The City Council hereby approves of the issuance of the Bonds for the purpose of financing the Project by the Authority under and pursuant to the Act provided that the maximum aggregate principal amount of the Bonds shall not exceed $110,000,000.

SECTION 3. Approval of Financing Documents. The City Council hereby approves each of the following documents in the respective forms on file with the City Clerk, together with such additions thereto and changes therein as the Bond Counsel shall deem necessary, desirable or appropriate, the execution of which by the Mayor, the Deputy Mayor, the City Manager or the Executive Director of Finance shall be conclusive evidence of the approval of any such additions and changes.

(a) The Lease Agreement Supplement;

(b) the Ground Lease Amendment; and

(c) the Agency Agreement.

The Mayor, the Deputy Mayor, the City Manager or the Executive Director of Finance is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final forms of each of the above-mentioned documents for and in the name and on behalf of the City.

SECTION 4. Bond Purchase Agreement. Subject to the provisions of Section 5 hereof, the City Manager, the Executive Director of Finance, or his designee is hereby authorized and directed to negotiate and evidence the City's acceptance of the offer made by the Bond Purchase Agreement by executing and delivering the Bond Purchase Agreement in a form as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof so long as the Underwriters' discount (not including any original issue discount) shall not exceed 1.00% of the principal amount of the Bonds. .

SECTION 5. Final Terms of Bonds. The City Manager or the Executive Director of Finance, or his designee based on such advice of City staff and the City's Municipal Advisor as said officer may deem necessary, is hereby authorized and directed to act on behalf of the City to establish and determine (i) the final principal amount of the various maturities of the Bonds, which amount shall not exceed $110,000,000 in the aggregate; and (ii) the true interest cost on the Bonds shall not exceed 6.50%.

SECTION 6. Official Statement. The City Council approves the preparation of, and hereby authorizes the City Manager or the Executive Director of Finance to deem final within the meaning of Rule 15c2-12 of the Securities and Exchange Commission except for permitted omissions, the Preliminary Official Statement, the form of which is on file with the City Clerk together with such changes as may be approved by the officer executing the same. The City Manager or the Executive Director of Finance is hereby authorized to execute a final Official Statement in the name and on behalf of the City, including any modifications resulting from additions thereto and changes therein as the City Attorney and Disclosure Counsel shall deem necessary, desirable or appropriate, with the execution of the final Official Statement by the City Manager or the Executive Director of Finance to be conclusive evidence of the approval of any such additions and changes.

SECTION 7. Approval of Continuing Disclosure Certificate. The Continuing Disclosure Certificate is approved in the form on file with the City Clerk, and the City Manager or the Executive Director of Finance is authorized to execute and deliver said certificate on behalf of the City.

SECTION 8. Official Actions. The Mayor, the Deputy Mayor, the City Manager, the Executive Director of Finance, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including obtaining a rating on the Bonds and a municipal bond insurance policy and a debt reserve fund insurance policy by AGM, and including execution, delivery and recording of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the transactions as described herein in connection with the issuance and sale of the Bonds.

SECTION 9. Effective Date. This Resolution shall take effect upon adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 17h day of May 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER, LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2022- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held May 17, 2022 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2022- duly passed and adopted by the Ontario City Council at their regular meeting held May 17, 2022.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by the Municipal Advisor in consultation with the Underwriters.

Principal Amount. The Municipal Advisor has informed the City that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is **$94,590,000** (the "Estimated Principal Amount") which does not include approximately **$7,135,000** 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 such bonds. Such Estimated Principal Amount and such estimated net premium amount would produce approximately **$101,725,000** of gross proceeds.

True Interest Cost of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 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 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 Bonds, is **4.39%**.

Finance Charge of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate and inclusive of costs attributable to the purchase of a bond insurance or reserve surety policy (which the City would purchase only if the cost of such insurance premiums were less than the interest cost savings attributable thereto), its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is **$1,725,000**.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 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 for the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is **$100,000,000**.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 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 will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is **$186,626,000**(excluding any offsets from any reserves or capitalized interest).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the 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 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the 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 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. Market interest rates are affected by economic and other factors beyond the control of the City.

RESOLUTION NO. OPFA-_____

A RESOLUTION OF THE ONTARIO PUBLIC FINANCING AUTHORITY OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF ITS LEASE REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $110,000,000 IN CONNECTION WITH THE FINANCING OF PUBLIC CAPITAL IMPROVEMENTS, AUTHORIZING AND DIRECTING EXECUTION OF A FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE, A FIRST AMENDMENT AND SUPPLEMENT TO LEASE AGREEMENT, FIRST AMENDMENT TO GROUND LEASE AGREEMENT, ASSIGNMENT AGREEMENT, AND AGENCY AGREEMENT, AUTHORIZING THE SALE OF THE BONDS AND AN OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF RELATED DOCUMENTS.

WHEREAS, the Ontario Public Financing Authority (the "Authority") has been formed pursuant to the laws of the State of California, namely, the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended from time to time (the "Act"), to finance the acquisition and construction of public capital improvements for the City of Ontario (the "City"); and

WHEREAS, for the purpose of refinancing the acquisition and construction of capital projects of the City (the "2017 Project"), the Authority has previously issued 2017 Lease Revenue Refunding Bonds (the "2017 Bonds") under a certain Indenture dated as of July 1, 2017 (the "2017 Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, the 2017 Bonds are payable and secured from Base Rental Payments made by the City with respect to the lease of certain real property and the facilities thereon (the "Leased Premises") pursuant to a Lease Agreement dated as of July 1, 2017 (the "2017 Lease Agreement"); and

WHEREAS, the City has previously leased the Leased Premises to the Authority under a Ground Lease, dated as of July 1, 2017 (the "2017 Ground Lease"); and

WHEREAS, the City has requested the Authority to issue its 2022 Lease Revenue Bonds Series A (Civic Center Improvements) (the "Bonds") for the purpose of providing funds to enable the City to finance the costs of public capital improvements, specifically improvements to the Civic Center, a Fire Administration Building, a new Fire Station No. 1, a parking garage, and a City Hall Annex. (the "Project"); and

WHEREAS, the Bonds will be issued for the purpose of financing the cost of constructing and acquiring the Project, which Bonds are payable from base rental payments to be paid to the Authority by the City pursuant to the 2017 Lease Agreement, as amended and supplemented by that First Amendment and Supplement to Lease Agreement, between the City and the Authority (the "Lease Agreement Supplement"),

and will be payable on a parity with the 2017 Bonds, upon the delivery of a municipal bond insurance policy from Assured Guaranty Municipal Corp. ("AGM") and the written consent of AGM; and

WHEREAS, in order to accomplish the Project, the Authority will enter into a First Amendment and Supplement to Ground Lease (the "Ground Lease Amendment") as lessee and the City as lessor, amending and supplementing the Ground Lease dated July 1, 2017, by and between the Authority, as lessee, and the City, as lessor (the "2017 Ground Lease"), pursuant to which the City will lease certain property owned in fee by the City, in addition to the property leased under the 2017 Ground Lease and concurrently enter into the Lease Agreement Supplement, the Authority being Lessor and the City being Lessee; and

WHEREAS, the Bonds will be issued under the 2017 Indenture, as amended and supplemented by that First Amendment and Supplement to Indenture (the "Indenture Supplement") by and between the Authority and the Trustee and secured by the payment of the base rental payments under the 2017 Lease Agreement and Lease Agreement Supplement; and

WHEREAS, the Authority will assign its right to receive the base rental payments and the rights to exercise remedies under the 2017 Lease Agreement, as amended and supplemented by the Lease Agreement Supplement to the Trustee under an Assignment Agreement (the "Assignment Agreement"); and

WHEREAS, the City will undertake to construct the Project for the Authority pursuant to an Agency Agreement (the "Agency Agreement") between the City and the Authority; and

WHEREAS, the Authority and the City have been presented with a form of Bond Purchase Agreement (the "Bond Purchase Agreement"), among the Authority, the City and Samuel A. Ramirez & Co., Inc., and Cabrera Capital Markets, LLC, as underwriters for the Bonds (together, the "Underwriters"), which establishes the terms and conditions for the Underwriters to purchase all of the Bonds of the Authority; and

WHEREAS, there has been presented to the Authority and the City a form of Preliminary Official Statement (the "Preliminary Official Statement") relating to the Bonds, the terms thereof and the security for the Bonds; and

WHEREAS, the Board of the Authority (the "Board") has duly considered such transactions and has determined that it approves said transactions in the public interests of the City and the Authority.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ONTARIO PUBLIC FINANCING AUTHORITY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. Findings and Determinations. (a) Pursuant to the Act, the Board hereby finds and determines that the issuance of the Bonds will result in savings in effective interest rates, bond underwriting costs and bond issuance costs and thereby result in significant public benefits within the contemplation of Section 6586 of the Act.

(b) The Board finds and determines that the above recitals are true and correct and that the fair rental value of the Leased Premises exceeds the present value of Base Rental Payments to be made under the 2017 Lease Agreement, as amended and supplemented by the Lease Agreement Supplement.

SECTION 2. Issuance of Bonds. The Board hereby authorizes the issuance of the Bonds for the purpose of refinancing the Bonds under and pursuant to the Act, in the maximum aggregate principal amount not to exceed $110,000,000.

SECTION 3. Approval of Financing Documents. The Board hereby approves each of the following documents in substantially the respective forms on file with the Secretary, together with such additions thereto and changes therein as Bond Counsel shall deem necessary, desirable or appropriate, the execution of which by the Chairperson, the Vice Chairperson, the Executive Director, or the Treasurer shall be conclusive evidence of the approval of any such additions and changes:

(1) the Indenture Supplement;
(2) Lease Agreement Supplement;
(3) the Ground Lease Amendment;
(4) the Assignment Agreement; and
(5) the Agency Agreement.

The Chairperson, the Vice Chairperson, the Executive Director or the Treasurer are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of each of the foregoing documents and agreements for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of each of the foregoing documents and agreements.

SECTION 4. Bond Purchase Agreement. Subject to the provisions of Section 5 hereof, the Executive Director, the Treasurer or their designee is hereby authorized and directed to negotiate and evidence the Authority's acceptance of the offer made by the Bond Purchase Agreement by executing and delivering the Bond Purchase Agreement in a form as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof, so long as the Underwriters' discount (not including any original issue discount) shall not exceed 1.00% of the principal amount of the Bonds.

SECTION 5. Final Terms of Bonds. The Executive Director or the Treasurer, or their designee based on such advice of Authority staff and the Authority's financial consultant as said officer may deem necessary, is hereby authorized and directed to act on behalf of the Authority to establish and determine (i) the final principal amount of the various maturities of the Bonds, which amount shall not exceed $110,000,000 in the aggregate; and (ii) the true interest cost on the Bonds shall not exceed 6.50%%.

SECTION 6. Official Statement. The Board hereby approves the preparation of, and hereby authorizes the Executive Director or the Treasurer to deem final within the meaning of Rule 15c2-12 of the Securities and Exchange Commission except for permitted omissions, the Preliminary Official Statement. The Executive Director or the Treasurer are hereby authorized to execute the final Official Statement in the name and on behalf of the Authority, including any modifications resulting from additions thereto and changes therein as Bond Counsel shall deem necessary, desirable or appropriate, with the execution of the final Official Statement by the Chairperson to be conclusive evidence of the approval of any such additions and changes.

SECTION 7. Official Actions. The Chairperson, the Vice Chairperson, the Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including obtaining a rating on the Bonds and a municipal bond insurance policy and a debt service reserve fund insurance policy by AGM, and including execution, delivery and recording of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in connection with the issuance and sale of the Bonds.

SECTION 8. Effective Date. This Resolution shall take effect upon adoption.

The Secretary of the Ontario Public Financing Authority shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 17th day of May 2022.

_____
PAUL S. LEON, CHAIRMAN

ATTEST:

_____
SHEILA MAUTZ, AUTHORITY SECRETARY

APPROVED AS TO FORM:

_____
AUTHORITY COUNSEL

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, Secretary of the Ontario Public Financing Authority, DO HEREBY CERTIFY that the foregoing Resolution No. OPFA- was duly passed and adopted by the Board Members of the Ontario Public Financing Authority at their regular meeting held May 17, 2022, by the following roll call vote, to wit:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

_____
SHEILA MAUTZ, AUTHORITY SECRETARY

(SEAL)

The foregoing is the original of Resolution No. OPFA duly passed and adopted by the Ontario Public Financing Authority at their regular meeting held May 17, 2022

_____
SHEILA MAUTZ, AUTHORITY SECRETARY

(SEAL)

FIRST AMENDMENT AND SUPPLEMENT TO

LEASE AGREEMENT

Dated as of _____, 2022

by and between the

ONTARIO PUBLIC FINANCING AUTHORITY,
as lessor

and the

CITY OF ONTARIO,
as lessee

Relating to
$_____
Ontario Public Financing Authority
2022 Lease Revenue Bonds
Series A
(Civic Center Improvements)

TABLE OF CONTENTS

Page

ARTICLE XI
DEFINITIONS AND EXHIBITS

SECTION 11.01 DEFINITIONS 2
SECTION 11.02 EXHIBITS 3

ARTICLE XII
REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 12.01 REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE CITY 3
SECTION 12.02 REPRESENTATIONS, COVENANTS AND WARRANTIES OF AUTHORITY 4
SECTION 12.03 [COVENANTS OF CITY AND AUTHORITY TO THE INSURER] 5

ARTICLE XIII
THE SERIES 2022 BONDS

SECTION 13.01 THE SERIES 2022 BONDS 6
SECTION 13.02 FINANCING OF PROJECT AND LEASED PREMISES 6
SECTION 13.03 PAYMENT OF COSTS OF ISSUANCE 6

ARTICLE XIV
LEASE AND LEASE AMENDMENT; TERM OF THIS LEASE AGREEMENT SUPPLEMENT; 2022 BASE RENTAL PAYMENTS

SECTION 14.01 LEASE BY AUTHORITY AND LEASE BACK TO CITY 6
SECTION 14.02 TERM OF LEASE AGREEMENT 6
SECTION 14.03 2022 BASE RENTAL PAYMENTS; SECURITY DEPOSIT. 7
SECTION 14.04 OPTIONAL PREPAYMENT 9
SECTION 14.05 QUIET ENJOYMENT 9
SECTION 14.06 TITLE 9
SECTION 14.07 ADDITIONAL RENTAL PAYMENTS 10

ARTICLE XV
MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

SECTION 15.01 MAINTENANCE, UTILITIES, TAXES AND ASSESSMENTS 10
SECTION 15.02 PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE 10
SECTION 15.03 CASUALTY INSURANCE 11
SECTION 15.04 RENTAL INTERRUPTION INSURANCE 11
SECTION 15.05 RECORDATION HEREOF; TITLE INSURANCE 12
SECTION 15.06 NET PROCEEDS OF INSURANCE; FORM OF POLICIES. 12
SECTION 15.07 TAX COVENANTS. 12
SECTION 15.08 PAYMENT OF REBATABLE AMOUNTS 13
SECTION 15.09 CONTINUING DISCLOSURE 13

ARTICLE XVI
DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

TABLE OF CONTENTS
(continued)

Page

SECTION 16.01 EMINENT DOMAIN 14
SECTION 16.02 APPLICATION OF NET PROCEEDS. 14
SECTION 16.03 ABATEMENT OF 2022 BASE RENTAL PAYMENT IN THE EVENT OF DAMAGE OR DESTRUCTION 14

ARTICLE XVII
DISCLAIMER OF WARRANTIES; ACCESS

SECTION 17.01 DISCLAIMER OF WARRANTIES 15
SECTION 17.02 RIGHTS OF ACCESS 15
SECTION 17.03 RELEASE AND INDEMNIFICATION COVENANTS 15

ARTICLE XVIII
ASSIGNMENT, SUBLEASING AND AMENDMENT

SECTION 18.01 ASSIGNMENT BY THE AUTHORITY 15

ARTICLE XIX
MISCELLANEOUS

SECTION 19.01 NOTICES 16
SECTION 19.02 BINDING EFFECT 16
SECTION 19.03 SEVERABILITY 16
SECTION 19.04 NET-NET-NET LEASE 16
SECTION 19.05 FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS 16
SECTION 19.06 EXECUTION IN COUNTERPARTS 17
SECTION 19.07 APPLICABLE LAW 17
SECTION 19.08 AUTHORIZED REPRESENTATIVES 17
SECTION 19.09 CAPTIONS 17

EXHIBIT A - DESCRIPTION OF THE LEASED PREMISES A-1
EXHIBIT B - SCHEDULE OF BASE RENTAL PAYMENTS B-1

FIRST AMENDMENT AND SUPPLEMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT AND SUPPLEMENT TO LEASE AGREEMENT (this "Lease Agreement Supplement"), dated as of _____, 2022, is by and between the ONTARIO PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California, as lessor (the "Authority"), and the CITY OF ONTARIO, a municipal corporation and general law city organized and existing under the laws of the State of California, as lessee (the "City");

W I T N E S S E T H :

WHEREAS, under Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law") the Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities including the City, and to provide financing for public capital improvements of public entities including the City and to lease and lease back such public capital improvements including the land on which the public capital improvements are or will be located; and

WHEREAS, for the purpose of refinancing the acquisition and construction of capital projects of the City (the "2017 Project"), the Authority has previously issued 2017 Lease Revenue Refunding Bonds (the "2017 Bonds") under a certain Indenture dated as of July 1, 2017 (the "2017 Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee; and

WHEREAS, the 2017 Bonds are payable and secured from Base Rental Payments made by the City with respect to the lease of certain real property and the facilities thereon (the "Leased Premises") pursuant to a Lease Agreement dated as of July 1, 2017 (the "2017 Lease Agreement"); and

WHEREAS, the City has previously leased the Leased Premises to the Authority under a Ground Lease, dated as of July 1, 2017 (the "2017 Ground Lease"); and

WHEREAS, for the purpose of financing the acquisition and construction of capital projects of the City (the "Project"), the Authority desires to issued its 2022 Lease Revenue Bonds, Series A (Civic Center Improvements) (the "Series 2022 Bonds") under a certain the 2017 Indenture as amended and supplemented by a First Amendment and Supplement to Indenture dated as of _____, 2022 (the "Indenture Supplement," and together, the "Indenture") by and between the Authority and the Trustee; and

WHEREAS, the City intends to amend and supplement the Leased Premises under the 2017 Lease Agreement by adding property to the description of the Leased Premises thereunder and to the 2017 Ground Lease, and to issue Additional Bonds, payable on a parity with the 2017 Bonds, as specified under the provisions of the 2017 Indenture; and

WHEREAS, the Leased Premises, as amended, the 2017 Project and the Project constitute public capital improvements, as that term is defined in the Bond Law; and

WHEREAS, all conditions to the execution and delivery of this Lease Agreement Supplement have been satisfied and the Authority and the City are duly authorized to execute and deliver this Lease Agreement Supplement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE XI
DEFINITIONS AND EXHIBITS

SECTION 11.01 *Definitions*. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement Supplement shall have the respective meanings specified in Section 1.01 of the Lease Agreement and Section 1.01 of the Indenture. In addition, the following terms heretofore defined in this Lease Agreement and the following terms defined in this Section 11.01 shall, for all purposes of this Lease Agreement, have the respective meanings herein specified.

"Facilities" means all of the buildings, improvements and facilities at any time situated on the Site and described in this Lease Agreement Supplement or amendment hereto and by this reference incorporated herein.

"Ground Lease Supplement" means the First Amendment and Supplement to Ground Lease Agreement, dated as of the date hereof, by and between the City, as lessor, and the Authority, as lessee.

"Indenture Supplement" means the First Amendment and Supplement to Indenture dated as of _____, 2022, by and between the Authority and the Trustee, together with any duly authorized and executed amendments thereto.

"Leased Premises" means the Site and Facilities subject to the provisions of Section 4.08 of the Lease Agreement and Section 14.01 hereof, described in Exhibit A attached hereto and by this reference incorporated herein.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid pursuant to Article V of the 2017 Lease Agreement; (b) the Lease Agreement, the Indenture, the Assignment Agreement, the 2017 Assignment Agreement and any other agreement or other document contemplated hereunder to be recorded against the Leased Premises; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) leases for the installment and operation of cell towers and other communication equipment which does not interfere with the use and occupancy of the City; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist on record and which the City certifies in writing will not materially impair the use of the Leased Premises for their intended purposes.

"Site" means all of the land described in Exhibit A attached hereto and by this reference incorporated herein.

"Term" means the time during which this Lease Agreement is in effect, as provided in Section 14.02.

"Trustee" means The Bank of New York Mellon Trust Company, N.A. or any successor thereto acting as Trustee pursuant to the Indenture.

"2017 Assignment Agreement" means the Assignment Agreement, dated as of July 1, 2017, by and between the City and the Authority.

"2022 Base Rental Payments" means the amounts payable by the City pursuant to Section 14.03 hereunder, including any prepayment thereof pursuant to this Lease supplement and any amounts payable in the event of a delinquency thereof.

SECTION 11.02 *Exhibits*. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement.

Exhibit A: Description of the Leased Premises.

Exhibit B: Schedule of 2022 Base Rental Payments.

ARTICLE XII
REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 12.01 *Representations, Covenants and Warranties of the City*. The City makes the following covenants, representations and warranties to the Authority as of the date of the execution and delivery of this Lease Agreement Supplement:

(a) Due Organization and Existence. The City is a municipal corporation duly organized and validly existing under the laws of the State, has full legal right, power and authority under the laws of the State to enter into this Lease Agreement Supplement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery of this Lease Agreement Supplement.

(b) Due Execution. The representatives of the City executing this Lease Agreement Supplement have been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council of the City.

(c) Valid, Binding and Enforceable Obligations. This Lease Agreement Supplement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with the terms hereof.

(d) No Conflicts. The execution and delivery of this Lease Agreement Supplement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or

administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement Supplement or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease Agreement Supplement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease Agreement Supplement, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement Supplement or the financial conditions, assets, properties or operations of the City.

(g) Essentiality. The Leased Premises constitute property that is essential to carrying out the governmental functions of the City.

SECTION 12.02 *Representations, Covenants and Warranties of Authority*. The Authority makes the following covenants, representations and warranties to the City as of the date of the execution and delivery of this Lease Agreement Supplement:

(a) Due Organization and Existence. The Authority is a joint powers authority duly organized and existing under and by virtue of the laws of the State; has power to enter into this Lease Agreement Supplement and the Indenture Supplement; is possessed of full power to own and hold, improve and equip real and personal property, and to lease and lease back the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) Due Execution. The representatives of the Authority executing this Lease Agreement Supplement and the Indenture Supplement are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) Valid Binding and Enforceable Obligations. This Lease Agreement Supplement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of this Lease Agreement Supplement and the Indenture Supplement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement Supplement and the Indenture Supplement or the financial condition, assets, properties or operations of the Authority.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease Agreement Supplement or the Indenture Supplement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease Agreement Supplement or the Indenture Supplement, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement Supplement or the Indenture Supplement or the financial conditions, assets, properties or operations of the Authority.

SECTION 12.03 [*Covenants of City and Authority to the Insurer*].

ARTICLE XIII
THE SERIES 2022 BONDS

SECTION 13.01 *The Series 2022 Bonds*. The Authority has authorized the issuance of the Series 2022 Bonds pursuant to the Indenture in the aggregate principal amount of _____ Dollars ($_____). The Authority agrees that the proceeds of sale of the Series 2022 Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the 2017 Indenture and this Indenture Supplement. The City hereby approves the Indenture, the assignment to the Trustee of the rights of the Authority assigned or purported to be assigned thereunder, and the issuance of the Series 2022 Bonds by the Authority thereunder.

SECTION 13.02 *Financing of Project and Leased Premises*. In order to pay the Authority's lease payment for the Leased Premises hereunder, on the Closing Date, the Authority and the City shall execute all documents and take all action as may be required to finance the Project and cause the Project to be completed with funds on deposit in the Improvement Fund and such other funds of the City, as needed.

SECTION 13.03 *Payment of Costs of Issuance*. Payment of all Costs of Issuance shall be made from the moneys deposited with the Trustee in the Costs of Issuance Fund, which moneys shall be disbursed for such purpose in accordance with Section 14.03 of the Indenture. Any Costs of Issuance for the payment of which insufficient funds shall be available on deposit in the Costs of Issuance Fund, shall be paid by the City.

ARTICLE XIV
LEASE AND LEASE AMENDMENT; TERM OF THIS LEASE AGREEMENT SUPPLEMENT; 2022 BASE RENTAL PAYMENTS

SECTION 14.01 *Lease by Authority and Lease Back to City*. In consideration of the payment of $_____ by the Authority less the Underwriter's Bond discount and less the payment of Costs of Issuance, and in consideration of the execution of this Lease Agreement Supplement by the City, and other good and valuable consideration, the Authority hereby leases the Leased Premises to the City, and the City hereby leases the Leased Premises from the Authority, upon the terms and conditions set forth in the Lease Agreement. The City hereby takes possession of the Leased Premises on the Closing Date. The 2017 Lease Agreement is hereby amended to include all of the Leased Premises described in Exhibit B to this Lease Agreement Amendment.

SECTION 14.02 *Term of Lease Agreement*. The Term of this Lease Agreement Supplement shall commence on _____, 2022 and shall end on November 1, 2052, unless such term is extended as hereinafter provided or unless Rental Payments have been paid or prepaid in full or provision shall have been made for such payment pursuant to Section 14.03(g) hereof. If on November 1, 2052, the Indenture shall not be discharged by its terms or if the Rental Payments payable hereunder shall have been abated at any time and for any reason, then the Term of this Lease Agreement Supplement shall be extended until the earlier of November 1, 2062, or the date

the Indenture shall be discharged by its terms. If prior to November 1, 2052, the Indenture shall be discharged by its terms and any amounts then owed to the Trustee have been paid in full, the Term of this Lease Agreement shall thereupon end.

SECTION 14.03 *2022 Base Rental Payments; Security Deposit.*

(a) Obligation to Pay. In consideration of the lease and lease back by the Authority of the Leased Premises and in consideration of the issuance of the Series 2022 Bonds by the Authority for the purpose of financing the Project, and subject to the provisions of Sections 16.01 and 16.03, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Leased Premises during each Fiscal Year, the 2022 Base Rental Payments (denominated into components of principal and interest) for the Leased Premises in the respective amounts specified in Exhibit B hereto, to be due and payable each respective Base Rental Deposit Date specified in Exhibit B hereto. Any amount held in the Base Rental Payment Fund, the Interest Fund, and the Principal Fund, or the Reserve Account in the final year of the Base Rental Payments (other than amounts resulting from the prepayment of the Base Rental Payments in part but not in whole pursuant to Section 14.04) on any Base Rental Deposit Date shall be credited towards the 2022 Base Rental Payment then due and payable. The 2022 Base Rental Payments coming due and payable in any Fiscal Year shall be for the use of the Leased Premises for such Fiscal Year. For purposes of making payments on the Series 2022 Bonds, the City shall deliver the 2022 Base Rental Payments to the Trustee no later than the Base Rental Deposit Date.

(b) Effect of Prepayment. In the event that the City prepays all 2022 Base Rental Payments in full pursuant to Section 14.05, the City's obligations under this Lease Agreement Supplement shall thereupon cease and terminate, including but not limited to the City's obligation to pay 2022 Base Rental Payments under this Section 14.03. In the event that the City prepays the 2022 Base Rental Payments in part but not in whole pursuant to Section 14.05, the Authority shall provide, or cause to be provided, to the Trustee and the City a revised schedule of 2022 Base Rental Payments due after such partial prepayment, which revised schedule of 2022 Base Rental Payments shall be sufficient to provide for the scheduled payment of remaining principal of and interest on the Series 2022 Bonds, and which schedule shall represent an adjustment to the schedule of 2022 Base Rental Payments set forth in Exhibit B hereto after taking into account said partial prepayment.

(c) Rate on Overdue Payments. In the event the City should fail to make any of the payments required in this Section 14.03, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum equal to the average interest rate on the Series 2022 Bonds. Such interest, if received, shall be deposited in the Base Rental Payment Fund.

(d) Fair Rental Value. The 2022 Base Rental Payments and Additional Rental Payments coming due and payable hereunder in each Fiscal Year and the 2017 Base Rental

Payments coming due under the 2017 Lease Agreement, shall constitute the total rental for the Leased Premises for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Premises during each Fiscal Year. The parties hereto have agreed and determined that the total amount of such 2022 Base Rental Payments, 2017 Base Rental Payments and Additional Rental Payments for the Leased Premises do not exceed the fair rental value of the Leased Premises. In making such determination, consideration has been given to the obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public.

(e) Source of Payments; Budget and Appropriation. The 2022 Base Rental Payments shall be payable from any source of available funds of the City, subject to the provisions of Sections 16.01 and 16.03. The City covenants to take such action as may be necessary to include all 2022 Base Rental Payments and Additional Rental Payments due hereunder in each of its budgets during the Term of the Lease Agreement Supplement and to make the necessary annual appropriations for all such 2022 Base Rental Payments and Additional Rental Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial 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 the Lease Agreement agreed to be carried out and performed by the City.

The City and the Authority understand and intend that the obligation of the City to pay 2022 Base Rental Payments and other payments hereunder constitutes a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the City. 2022 Base Rental Payments due hereunder shall be payable only from current funds which are budgeted and appropriated, or otherwise legally available, for the purpose of paying 2022 Base Rental Payments or other payments due hereunder as consideration for use of the Leased Premises during the Fiscal Year for which such funds were budgeted and appropriated or otherwise made legally available for such purpose. The Lease Agreement shall not create an immediate indebtedness for any aggregate payments which may become due hereunder. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the 2022 Base Rental Payments or any other payments due hereunder, the Series 2022 Bonds or the interest thereon.

(f) Assignment. The City understands and agrees that all 2022 Base Rental Payments have been assigned by the Authority to the Trustee in trust, pursuant to the Indenture, for the benefit of the Owners of the Series 2022 Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the 2022 Base Rental Payments to the Trustee at its Office.

(g) Security Deposit. Notwithstanding any other provision of the Lease Agreement, the City may on any date secure the payment of the 2022 Base Rental Payments

in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, is either (a) sufficient to pay such 2022 Base Rental Payments, including the principal and interest components thereof, in accordance with the related 2022 Base Rental Payment schedule set forth in Exhibit B, or (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such 2022 Base Rental Payments when due hereunder or on any optional prepayment date pursuant to Section 14.04, as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of 2022 Base Rental Payments in accordance with the provisions of the Lease Agreement. In connection with the making of any such security deposit, the Authority shall take, and shall cause the Trustee to take, any actions necessary to remove the appropriate portions of the Leased Premises from the lien of the Lease Agreement.

(h) Delinquent 2022 Base Rental Payments. Any delinquent 2022 Base Rental Payment shall be made to the Trustee for application as set forth in the Indenture.

SECTION 14.04 *Optional Prepayment*. The City shall have the option to prepay the principal components of the 2022 Base Rental Payments in whole, or in part in any integral multiple of $5,000, on any date on or after November 1, 20__, by paying a prepayment price equal to the aggregate principal components of the 2022 Base Rental Payments to be prepaid, together with a prepayment premium equal to the premium (if any) required to be paid on the corresponding redemption of the Series 2022 Bonds pursuant to Section 15.01(b) of the Indenture Supplement and together with accrued interest to the prepayment date. Such prepayment price (except the interest portion thereof, which shall be deposited into the Interest Fund) shall be deposited by the Trustee in the Redemption Fund to be applied to the redemption of Series 2022 Bonds pursuant to Section 15.01(b) of the Indenture. The Authority shall give the Trustee written notice of the City's intention to exercise its option not less than sixty (60) days in advance of the date of exercise or such shorter period acceptable to the Trustee. Notwithstanding any such prepayment, as long as any Series 2022 Bonds remain Outstanding or any Additional Rental Payments remain unpaid, the City shall not be relieved of its obligations hereunder as to such Series 2022 Bonds or such Additional Rental Payments.

SECTION 14.05 *Quiet Enjoyment*. During the Term of this Lease Agreement Supplement, the Authority shall provide the City with quiet use and enjoyment of the Leased Premises, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Leased Premises without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement Supplement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Leased Premises as provided in Section 17.02.

SECTION 14.06 *Title*. During the Term of the Lease Agreement Supplement, the Authority shall hold a leasehold in the Leased Premises, and in any and all additions which comprise fixtures, repairs, replacements or modifications to the Leased Premises, except for those fixtures, repairs, replacements or modifications which are added to the Leased Premises by the

City at its own expense and which may be removed without damaging the Leased Premises and except for any items added to the Leased Premises by the City pursuant to this Lease Agreement Supplement. All right, title and interest of the Authority in and to the Leased Premises shall be transferred to and vested in the City if (a) the City pays all of the 2022 Base Rental Payment and Additional Rental Payments during the Term of this Lease Agreement Supplement as the same become due and payable, or if the City posts a security deposit for payment of the 2022 Base Rental Payments pursuant to Section 14.03(g) or prepays the 2022 Base Rental Payments pursuant to Section 14.04, and (b) if the City has paid in full all of the Additional Rental Payments coming due and payable as of the date of such prepayment; and provided in any event that no Event of Default shall have occurred and be continuing. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

SECTION 14.07 *Additional Rental Payments*. In addition to the 2022 Base Rental Payments, the City shall pay when due the following items of Additional Rental Payments as set forth in the 2017 Lease Agreement.

ARTICLE XV
MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

SECTION 15.01 *Maintenance, Utilities, Taxes and Assessments*. Throughout the Term of this Lease Agreement Supplement, as part of the consideration for the rental of the Leased Premises, all improvement, repair and maintenance of the Leased Premises shall be the responsibility of the City and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Premises which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the 2022 Base Rental Payments herein provided, the Authority agrees to provide only the Leased Premises, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of the Lease Agreement.

SECTION 15.02 *Public Liability and Property Damage Insurance*. The City shall maintain or cause to be maintained throughout the Term of this Lease Agreement Supplement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard comprehensive general insurance policy or policies in protection of the Authority, City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $500,000 of damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy or policies in the amount of $3,000,000 (subject to a deductible clause of not to exceed $100,000) covering all such risks. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City shall deem

adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.04 of the Lease Agreement, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. In the case of the City's self-insurance of public liability and workers' compensation, the City may maintain a self-insured retention, and pay up to $500,000 of each liability claim and up to $350,000 of each worker's compensation claim, so long as the provisions of Section 5.04(b) of the Lease Agreement have been met. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

SECTION 15.03 *Casualty Insurance*. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement Supplement, insurance against loss or damage to any Facilities by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, if required, shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the judgment of the City's risk manager. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of the Facilities, or (b) the aggregate unpaid principal components of the 2022 Base Rental Payments allocable to the Facilities. Such insurance may be subject to such deductibles as the City shall deem prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The Net Proceeds of such insurance shall be applied as provided in Section 16.02(a) hereof.

Each policy of insurance to be maintained by the City pursuant to this Section 15.03 shall (a) provide for the full payment of insurance proceeds up to the applicable dollar limit in connection with damage to the Leased Premises and shall, under no circumstances, be contingent upon the degree of damage sustained at other facilities owned or leased by the City; and (b) explicitly waive any co-insurance penalty.

SECTION 15.04 *Rental Interruption Insurance*. In addition to amounts required for the Base Rental Payments relating to the Series 2017 Bonds, the City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement Supplement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any Facilities to be constructed on the Leased Premises, as a result of any of the hazards covered by the insurance required by Section 15.03, in an amount at least equal to the maximum 2022 Base Rental Payments allocable to the Facilities coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The City shall not use self-insurance for rental interruption insurance. The proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Base Rental Payment Fund, and shall be applied for the uses and purposes set forth in Article XIV of the Indenture.

SECTION 15.05 *Recordation Hereof; Title Insurance*. On or before the Closing Date the City shall, at its expense, (a) cause this Lease Agreement Supplement, or a memorandum hereof in form and substance approved by Bond Counsel, to be recorded in the office of the San Bernardino County Recorder and (b) obtain a CLTA policy of title insurance insuring the City's leasehold estate hereunder, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Series 2022 Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be applied to the redemption of the Series 2022 Bonds pursuant to Section 15.01(d) of the Indenture.

SECTION 15.06 *Net Proceeds of Insurance; Form of Policies*.

(a) Each policy of insurance maintained pursuant to Sections 15.02, 15.03, 15.04 and 15.05 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee and shall name the Authority, the City and the Trustee as insureds. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement Supplement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee annually, no later than July 1 in each year, beginning on July 1, 2022, a certificate stating that all of the insurance policies required by the Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

(b) In the event that any insurance maintained pursuant to Section 15.02 shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from such reserves. The Trustee shall not be responsible for the sufficiency or adequacy of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(c) If the City shall fail to perform any of its obligations under this Article XV, the Authority or the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as soon as possible, with interest at the rate payable by the Authority on the Series 2022 Bonds from the date of the advance to the date of repayment.

SECTION 15.07 *Tax Covenants*.

The City shall use the portion of the Facilities or Project financed with the Series 2022 Bonds in furtherance of its governmental activities and further covenants for the benefit of the Authority and the Owners of the Series 2022 Bonds that:

(a) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of the initial issuance and delivery of the Series 2022 Bonds, would have caused any of the Series 2022 Bonds to be "arbitrage bonds" within the meaning of Section 103(b) and Section 148 of the Code;

(b) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial issuance and delivery of the Series 2022 Bonds, would result in loss of exclusion from gross income for purposes of federal income taxation under Section 103(a) of the Code of interest to the Series 2022 Bonds;

(c) In order to maintain the exclusion from gross income for purposes of federal income taxation of interest paid with respect to the Series 2022 Bonds, it will comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code.

The covenants of the City contained in this Section 15.07 shall survive the payment, redemption or defeasance of the Series 2022 Bonds.

SECTION 15.08 *Payment of Rebatable Amounts*. The City agrees to furnish all information to, and cooperate fully with, the Authority and their respective officers, employees, agents and attorneys, in order to assure compliance with the provisions of Section 16.06 of the Indenture. In the event that the Authority shall determine, pursuant to Section 16.06 of the Indenture, that any amounts are due and payable to the United States of America thereunder and that neither the Authority nor the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the funds and accounts established for the payment of the principal of or interest or redemption premium, if any, on the Series 2022 Bonds) to make such payment, the Authority shall promptly notify the City of such fact. Upon receipt of any such notice, the City shall promptly pay the amounts determined by the Authority to be due and payable to the United States of America under such Section 16.06 of the Indenture, such payments to be made in accordance with the applicable provisions of the Code.

SECTION 15.09 *Continuing Disclosure*. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of its Continuing Disclosure Certificate with respect to the Series 2022 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of the Lease Agreement, failure of the City to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner may take such actions, as provided in such Continuing Disclosure, Certificate as may be necessary and appropriate to cause the City to comply with its obligations under such Continuing Disclosure Certificate.

ARTICLE XVI
DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 16.01 *Eminent Domain*. If all of the Leased Premises shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement Supplement shall cease as of the day possession shall be so taken. If less than all of the Leased Premises shall be taken permanently, or if all of the Leased Premises or any part thereof shall be taken temporarily under the power of eminent domain, (a) this Lease Agreement Supplement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of 2022 Base Rental Payments in an amount to be agreed upon by the City and the Authority such that the resulting 2022 Base Rental Payments for the Leased Premises represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Premises.

SECTION 16.02 *Application of Net Proceeds*.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Premises by fire or other casualty shall be deposited in the Net Insurance Proceeds Fund by the Trustee and applied in accordance with Section 5.08 of the 2017 Indenture and Section 15.01(c) of the Indenture Supplement.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award resulting from any event described in Section 16.01 shall be deposited in the Redemption Fund, as applicable, by the Trustee and applied in accordance with Section 5.08 of the 2017 Indenture and Section 15.01(c) of the Indenture Supplement.

SECTION 16.03 *Abatement of 2022 Base Rental Payment in the Event of Damage or Destruction*. The 2022 Base Rental Payments allocable to the Leased Premises shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof. The amounts of the 2022 Base Rental Payments under such circumstances may not be less than the amounts of the unpaid 2022 Base Rental Payments, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Premises not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the 2022 Base Rental Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there may be no abatement of 2022 Base Rental Payments to the extent that (a) the proceeds of rental interruption insurance are available to pay 2022 Base Rental Payments, or (b) amounts in the Base Rental Payment Fund are available to pay 2022 Base Rental Payments which would otherwise be abated.

ARTICLE XVII
DISCLAIMER OF WARRANTIES; ACCESS

SECTION 17.01 *Disclaimer of Warranties*. Neither the Authority nor the Trustee makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Leased Premises, or any other representation or warranty with respect to the Leased Premises. In no event shall the Authority, the Trustee, and their respective assigns be liable for incidental, indirect, special or consequential damages in connection with or arising out of this Lease Agreement Supplement or the Indenture Supplement for the existence, furnishing, functioning or the City's use of the Leased Premises.

SECTION 17.02 *Rights of Access*. The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Premises. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns shall have such rights of access to the Leased Premises as may be reasonably necessary to cause the proper maintenance of the Leased Premises in the event of failure by the City to perform its obligations hereunder.

SECTION 17.03 *Release and Indemnification Covenants*. The City shall and hereby agrees to indemnify and save the Authority, the Trustee, and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Premises by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement Supplement, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Premises, (d) the use, presence, storage, disposal of any Hazardous Substances on or about the Leased Premises, or (e) any act or negligence of any sublessee of the City with respect to the Leased Premises. No indemnification is made under this Section 17.03 or elsewhere in this Lease Agreement Supplement for willful misconduct, negligence under this Lease Agreement Supplement by the Authority or the Trustee or any of their respective officers, agents, employees, successors or assigns.

ARTICLE XVIII
ASSIGNMENT, SUBLEASING AND AMENDMENT

SECTION 18.01 *Assignment by the Authority*. The Authority's rights under this Lease Agreement Supplement, including the right to receive and enforce payment of the 2022 Base Rental Payments to be made by the City under this Lease Agreement Supplement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Series 2022 Bonds pursuant to the Indenture Supplement, to which pledge and assignment the City hereby consents. The assignment of this Lease Agreement Supplement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture Supplement, including, without limitation, the provisions of Article XIX thereof.

ARTICLE XIX
MISCELLANEOUS

SECTION 19.01 *Notices*. All written notices to be given under this Lease Agreement shall be given by first class mail, overnight mail, facsimile transmission, electronic mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) otherwise, upon actual receipt. The Authority, the City, the Insurer or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Ontario Public Financing Authority
303 East B Street
Ontario, CA 91764
Attention: Executive Director of Finance
Fax No.: (909) 395-2385

If to the City: City of Ontario
303 East B Street
Ontario, CA 91764
Attention: City Manager
Fax No.: (909) 395-2385

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust

If to the Insurer: Per the instructions of Section 17.05 of the Indenture Supplement.

SECTION 19.02 *Binding Effect*. This Lease Agreement Supplement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

SECTION 19.03 *Severability*. In the event any provision of this Lease Agreement Supplement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 19.04 *Net-net-net Lease*. The 2017 Lease Agreement and this Lease Agreement Supplement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the 2022 Base Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 19.05 *Further Assurances and Corrective Instruments*. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased

Premises hereby leased or intended so to be or for carrying out the expressed intention of the 2017 Lease Agreement and this Lease Agreement Supplement.

SECTION 19.06 *Execution in Counterparts*. This Lease Agreement Supplement 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 19.07 *Applicable Law*. This Lease Agreement Supplement shall be governed by and constructed in accordance with the laws of the State.

SECTION 19.08 *Authorized Representatives*. Whenever under the provisions of this Lease Agreement Supplement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

SECTION 19.09 *Captions*. The captions or headings in this Lease Agreement are Supplement for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the Authority has caused this Lease Agreement Supplement to be executed in its corporate name by its duly authorized officers; and the City has caused this Lease Agreement Supplement to be executed in its name by its duly authorized officers, as of the date first above written.

ONTARIO PUBLIC FINANCING AUTHORITY

By_____
Scott Ochoa
Executive Director

Attest:

_____
Sheila Mautz
Secretary

CITY OF ONTARIO

By_____
Scott Ochoa
City Manager

Attest:

_____
Sheila Mautz
City Clerk

-Signature Page-

First Amended and Supplement to Lease Agreement

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT CIVIL CODE § 1189

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

DESCRIPTION OF THE LEASED PREMISES

EXHIBIT B

SCHEDULE OF 2022 BASE RENTAL PAYMENTS

Interest Payment Date	Principal Component	Interest Component	Semi-Annual 2022 Base Rental Payment

FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE

Dated as of _____, 2022

by and between

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as trustee

and the

ONTARIO PUBLIC FINANCING AUTHORITY

Authorizing the Issuance of
$_____
Ontario Public Financing Authority
2022 Lease Revenue Bonds
Series A
(Civic Center Improvements)

TABLE OF CONTENTS

Page

ARTICLE XII
DEFINITIONS; RULES OF INTERPRETATION

SECTION 12.01 DEFINITIONS 2
SECTION 12.02 INTERPRETATION 4

ARTICLE XIII
THE SERIES 2022 BONDS

SECTION 13.01 AUTHORIZATION OF BONDS 4
SECTION 13.02 TERMS OF THE SERIES 2022 BONDS 5
SECTION 13.03 FORM AND EXECUTION OF BONDS 6

ARTICLE XIV
ISSUANCE OF SERIES 2022 BONDS; APPLICATION OF PROCEEDS; RESERVE FUND

SECTION 14.01 ISSUANCE OF THE SERIES 2022 BONDS 6
SECTION 14.02 APPLICATION OF PROCEEDS AT CLOSING 6
SECTION 14.03 ESTABLISHMENT AND APPLICATION OF COSTS OF ISSUANCE FUND 6
SECTION 14.04 IMPROVEMENT FUND 6
SECTION 14.05 DEPOSIT TO RESERVE FUND AND PROVISIONS RELATING TO RESERVE FUND SURETY BOND 7
SECTION 14.06 PROVISIONS RELATING TO MUNICIPAL BOND INSURANCE 7
SECTION 14.07 VALIDITY OF SERIES 2022 BONDS 7

ARTICLE XV
REDEMPTION OF SERIES 2022 BONDS

SECTION 15.01 TERMS OF REDEMPTION. 7
SECTION 15.02 SELECTION OF SERIES 2022 BONDS FOR REDEMPTION 8
SECTION 15.03 NOTICE OF REDEMPTION 9
SECTION 15.04 PARTIAL REDEMPTION OF SERIES 2022 BONDS 9
SECTION 15.05 EFFECT OF REDEMPTION 9

ARTICLE XVI
PARTICULAR COVENANTS

SECTION 16.01 PUNCTUAL PAYMENT 10
SECTION 16.02 EXTENSION OF PAYMENT OF SERIES 2022 BONDS 10
SECTION 16.03 AGAINST ENCUMBRANCES 10
SECTION 16.04 POWER TO ISSUE SERIES 2022 BONDS AND MAKE PLEDGE AND ASSIGNMENT 10

TABLE OF CONTENTS
(continued)

Page

SECTION 16.05	ACCOUNTING RECORDS AND FINANCIAL STATEMENTS	10
SECTION 16.06	TAX COVENANTS.	11
SECTION 16.07	LEASE AGREEMENT	12
SECTION 16.08	WAIVER OF LAWS	12
SECTION 16.09	FURTHER ASSURANCES	12
SECTION 16.10	LEASED PREMISES	12

ARTICLE XVII
MISCELLANEOUS

SECTION 17.01	LIABILITY OF AUTHORITY LIMITED TO 2022 BASE RENTAL PAYMENTS	12
SECTION 17.02	LIMITATION OF RIGHTS TO PARTIES AND BOND OWNERS	12
SECTION 17.03	FUNDS AND ACCOUNTS	13
SECTION 17.04	SEVERABILITY OF INVALID PROVISIONS	13
SECTION 17.05	NOTICES	13
SECTION 17.06	THE INSURER AS THIRD PARTY BENEFICIARY	14
SECTION 17.07	WAIVER OF PERSONAL LIABILITY	14
SECTION 17.08	BENEFIT OF PARTIES	14
SECTION 17.09	SUCCESSOR IS DEEMED INCLUDED IN ALL REFERENCES TO PREDECESSOR	14
SECTION 17.10	EXECUTION IN SEVERAL COUNTERPARTS	14
SECTION 17.11	GOVERNING LAW	14

EXHIBIT A - FORM OF BOND A-1
EXHIBIT B – DESCRIPTION OF PROJECT B-1

FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE

This FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE (this "Indenture Supplement"), made and entered into _____, 2022, is by and between the ONTARIO PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the "Authority"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, organized and existing under the laws of the United States of America, as trustee (the "Trustee");

W I T N E S S E T H :

WHEREAS, under Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act") the Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities including the City, and to provide financing for public capital improvements of public entities including the City and to lease and lease back such public capital improvements including the land on which the public capital improvements are or will be located; and

WHEREAS, for the purpose of refinancing the acquisition and construction of capital projects of the City (the "2017 Project"), the Authority has previously issued 2017 Lease Revenue Refunding Bonds (the "2017 Bonds") under a certain Indenture dated as of July 1, 2017 (the "2017 Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee; and

WHEREAS, the 2017 Bonds are payable and secured from Base Rental Payments made by the City with respect to the lease of certain real property and the facilities thereon (the "Leased Premises") pursuant to a Lease Agreement dated as of July 1, 2017 (the "2017 Lease Agreement"); and

WHEREAS, the City has previously leased the Leased Premises to the Authority under a Ground Lease, dated as of July 1, 2017 (the "2017 Ground Lease"); and

WHEREAS, for the purpose of financing the acquisition and construction of capital projects of the City (the "Project"), the Authority desires to issue its 2022 Lease Revenue Bonds, Series A (Civic Center Improvements) (the "Series 2022 Bonds") under the 2017 Indenture as amended and supplemented by a First Amendment and Supplement to Indenture dated as of _____, 2022 (the "Indenture Supplement," and together, the "Indenture") by and between the Authority and the Trustee; and

WHEREAS, the City intends to amend and supplement the Leased Premises under the 2017 Lease Agreement by adding property to the description of the Leased Premises thereunder and to the 2017 Ground Lease, and to issue Additional Bonds on a parity lien with the 2017 Bonds as specified under the provisions of the 2017 Indenture; and

WHEREAS, the Authority has assigned its right to receive 2022 Base Rental Payments and the right to enforce remedies under the Lease Agreement to the Trustee pursuant to an

Assignment Agreement, dated the date hereof and by and between the Authority and the Trustee; and

WHEREAS, the Leased Premises, the 2017 Project, and the Project constitute a public capital improvement, as that term is defined in the Act; and

WHEREAS, the City wishes to finance the 2017 Project; and

WHEREAS, the Authority and the City propose to lease and lease back the Leased Premises as provided in the Lease Agreement (defined herein), such lease back to the City being for the purpose (among others) of providing amounts sufficient to provide for the payment of the principal of and interest on the Bonds (as defined herein); and

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

NOW, THEREFORE, THIS FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Series 2022 Bonds at any time issued and outstanding under this Indenture Supplement, 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 Series 2022 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 Series 2022 Bonds by the owners thereof, and for other valuable considerations, the receipt and adequacy whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Series 2022 Bonds, as follows:

ARTICLE XII
DEFINITIONS; RULES OF INTERPRETATION

SECTION 12.01 *Definitions*. Unless the context otherwise requires, the terms defined in this Section 12.01 shall, for all purposes of this Indenture Supplement and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. In addition, all capitalized terms used herein and not otherwise defined in this Section 12.01 shall have the respective meanings given such terms in the 2017 Indenture and Section 11.01 of the Lease Agreement Supplement.

"Bond Counsel" means (a) Best Best & Krieger LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Year" means each twelve-month period extending from November 2 in one calendar year to November 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year shall commence on the Closing Date and extend to and including November 1, 2022.

"Closing Date" means _____, 2022, being the date of delivery of the Bonds to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended.

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds and the application of the proceeds of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority, initial fees and expenses of the Trustee and its counsel, title insurance premiums, appraisal fees, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Improvement Fund" means the fund by that name established pursuant to Section 3.04 hereof.

["Insured Series 2022 Bonds" means the Bonds which mature November 1, ____ through and including November 1, ____.]

["Insurer" means _____, or any successor thereto.]

"Interest Payment Date" means each May 1 and November 1 commencing November 1, 2022.

"Lease Agreement Supplement" means that certain First Amendment and Supplement to Lease Agreement, dated as of _____, 2022, by and between the Authority, as lessor, and the City, as lessee.

"Original Purchaser" _____, as the original purchasers of the Series 2022 Bonds upon their delivery by the Trustee on the Closing Date.

["Policy" shall mean the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Series 2022 Bonds when due.]

"Serial Series 2022 Bonds" means the Bonds maturing on November 1 in each of the years ____ through ____.

"Series 2022 Bonds" means the $_____ aggregate principal amount of Ontario Public Financing Authority 2022 Lease Revenue Bonds, Series A (Civic Center Improvements), authorized by and at any time Outstanding pursuant to this Indenture.

"Term Series 2022 Bonds" means the Bonds maturing on November 1, _____ and on November 1, _____.

"2022 Assignment Agreement" means the Assignment Agreement, dated as of _____, 2022, by and between the Authority, as assignor, and the Trustee, as assignee.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority by its Authorized Authority Representative or the City by its Authorized City Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

SECTION 12.02 *Interpretation*.

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

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

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

ARTICLE XIII
THE SERIES 2022 BONDS

SECTION 13.01 *Authorization of Bonds*. The Authority hereby authorizes the issuance hereunder of the Series 2022 Bonds, which shall constitute special obligations of the Authority, for the purpose of providing funds to the Authority to finance the Project and the acquisition of the Leased Premises by the City under the Lease Agreement. The Series 2022 Bonds are hereby designated the "Ontario Public Financing Authority 2022 Lease Revenue Bonds, Series A (Civic Center Improvements)." The aggregate principal amount of Series 2022 Bonds initially issued and Outstanding under this Indenture Supplement shall equal _____ Dollars ($_____). This Indenture Supplement, together with the 2017 Indenture, constitutes a continuing agreement with the Trustee and the Owners from time to time of the Series 2022 Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Series 2022 Bonds, subject to the covenants, provisions and conditions herein contained.

SECTION 13.02 *Terms of the Series 2022 Bonds*. The Series 2022 Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. The Series 2022 Bonds shall mature on November 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

Maturity Date (November 1)	Amount	Interest Rate

---

* Insured maturities

T Term Series 2022 Bonds

Interest on the Series 2022 Bonds shall be payable semi-annually calculated based on a 360-day year of twelve thirty day months on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owner at the address of such Owner as its appears on the Registration Books; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Series 2022 Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Trustee at least five (5) days before the applicable Record Date. Principal of any Series 2022 Bond and any premium upon redemption shall be paid by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee. Principal of and interest and premium (if any) on the Series 2022 Bonds shall be payable in lawful money of the United States of America.

Each Series 2022 Bond shall be dated as of the Closing Date, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before October 15, 2022, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Series 2022 Bond, interest thereon is in default, such Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

SECTION 13.03 *Form and Execution of Bonds*. Only such of the Series 2022 Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture Supplement, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture Supplement.

ARTICLE XIV
ISSUANCE OF SERIES 2022 BONDS; APPLICATION OF PROCEEDS; RESERVE FUND

SECTION 14.01 *Issuance of the Series 2022 Bonds*. At any time after the execution of this Indenture Supplement, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver Series 2022 Bonds in the aggregate principal amount of _____ Dollars ($_____).

SECTION 14.02 *Application of Proceeds at Closing*. The proceeds received from the sale of the Series 2022 Bonds (being $_____ in par amount of Series 2022 Bonds, less $_____ in underwriter's discount, [and less the premium of $_____ for the issuance of the Municipal Bond Insurance Policy, and less the amount of $_____ for the payment of the premium for the Reserve Fund Surety Bond], shall be deposited in trust with the Trustee, who shall further deposit or transfer such proceeds as follows:

(i) the Trustee shall deposit the amount of $_____ to the Improvement Fund; and

(ii) the Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund.

For record keeping purposes, the Trustee may establish such accounts as may be necessary to reflect such transfer of proceeds.

SECTION 14.03 *Establishment and Application of Costs of Issuance Fund*. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Written Requisitions of the Authority 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. On _____ 1, 2022, or upon the earlier Written Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Interest Fund and the Costs of Issuance Fund shall be closed.

SECTION 14.04 *Improvement Fund.* The Trustee shall establish, maintain and hold in trust a separate fund to be known as the "Improvement Fund." The Trustee shall disburse moneys in each account of the Improvement Fund from time to time upon receipt by the Trustee of a Written Requisition of the City, as agent of the Authority, which: (a) states with respect to each disbursement to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment will be made, (iii) the amount to be disbursed, (iv) that each

obligation mentioned therein is a proper charge against the respective account of the Improvement Fund and has not previously been disbursed by the Trustee from amounts in the Improvement Fund, (v) that all conditions precedent set forth in the Lease Agreement Supplement with respect to such disbursement have been satisfied, and (vi) that the amount of such disbursement is to purchase additional property or to improve or construct the Project; and (b) specifies in reasonable detail the nature of the obligation. Each such Written Requisition of the City or Authority 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. Upon the filing with the Trustee of a Written Certificate of the Authority stating that the construction of any Project or the acquisition of any additional property has been completed or that all Written Requisitions intended to be filed by the Authority have been filed, the Trustee shall withdraw all amounts then on deposit in the Improvement Fund and transfer such amounts to the Base Rental Payment Fund. Any funds deposited into the Principal Fund of the Base Rental Payment Fund shall cause a corresponding proportionate credit to 2022 Base Rental Payments due from the City.

SECTION 14.05 *Deposit to Reserve Fund and Provisions Relating to Reserve Fund Surety Bond*. [To Come]

SECTION 14.06 *Provisions Relating to Municipal Bond Insurance*. [To Come].

SECTION 14.07 *Validity of Series 2022 Bonds*. The validity of the authorization and issuance of the Series 2022 Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Lease Agreement. The recital contained in the Series 2022 Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE XV
REDEMPTION OF SERIES 2022 BONDS

SECTION 15.01 *Terms of Redemption*.

(a) Mandatory Sinking Fund Redemption. The Term Series 2022 Bonds are subject to mandatory redemption, in part by lot, from Principal Fund payments set forth in the following schedule on November 1, ____ and on November 1, ____, respectively, and each respective November 1 thereafter at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Term Series 2022 Bonds have been redeemed pursuant to subsections (b) or (c) below, the total amount of Principal Fund payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Series 2022 Bonds so redeemed pursuant to this subsection (a) by reducing each such future Principal Fund payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

Term Series 2022 Bonds Maturing November 1, ____

Mandatory Sinking Fund Redemption Date (November 1)	**Principal Amount to Be Redeemed**

Term Series 2022 Bonds Maturing November 1, ____

Mandatory Sinking Fund Redemption Date (November 1)	**Principal Amount to Be Redeemed**

In lieu of such redemption, the Trustee may apply amounts in the Principal Fund to the purchase of Term Series 2022 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Authority prior to the selection of Series 2022 Bonds for redemption, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Term Series 2022 Bonds, as set forth in a Written Request of the Authority.

(b) Optional Redemption. The Series 2022 Bonds maturing on or before November 1, ____ shall not be subject to redemption prior to their respective stated maturities. The Series 2022 Bonds maturing on or after November 1, ____, shall be subject to redemption at the option of the Authority as a whole or in part, on any date on or after November 1, ____, upon at least 45 days' prior notice to the Trustee or shorter period as acceptable to Trustee from any available source of funds, a redemption price equal to the principal amount of the Series 2022 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

(c) Special Mandatory Redemption From Net Proceeds of Insurance or Condemnation Proceeds. The Series 2022 Bonds shall also be subject to redemption as a whole or in part on any date, from Net Proceeds of Insurance or proceeds of condemnation required to be used for such purpose as provided in Section 16.02 of the Lease Agreement Supplement, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

SECTION 15.02 *Selection of Series 2022 Bonds for Redemption*. Except for Mandatory Sinking Fund Redemption pursuant to Section 15.01(a) hereof, whenever provision is

made in this Indenture Supplement for the redemption of less than all of the Series 2022 Bonds, the Trustee shall select the Series 2022 Bonds to be redeemed from all Series 2022 Bonds or such given portion thereof not previously called for redemption from such maturities as shall be set forth in a Written Request of the Authority filed with the Trustee. For purposes of such selection, the Trustee shall treat each Series 2022 Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Series 2022 Bond.

SECTION 15.03 *Notice of Redemption*. Notice of redemption shall be mailed by first class mail, postage prepaid, not less than twenty (20) nor more than sixty (60) days before any redemption date, to the respective Owners of any Series 2022 Bonds designated for redemption at their addresses appearing on the Registration Books, and to the Securities Depositories and to one or more of the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Series 2022 Bonds (or all Series 2022 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and, if less than all of the Series 2022 Bonds of a maturity are to be redeemed, Bond numbers of the Series 2022 Bonds to be redeemed, the maturity or maturities of the Series 2022 Bonds to be redeemed and in the case of Series 2022 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. In case of a redemption under Section 15.01(b), notice of redemption may be given if moneys sufficient to pay the redemption price are on deposit with the Trustee or available for such purpose on the date that notice of redemption is given or if such notice expressly states that such redemption is conditional on receipt by the Trustee of sufficient moneys. A conditional notice of redemption may be rescinded in the event that there are insufficient moneys to redeem such Series 2022 Bonds. Each such notice shall also state that on the redemption date there will become due and payable on each of said Series 2022 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2022 Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Series 2022 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

SECTION 15.04 *Partial Redemption of Series 2022 Bonds*. Upon surrender of any Series 2022 Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Series 2022 Bond or Series 2022 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2022 Bonds surrendered.

SECTION 15.05 *Effect of Redemption*. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Series 2022 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series 2022 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Series 2022 Bonds so called for redemption shall cease to accrue, said Series 2022 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture Supplement, and the Owners of said Series 2022 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Series 2022 Bonds redeemed pursuant to the provisions of this Article shall be cancelled by the Trustee upon surrender thereof and destroyed.

ARTICLE XVI
PARTICULAR COVENANTS

SECTION 16.01 *Punctual Payment*. The Authority shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Series 2022 Bonds in strict conformity with the terms of the Series 2022 Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of 2022 Base Rental Payments and other assets pledged for such payment as provided in the Indenture.

SECTION 16.02 *Extension of Payment of Series 2022 Bonds*. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series 2022 Bonds or the time of payment of any claims for interest by the purchase of such Series 2022 Bonds or by any other arrangement, and in case the maturity of any of the Series 2022 Bonds or the time of payment of any such claims for interest shall be extended, such Series 2022 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Series 2022 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 16.02 shall be deemed to limit the right of the Authority to issue Series 2022 Bonds for the purpose of refunding any Outstanding Series 2022 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series 2022 Bonds.

SECTION 16.03 *Against Encumbrances*. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the 2022 Base Rental Payments and other assets pledged or assigned under the Indenture while any of the Series 2022 Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

SECTION 16.04 *Power to Issue* Series 2022 *Bonds and Make Pledge and Assignment*. The Authority is duly authorized pursuant to law to issue the Series 2022 Bonds and to enter into this Indenture Supplement and to pledge and assign the 2022 Base Rental Payments and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Series 2022 Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of 2022 Base Rental Payments and other assets and all the rights of the Series 2022 Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

SECTION 16.05 *Accounting Records and Financial Statements*. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Series 2022 Bonds, the 2022 Base Rental

Payments, the Lease Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the City, during business hours, upon reasonable notice, and under reasonable circumstances. The Trustee shall furnish the Authority a monthly cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority, provided that the Trustee shall not be obligated to deliver any accounting of any fund or account that (a) has a balance of zero and (b) has not had any activity since the last reporting date. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 16.06 *Tax Covenants*.

(a) The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2022 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(b) The Authority covenants and agrees that it will not make or permit any use of the proceeds of the Series 2022 Bonds or other funds of the Authority which would cause the Series 2022 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and further covenants that it will observe and not violate the requirements of Sections 145 and 148 of the Code. The Trustee shall be entitled to receive and to rely upon an opinion of Bond Counsel as to the conformity of any use or proposed use of the proceeds of the Series 2022 Bonds with the requirements of said Sections 145 and 148 of the Code.

(c) The Authority shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2022 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2022 Bonds would have caused the Series 2022 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(d) The Authority shall take all actions necessary to assure the exclusion of interest on the Series 2022 Bonds from the gross income of the owners of the Series 2022 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 2022 Bonds.

(e) Notwithstanding any provision of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel that any action required under Section 15.07 of the Lease Agreement or this Section 16.06 is no longer required, or that some further action is required to maintain the tax-exempt status of interest on the Series 2022 Bonds, the Trustee and the Authority may rely conclusively on such opinion in complying with the requirements of this Section, and the covenants contained herein shall be deemed to be modified to that extent.

SECTION 16.07 *Lease Agreement*. Subject to the provisions of Article VIII of the Indenture, the Trustee shall promptly collect all amounts due from the City pursuant to the Lease Agreement Supplement. Subject to the provisions of Article VIII of the Indenture, the Trustee shall enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the City under the Lease Agreement.

SECTION 16.08 *Waiver of Laws*. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture Supplement or in the Series 2022 Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

SECTION 16.09 *Further Assurances*. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture Supplement and for the better assuring and confirming the rights and benefits provided in this Indenture Supplement to the Series 2022 Bond Owners.

SECTION 16.10 *Leased Premises.* If an event of abatement occurs pursuant to Section 16.03 of the Lease Agreement Supplement, the City shall use its best efforts to the extent permissible under the laws of the State of California to make all 2022 Base Rental Payments in excess of the amount of rental interruption insurance, if necessary, in order to ensure the reconstruction, repair, restoration, modification or improvement of the Leased Premises.

ARTICLE XVII
MISCELLANEOUS

SECTION 17.01 *Liability of Authority Limited to 2022 Base Rental Payments*. Notwithstanding anything in this Indenture Supplement or in the Series 2022 Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the 2022 Base Rental Payments and other assets pledged under the Indenture for any of the purposes in this Indenture Supplement mentioned, whether for the payment of the principal of or interest on the Series 2022 Bonds or for any other purpose of this Indenture Supplement. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 17.02 *Limitation of Rights to Parties and Bond Owners*. Nothing in this Indenture Supplement or in the Series 2022 Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Series 2022 Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or this Indenture Supplement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Series 2022 Bonds.

SECTION 17.03 *Funds and Accounts*. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 16.05 and for the protection of the security of the Series 2022 Bonds and the rights of every Owner thereof.

SECTION 17.04 *Severability of Invalid Provisions*. If any one or more of the provisions contained in this Indenture Supplement or in the Series 2022 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture Supplement and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture Supplement, and this Indenture Supplement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture Supplement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series 2022 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 17.05 *Notices*. All written notices to be given under this Indenture Supplement shall be given by first class mail, overnight mail, facsimile transmission, electronic mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) otherwise, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Ontario Public Financing Authority
303 East B Street
Ontario, CA 91764
Attention: Executive Director of Finance
Fax No.: (909) 395-2385

If to the City: City of Ontario
303 East B Street
Ontario, CA 91764
Attention: City Manager
Fax No.: (909) 395-2385

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust

[If to the Insurer: See Section ____ hereof.]

SECTION 17.06 *The Insurer As Third Party Beneficiary*. The Insurer is recognized as and shall be deemed to be a third party beneficiary of this Indenture and may enforce the provisions of this Indenture Supplement and the Indenture as if it were a party thereto.

SECTION 17.07 *Waiver of Personal Liability*. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest or premium (if any) on the Series 2022 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 17.08 *Benefit of Parties.* Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, and the registered Owners of the Series 2022 Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the registered Owners of the Series 2022 Bonds.

SECTION 17.09 *Successor Is Deemed Included in All References to Predecessor*. Whenever in this Indenture either the Authority and the Trustee are 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 Authority and the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 17.10 *Execution in Several Counterparts*. This Indenture Supplement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 17.11 *Governing Law*. This Indenture Supplement shall be governed by and construed in accordance with the laws of the State.

[*Signature pages follows*]

IN WITNESS WHEREOF, the ONTARIO PUBLIC FINANCING AUTHORITY has caused this Indenture Supplement to be signed in its name by its Executive Director and attested to by its Secretary, and The Bank of New York Mellon Trust Company, N.A. in token of its acceptance of the trusts created hereunder, has caused this Indenture Supplement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

ONTARIO PUBLIC FINANCING AUTHORITY

By_____
Scott Ochoa
Executive Director

Attest:

By_____
Sheila Mautz
Secretary

-Signature Page-
First Amendment and Supplement to Indenture

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By_____
Authorized Signatory

-Signature Page-
First Amendment and Supplement to Indenture

EXHIBIT A

FORM OF BOND

No. R-_____ ***$_____***

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

ONTARIO PUBLIC FINANCING AUTHORITY
2022 LEASE REVENUE BONDS, SERIES A
(CIVIC CENTER IMPROVEMENTS)

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
____%	November 1, ____		

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The ONTARIO PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before October 15, 2022 in which event it shall bear interest from the Dated Date; 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, at the Interest Rate per annum specified above, payable semiannually on each May 1 and November 1, commencing November 1, 2022 (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office (the "Office") of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in Los Angeles, California. Interest hereon is payable by check of the Trustee mailed to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee (at least five days prior) to such Record Date by a Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such Registered Owner in such written request.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Ontario Public Financing Authority 2022 Lease Revenue Bonds, Series A (Civic Center Improvements)" (the "Bonds"), in an aggregate principal amount of _____ Dollars ($_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and pursuant to an Indenture dated as of July 1, 2017, as supplemented by that First Amendment and Supplement to Indenture, dated as of _____, 2022, each by and between the Authority and the Trustee (together, the "Indenture") and a resolution of the governing body of the Authority adopted on _____, 2022, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the 2022 Base Rental Payments, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Authority to finance the leasing by the Authority of certain public facilities to be leased back to the City of Ontario (the "City") pursuant to the hereinafter described Lease Agreement, by and between the Authority and the City, for the purpose of financing certain improvements to the Civic Center of the City.

This Bond and the interest and premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the Authority, and are payable from, and are secured by a charge and lien on the 2022 Base Rental Payments, as defined in the Indenture, consisting primarily of 2022 Base Rental Payments payable by the City for the use and possession of certain land and improvements (the "Leased Premises") pursuant to a Lease Agreement, dated as of July 1, 2017, as amended and supplemented by that First Amendment and Supplement to Lease Agreement, dated as of _____, 2022, by and between the Authority as lessor and the City as lessee (together, the "Lease Agreement"). As and to the extent set forth in the Indenture, all of the 2022 Base Rental Payments are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds. Such payments are payable on a parity with payments to be made with respect to the Ontario Public Financing Authority 2017 Lease Revenue Refunding Bonds.

The rights and obligations of the Authority and the 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 extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

The Bonds maturing on or before November 1, ____, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after November 1, ____, are subject to redemption at the option of the Authority as a whole or in part, on any date on or after November 1, ____, from any available source of funds, at a redemption price equal to the principal amount

of the Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on November 1, ____, and on November 1, ____, are each subject to mandatory redemption, in part by lot, from Sinking Account payments on November 1, ____, and on November 1, ____, respectively, and on each respective November 1 thereafter, in the amounts as set forth in the Indenture, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

The Bonds are also subject to redemption as a whole or in part, on any date, from any Net Proceeds (as such term is defined in the Indenture) of hazard or title insurance proceeds not used to repair or replace any portion of the Leased Premises or condemnation proceeds received with respect to the Leased Premises and elected by the City to be used for such purpose pursuant to the Lease Agreement, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption. In case of an optional redemption, notice of redemption may be given if moneys sufficient to pay the redemption price are on deposit with the Trustee or available for such purpose on the date that notice of redemption is given or if such notice expressly states that such redemption is conditional on receipt by the Trustee of sufficient moneys. A conditional notice of redemption may be rescinded in the event that there are insufficient moneys to redeem such bonds.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Office of the Trustee for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

This Bond is not a debt of the City, the County of San Bernardino, the State of California, or any of its political subdivisions, and neither the City, said Authority, said County, 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 of the Authority other than the 2022 Base Rental Payments as such term is defined in the Indenture.

It is hereby certified, recited and declared by the Authority 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, form and manner as required by the Act and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Act 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 certificate of authentication hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, the Ontario Public Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested to by the facsimile signature of its Secretary, all as of the Dated Date specified above.

ONTARIO PUBLIC FINANCING AUTHORITY

By_____
Scott Ochoa
Executive Director

ATTEST:

_____
Sheila Mautz
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By_____
Authorized Signatory

(FORM OF ASSIGNMENT)

For value received the undersigned do(es) hereby sell, assign and transfer unto_____

_____

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____

_____ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.	Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

BOND INSURANCE

EXHIBIT B

DESCRIPTION OF PROJECT

RECORDING REQUESTED BY:
Ontario Public Financing Authority

AND WHEN RECORDED RETURN TO:
Kim A. Byrens, Esq.
Best Best & Krieger LLP
3390 University Avenue, Suite 400
Riverside, CA 92502

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

FIRST AMENDMENT TO GROUND LEASE

by and between

CITY OF ONTARIO

and

ONTARIO PUBLIC FINANCING AUTHORITY

Dated as of _____, 2022

Relating to

$_____
ONTARIO PUBLIC FINANCING AUTHORITY
2022 LEASE REVENUE BONDS (CIVIC CENTER IMPROVEMENTS)
SERIES A

FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (this "First Amended Ground Lease"), executed and entered into as _____, 2022, is by and between the CITY OF ONTARIO (the "City"), a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessor, and the ONTARIO PUBLIC FINANCING AUTHORITY (the "Authority"), a joint exercise of powers entity duly organized and existing under the laws of the State of California, as lessee.

WITNESSETH:

WHEREAS, the City and the Authority desire to finance a portion of the costs of the acquisition, construction and installation of various public improvements (the " Project");

WHEREAS, the City has previously leased certain real property and the improvements located thereon (the "Property") to the Authority pursuant to Ground Lease dated July 1, 2017, and the City has subleased the Property back from the Authority pursuant to a Lease Agreement, dated July 1, 2017 (the "Lease Agreement");

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance the Project through the issuance by the Authority of bonds payable from the base rental payments (the "Base Rental Payments") to be made by the City under the Lease Agreement, as amended and supplemented by that First Amendment and Supplement to Lease Agreement (the "Lease Agreement Supplement"), by and between the City and the Authority, dated _____, 2022;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide for the issuance of additional bonds under the Indenture, payable on a parity with the Base Rental Payments, and that additional property should be added to the Ground Lease and the Lease Agreement to accommodate the increased size of the proposed bond issue;

WHEREAS, the additional property to be added to the Ground Lease is described in Exhibit A attached hereto;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this First Amended Ground Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Amended Ground Lease;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Except as otherwise defined herein, or unless the context clearly otherwise requires, words and phrases defined in Article I of the Lease Agreement shall have the same meaning in this First Amended Ground Lease.

ARTICLE II

LEASE OF THE PROPERTY; RENTAL

Section 2.01 Lease of Property. The City hereby leases to the Authority, and the Authority hereby leases from the City, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of this First Amended Ground Lease. The Property shall include all of the Property described in the 2017 Ground Lease and the Property described in Exhibit A hereto.

Section 2.02 Rental. The Authority shall pay to the City as and for rental of the Property hereunder, the sum of $1.00, the receipt of which is hereby acknowledged.

ARTICLE III

QUIET ENJOYMENT

The parties intend that the Property will be leased back to the City pursuant to the Lease Agreement, and the Lease Agreement Supplement for the term thereof. It is further intended that, to the extent provided herein and in the Lease Agreement, if an event of default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining term of this First Amended Ground Lease to: (a) take possession of the Property; (b) if it deems it appropriate, cause an appraisal of the Property and a study of the then reasonable use thereof to be undertaken; and (c) relet the Property. Subject to any rights the City may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the City hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term hereof and will, at the request of the Authority and at the City's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

Section 4.01 Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Section 4.02 Further Assurances and Corrective Instruments. The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this First Amended Ground Lease, the Indenture, as supplemented, and the Lease Agreement, as supplemented.

Section 4.03 Waiver of Personal Liability. All liabilities under this First Amended Ground Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers entity, and the City hereby releases each and every director, officer and employee of the Authority of and from any personal or individual liability under this First Amended Ground Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this First Amended Ground Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

All liabilities under this First Amended Ground Lease on the part of the City shall be solely liabilities of the City as a public corporation, and the Authority hereby releases each and every member, officer and employee of the City of and from any personal or individual liability under this First Amended Ground Lease. No member, officer or employee of the City shall at any time or under any circumstances be individually or personally liable under this First Amended Ground Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the City hereunder.

Section 4.04 Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 4.05 Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Section 4.06 Representations of the City. The City represents and warrants to the Authority and the Trustee as follows:

(a) the City has the full power and authority to enter into, to execute and to deliver this First Amended Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this First Amended Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the City;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the City in order for the City to perform its governmental functions.

Section 4.07 Representations of the Authority. The Authority represents and warrants to the City and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver this First Amended Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of this First Amended Ground Lease.

ARTICLE V

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 5.01 Assignment and Subleasing. This First Amended Ground Lease may be sold or assigned and the Property subleased, as a whole or in part, by the Authority without the necessity of obtaining the consent of the City, if an event of default occurs under the Lease Agreement. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the City a true and correct copy of such assignment, sale or sublease, as the case may be.

Section 5.02 Restrictions on City. The City agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of this First Amended Ground Lease.

ARTICLE VI

TERM; TERMINATION

Section 6.01 Term. The term of this First Amended Ground Lease shall commence as of the date of commencement of the term of the Lease Agreement Supplement and shall remain in full force and effect from such date to and including November 1, ____, unless such term is extended or sooner terminated as hereinafter provided.

Section 6.02 Extension; Early Termination. If, on November 1, ____, the Series 2022 Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, as supplemented, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement, as supplemented, shall have been abated at any time, then the term of this First Amended Ground Lease shall be automatically extended until the date upon which all Series 2022 Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, as supplemented, and the Indenture shall be discharged by its terms, except that the term of this First Amended Ground Lease shall in no event be extended more than ten years. If, prior to November 1, ____, all Series 2022 Bonds shall be fully paid, or provisions therefor made in accordance with Article X of the Indenture, as supplemented, and the Indenture shall be discharged by its terms, the term of this First Amended Ground Lease shall end simultaneously therewith.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Binding Effect. This First Amended Ground Lease shall inure to the benefit of and shall be binding upon the City, the Authority and their respective successors and assigns.

Section 7.02 Severability. In the event that any provision of this First Amended Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.03 Amendments, Changes and Modifications. This First Amended Ground Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Lease Agreement, as supplemented.

Section 7.04 Assignment to Trustee. The Authority and City acknowledge that the Authority has assigned its right, title and interest in and to this First Amended Ground Lease (but none of its obligations and none of its rights to provide consents or approvals hereunder) to the Trustee pursuant to certain provisions of the Assignment Agreement. The City consents to such assignment.

Section 7.05 Execution In Counterparts. This First Amended Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.06 Applicable Law. This First Amended Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 7.07 Captions. The captions or headings in this First Amended Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Amended Ground Lease.

(Signature page follows.)

IN WITNESS WHEREOF, the Authority and the City have caused this First Amended Ground Lease to be executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

CITY OF ONTARIO

By: _____
Scott Ochoa
City Manager

ATTEST:

_____
Sheila Mautz
City Clerk

ONTARIO PUBLIC FINANCING AUTHORITY

By: _____
Paul S. Leon
Chairperson

ATTEST:

_____
Sheila Mautz
Secretary

-Signature Page-
First Amendment to Ground Lease

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT CIVIL CODE § 1189

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT CIVIL CODE § 1189

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

DESCRIPTION OF THE PROPERTY

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Kim A. Byrens, Esq.
Best Best & Krieger LLP
3390 University Avenue, Suite 400
Riverside, CA 92502

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT AGREEMENT

by and between the

ONTARIO PUBLIC FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Assignee

Dated as of _____, 2022

ASSIGNMENT AGREEMENT

This Assignment Agreement (the "Assignment Agreement"), dated as of _____, 2022, by and between the ONTARIO PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency, duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "Authority"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Assignee (the "Assignee");

W I T N E S S E T H:

WHEREAS, the Authority and the City of Ontario, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), have executed and entered into a Lease Agreement, dated as of July 1, 2017, as amended and supplemented by that First Amendment and Supplement to Lease Agreement, dated as of _____, 2022, by and between the Authority as lessor and the City as lessee (together, the "Lease Agreement"), a memorandum of which is recorded concurrently herewith, whereby the parties have leased certain property (the "Leased Premises"), which is described more fully in Exhibit A attached hereto and by this reference incorporated herein;

WHEREAS, under and pursuant to the Lease Agreement, the City is obligated to make scheduled base rental payments (the "Base Rental Payments") to the Authority;

WHEREAS, for the purpose of financing the acquisition and construction of capital projects of the City (the "Project"), the Authority desires to issue its 2022 Lease Revenue Bonds, Series A (Civic Center Improvements) (the "Bonds") under a certain Indenture of Trust dated as of July 1, 2017, as amended and supplemented by that First Amendment and Supplement to Indenture, dated as of _____, 2022 (together, the "Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee;

WHEREAS, the Authority desires to assign to the Assignee without recourse all its rights to receive the Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement and certain other rights thereunder and under the Lease Agreement to the Trustee in order to pay all of the Bonds as and when payment thereof becomes due; and

WHEREAS, the Authority hereby certifies that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution of and entering into the Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Assignment Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Assignment. The Authority, for $_____and for other good and valuable consideration in hand received, does hereby sell, assign and transfer, without recourse, to the Assignee each and all of its rights under the Lease Agreement (but not including the right of

the Authority to receive payment of its fees, expenses and reimbursements), including its right to receive the Base Rental Payments from the City under the Lease Agreement and its right to exercise such rights and remedies conferred on the Authority under the Lease Agreement as may be necessary to enforce payment of the Base Rental Payments when due or otherwise to protect its interests in the event of a default by the City, and all rights of entry in and upon the Leased Premises, as defined in the Lease Agreement, as provided in the Lease Agreement (the "Assigned Property"). This assignment is absolute and irrevocable and is presently effective, and all Base Rental Payments shall be applied and the rights so assigned shall be exercised by the Assignee as provided therein.

SECTION 2. Acceptance. The Assignee hereby accepts the foregoing assignment for the benefit of the registered owners of the Bonds, subject to the conditions and terms of the Indenture, and all Base Rental Payments received by the Trustee shall be applied and all such rights so assigned shall be exercised by the Trustee as provided in the Indenture.

SECTION 3. California Law. The Assignment Agreement shall be governed by and construed and interpreted in accordance with the law of the State of California.

SECTION 4. Severability. If any agreement, condition, covenant or term thereof or any application hereof shall be held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all agreements, conditions, covenants and terms hereof and all applications thereof not held invalid, void or enforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 5. Execution in Counterparts. The Assignment Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have executed and entered into the Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

ONTARIO PUBLIC FINANCING AUTHORITY

By: _____
Scott Ochoa, Executive Director

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: _____
Authorized Agent

[EXECUTION PAGE OF ASSIGNMENT AGREEMENT]

EXHIBIT A

(See attached)

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

AGENCY AGREEMENT
RELATING TO ONTARIO PUBLIC FINANCING AUTHORITY
2022 LEASE REVENUE BONDS, SERIES A
(CIVIC CENTER IMPROVEMENTS)

Dated as of _____, 2022

by and between

ONTARIO PUBLIC FINANCING AUTHORITY

and

THE CITY OF ONTARIO

AGENCY AGREEMENT

THIS AGENCY AGREEMENT is made and entered into as of the 1st day of _____, 2022 by and between the ONTARIO PUBLIC FINANCING AUTHORITY, a joint powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and the CITY OF ONTARIO, a city and municipal corporation, duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City").

W I T N E S S E T H

WHEREAS, the Authority and the City have entered into a First Amendment and Supplement to Lease Agreement (the "Lease Agreement Supplement"), dated as of _____, 2022, whereby the Authority agrees to lease various public facilities in order to finance the acquisition and construction of the Project, described in Exhibit A hereto (the "Project");

WHEREAS, it is in the interests of the Authority and the City that the Authority appoint the City as its agent for the purposes of the acquisition, construction and installation of the Project, and the Authority has agreed in the Lease Agreement Supplement to appoint the City as its agent for such purposes;

C O V E N A N T S

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other valuable consideration, the parties agree as follows:

Section 1. Definitions. All words and phrases defined in Article I of the Lease Agreement (the "Lease Agreement"), dated as of July 1, 2017, and Article XI of the Lease Agreement Supplement shall have the same meaning in this Agency Agreement.

Section 2. Appointment of City. The Authority hereby appoints the City as its agent to carry out all phases of the acquisition, construction and installation of the Project and the City, as agent of the Authority, assumes all rights, duties, responsibilities and liabilities of the Authority regarding the acquisition, construction and installation of the Project, except as limited herein. The appointment by the Authority of the City as its agent as provided in this Section and the acceptance by the City of such appointment results in the assumption by the City of duties, responsibilities and liabilities which are separate and apart from its duties, responsibilities and liabilities under the Lease Agreement, as supplemented, and such assumption does not include or transfer to the City any of the rights or obligations of the Authority under the Lease Agreement, as supplemented, which have been assigned by the Authority to the Trustee pursuant to the Indenture. It is recognized by the parties that the Authority has appointed the City for the purposes specified in this Agreement, rather than appoint another firm or entity for said purposes, based upon the Authority's determination that the City is suitable to perform the duties, responsibilities and liabilities delegated to and assumed by it pursuant to this Agreement due to the expertise, knowledge and ability of the City's personnel with respect to similar undertakings.

Section 3. Contracts and Payments. The City, as agent of the Authority, may enter into any purchase order, construction management agreement, architecture or engineering contract or construction contract required for the design, construction, installation and completion of the Project upon being assured that moneys sufficient for the payment thereof are then on deposit in the Improvement Fund established pursuant to Section 14.04 of the Indenture Supplement. In the event that moneys on hand in the Improvement Fund are insufficient to complete the Project, then the City shall use its lawfully available funds to complete the Project.

Section 4. Description of Project. The City, as agent of the Authority, shall have the right to make any changes in the description of the Project or of any component thereof whenever the City deems such changes to be necessary and appropriate; provided that any such change shall not alter the essential nature of the Project or impair the ability of the City to make additional 2022 Base Rental Lease Payments, and that an increase in the construction costs shall not result from such change, unless the City deposits in the Improvement Fund an amount sufficient to pay such increase.

Section 5. Supervision of Construction and Installation. The City, as agent of the Authority, shall have sole responsibility for and shall supervise construction of the Project and the purchase and installation of any personal property constituting a part of the Project. The City shall monitor the performance by any construction manager and by the construction contractors to the extent the City deems appropriate. The City shall permit the Authority, or its assignee, to inspect construction at any and all reasonable times which are deemed appropriate by the Authority, or its assignee.

Section 6. Enforcement of Contracts. The Authority hereby assigns to the City all rights and powers to enforce in its own name or the name of the Authority such purchase orders or contracts as are required for design, construction, purchase and completion of the Project, which enforcement may be at law or in equity; provided that the assignment made by the Authority herein shall not prevent the Authority, or its assignee, from asserting such rights and powers in its own behalf.

Section 7. Limited Obligation. The Authority shall not be responsible for providing, nor shall it or the Trustee provide from the proceeds of the Series 2022 Bonds, for the payment of project costs in an amount greater than the amount of said proceeds and other funds to be deposited by the Trustee in the Improvement Fund pursuant to the Indenture Supplement.

Section 8. Inspection of Records. The Authority shall have the right to inspect periodically the books and records of the City relating to the design, acquisition, construction and installation of the Project, and the City shall permit the Authority to make such inspections thereof at all reasonable times as the Authority shall deem appropriate.

Section 9. Time of Completion and Liquidated Damages. The construction and installation of the Project shall be completed on or prior to _____, 2025. It is agreed that if the City does not cause the completion of the acquisition, construction and installation of the Project by the completion date, as specified in the specifications therefor, by construction contractors or a construction manager, whichever the City deems appropriate, liquidated damages

will be assessed against the construction contractors or construction manager for each day completion is delayed in an amount not less than the maximum amount of debt service accruing on the Bonds on a daily basis. The City shall assure that all construction contracts or the construction management agreement, whichever the City deems appropriate, shall contain a provision for liquidated damages in compliance with this Section.

Section 10. Plans and Specifications. The City agrees that it will assure that the Project will be acquired, constructed and installed in accordance with final plans and specifications approved by the City. No changes or modifications which require an amendment to a pre-existing building permit shall be made in or to the final plans and specifications unless such changes or modifications are approved in writing by the City. Before approving any such changes to be undertaken, the City shall assure that there has been deposited in the Improvement Fund moneys sufficient to pay any increased costs resulting from such changes or modifications. Upon completion of construction and installation of the Project, the City will assure that there is filed with the Trustee a certificate of completion executed by the City Representative and stating that such construction and installation has been completed in accordance with the plans and specifications therefor approved by the City.

Section 11. Prevailing Wages. Each contract entered into between the City, as the agent for the Authority, and any contractor shall provide that such contractor shall pay not less than the general prevailing rate of wages as determined in accordance with Sections 1770 *et seq.* of the Labor Code.

Section 12. Nondiscrimination. Each contract entered into between the City, as the agent for the Authority, and any contractor shall provide that such contractor shall not discriminate against any other contractor or any employee or applicant for employment because of the race, religious creed, color, national origin or sex of such person, unless based upon a bona fide occupational qualification. In addition, in selecting contractors or in employing persons for the purposes of construction or construction management, the City shall not discriminate on the basis of race, religious creed, color, national origin, or sex of such person, unless based upon a bona fide occupational qualification.

Section 13. Performance Security. Each construction contractor hired by the City, on behalf of the Authority, shall be required to provide payment and performance bonds in amounts equal to the maximum price under its contract.

Section 14. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority, the City and their respective successors and assigns.

Section 15. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 16. Amendments, Changes and Modifications. This Agreement may not be effectively amended, changed, modified, altered or terminated without the written agreement of both parties hereto.

Section 17. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 18. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 19. Headings. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 20. Notices. Any notices or filings required to be given or made under this Agreement shall be served, given or made in writing upon the City by personal delivery or registered mail addressed to:

City of Ontario
303 East "B" Street
Ontario, CA 91764
Attention: City Manager

and upon the Authority by personal delivery or registered mail addressed to:

Ontario Public Financing Authority
303 East "B" Street
Ontario, CA 91764
Attention: Executive Director

or at such other place as may be designated by either party in writing.

(Signature Page follows)

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its officers and its corporate seal affixed, and the Authority has caused this Agreement to be executed by its officers and its corporate seal affixed, all as of the day and year first above written.

CITY OF ONTARIO

By: _____
Scott Ochoa, City Manager

ATTEST:

_____
City Clerk

(SEAL)

ONTARIO PUBLIC FINANCING AUTHORITY

By: _____
Scott Ochoa, Executive Director

ATTEST:

_____
Secretary

-Signature Page-
Agency Agreement

APPENDIX A

[Description to come]

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED _____ __, 2022

NEW ISSUE – BOOK-ENTRY ONLY

Insured Bonds Rating: S&P: "[__]"
Underlying Rating: S&P "[__]"
See the caption "RATINGS."

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum taxes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See the caption "TAX MATTERS."

$_____*

ONTARIO PUBLIC FINANCING AUTHORITY
2022 LEASE REVENUE BONDS, SERIES A
(CIVIC CENTER IMPROVEMENTS)

Dated: Date of Delivery **Due: November 1, as shown on inside cover**

The 2022 Bonds will be issued pursuant to an Indenture, dated as of July 1, 2017, as amended and supplemented by a First Amendment and Supplement to Indenture, dated as of ____ 1, 2022, each by and between the Ontario Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2022 Bonds are payable from 2022 Base Rental Payments to be made by the City for the right to the use of certain real property pursuant to a Lease Agreement, dated as of July 1, 2017, as amended and supplemented by a First Amendment and Supplement to Lease Agreement, dated as of ____ 1, 2022, each by and between the City, as lessee, and the Authority, as lessor.

The 2022 Bonds are being issued to provide funds: (i) to finance the acquisition and construction of capital projects of the City; (ii) to pay the premium for a debt service reserve surety policy to be issued by ____ and deposited in the Reserve Fund; and (iii) to pay the costs of issuing the 2022 Bonds, including the premium for a municipal bond insurance policy insuring the 2022 Bonds maturing on November 1 of the years 20__ through 20__, inclusive, to be issued by _____.

The City has covenanted under the Lease Agreement to take such action as may be necessary to include all Rental Payments (including 2022 Base Rental Payments and Additional Rental Payments) due thereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City's obligation to make 2022 Base Rental Payments under the Lease Agreement is subject to abatement during any period in which by reason of material damage to, or destruction or condemnation of the Leased Premises, or any defect in title thereto, there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof.

The 2022 Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Interest on the 2022 Bonds is payable semiannually on November 1, 2022 and each May 1 and November 1 thereafter. Purchasers will not receive certificates representing their interest in the 2022 Bonds. Individual purchases will be in principal amounts of integral multiples of $5,000. Principal of and interest and premium, if any, on the 2022 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the 2022 Bonds.

The Authority may issue Additional Bonds payable from Base Rental Payments. The 2022 Bonds, the 2017 Bonds and any Additional Bonds are collectively referred to herein as the "**Bonds**."

The 2022 Bonds are subject to redemption prior to maturity as described in this Official Statement.

The 2022 Bonds are special obligations of the Authority, payable solely from the 2022 Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the 2022 Bonds. The Authority has no taxing power.

The obligation of the City to make 2022 Base Rental Payments does not constitute a debt of the City or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

The 2022 Bonds are not subject to acceleration in the event of a payment default.

The scheduled payment of principal of and interest on the 2022 Bonds maturing on November 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Bonds**"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by _____.

[INSURER LOGO]

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

* *Preliminary, subject to change.*

The 2022 Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval as to their validity by Best Best & Krieger LLP, Riverside, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by Best Best & Krieger LLP, Ontario, California, as City Attorney and General Counsel to the Authority. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is acting as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Quint & Thimmig LLP, Larkspur, California, as Underwriters' Counsel, for the Insurer by its counsel and for the Trustee by its counsel. It is anticipated that the 2022 Bonds in definitive form will be available for delivery to DTC on or about _____ __, 2022.

Ramirez & Co., Inc. **Cabrera Capital Markets, LLC**

Dated: _____ __, 2022

MATURITY SCHEDULE

BASE CUSIP®†: 68304R

$_____*
ONTARIO PUBLIC FINANCING AUTHORITY
2022 LEASE REVENUE BONDS, SERIES A
(CIVIC CENTER IMPROVEMENTS)

Maturity Date (November 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP®† Suffix*
20__	$	%	%		

$____ ___% Term 2022 Bonds due November 1, 20__(I), Yield: _____%, Price: _____, CUSIP®† Suffix ___

* *Preliminary, subject to change.*

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Authority, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.*

(I) *Insured Bond.*

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representations in connection with the offer or sale of the 2022 Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the 2022 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the 2022 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement and the information contained in this Official Statement are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described in this Official Statement since the date hereof. These securities may not be sold, nor may an offer to buy be accepted, prior to the time that the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the 2022 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "assume," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained under the captions "THE CITY" and "CITY FINANCIAL INFORMATION."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE 2022 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2022

BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE 2022 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2022 Bonds.

[BOND INSURANCE DISCLOSURE TO COME]

CITY OF ONTARIO
COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA

CITY COUNCIL AND AUTHORITY BOARD OF DIRECTORS

Paul S. Leon, Mayor and Authority Chair
Alan D. Wapner, Mayor Pro Tem and Authority Vice Chair
Jim W. Bowman, Councilmember and Authority Board Member
Debra Dorst-Porada, Councilmember and Authority Board Member
Ruben Valencia, Councilmember and Authority Board Member

STAFF

Scott Ochoa, City Manager and Authority Executive Director
James R. Milhiser, City Treasurer
Armen Harkalyan, Executive Director of Finance and Authority Treasurer
Doreen Nunes, Assistant Finance Director
Sheila Mautz, City Clerk and Authority Secretary

SPECIAL SERVICES

City Attorney and Authority General Counsel

Best Best & Krieger LLP
Ontario, California

Bond Counsel

Best Best & Krieger LLP
Riverside, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

Municipal Advisor

CSG Advisors Incorporated
San Francisco, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

TABLE OF CONTENTS

INTRODUCTION 1
General 1
Security for the 2022 Bonds; Base Rental Payments 1
Limited Obligation 2
Reserve Fund 3
2017 Bonds 3
Bond Insurance 3
Additional Bonds 3
The City 3
Continuing Disclosure 4
Risk Factors 4
Summaries Not Definitive 4

PLAN OF FINANCE 4
2022 Project 4
Estimated Sources and Uses of Funds 5

THE LEASED PREMISES 5
General 5
Convention Center 7
City Hall 7
Fire Department Buildings 8

BASE RENTAL PAYMENT SCHEDULE 9

THE 2022 BONDS 10
General 10
Registration, Transfers and Exchanges 10
Redemption 11
Book-Entry Only System 12

SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS 13
Pledge of Base Rental Payments 13
Additional Bonds 15
Base Rental Payments 16
Additional Rental Payments 17
Abatement 18
Substitution or Release of the Leased Premises 18
Action on Default 19
Reserve Fund 19
Insurance 20

BOND INSURANCE 21

THE CITY 21
General 21
Largest Employers 22
Government and Administration 22
Ontario International Airport 23
Risk Management 23
COVID-19 Outbreak 24

CITY FINANCIAL INFORMATION 27
Accounting and Financial Reporting 27
General Economic Condition and Outlook of the City 28
Budget Procedure, Current Budget and Historical Budget Information 31
Change in Fund Balance of the City General Fund 37
General Fund Balance Sheets of the City 38
Property Taxes 38
Sales Taxes 41
Transient Occupancy Taxes 42
Other Taxes 42
Services 42
State of California Motor Vehicle In-Lieu Payments 42
Other Indebtedness 43
Retirement Contributions 46
Other Post-Employment Benefits 54
City Investment Policy 56

THE AUTHORITY 56

STATE OF CALIFORNIA BUDGET INFORMATION 57
General 57
Budget for State Fiscal Year 2021-22 57
Proposed 2022-23 State Budget 58
Potential Impact of State Financial Condition on the City 60
Redevelopment Dissolution 60
Future State Budgets 62

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS 62
Article XIIIA of the State Constitution 62
Article XIIIB of the State Constitution 63
Proposition 62 63
Proposition 218 64
Unitary Property 64
Proposition 22 65
Proposition 26 65
Future Initiatives 65

RISK FACTORS 65
General Considerations – Security for the 2022 Bonds 66
Abatement 66

Initiative and Referendum 67
Insurance on the Leased Premises 67
Condemnation of the Leased Premises 67
Value of Property 68
No Acceleration of Base Rental Payments 68
Certain Risks Associated with Sales Tax and Other Local Tax Revenues 68
Assessed Value of Taxable Property 69
Dependence on State for Certain Revenues 69
Litigation 70
Natural Disasters 70
Climate Change 71
Cybersecurity 71
Hazardous Substances 71
Economy of City and State 72
Split Roll Initiative 72
Additional City Obligations 72
Remedies 72
Limitation on Trustee's Obligations under the Indenture 73
Release of Property; Additional Bonds 73
Limitations on Enforceability 73
Secondary Market 75
Covenant to Budget and Appropriate 75
Risks Associated with Bond Insurance 76

TAX MATTERS 76

CERTAIN LEGAL MATTERS 77

MUNICIPAL ADVISOR 77

LITIGATION 78

UNDERWRITING 78

RATINGS 78

CONTINUING DISCLOSURE 79

FINANCIAL INTERESTS 79

MISCELLANEOUS 80

APPENDIX A DEMOGRAPHIC AND ECONOMIC INFORMATION A-1
APPENDIX B SUMMARY OF PRINCIPAL LEGAL DOCUMENTS B-1
APPENDIX C AUDITED FINANCIAL STATEMENTS C-1
APPENDIX D FORM OF BOND COUNSEL OPINION D-1
APPENDIX E FORM OF CONTINUING DISCLOSURE CERTIFICATE E-1
APPENDIX F BOOK-ENTRY ONLY SYSTEM F-1
APPENDIX G SPECIMEN MUNICIPAL BOND INSURANCE POLICY G-1

$_____*
ONTARIO PUBLIC FINANCING AUTHORITY
2022 LEASE REVENUE BONDS, SERIES A
(CIVIC CENTER IMPROVEMENTS)

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices (the "**Official Statement**"), provides certain information concerning the above-captioned bonds (the "**2022 Bonds**"). The 2022 Bonds are being issued by the Ontario Public Financing Authority (the "**Authority**"), a joint exercise of powers agency the members of which are the City of Ontario, California (the "**City**") and the Ontario Housing Authority (the "**Housing Authority**").

The 2022 Bonds will be issued pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, and an Indenture, dated as of July 1, 2017 (the "**Original Indenture**"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"), as amended and supplemented by a First Amendment and Supplement to Indenture, dated as of ____ 1, 2022 (the "**First Supplemental Indenture**" and, together with the Original Indenture, the "**Indenture**"), by and between the Authority and the Trustee. The 2022 Bonds constitute "Additional Bonds" under the Original Indenture. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Additional Bonds."

The 2022 Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). Purchasers will not receive certificates representing their interest in the 2022 Bonds. Individual purchases will be in integral multiples of $5,000. Principal of and interest on the 2022 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the 2022 Bonds. See the caption "THE 2022 BONDS—Book-Entry Only System."

The 2022 Bonds are subject to redemption prior to maturity as described under the caption "THE 2022 BONDS—Redemption."

The 2022 Bonds are being issued to provide funds: (i) to finance the acquisition and construction of capital projects of the City (collectively, the "**2022 Project**"), as described under the caption "PLAN OF FINANCE—2022 Project;" (ii) to pay the premium for a debt service reserve surety policy (the "**Reserve Policy**") to be issued by ____ ("**___**" or the "**Insurer**") and deposited in the Reserve Fund; and (iii) to pay the costs of issuing the 2022 Bonds, including the premium for a municipal bond insurance policy (the "**Policy**") insuring the 2022 Bonds maturing on November 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Bonds**"), to be issued by the Insurer. See the caption "PLAN OF FINANCE."

Security for the 2022 Bonds; Base Rental Payments

Pursuant to a Ground Lease, dated as of July 1, 2017 (the "**Original Ground Lease**"), by and between the City, as lessor, and the Authority, as lessee, as amended and supplemented by a First Amendment to Ground Lease, dated as of ____ 1, 2022 (the "**Supplemental Ground Lease**" and, together with the Original Ground Lease, the "**Ground Lease**"), by and between the City, as lessor, and the Authority, as lessee, the City has leased certain real property of the City and the improvements thereon (collectively, the "**Leased Premises**") to the Authority in consideration for the Authority's assistance in issuing the 2022 Bonds.

* *Preliminary, subject to change.*

Pursuant to a Lease Agreement, dated as of July 1, 2017 (the "**Original Lease Agreement**"), by and between the City, as lessee, and the Authority, as lessor, as amended and supplemented by a First Amendment and Supplement to Lease Agreement, dated as of ____ 1, 2022 (the "**Supplemental Lease Agreement**" and, together with the Original Lease Agreement, the "**Lease Agreement**"), by and between the City, as lessee, and the Authority, as lessor, the Authority has subleased the Leased Premises back to the City in consideration for the City's payment of semiannual lease payments (the "**2022 Base Rental Payments**") to be made by the City for the right to use the Leased Premises as sublessee.

See the caption "THE LEASED PREMISES" for a description of the Leased Premises.

Under an Assignment Agreement, dated as of ____ 1, 2022 (the "**Assignment Agreement**"), by and between the Authority and the Trustee, the Authority has assigned to the Trustee for the benefit of the 2022 Bond Owners substantially all of the Authority's right, title and interest in and to the Lease Agreement, including its right to receive the 2022 Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the City.

The City has covenanted under the Lease Agreement to take such action as may be necessary to include all Rental Payments (including the 2022 Base Rental Payments and Additional Rental Payments) due thereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Additional Rental Payments" for a description of Additional Rental Payments.

During any period in which, by reason of material damage to, or destruction or condemnation of, the Leased Premises, or any defect in title to the Leased Premises, there is substantial interference with the City's right to use and occupy any portion of the Leased Premises, Rental Payments will be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Leased Premises available for use and occupancy by the City during such Rental Period. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Abatement" and "RISK FACTORS—Abatement."

Limited Obligation

THE 2022 BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE 2022 BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA (THE "**STATE**"), OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE 2022 BONDS. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE CITY TO MAKE 2022 BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Reserve Fund

Upon issuance of the 2022 Bonds, the Reserve Policy will be deposited into the Reserve Fund in satisfaction of the Reserve Requirement. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Reserve Fund."

2017 Bonds

In addition to the 2022 Bonds, the Leased Premises serve as the leased property with respect to the Authority's 2017 Lease Revenue Refunding Bonds (the "**2017 Bonds**").

The Authority has previously issued the 2017 Bonds under the Original Indenture. In connection with the issuance of the 2017 Bonds, the City leased the Leased Premises to the Authority under the Original Ground Lease and subleased the Leased Premises back from the Authority under the Original Lease Agreement. The 2017 Bonds are payable from Base Rental Payments (as such term is defined in Appendix B) made by the City under the Original Lease Agreement.

At the time of issuance of the 2022 Bonds, the City and the Authority will certify that the sum of the 2022 Base Rental Payments and the Base Rental Payments payable under the Original Lease Agreement in connection with the 2017 Bonds do not exceed the fair rental value of the Leased Premises. See the caption "THE LEASED PREMISES" for a detailed description of the Leased Premises, including the insured value thereof.

See the caption "CITY FINANCIAL INFORMATION—Other Indebtedness—General Fund Supported Debt—2017 Bonds" for further information with respect to the 2017 Bonds.

Bond Insurance

Concurrently with the issuance of the 2022 Bonds, the Insurer will issue the Policy for the Insured Bonds, consisting of the 2022 Bonds maturing on November 1 of the years 20__ through 20__, inclusive. The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy set forth in Appendix G. The Bonds maturing on November 1 of the years 20__ through 20__, inclusive, are *not* insured by the Policy.

Additional Bonds

Under the Lease Agreement, the Authority may issue additional bonds (the "**Additional Bonds**") payable from Base Rental Payments on a parity basis with the 2022 Bonds and the 2017 Bonds. The 2022 Bonds and any Additional Bonds are collectively referred to in this Official Statement as the "**Bonds**." See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Additional Bonds."

The City

See the captions "THE CITY" and "CITY FINANCIAL INFORMATION," as well as Appendices A and C for information with respect to the City and the General Fund, including other obligations which are payable from general revenues of the City.

The City notes that much of the historical information related to the City is the latest available but does not in certain instances reflect the impact of the COVID-19 pandemic. See the caption "THE CITY—COVID-19 Outbreak." Accordingly, such historical information below does not necessarily reflect present economic conditions and future information could be significantly different from such historical information.

Continuing Disclosure

The City has agreed to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for purposes of Securities and Exchange Commission Rule 15c2-12 certain annual financial information and operating data and, in a timely manner, notice of certain listed events. See the caption "CONTINUING DISCLOSURE."

Risk Factors

Certain events could affect the ability of the City to make the 2022 Base Rental Payments when due. See the caption "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters that are set forth in this Official Statement, in evaluating an investment in the 2022 Bonds.

Summaries Not Definitive

The summaries of and references to documents, statutes, reports and other instruments in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by the complete document, statute, report or instrument. The capitalization of any word that is not conventionally capitalized, or otherwise defined in this Official Statement, indicates that such word is defined in a particular agreement or other document and, as has the meaning that is given to such word in Appendix B. Copies of the documents described in this Official Statement will be available at the City of Ontario, 303 East B Street, Ontario, California 91764, Attention: Finance Department.

PLAN OF FINANCE

2022 Project

The City intends to undertake the following capital improvements, which collectively comprise the 2022 Project:

(i) the design and full reconstruction of Fire Station #1 and the Fire Department's administrative offices, which will be located on the site of the Fire Training Station, at a cost of approximately $69,200,000;

(ii) the design and construction of a 700-space municipal parking structure at a cost of approximately $25,080,000; and

(iii) the design and construction of a 40,000 square foot municipal annex that is expected to house approximately 200 City employees at a cost of approximately $36,000,000; and

(iv) other capital improvements, as well as a contingency amount (approximately 6,000,000).

The City intends to apply proceeds of the Bonds, together with other available City reserves, to pay for the costs of the 2022 Project. The City expects to comply with all governmental approval, environmental review, public bidding and other permitting requirements for each component of the 2022 Project as required by law, and to complete all components of the 2022 Project by mid-2025. The City does not intend to capitalize interest on the 2022 Bonds during the period in which the 2022 Project is being designed and constructed.

Upon or after completion of the 2022 Project, the City expects to evaluate the pool of leased assets that is described under the caption "THE LEASED PREMISES" and to substitute the properties that comprise the 2022 Project for certain properties that currently comprise the Leased Premises. There can be no assurance as to whether or when any such substitution will occur, or as to which properties may be substituted out from the current pool of Leased Premises.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the 2022 Bonds are shown below.

Sources[(1)]:	
Principal Amount	$
Plus/Less Net Original Issue Premium/Discount	
Total Sources	$
Uses[(1)]:	
Deposit to Improvement Fund	$
Costs of Issuance[(2)]	
Total Uses	$

(1) All amounts rounded to the nearest dollar. Totals may not add due to rounding.

(2) Includes Underwriters' discount, premium for the Policy and the Reserve Policy and certain legal, municipal advisory, rating agency, printing and other financing-related costs.

THE LEASED PREMISES

General

The Leased Premises are currently owned by the City and have been leased to the Authority pursuant to the Ground Lease, with the Authority in turn subleasing the Leased Premises back to the City pursuant to the Lease Agreement. The Leased Premises consist of the below-described properties.

ONTARIO PUBLIC FINANCING AUTHORITY
2022 LEASE REVENUE BONDS, SERIES A
(CIVIC CENTER IMPROVEMENTS)
DESCRIPTION OF LEASED PREMISES

Property	***Description***	***Building Size (Square Feet)***[(1)]	***Location***	***Asset Value***[(1)(2)]
Ontario Convention Center	Two story building constructed in 1997	225,000	2000 E. Convention Center Way	$ 77,032,705
City Hall	Two story building constructed in 2011	53,260	303 East B Street	24,947,000
Fire Department Buildings				
Fire Training Station[(3)]	Three buildings constructed in 2020	29,754	1408 E. Francis Street	7,474,000
Fire House #3[(3)]	One story building constructed in 1973	5,800	1408 E. Francis Street	2,109,000
Fire Station #6[(4)]	Two story building constructed in 1993	10,575	2931 E. Philadelphia Street	4,247,000
Fire House #7[(4)]	One story building constructed in 2005	10,893	4901 E. Vanderbilt Street	3,918,000
Fire House #8	Two story building constructed in 1998	10,229	3429 E. Shelby	3,665,000
Fire House #9	One story building constructed in 2022	10,157	2661 Park Vista Drive	4,006,000
TOTAL[(5)]				$127,398,705

(1) Figures are approximate.
(2) Reflects insured value of improvements and contents. Land values are not reflected.
(3) This property is the site of the new administrative offices of the Fire Department, which are being financed from proceeds of the 2022 Bonds. See the caption "PLAN OF FINANCE—2022 Project." The Fire Training Station will continue to be occupied while the new administrative offices are being constructed.
(4) These properties are subject to deed restrictions which prohibit residential uses.
(5) Total asset value is greater than the combined principal amount of the 2022 Bonds and the 2017 Bonds.

Source: City.

The City has certified in the Lease Agreement that the annual fair rental value of the Leased Premises is at least equal to the sum of the annual Base Rental Payments payable under the Original Lease Agreement with respect to the 2017 Bonds and the 2022 Base Rental Payments.

For a discussion of the insurance required to be maintained on the Leased Premises, see the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Insurance."

The City has the right to substitute or release all or portion of the Leased Premises subject to certain conditions precedent. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Substitution or Release of the Leased Premises."

Upon or after completion of the 2022 Project, the City expects to evaluate the pool of leased assets that is described in the table above and to substitute the properties that comprise the 2022 Project for certain properties that currently comprise the Leased Premises. There can be no assurance as to whether or when any such substitution will occur, or as to which properties may be substituted out from the current pool of Leased Premises. See the caption "THE 2022 PROJECT."

Convention Center

The Ontario Convention Center (the "**Convention Center**") is a two story building that is located on a 17.26-acre landscaped site in the City, at 2000 East Convention Center Way. The Convention Center, which opened in December 1997, consists of approximately 225,000 square feet of flexible exhibit, meeting and function space and is ideal for conventions, trade shows, exhibits and meetings. The Convention Center also includes approximately 1,336 parking spaces that may be utilized for event parking.

The Convention Center regularly hosts trade shows, exhibitions and conventions, public admission shows, and major meetings and banquets. The benefits to the City from use and occupancy of the Convention Center come primarily from hotel transient occupancy tax revenues and, to a lesser degree, from sales tax revenues. For the past several Fiscal Years, including throughout the duration of the COVID-19 pandemic, transient occupancy tax revenues have never been less than $10,000,000 per Fiscal Year. The Convention Center generates revenue from its operations, but not in sufficient amounts to cover operating costs and capital requirements. The City covers such deficits from its General Fund.

More than 2,500 hotel rooms exist within close proximity of the Convention Center. The Convention Center is considered to be an integral part of the economy of the City, and is a central element of the City's tourism industry.

The City currently contracts with SMG, an independent contractor, to promote, manage, operate and market the Convention Center. SMG has broad experience providing management, operating and marketing services for public assembly facilities, including arenas, stadiums, theaters, and convention, exhibition, and trade centers. SMG currently operates over 230 facilities worldwide. The City's original operating agreement with SMG was, in an amended form, in effect from October 1, 1999, to March 31, 2005, and provided for a City option to extend the agreement for an additional two-year term. The City and SMG subsequently entered into a second management agreement as of July 1, 2005 that was, in amended form, in effect from July 1, 2005 to June 30, 2012. Most recently, the City and SMG entered into a new management, dated as of May 1, 2012, as amended by a First Amendment to Management Agreement, dated as of June 29, 2016 (the "**2016 Management Agreement**"). The 2016 Management Agreement provides for a term ending at midnight on June 30, 2029.

The Convention Center has an insured value of $77,032,705.

Access to the Convention Center by members of the public has been restricted or subject to significant limitations during the COVID-19 pandemic, and the number of events held at the Convention Center has been lower than in years prior to the onset of the pandemic. See the caption "THE CITY—COVID-19 Outbreak." However, the Convention Center has been fully accessible to the public, with limitations on use lifted, since the second half of 2021, and the City expects the number of events to be held at the Convention Center to return to pre-pandemic levels by mid-2022, although many events include a smaller number of attendees than prior to the pandemic.

City Hall

The City Hall complex consists of multiple administrative office buildings, the City Council chambers, a Senior Center and park and landscaping areas. Only the main City Hall building comprises a part of the Leased Premises. The main City Hall building is a two story building that was originally constructed in 1979 and fully reconstructed in 2011 with an area of 53,260 square feet. It houses administrative offices, conference rooms and kitchen facilities.

The building holds a Silver LEED (Leadership in Energy and Environmental Design) certification from the United States Green Building Council. Among other features, the building has floor, carpeting and materials with a high percentage of recycled content, paints and coating with low amounts of volatile organic

compounds and indoor plants with high toxin-filtering abilities to improve indoor/outdoor air quality, PVC-free upholstery on furnishings, energy-efficient lighting, a variable-speed heating, ventilation and air conditioning system, high-efficiency restroom fixtures, waterless urinals and low flow toilets, drought-tolerant landscaping and automated sprinklers low-emission vehicle and high occupancy vehicle designated parking spots.

Fire Department Buildings

The City's Fire Department serves residents from 10 strategically located fire stations, including a fire station at Ontario International Airport ("**ONT**"), with a daily staffing level of approximately 60 sworn firefighters. The City's fire stations house nine 4-person paramedic engine companies, three 4-person truck companies, a 8-person aircraft rescue fire station at ONT, a fire investigation supervisor and 2 battalion chiefs.

The Leased Premises include the Fire Department's Fire Training Station, which consists of a one story classroom building constructed in 2020 (3,780 square feet) and two training towers constructed in 2020 (10,854 square feet and 15,120 square feet, respectively). As part of the 2022 Project, the City will design and construct a new administrative office building for the Fire Department on the site of the Fire Training Station and Fire Station #3. Operations at the Fire Training Station and Fire Station #3 will not be affected by the construction.

The Leased Premises also include Fire Stations #6-#9, which are described in detail in the table under the caption "—General."

BASE RENTAL PAYMENT SCHEDULE

Set forth below is a schedule of Base Rental Payments, which secure the 2022 Bonds and the 2017 Bonds, assuming no optional or extraordinary prepayments.

		2022 Base Rental Payments			
Base Rental Payment Date[(1)]	***Base Rental Payments Related to 2017 Bonds***	***Principal***	***Interest***	***Total 2022 Base Rental Payments***	***Total Base Rental Payments***
5/1/2022	$ 555,065.63	$	$	$	
11/1/2022	1,140,065.63				
5/1/2023	540,440.63				
11/1/2023	1,320,440.63				
5/1/2024	520,940.63				
11/1/2024	1,340,940.63				
5/1/2025	500,440.63				
11/1/2025	1,365,440.63				
5/1/2026	478,815.63				
11/1/2026	1,383,815.63				
5/1/2027	456,190.63				
11/1/2027	1,406,190.63				
5/1/2028	432,440.63				
11/1/2028	1,432,440.63				
5/1/2029	407,440.63				
11/1/2029	1,457,440.63				
5/1/2030	381,190.63				
11/1/2030	1,481,190.63				
5/1/2031	353,690.63				
11/1/2031	1,508,690.63				
5/1/2032	336,365.63				
11/1/2032	1,526,365.63				
5/1/2033	318,515.63				
11/1/2033	1,543,515.63				
5/1/2034	300,140.63				
11/1/2034	1,565,140.63				
5/1/2035	280,375.00				
11/1/2035	1,585,375.00				
5/1/2036	259,168.75				
11/1/2036	1,604,168.75				
5/1/2037	225,543.75				
11/1/2037	1,635,543.75				
5/1/2038	201,750.00				
11/1/2038	1,661,750.00				
5/1/2039	165,250.00				
11/1/2039	1,700,250.00				
5/1/2040	126,875.00				
11/1/2040	1,736,875.00				
5/1/2041	86,625.00				
11/1/2041	1,776,625.00				
5/1/2042	44,375.00				
11/1/2042	1,819,375.00				
Total:	$38,963,281.38	$	$	$	

(1) The Base Rental Payment Date is the fifth Business Day prior to the date shown.
Source: Underwriters.

THE 2022 BONDS

General

The 2022 Bonds will be issued in fully registered form without coupons in denominations of integral multiples of $5,000. The 2022 Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page. Interest on the 2022 Bonds will be paid semiannually on November 1, 2022 and each May 1 and November 1 thereafter (each, an "**Interest Payment Date**").

Interest on the 2022 Bonds will be payable semi-annually calculated based on a 360-day year of twelve thirty-day months on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the fifteenth day of the month preceding each Interest Payment Date (each, a "**Record Date**"), such interest to be paid by check of the Trustee mailed by first class mail to the Owner at the address of such Owner as its appears on the Registration Books; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of 2022 Bonds in the aggregate principal amount of $1,000,000 or more who will furnish written wire instructions to the Trustee at least five days before the applicable Record Date. Principal of any 2022 Bond and any premium upon redemption will be paid by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee. Principal of and interest and premium (if any) on the 2022 Bonds will be payable in lawful money of the United States of America.

Each 2022 Bond will be dated as of the Closing Date, and will 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 will bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before October 15, 2022, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any 2022 Bond, interest thereon is in default, such 2022 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Registration, Transfers and Exchanges

The 2022 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the 2022 Bonds (the "**Beneficial Owners**") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the 2022 Bonds. See the caption "—Book-Entry Only System."

In the event that the book-entry system that is described herein is discontinued, the 2022 Bonds will be printed and delivered as provided in the Indenture. Thereafter, any 2022 Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2022 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any 2022 Bond or Bonds shall be surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new 2022 Bond or Bonds in a like aggregate principal amount, in any Authorized Denomination. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The 2022 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2022 Bonds of other authorized denominations. The Trustee will require the payment by the 2022 Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee is not obligated to make any transfer or exchange of 2022 Bonds pursuant to the Indenture during the period established by the Trustee for the selection of 2022 Bonds for redemption, or with respect to any 2022 Bonds selected for redemption.

Redemption

Optional Redemption. The 2022 Bonds maturing on or before November 1, 20__ are not subject to redemption prior to their respective stated maturities. The 2022 Bonds maturing on or after November 1, 20__, are subject to redemption at the option of the Authority as a whole or in part, on ____ 1, 20__ or any date thereafter, upon at least 45 days' prior notice to the Trustee or shorter period as acceptable to Trustee from any available source of funds, a redemption price equal to the principal amount of the 2022 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Extraordinary Redemption from Condemnation Award or Insurance Proceeds. The 2022 Bonds are also subject to redemption as a whole or in part on any date, from Net Insurance Proceeds or proceeds of condemnation required to be used for such purpose as provided in the Supplemental Lease Agreement, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2022 Bonds maturing on November 1, 20__ (the "**Term Series 2022 Bonds**") are subject to mandatory redemption, in part by lot, from Principal Fund payments set forth in the following schedule on November 1, 20__, and each November 1 thereafter at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the Term Series 2022 Bonds have been redeemed as described under the subcaptions "—Optional Redemption" or "—Extraordinary Redemption from Condemnation Award or Insurance Proceeds," above, the total amount of Principal Fund payments to be made subsequent to such redemption will be reduced in an amount equal to the principal amount of the Term Series 2022 Bonds so redeemed pursuant to the First Supplemental Indenture by reducing each such future Principal Fund payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as designated pursuant to written notice filed by the Authority with the Trustee.

Redemption Date (November 1)	***Principal Amount***
	$
*	

* Final Maturity.

In lieu of such redemption, the Trustee may apply amounts in the Principal Fund to the purchase of Term Series 2022 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Authority prior to the selection of Term Series 2022 Bonds for redemption, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Term Series 2022 Bonds, as set forth in a Written Request of the Authority.

Selection of Bonds for Redemption. Except for mandatory sinking fund redemption as described under the subcaption "—Mandatory Sinking Fund Redemption" above, whenever provision is made in the First Supplemental Indenture for the redemption of less than all of the 2022 Bonds, the Trustee will select the 2022 Bonds to be redeemed from all 2022 Bonds or such given portion thereof not previously called for redemption from such maturities as are set forth in a Written Request of the Authority filed with the Trustee.

For purposes of such selection, the Trustee will treat each 2022 Bond as consisting of separate $5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2022 Bond.

Notice of Redemption. Notice of redemption will be mailed by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2022 Bonds designated for redemption at their addresses appearing on the Registration Books, and to the Securities Depositories and to one or more of the Information Services. Each notice of redemption will state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the 2022 Bonds (or all 2022 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and, if less than all of the 2022 Bonds of a maturity are to be redeemed, Bond numbers of the 2022 Bonds to be redeemed, the maturity or maturities of the 2022 Bonds to be redeemed and in the case of 2022 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. In case of an optional redemption of 2022 Bonds as described under the subcaption "—Optional Redemption" above, notice of redemption may be given if moneys sufficient to pay the redemption price are on deposit with the Trustee or available for such purpose on the date that notice of redemption is given or if such notice expressly states that such redemption is conditional on receipt by the Trustee of sufficient moneys. A conditional notice of redemption may be rescinded in the event that there are insufficient moneys to redeem such 2022 Bonds. Each such notice will also state that on the redemption date there will become due and payable on each of said 2022 Bonds the redemption price thereof, and that from and after such redemption date interest thereon will cease to accrue, and will require that such 2022 Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein will affect the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of 2022 Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Partial Redemption of Bonds. Upon surrender of any 2022 Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2022 Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2022 Bonds surrendered.

Effect of Notice of Redemption. Notice of redemption having been duly given described under the subcaption "—Notice of Redemption" above, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2022 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2022 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2022 Bonds so called for redemption will cease to accrue, said 2022 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the First Supplemental Indenture, and the Owners of said 2022 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. All 2022 Bonds redeemed pursuant to the provisions of the First Supplemental Indenture will be cancelled by the Trustee upon surrender thereof and destroyed.

Book-Entry Only System

The 2022 Bonds are registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2022 Bonds. Ownership interests in the 2022 Bonds may be purchased in book-entry form only. So long as DTC, or Cede & Co. as its nominee, is the registered owner of all 2022 Bonds, all payments on the 2022 Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Participants, as more fully described in Appendix F.

As long as Cede & Co. is the registered owner of the 2022 Bonds, references herein to the Owners of the 2022 Bonds will refer to Cede & Co. and not to the Beneficial Owners. Neither the Authority nor the City gives any assurance that DTC, DTC Participants nor others will distribute payments with respect to the 2022 Bonds or notices concerning the 2022 Bonds to the Beneficial Owners or that DTC will otherwise serve and

act in the manner described in this Official Statement. See Appendix F for a further description of DTC and its book-entry system. The information presented therein is based solely on information provided by DTC.

SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS

Pledge of Base Rental Payments

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the 2022 Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund, the Redemption Fund and the Reserve Fund have been pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Such pledge constitutes a first lien on such assets.

All obligations of the Authority under the Indenture will be special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Bonds.

Under the Assignment Agreement, the Authority has assigned to the Trustee for the benefit of the 2022 Bond Owners substantially all of the Authority's right, title and interest in and to the Lease Agreement, including its right to receive the 2022 Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the City. The City will pay 2022 Base Rental Payments directly to the Trustee, as assignee of the Authority. See the caption "—Base Rental Payments."

The Trustee will establish and maintain separate funds designated the "Base Rental Payment Fund," the "Interest Fund," the "Principal Fund," the "Redemption Fund," the "Reserve Fund" and the "Net Insurance Proceeds Fund."

All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

The Trustee will transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner provided in the Indenture, to the following respective funds:

(i) Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee will transfer from the Base Rental Payment Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date.

(ii) Principal Fund. On the Business Day immediately preceding each November 1, the Trustee will transfer from the Base Rental Payment Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such November 1 either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund will be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

(iii) Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, will deposit in the Redemption Fund that amount of moneys representing the portion

of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee will deposit in the Redemption Fund any amounts required to be deposited therein constituting Net Insurance Proceeds. Moneys in the Redemption Fund will be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on 2017 Bonds redeemed pursuant to the provisions of the Original Indenture, 2022 Bonds redeemed pursuant to the provisions of the First Supplemental Indenture and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued; provided, however, that moneys deposited in the Redemption Fund may also be used to purchase Outstanding Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds may be made by the Authority at public or private sale as and when and at such prices as the Authority may in its discretion determine, but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, as applicable,. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Interest Fund.

(iv) Reserve Fund. On each Interest Payment Date, the Trustee will, from the remaining moneys in the Base Rental Payment Fund, thereafter transfer to the Reserve Fund that sum, if any, necessary to restore the Reserve Fund to an amount equal to the Reserve Requirement; provided, however, that the Authority may provide for the Reserve Requirement with respect to the Reserve Fund by means other than cash and Permitted Investments pursuant to the Indenture, and the deposit of the Reserve Policy will for all purposes of the Indenture be deemed to satisfy the Authority's and the City's obligation to fund the Reserve Fund in the amount of the Reserve Requirement with respect to the 2022 Bonds. See the caption "—Reserve Fund" for a further discussion of the Reserve Policy.

(v) Surplus. Moneys on deposit in the Base Rental Payment Fund not necessary to make any of the payments required above may be expended by the Authority at any time: (a) to pay [Policy Costs and Bond Insurer Reimbursement Amounts], provided that: (i) the Rental Payments are not in abatement pursuant to the Lease Agreement; and (ii) the amount of Rental Payments due in each year does not exceed the annual fair rental value of the Leased Premises (and if the amount of Rental Payments due in any year exceeds the annual fair rental value of the Leased Premises, the payment of Policy Costs in such year will not exceed fair rental value and Policy Costs in excess thereof will be paid in subsequent years in accordance with the Indenture; and thereafter (b) for any purpose permitted by law as directed by the Authority.

Upon receipt of a Written Certificate of the City pursuant to the Lease Agreement that the City has commenced repairs of the Leased Premises, the Trustee will transfer moneys from the Redemption Fund at the times and in the manner required by clause (iii) above if and to the extent there are insufficient funds in the Base Rental Payment Fund to make such transfers. Upon receipt of a Written Certificate of the City pursuant to the Lease Agreement that the City has completed repairs of the Leased Premises and will recommence to make Base Rental Payments or that the City has determined not to make such repairs and made the certifications required pursuant to the Lease Agreement, the Trustee will transfer any funds remaining on deposit in the Redemption Fund to the City for any lawful use.

Notwithstanding anything in the Indenture or in the 2022 Bonds, the Authority is not required to advance any moneys derived from any source other than the 2022 Base Rental Payments and other assets pledged under the Indenture for any of the purposes of the Indenture, whether for the payment of the principal of or interest on the 2022 Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but is not required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes.

THE 2022 BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE 2022 BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE

AUTHORITY, THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE 2022 BONDS. THE AUTHORITY HAS NO TAXING POWER.

Additional Bonds

The Authority may at any time issue one or more Series of Additional Bonds (in addition to the 2022 Bonds and the 2017 Bonds) payable from Base Rental Payments as provided in the Indenture on a parity with all other Bonds theretofore issued thereunder, but only subject to the following conditions, which have been made conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds has been authorized under and pursuant to the Indenture and has been provided for by a Supplemental Indenture which specifies the following:

(1) The application of the proceeds of the sale of such Additional Bonds;

(2) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that: (i) the serial Bonds of such Series of Additional Bonds will be payable as to principal annually on November 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds will have annual mandatory sinking fund redemptions on November 1; (ii) the Additional Bonds will be payable as to interest semiannually on May 1 and November 1 of each year, except that the first installment of interest may be payable on either May 1 or November 1 and will be for a period of not longer than twelve months and the interest will be payable thereafter semiannually on May 1 and November 1; (iii) all Additional Bonds of a Series of like maturity will be identical in all respects, except as to number or denomination; and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, will be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(4) The redemption premiums and terms, if any, for such Additional Bonds;

(5) The form of such Additional Bonds;

(6) Upon the issuance of such Additional Bonds, the amount on deposit in the Reserve Fund will be equal to the Reserve Requirement, taking into account the issuance of the Additional Bonds; and

(7) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

(b) The Authority is in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(c) The City is in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(d) The Ground Lease has been amended, to the extent necessary, and the Lease Agreement has been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments,

including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Leased Premises after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition will be made by a Written Certificate of the City); and

(e) So long as the [Policy and the] bond insurance policy relating to the 2017 Bonds are in full force and effect and the Insurer has not defaulted on its obligations thereunder, the written consent of the Insurer has been received prior to the issuance of Additional Bonds, which consent may not be unreasonably withheld or delayed; provided that, notwithstanding the foregoing, the written consent of the Insurer is not required to issue Additional Bonds the proceeds of which are applied to effect a full refunding of the 2022 Bonds or the 2017 Bonds.

Nothing contained in the Indenture limits the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued thereunder will be Outstanding.

Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, Additional Bonds may not be issued: (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists, unless such default will be cured upon such issuance; and (2) unless the Reserve Policy in the full amount of the Reserve Requirement has been deposited in the Reserve Fund, in either case unless otherwise permitted by the Insurer.

Base Rental Payments

General. In consideration of the lease and leaseback by the Authority of the Leased Premises and in consideration of the issuance of the 2022 Bonds by the Authority for the purpose of financing the 2022 Project, and subject to the provisions of the Lease Agreement relating to condemnation or damage (as described under the caption "—Abatement," the City has agreed to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Leased Premises during each Fiscal Year, the Base Rental Payments (denominated into components of principal and interest) for the Leased Premises in the respective amounts specified in the Lease Agreement, to be due and payable each respective Base Rental Payment Date specified in the Lease Agreement. Rental Payments, including Base Rental Payments, will be paid by the City to the Authority for and in consideration of the right to use and occupy the Lease and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

Fair Rental Value. The City and the Authority have agreed and determined that the annual fair rental value of the Leased Premises is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Leased Premises during each Rental Period will constitute the total rental for said Rental Period.

Covenant to Budget and Appropriate. The City has covenanted to take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City will deliver to the Authority and the Trustee a Certificate of the City stating that its final annual budget includes all Base Rental Payments due in such Fiscal Year within ten days after the filing or adoption thereof. The covenants on the part of the City contained in the Lease Agreement will be deemed to be and will be construed to be duties imposed by law and it is 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 the Lease Agreement agreed to be carried out and performed by the City.

Limited Obligation. The obligation of the City to pay Base Rental Payments and other payments under the Lease Agreement constitutes a current expense of the City and will not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor does anything contained in the Lease Agreement constitute a pledge of the general tax revenues, funds or moneys of the City. Base Rental Payments due under the Lease Agreement will be payable only from current funds which are budgeted and appropriated, or otherwise legally available, for the purpose of paying Base Rental Payments or other payments due thereunder as consideration for use of the Leased Premises during the Fiscal Year for which such funds were budgeted and appropriated or otherwise made legally available for such purpose. The Lease Agreement will not create an immediate indebtedness for any aggregate payments which may become due thereunder. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Base Rental Payments or any other payments due under the Lease Agreement, the 2022 Bonds or the interest thereon.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

In addition to the Base Rental Payments, the City will pay when due the following items of Additional Rental Payments:

(a) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Leased Premises or the respective interests or estates of the Authority or the City therein;

(b) all reasonable administrative costs of the Authority relating to the Leased Premises including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to the Lease Agreement;

(d) any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and

(e) all other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture, including but not limited to the [Policy Costs, Bond Insurer Advances and reimbursements to the Insurer for payments under the Policy or the Reserve Policy] in accordance with the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Abatement

Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Leased Premises, or any defect in title to the Leased Premises, there is substantial interference with the City's right to use and occupy any portion of the Leased Premises, Rental Payments will be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Leased Premises available for use and occupancy by the City during such Rental Period. The City and the Authority will calculate such abatement and provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Leased Premises, ending with the substantial completion of the work of repair or replacement of the Leased Premises, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided therein, except that the term will in no event be extended beyond the Maximum Lease Term.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, including but not limited to the Reserve Fund, Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

See the caption "RISK FACTORS—Abatement."

Substitution or Release of the Leased Premises

The City has the right to substitute alternate real property for any portion of the Leased Premises or to release a portion of the Leased Premises from the Lease Agreement. All costs and expenses incurred in connection with such substitution or release will be borne by the City. Notwithstanding any substitution or release of the Leased Premises pursuant to the Lease Agreement, there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution or release. Any such substitution or release of any portion of the Leased Premises is subject to the following specific conditions, which have been made conditions precedent to such substitution or release:

(a) The City has delivered a certificate to the Trustee and the Bond Insurer setting forth its findings that the Leased Premises, as constituted after such substitution or release: (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period; and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) the City has obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in the Lease Agreement;

(c) the City has provided the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee have executed, and the City has caused to be recorded with the San Bernardino County Recorder, any document necessary to reconvey to the City the portion of the Leased Premises being released and to include any substituted real property in the description of the Leased Premises contained in the Lease Agreement and in the Ground Lease;

(e) the City has provided notice of such substitution to each rating agency then rating the Bonds; and

(f) so long as the [Policy and the] bond insurance policy relating to the 2017 Bonds are in full force and effect and the Insurer has not defaulted on its obligations thereunder, the prior written consent of the Insurer has been received.

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Leased Premises.

Base Rental Payments may not be accelerated upon a default under the Lease Agreement. See the caption "RISK FACTORS—No Acceleration of Base Rental."

For purposes of certain actions of 2022 Bond Owners under the Indenture and Lease Agreement, such as certain consents and amendments and the direction of remedies following default, such 2022 Bond Owners do not act alone and may not control such matters to the extent that such matters are not supported by the requisite number of the Owners of all Bonds and Additional Bonds, if any.

For a detailed description of events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see Appendix B.

Reserve Fund

The Trustee has established and will hold in trust the Reserve Fund. There will be maintained in the Reserve Fund the Reserve Policy and a debt service reserve surety policy relating to the 2017 Bonds (the "**2017 Reserve Policy**"), the aggregate amount of which policies is equal to the Reserve Requirement (as such term is defined below). The deposit of the Reserve Policy and the 2017 Reserve Policy will satisfy for all purposes the Authority's and the City's obligation to fund the Reserve Fund in the amount of the Reserve Requirement with respect to the 2022 Bonds and the 2017 Bonds. Amounts drawn under the Reserve Policy will be used solely to pay scheduled payments of principal of and interest on the 2022 Bonds and amounts drawn under the 2017 Reserve Policy will be used solely to pay scheduled payments of principal of and interest on the 2017 Bonds.

The term "**Reserve Requirement**" means initially: (a) $____; and thereafter (b) the least of the amount set forth in clause (a), 75% of the maximum payments of principal of and interest on the Bonds payable in any bond year of the Authority, 125% of the average annual debt service on the Bonds or 10% of the initial principal amount of the Bonds.

For the purpose of determining the amount of cash and investments other than the Reserve Policy, if any, in the Reserve Fund, all Permitted Investments credited to the Reserve Fund will be valued at the lower of cost or market value. To the extent of any valuation of Permitted Investments made by the Trustee, notwithstanding anything to the contrary contained in the Indenture, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and may conclusively rely thereon.

The City and the Authority have no obligation to replenish the Reserve Fund with cash or other Permitted Investments in the event of a lowering of the rating of the Insurer or the Insurer's noncompliance with a draw request under the Reserve Policy or the 2017 Reserve Policy.

See Appendix B under the caption "INDENTURE—Security for Bonds; Flow of Funds; Investments—Reserve Fund" for a discussion of the procedures to be followed in the event of a draw upon the Reserve Fund and the policies deposited therein.

Insurance

Commercial General Liability and Property Damage Insurance. The City will maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Leased Premises. Said policy or policies must provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of $500,000 for damage to property (subject to a deductible clause of not to exceed $100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, provided that such self-insurance complies with the provisions of the Lease Agreement. The Net Insurance Proceeds of such liability insurance will be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance have been paid.

The City will also maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Leased Premises in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. The City has an insurance policy which provides replacement cost coverage. All casualty insurance required to be maintained under the Lease Agreement may be subject to a deductible in an amount not to exceed $500,000. The City's obligations to maintain casualty insurance may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Lease Agreement.

Workers' Compensation Insurance. The City will maintain or cause to be maintained, throughout the term of the Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Leased Premises and to cover full liability for compensation under any such act; provided, however, that the City's obligations to maintain workers' compensation insurance may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Lease Agreement.

Rental Interruption Insurance. The City will maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Leased Premises as a result of any of the hazards required to be covered by casualty insurance (as described in the second paragraph under the subcaption "—Commercial General Liability and Property Damage Insurance" above) in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City is not permitted to self-insure its obligation to maintain rental interruption insurance.

The insurance required by the Lease Agreement must be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant, to be adequate for the purposes thereof.

BOND INSURANCE

The information under this caption has been prepared by the Insurer for inclusion in this Official Statement. None of the Authority, the City or the Underwriters have reviewed this information, nor do the Authority, the City or the Underwriters make any representation with respect to the accuracy or completeness thereof. The following information is not a complete summary of the terms of the Policy and reference is made to Appendix G for a specimen of the Policy.

[TO COME].

THE CITY

General

The City is located in southwestern San Bernardino County (the "**County**"), approximately 35 miles east of Los Angeles near the intersection of Interstates 10 and 15 in the area of southern California known as the "Inland Empire." The City is adjacent to the cities of Upland, Montclair, Chino and Rancho Cucamonga. The City had a population of approximately 182,004 as of January 1, 2021 and covers approximately 50 square miles. The City was incorporated in 1891 and is a general law city operating under a council/manager form of government. Further information concerning the City is set forth below and in Appendix A.

The City had 1,219 full-time equivalent employees as of June 30, 2021. City employees are represented by seven labor associations which collectively represent 1,078 employees. Relations between the City and its labor associations are governed by memoranda of understanding (each, an "**MOU**") that expire on June 30, 2023. A total of approximately 141 management and confidential employees are exempt from collective bargaining. Salaries for exempt employees are set by the City Council. The City has never experienced a strike, slowdown or work stoppage.

The City provides a full range of services, including police and fire protection, construction and maintenance of streets, parks, water and sewer lines, traffic signals and other infrastructure, water, sewer and integrated waste services, recreation and community services and arts, cultural and social programs. The City also operates a municipal golf course, the Convention Center and a sports and entertainment arena (the Toyota Arena, which opened in 2008). The Leased Premises securing the 2022 Bonds include (among other properties) the Convention Center, which is described in detail under the caption "THE LEASED PREMISES."

Largest Employers

The table below sets forth the largest employers within the City as of June 30, 2021, the latest date for which such information is available.

CITY OF ONTARIO
LARGEST EMPLOYERS – FISCAL YEAR 2021

Employer	*Approximate Number of Employees*	*Type of Business*
United Parcel Service	5,000-9,999	Shipping Service
Workforce Personnel, Inc.	1,000-4,999	Employment Agency
Ontario-Montclair School District	1,000-4,999	Public Agency
Chaffey Union High School District	1,000-4,999	Public Agency
Federal Express Corporation	500-999	Shipping Service
QVC Ontario LLC	500-999	Distribution
Auto Zoners, Inc.	500-999	Retail
Home Depot USA, Inc.	500-999	Retail
Cardenas Markets, Inc.	500-999	Retail
ULINE, Inc.	250-499	Distribution

Source: State of California Employment Development Department.

Government and Administration

The City operates under a council-manager form of government. Councilmembers and the Mayor are currently elected at large for four-year alternating terms. The City Treasurer and City Clerk are also elected by City voters. Beginning with the November 5, 2024 Statewide election, two Councilmembers will be elected by district, with the other two Councilmembers elected by district at the November 3, 2026 Statewide election; the Mayor will continue to be elected Citywide.

The City Manager, appointed by the City Council, serves as the City's chief administrative officer and is responsible for overseeing the daily operations of City departments and efficient management of all City business. Functions of the City Manager's Office include coordination of the implementation of City Council policies and programs; providing overall direction to the departments that administer City programs and services; coordinating intergovernmental relations and legislative advocacy; and administration of the City's communications, media relations and public information programs.

Scott Ochoa has served as the City Manager since October 2017. In this capacity he leads the daily operation of City government. Prior to coming to the City, Mr. Ochoa served as the City Manager of Glendale, California and Monrovia, California. Mr. Ochoa has a Bachelor's degree from Claremont McKenna College and a Masters in Public Administration degree from the University of Southern California.

Other key personnel responsible for management of the City include the City Treasurer and the Executive Director of Finance. In addition, the City Attorney provides legal services to the City and the Authority.

James R. Milhiser has served as the elected City Treasurer since 1998. Mr. Milhiser has over 40 years of experience in financial services. He has a Bachelor's degree from California State Polytechnic University, Pomona, and successfully completed a three year program at Pacific Coast Banking School, held at the University of Washington.

Armen Harkalyan serves as the Executive Director of Finance of the City. Mr. Harkalyan was appointed Executive Director of Finance in January 2019. Prior to coming to the City, Mr. Harkalyan served as the Deputy Director of Finance and Revenue Manager for the City of Glendale, California. Mr. Harkalyan has a Bachelor's degree from the California State University, Los Angeles, and a Master's degree from the University of Phoenix.

Ruben Duran has been City Attorney since 2020. Mr. Duran has been an attorney for more than 22 years in private practice specializing in municipal law. He has a Bachelor's degree from the University of California, San Diego and a Juris Doctorate degree from University of California, Hastings.

Ontario International Airport

The City is home to ONT. ONT is served by approximately 10 commercial carriers with connections to approximately 18 domestic and international destinations. It is also a major cargo airport given the City's proximity to the large logistics and distribution hub in the Inland Empire.

ONT was developed prior to World War II and was owned by the federal government until 1967, when it was acquired by a joint powers authority the members of which were the City and the City of Los Angeles Department of Airports ("**LAWA**"). LAWA operated ONT on behalf of the joint powers authority, eventually acquiring ONT outright in 1985.

In 2016, the City and the Ontario International Airport Authority ("**OIAA**"), a joint powers authority the members of which are the City and the County, acquired ONT from LAWA and assumed operation and management of ONT. The City paid a portion of the purchase price of ONT to LAWA as well as salaries and legal, consulting and administrative fees associated with the negotiations leading up to the acquisition of ONT from LAWA. The payments made by the City for these purposes totaled $42,373,148 as of June 30, 2019, which amount has been written off by the City and recorded as a capital contribution by OIAA.

The City and OIAA have entered into a number of agreements related to the provision of law enforcement, fire protection, information technology and other services by the City for the benefit of ONT. Currently, approximately 80 police and other public safety officers provide law enforcement and fire protection services at ONT. The City's charges to ONT for such services are intended to recoup the City's associated expenses in providing such services.

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City has established self-insurance funds to finance uninsured risks of loss up to a maximum of $750,000 for each workers' compensation claim and $1,000,000 for each general liability claim. For workers' compensation claims in excess of amounts provided by its internal fund, the City maintains coverage from a private carrier for claims up to the statutory requirements. For general liability claims in excess of amounts provided by its internal fund, the City maintains coverage from the Authority for California Cities Excess Liability ("**ACCEL**"). ACCEL maintains a shared risk pool for claims up to $4,000,000, with private carriers covering amounts in excess thereof. City is self-insured for unemployment liability claims. The City will pay all claims based on the individual reimbursement account method, as provided by the State. Claims have not exceeded the City's insurance coverage in any of the last three years.

The City purchases all-risk, replacement cost value property insurance coverage through ACCEL up to a maximum amount of $500,000,000. All property and improvements comprising the Leased Premises are insured under the City's property insurance coverage. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Insurance."

No assurance can be given as to the adequacy of the insurance maintained now or in the future by the City to fund necessary repairs or replacement of any portion of the Leased Premises, and the City does not have any obligation under the Lease Agreement to maintain earthquake coverage or other coverage in the current coverage amounts. Significant damage to any of the Leased Premises could cause Base Rental Payments to be abated. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Abatement" and "RISK FACTORS—Natural Disasters."

COVID-19 Outbreak

The spread of the novel strains of coronavirus collectively called SARS-CoV-2, which cause the disease known as COVID-19 ("**COVID-19**"), and local, State and federal actions in response to COVID-19, have impacted the City's operations and finances. In response to the increasing number of COVID-19 infections and fatalities, health officials and experts have recommended, and some governments have mandated, a variety of responses ranging from travel bans and social distancing practices to complete shutdowns of certain services and facilities. The World Health Organization has declared the COVID-19 outbreak to be a pandemic and, on March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, 2020, the President declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the State temporarily closed some or all school campuses (including schools within the City) in response to local and State directives or guidance.

On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory Statewide shelter-in-place order applicable to all non-essential services. Certain aspects of the shelter-in-place directives were extended indefinitely until indicators for modifying the stay-at-home order were met. The County also declared a state of emergency in response to the COVID-19 outbreak. On May 4, 2020, the Governor issued an executive order informing local health jurisdictions and industry sectors that they could gradually re-open under new modifications and guidance provided by the State. A phased re-opening of various sectors was underway beginning in mid-2020 in accordance with a four-stage re-opening plan that ended with a full reopening of the State's economy on June 15, 2021. Although pursuant to the re-opening plan certain restrictions on activities were eased, restrictions were also re-imposed in various jurisdictions (including neighboring Los Angeles County) as local conditions warranted, and such restrictions may be renewed as the pandemic continues.

In addition, the Governor extended the deadline to file and pay spring 2020 property taxes for residential and certain commercial property owners and first quarter 2020 sales and use tax returns by 90 days for all but the very largest taxpayers. As a result of the extended deadline to file sales and use tax returns, it is estimated that up to 361,000 California businesses with less than $5 million in taxable annual sales were permitted to defer up to $50,000 in sales tax payments and enter into 12-month payment plans at zero interest. These actions have resulted in delays in the receipt by the City of its portion of such tax payments.

On March 27, 2020, the President signed the $2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the "**CARES Act**") which provides, among other measures, $150 billion in financial aid to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible for reimbursement of certain costs which were expended to address the impacts of the pandemic. The City received a total reimbursement of $5,609,826 under the CARES Act. The funds received by the City under the CARES Act are not available for payment of the 2022 Bonds and cannot be used to backfill any City revenue losses related to COVID-19.

On December 27, 2020, the President signed the $900 billion Coronavirus Response and Relief Supplemental Appropriations Act. Although the act did not provide additional financial assistance to state and local governments, it did extend the deadline (to October 2021) for them to use unspent funds that were previously approved under the CARES Act.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (the "**ARP Act**"), a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. The ARP Act includes approximately $350 billion in aid to state and local governments such as the City, consisting of both direct funding from the United States Department of Treasury and program moneys that will flow from other federal agencies. Half of the aid to state and local governments was distributed in spring 2021, with the other half following in 2022. [UPDATE IF FUNDS RECEIVED PRIOR TO POSTING] The City has been allocated a total of approximately $45,609,291, of which approximately half was received in spring 2021. This funding is available for a broad range of uses, including responding directly to the health emergency, addressing its negative economic impacts with assistance to households and small businesses, restoring government services that were reduced in response to pandemic-related revenue losses and making certain necessary infrastructure improvements. The City approved a spending plan that allocates ARP Act funds as follows: $25,609,291 toward the funding of public health and economic impacts; $10,000,000 for allowable premium pay to recognize the diligent work performed by City employees during the COVID-19 pandemic; and $10,000,000 earmarked as replacement of lost public sector revenue to fund essential services provided to the community

The outbreak of COVID-19 in early 2020 and governmental actions responsive to it altered the behavior of businesses and people in a manner that had significant negative impacts on global and local economies. In addition, financial markets in the United States and globally experienced significant volatility attributed to COVID-19 concerns. Volatility in the financial markets caused the California Public Employees Retirement System's ("**CalPERS**") earnings to fall below its investment targets in Fiscal Year 2020, although CalPERS returns rebounded to 21.3% in Fiscal Year 2021. See the caption "CITY FINANCIAL INFORMATION—Retirement Contributions." The outbreak also resulted in short-term pressure on State finances as budgetary resources were directed towards containing the pandemic and tax revenues sharply declined in early 2020. Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak continue to occur throughout the United States, including the County.

Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the City, cancellations of public events and disruption of the regional and local economy, with corresponding decreases in General Fund revenues, including as a result of reduced sales and the cancellation of events at the Convention Center (which, as described under the caption "THE LEASED PREMISES," constitutes the Leased Premises under the Lease Agreement) and sports and entertainment arena, all of which are subject to sales and other taxes, reduced hotel occupancy, which is subject to transient occupancy taxes, reduced parking tax revenues as a result of reduced levels of passenger traffic at ONT and fewer business license applications. See the captions "CITY FINANCIAL INFORMATION—Sales Taxes," "CITY FINANCIAL INFORMATION—Property Taxes" and "CITY FINANCIAL INFORMATION—Other Taxes."

In response to the COVID-19 outbreak, the City modified its operations to implement remote work opportunities for employees and provide City services online, closed many City facilities to the public, cancelled many programs, rentals and community events and deferred several non-essential capital improvement projects. With improvements in local case rates, the City has phased in the resumption of normal operations and activities while complying with public health orders and California Occupational Safety and Health Administration COVID-19 Prevention Plan mandates. Large gatherings of City personnel at any one time were prohibited for much of 2020 and early 2021 per health officer orders and on-site personnel wore masks and practiced social distancing while working. City Council and other board meetings occurred via teleconference, and public comment and participation for City Council meetings was also conducted via teleconference and electronic means. The City has not experienced and does not at this time foresee a future negative impact on the execution of City services as a result of the COVID-19 outbreak. The City has worked diligently to provide its employees with personal protective equipment and voluntary access to vaccinations. However, there can be no assurance that absences of employees or City leadership due to COVID-19 will not adversely impact City operations.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City and the General Fund is unknown.

The City reports that Fiscal Year 2019-20 General Fund expenditures were lower than originally budgeted by approximately $9.6 million (3.4%) as the City implemented measures to reduce expenditures in response to the COVID-19 pandemic in the last quarter of Fiscal Year 2019-20, including reducing levels of police services at ONT, suspending recruitments, suspending elective spending as well as offering a Retirement/Separation Incentive program (the "**RSIP**") and not filling the majority of the positions that were vacated by the program. However, Fiscal Year 2019-20 General Fund revenues came in higher than budgeted by approximately $10.4 million (3.7%) as certain revenues, including Transfers In, Use of Money and Property and Charges for Services, were higher than budgeted. As a result of certain tax revenues, including sales tax and transient occupancy tax revenues, coming in lower than budgeted, the City withdrew approximately $11.4 million from its Economic Uncertainty Reserve (as described under the caption "CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City—Fiscal Policies—Economic Uncertainty Reserve") to balance the Fiscal Year 2019-20 budget. See the caption "CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information."

The budget for Fiscal Year 2020-21 was developed conservatively to account for the projected impacts of the continuing COVID-19 outbreak, including suspending new hires for the entirety of the Fiscal Year. As amended, the Fiscal Year 2020-21 budget reflected: (i) a decrease in General Fund expenditures of approximately $26.8 million (9.9%) below audited Fiscal Year 2019-20 General Fund expenditures; and (ii) a decrease in General Fund revenues of approximately $47.5 million (16.4%) below audited Fiscal Year 2019-20 General Fund revenues. Audited Fiscal Year 2020-21 General Fund expenditures were approximately $32.4 million higher than budgeted (and approximately $5.6 million higher than audited Fiscal Year 2019-20 General Fund expenditures) as the economy recovered and City spending on programs and public safety increased, while audited Fiscal Year 2020-21 General Fund revenues were approximately $76.9 million higher than budgeted (and approximately $19.0 million higher than Fiscal Year 2019-20 audited General Fund revenues), reflecting a more robust economic recovery than the City conservatively budgeted for. No CARES Act or ARP Act funding was included in the City's adopted budget for Fiscal Year 2020-21.

The budget for Fiscal Year 2021-22 reflected: (i) a return to General Fund revenues approximating revenues prior to the outbreak of COVID-19, with revenues projected to come in approximately $44.5 million (19.2%) higher than Fiscal Year 2020-21 budgeted revenues; such projections were still conservative ($32.5 million, or 10.5%, lower) relative to audited Fiscal Year 2020-21 results; and (ii) a return to General Fund expenditures approximating expenditures prior to the outbreak of COVID-19, with Fiscal Year 2021-22 expenditures projected to come in approximately $27.6 million (11.3%) higher than Fiscal Year 2020-21 budgeted expenditures; such projections were $4.8 million (1.7%) lower than actual Fiscal Year 2020-21 results.

Based on current information to date, the City expects actual Fiscal Year 2021-22 General Fund revenues to come in at approximately $298.9 million, or $22.7 million (8.2%) higher than budgeted, and actual Fiscal Year 2021-22 General Fund expenditures to come in at approximately $348.5 million, or $76.7 million (28.2%) higher than budgeted. The increase in General Fund expenditures reflects approximately $65.6 million in Transfers Out, which included allocation of the significant budget surplus in Fiscal Year 2020-21. In the first quarter of Fiscal Year 2021-22, the surplus was allocated as follows: approximately $15.8 million for economic development activities, $15.0 million for future pension unfunded actuarial liability costs under the RSIP (as discussed above), $8.2 million for information technology funding and $5.4 million toward the Economic Uncertainty Reserve (as discussed under the caption "FINANCIAL INFORMATION—General Economic Condition and Outlook of the City—Fiscal Policies—Economic Uncertainty Reserve"). In addition, the Fiscal Year 2021-22 Year-End Budget Update included an additional $4.5 million allocation to the Economic Uncertainty Reserve, additional allocations of $3 million toward internal service funds (Equipment

Services, Information Technology and Facilities Maintenance), and $4 million for future pension unfunded actuarial liability costs under the RSIP.

The City's Fiscal Year 2022-23 budget is scheduled to be approved by the City Council on May 26, 2022. The proposed budget, which remains subject to public input and adjustment by the City Council, reflects: (i) General Fund revenues projected to come in approximately $23.0 million (8.3%) higher than Fiscal Year 2021-22 budgeted revenues, and approximately $9.5 million (3.1%) lower than actual Fiscal Year 2020-21 revenues; and (ii) General Fund expenditures projected to come in approximately $30.0 million (11.0%) higher than Fiscal Year 2021-22 budgeted expenditures, and approximately $25.2 million (9.1%) higher than actual Fiscal Year 2020-21 revenues. There can be no assurance that the adopted budget will not change prior to approval by the City Council on May 26, 2022.

See the captions "CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City" and "CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information."

The City continues to actively monitor General Fund revenues and expenditures so that any further impacts of the COVID-19 pandemic can be anticipated. The City does not currently expect that the COVID-19 outbreak will have a material adverse effect on the City's ability to repay the 2022 Bonds.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles ("**GAAP**") and the standards established by the Governmental Accounting Standards Board ("**GASB**"). On a quarterly basis, a report is prepared for the City Council and City staff which reviews fiscal performance to date against the budget. Combined financial statements of the City and its component units are produced following the close of each Fiscal Year.

The City Council employs an independent certified public accountant who examines at least annually the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the Fiscal Year, a final audit and report is submitted by the independent certified public accountant to the City Council.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City's government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, under which revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The City's governmental fund (including the General Fund) financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, under which revenues are recognized as soon as they are both measurable and available (i.e. collectible within the current period or soon enough thereafter to pay liabilities of the current period), and expenditures are recorded when a liability is incurred.

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. Base Rental Payments will be paid from any legally available funds of the City. Tables 1 through 4 below set forth certain historical and current Fiscal Year budget information for the General Fund. Information on the remaining governmental funds of the City as of June 30, 2021 is set forth in Appendix C.

General Economic Condition and Outlook of the City

Fiscal Policies.

Fund Balance Reserve Policy. The City Council has adopted a Fund Balance Reserve Policy that forms the overall framework within which the City's General Fund operating budget is formulated. The Fund Balance Reserve Policy establishes the procedures for reporting unrestricted fund balances in the General Fund financial statements. Certain commitments and assignments of the fund balance will help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Financial Services/Fiscal Services Department to prepare financial reports which accurately categorize fund balance in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Fund balance is essentially the difference between the assets, deferred outflows and deferred inflows of resources and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent:

- Nonspendable fund balance (inherently nonspendable, i.e., inventory)
- Restricted fund balance (externally enforceable limitations on use, i.e., restricted by law or terms of grant)
- Committed fund balance (self-imposed limitations on use)
- Assigned fund balance (limitation resulting from intended use)
- Unassigned fund balance (residual net resources)

The City Council, as the City's highest level of decision-making authority, may commit fund balances for specific purposes pursuant to constraints imposed by the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action that was originally taken to establish the commitment. City Council action to commit fund balances must occur within the fiscal reporting period; however, the amount can be determined subsequently.

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balances. Pursuant to the City's fund balance policy established by the City Council on June 22, 2011, by resolution, the City Council has delegated the authority to assign amounts to be used for specific purposes to the City Manager or Executive Director of Finance for the purpose of reporting these amounts on the annual financial statements.

Included in the Fund Balance Reserve Policy is the 20% Stabilization Plan. This plan reflects the goal of the City Council to achieve a minimum of 20% of annual General Fund appropriations as an assigned fund balance in the General Fund. Based on the current year appropriations, the amount assigned to the 20% Stabilization Plan will either increase or decrease accordingly. This assigned balance is intended to be used for specific and defined emergency services and to minimize the potential for disruption of municipal services to citizens. However, included as part of the City's General Fund balancing strategies for Fiscal Year 2020-21 was the reduction of the General Fund stabilization assignment from 18% (the previous target amount) to 15%. As of June 30, 2021, the City's General Fund had an assigned fund balance for the stabilization arrangement of

$108.3 million, which achieved the 15% goal for Fiscal Year 2021-22. Currently, the assigned fund balance is at approximately 18% of annual General Fund appropriations.

The General Fund is the only City fund that can report a positive unassigned fund balance; this is the residual positive net resources in excess of what can properly be classified in one of the other four categories.

Debt Management Policy. The City has adopted a Debt Management Policy in accordance with California Government Code Section 8855 to establish guidelines and parameters for the effective governance, management and administration of debt issued by the City and its related entities and to ensure compliance with legislation, statutes and laws that place regulations on local agency debt. The following elements have been incorporated into this policy:

- The purposes for which debt may be incurred.
- The types of debt that may be issued.
- Assessment of debt limits generally and for General Fund-supported debt.
- Debt structuring and issuance practices.
- Debt management practices, including the investment of proceeds and post-issuance compliance.

Capital Asset Management Policy. The City's Capital Asset Management Policy is intended to: (1) describe the policies and procedures utilized in the City's capital asset management system; (2) establish guidelines for accounting and depreciating the City's capital assets; and (3) list and describe suitable capital assets and their estimated useful life.

The primary goals of the Capital Asset Management Policy are: (i) to ensure that the City's capital assets are properly accounted for; (ii) to establish a consistent and cost-effective method for accounting for the City's capital assets; and (iii) to assure compliance with GAAP.

Economic Uncertainty Reserve. In Fiscal Year 2019-20, the City established an Economic Uncertainty Reserve with a target amount of $15,000,000. The reserve was initially funded with a deposit of $20,000,000 (which is in excess of the target amount), representing moneys transferred from the City's other post-employment benefits fund. The Economic Uncertainty Reserve was established to smooth out revenue and expenditure contingencies. As of June 30, 2021, the balance in the Economic Uncertainty Reserve was $9.6 million, as $10.4 million was utilized to offset a Fiscal Year 2019-20 General Fund operating deficit. See the caption "THE CITY—COVID-19 Outbreak." A deposit of $5.4 million was approved on November 16, 2021 in the First Quarter Budget Update for Fiscal Year 2021-22, bringing the Economic Uncertainty Reserve balance to $15 million. In addition, a deposit of $4.5 million is included in the Year-End Budget Update slated for City Council consideration on May 26, 2022, which, if approved by the City Council, would bring the Economic Uncertainty Reserve balance to $19.5 million.

Action Plan. In the wake of the 2008 financial crisis, the City developed a Five-Year Budget Action Plan (the "**Action Plan**"), which was designed to minimize the negative impacts of the global economy on the City's fiscal health so that the City could continue to preserve public safety levels, meet community and cultural needs and deliver capital projects.

The Action Plan included budget cuts in non-essential expenditures, partnering with vendors and suppliers to limit cost increases, freezing vacant positions, transferring City staff from General Fund-supported positions to vacant positions with funding sources and negotiating with employee groups to forgo contracted raises and merit increases. Implementation of the Action Plan enabled the City to manage its finances after the 2008 financial crisis without layoffs and furloughs and by using accumulated reserves to balance its budgets.

Although the Action Plan covered a five-year period that ended in 2015, the City has continued to utilize the tools that it developed during the Action Plan (now referred to as a Five-Year Forecast) to assist in

managing the City's finances during future economic recessions. As discussed under the caption "THE CITY—COVID-19 Outbreak," the City applied many of the tools that were first developed during the Action Plan to stabilize its finances during the onset of the COVID-19 pandemic.

Strategic Plan. The City's Strategic Plan, which serves as a framework for developing the City's budget, includes the following goals established by the City Council:

- Invest in the Growth and Evolution of the City's Economy.
- Maintain the Current High Level of Public Safety.
- Operate in a Businesslike Manner.
- Pursue City's Goals and Objectives by Working with Other Governmental Agencies.
- Focus Resources in Ontario's Commercial and Residential Neighborhoods.
- Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities).
- Encourage, Provide or Support Enhanced Recreational, Educational, Cultural and Healthy City Programs, Policies and Activities.
- Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch.

The City is also developing a Fiber Optic Master Plan to guide the design, construction and operation of a fiber optic backbone infrastructure. The fiber optic network is intended to create cost-effective, secure, fast and reliable communications capabilities throughout the City. There can be no assurance as to whether when the Fiber Optic Master Plan will be completed or implemented, or as to the substance of the plan that is ultimately adopted.

Cost Allocation Plan. The City's Cost Allocation Plan is a basic information tool in a number of financial and budgetary decision-making situations. The Cost Allocation Plan can be used to identify indirect costs incurred by the City in administering and providing support services to special projects, funds and contracts. By identifying total project costs, the Cost Allocation Plan can be used to determine the level of support and to reimburse the General Fund for the indirect costs incurred.

An indirect cost rate is a means for determining fairly and conveniently, within the boundaries of sound administrative principles, what proportion of indirect costs each project or activity should bear. It is the ratio of total indirect expenses to a direct cost base. By applying the indirect cost rate to any particular cost objective, the total cost of the project or activity can be calculated. Indirect costs are categorized as Departmental Overhead and General & Administrative ("**G&A**") expenses. Departmental Overhead is allocated on the basis of direct personnel costs, while G&A is allocated based on the total project or activity costs (excluding G&A).

The Cost Allocation Plan is utilized in charging the City's utility funds, including water, sewer and integrated waste, for the costs of General Fund administrative activities that benefit such utility funds. The Cost Allocation Plan is updated on an annual basis.

Summary of General Fund Results and Budgets. As of June 30, 2021, the General Fund had a year-end surplus (revenues in excess of expenditures) of approximately $32.0 million (inclusive of interfund transfers), which was significantly more than the year-end deficit of $12.6 million that was projected in the Fiscal Year 2020-21 General Fund budget. The budget surplus was the result of renewed economic activity during the second half of Fiscal Year 2021 as the COVID-19 outbreak that is discussed under the caption "THE CITY—COVID-19 Outbreak" waned in and around the City.

In June 2020, just before the close of Fiscal Year 2019-20, the City implemented a new billing system which the City believes understated Fiscal Year 2019-20 revenues and overstated Fiscal Year 2020-21 revenues for several City funds. Staff continues to gain proficiency in the new billing system, but the

preparation and reconciliation of the City's financial results was delayed. The City's effort to compile its financial results was also slowed by the suspension of recruitments and the Retirement/Separation Incentive program that was offered to City employees, both of which initiatives were intended to reduce operating expenses during the COVID-19 pandemic. See the caption "THE CITY—COVID-19 Outbreak." As a result of the foregoing the City's audited financial statements for Fiscal Year 2020-21 were not released until late April 2022, which was after the time by which such financial statements were required to be filed pursuant to certain continuing disclosure undertakings of the City. See the caption "CONTINUING DISCLOSURE."

For Fiscal Year 2021-22, the adopted General Fund operating budget projects revenues of $276.2 million, which is approximately $32.5 million (10.5%) below audited Fiscal Year 2020-21 revenues. The adopted Fiscal Year 2021-22 General Fund operating budget projects expenditures of $271.9 million, which is approximately $4.8 million (1.7%) below audited Fiscal Year 2020-21 expenditures.

Based on current information to date, the City expects actual Fiscal Year 2021-22 General Fund revenues to come in at approximately $298.9 million, or $22.7 million (8.2%) higher than budgeted, and actual Fiscal Year 2021-22 General Fund expenditures to come in at approximately $348.5 million, or $76.7 million (28.2%) higher than budgeted. The increase in General Fund expenditures reflects approximately $65.6 million in Transfers Out, which included allocation of the significant budget surplus in Fiscal Year 2020-21. In the first quarter of Fiscal Year 2021-22, the surplus was allocated as follows: approximately $15.8 million for economic development activities, $15.0 million for future pension unfunded actuarial liability costs under the RSIP (as discussed under the caption "THE CITY—COVID-19 Outbreak"), $8.2 million for information technology funding and $5.4 million toward the Economic Uncertainty Reserve (as discussed under the caption "—Fiscal Policies—Economic Uncertainty Reserve" above). In addition, the Fiscal Year 2021-22 Year-End Budget Update included an additional $4.5 million allocation to the Economic Uncertainty Reserve, additional allocations of $3 million toward internal service funds (Equipment Services, Information Technology and Facilities Maintenance), and $4 million for future pension unfunded actuarial liability costs under the RSIP.

See the caption "—Budget Procedure, Current Budget and Historical Budget Information" for additional information relating to the adopted budget for Fiscal Year 2021-22.

The City's Fiscal Year 2022-23 budget is scheduled to be approved by the City Council on May 26, 2022. The proposed budget, which remains subject to public input and adjustment by the City Council, reflects: (i) General Fund revenues projected to come in approximately $23.0 million (8.3%) higher than Fiscal Year 2021-22 budgeted revenues, and approximately $9.5 million (3.1%) lower than actual Fiscal Year 2020-21 revenues; and (ii) General Fund expenditures projected to come in approximately $30.0 million (11.0%) higher than Fiscal Year 2021-22 budgeted expenditures, and approximately $25.2 million (9.1%) higher than actual Fiscal Year 2020-21 revenues. There can be no assurance that the adopted budget will not change prior to approval by the City Council on May 26, 2022.

Budget Procedure, Current Budget and Historical Budget Information

Budget Timeline. The City's Fiscal Year 2021-22 budget was approved on June 21, 2021, and the City's Fiscal Year 2022-23 budget is scheduled to be approved on May 26, 2022. The budget includes all funding sources of the City, including the General Fund and the Ontario Housing Authority. The City's budget process is described below.

The Ontario Municipal Code requires that the City Manager present the annual operating budget to the Mayor and City Council for approval. The City's Financial Services Agency (i.e., department), under the direction of the Executive Director of Finance, is responsible for compiling the estimated revenues and appropriations for the City Manager. Prior to the beginning of each Fiscal Year, the Mayor and City Council adopts the Annual Operating Budget at a public budget workshop.

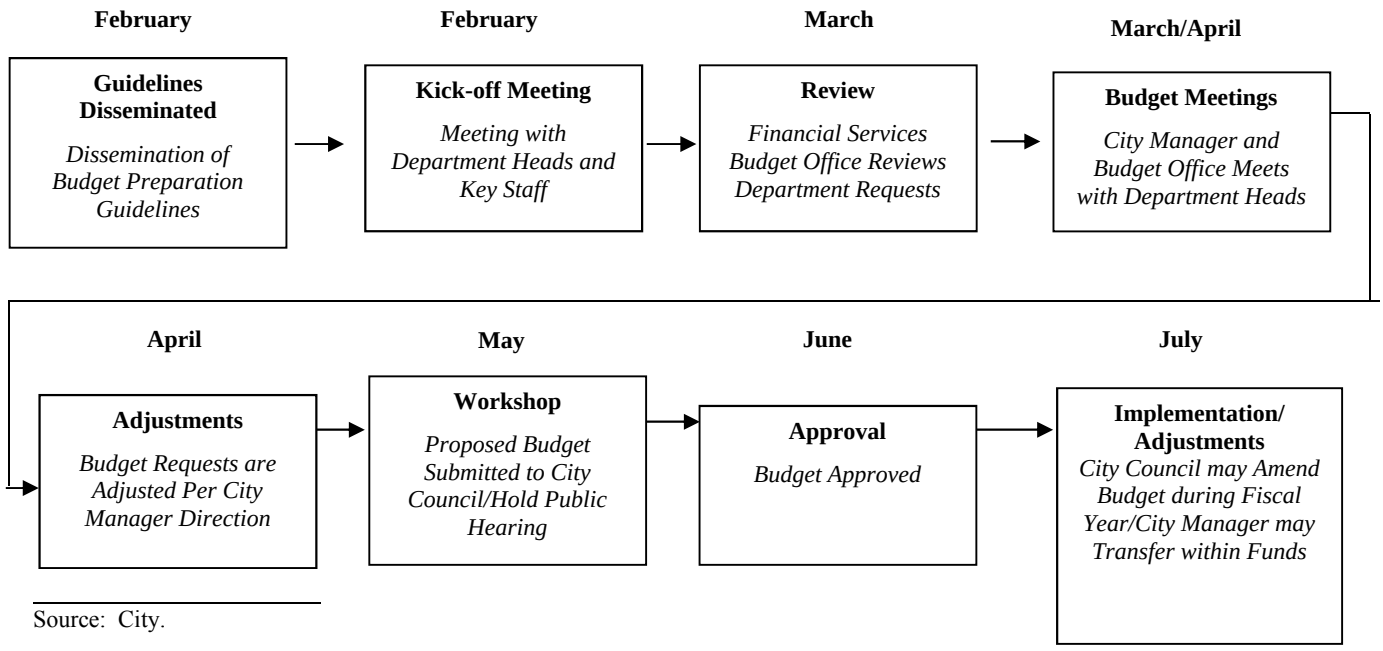
The development of the Annual Operating Budget begins in February with the dissemination of budget preparation guidelines, including policies and procedures to ensure that the preparation of the budget conforms to fiscal policies and guidelines established by the Mayor and City Council. Following the distribution of the budget development guidelines, a budget "kick-off" meeting is held with department heads and other key City staff members to review the budget development guidelines.

Before department budget requests are submitted to the City Manager, the Financial Services Agency's Budget Office reviews and analyzes all department budget requests. This review includes a comparative analysis of historical and current expenditure levels. The City Manager and Budget Office staff then hold budget meetings with each department head to discuss the budget requests and obtain additional information to assist in the assessment of the requests. Following the meetings, the Budget Office adjusts line item requests in accordance with the City Manager's direction. Finally, the budget is presented to the Mayor and City Council for consideration and approval at a public budget workshop.

The City Council can make amendments to an adopted budget at any time during a Fiscal Year. Quarterly budget update reports include appropriation adjustments and revised revenue projections as needed. The City Manager may authorize budget transfers between line items, programs and agencies within a fund as long as the total budget has not exceeded the amount approved by City Council. Budgetary changes between funds require City Council approval.

A summary of the actions taken during the budgetary process is set forth below:

CITY OF ONTARIO
BUDGET PROCESS



Source: City.

Current Budget. For Fiscal Year 2021-22, the adopted General Fund operating budget projects revenues of $276.2 million, which is approximately $32.5 million (10.5%) below audited Fiscal Year 2020-21 revenues. The adopted Fiscal Year 2021-22 General Fund operating budget projects expenditures of $271.9 million, which is approximately $4.8 million (1.7%) below audited Fiscal Year 2020-21 expenditures. The General Fund operating budget for Fiscal Year 2021-22 reflects the following significant assumptions: (a) the City will not hire any additional employees; (b) assessed valuations of property will increase by 7.8% above budgeted Fiscal Year 2020-21 assessed valuations; (c) sales tax revenues will increase by 22.6% (before

adjustments) above budgeted Fiscal Year 2020-21 sales tax revenues; (d) transient occupancy tax revenues will increase by 22.2% ($2 million) above budgeted Fiscal Year 2020-21 transient occupancy tax revenues; and (e) charges for services at ONT will increase by 15.2% above budgeted Fiscal Year 2020-21 charges for services at ONT.

Based on current information to date, the City expects actual Fiscal Year 2021-22 General Fund revenues to come in at approximately $298.9 million, or $22.7 million (8.2%) higher than budgeted, and actual Fiscal Year 2021-22 General Fund expenditures to come in at approximately $348.5 million, or $76.7 million (28.2%) higher than budgeted. The increase in General Fund expenditures reflects approximately $65.6 million in Transfers Out, which included allocation of the significant budget surplus in Fiscal Year 2020-21. In the first quarter of Fiscal Year 2021-22, the surplus was allocated as follows: approximately $15.8 million for economic development activities, $15.0 million for future pension unfunded actuarial liability costs under the RSIP (as discussed under the caption "THE CITY—COVID-19 Outbreak"), $8.2 million for information technology funding and $5.4 million toward the Economic Uncertainty Reserve (as discussed under the caption "—General Economic Condition and Outlook of the City—Fiscal Policies—Economic Uncertainty Reserve" above). In addition, the Fiscal Year 2021-22 Year-End Budget Update included an additional $4.5 million allocation to the Economic Uncertainty Reserve, additional allocations of $3 million toward internal service funds (Equipment Services, Information Technology and Facilities Maintenance), and $4 million for future pension unfunded actuarial liability costs under the RSIP.

The City's Fiscal Year 2022-23 budget is scheduled to be approved by the City Council on May 26, 2022. The proposed budget, which remains subject to public input and adjustment by the City Council, reflects: (i) General Fund revenues projected to come in approximately $23.0 million (8.3%) higher than Fiscal Year 2021-22 budgeted revenues, and approximately $9.5 million (3.1%) lower than actual Fiscal Year 2020-21 revenues; and (ii) General Fund expenditures projected to come in approximately $30.0 million (11.0%) higher than Fiscal Year 2021-22 budgeted expenditures, and approximately $25.2 million (9.1%) higher than actual Fiscal Year 2020-21 revenues. There can be no assurance that the adopted budget will not change prior to approval by the City Council on May 26, 2022.

Set forth in Table 1 are recent General Fund budgets and results of the City, including transfers in and out. During the course of each Fiscal Year, the budget is amended and revised as necessary by the City Council.

TABLE 1
CITY OF ONTARIO
GENERAL FUND BUDGETS AND RESULTS

	Fiscal Year 2018-19 Adopted Budget	*Fiscal Year 2018-19 Audited Results*	*Fiscal Year 2019-20 Amended Budget*	*Fiscal Year 2019-20 Audited Results*	*Fiscal Year 2020-21 Adopted Budget*	*Fiscal Year 2020-21 Audited Results*	*Fiscal Year 2021-22 Adopted Budget*	*Fiscal Year 2021-22 Estimated Results*	*Fiscal Year 2022-23 Proposed Budget*[15]
Revenues									
Property Taxes	$ 40,700,000	$ 43,086,107	$ 45,875,000	$ 46,749,275	$ 47,800,000	$ 50,622,447	$ 51,421,754	$ 56,481,477	$ 58,460,000
Property Taxes in lieu[1]	17,200,000	18,621,838	19,450,000	20,072,659	20,700,000	21,557,460	22,400,000	23,564,478	24,507,000
Sales Taxes	89,400,000	94,486,731	96,155,000	90,290,690	82,000,000	105,424,829[5]	100,500,000	111,700,000	109,900,000
Franchise Taxes	3,300,000	3,161,540	3,200,000	3,164,111	3,000,000	3,251,867	3,000,000	3,400,000	3,000,000
Transient Occupancy Taxes	15,000,000	14,945,483	15,500,000	12,160,235	9,000,000	10,614,109	11,000,000	16,237,675	16,500,000
Business License Taxes	7,600,000	7,786,821	8,211,000	7,793,962	7,786,820	8,559,248	7,700,000	8,662,980	8,763,000
Other Taxes[2]	3,700,000	4,506,129	4,150,000	4,044,908	2,880,000	3,507,185	3,180,000	5,000,000	4,500,000
Licenses and Permits	3,295,000	5,067,374	3,675,000	5,488,023	4,085,000	8,423,831[6]	4,752,000	9,737,125	6,192,000
Intergovernmental	34,150,887[3]	3,132,474	307,700	1,268,005	257,500	28,289,322[7]	14,953,623	3,796,010	10,005,742
Fines and Forfeitures	953,800	1,185,028	928,800	786,630	728,800	656,407	703,000	966,788	753,000
Use of Money and Property	3,852,920	7,072,112	2,864,185	8,476,572	2,000,000	1,066,572	1,661,198	1,462,798	1,341,992
Charges for Services – ONT	22,876,078	24,115,412	21,833,115	24,017,776	17,760,013	16,292,913[8]	20,465,576	21,819,106	20,902,300
Charges for Services	9,301,880	14,662,285	9,242,500	12,150,526	8,375,000	15,429,490[9]	21,006,178	26,971,308	23,963,354
Other Revenue	2,409,430	4,002,652	5,162,359	4,969,244	14,202,295	13,644,767	9,417,060	9,072,672	10,364,645
Transfers In	33,182,530	29,182,877	42,633,335	48,168,298	11,132,206	21,300,682	4,000,000	-	-
Total Revenues	$ 286,922,525	$ 275,014,863	$ 279,187,994	$ 289,600,914	$ 231,707,634	$ 308,641,129	$ 276,160,389	$ 298,872,417	$ 299,153,033
Expenditures									
General Government	$ 29,017,664	$ 27,251,880	$ 28,764,887	$ 28,322,100	$ 29,302,475	$ 29,847,243	$ 30,066,985	$ 35,154,859	$ 46,391,235
Public Safety	161,206,627	157,310,539	172,355,187	166,873,394	158,919,543	169,458,528[10]	173,053,603	185,703,783	189,262,577
Community Development	67,171,125	31,597,820	34,501,473	35,829,045	32,573,092	36,989,671[11]	39,388,870	43,840,288	48,319,671
Public Works	22,178,286	20,679,198	23,082,801	21,303,770	13,793,596[12]	13,535,675[12]	14,572,002	14,300,435	8,466,127
Debt Service	2,985,337	2,989,049	3,852,940	3,852,938	3,887,688	3,887,687	3,916,571	3,916,751	-
Transfers Out	5,154,000	18,618,087	18,159,588	14,894,106	5,798,525	22,966,841[13]	10,860,303	65,616,457	9,438,410
Total Expenditures	$ 287,713,039	$ 258,446,573	$ 280,716,876	$ 271,075,353	$ 244,274,919	$ 276,685,645	$ 271,858,334	$ 348,532,573	$ 301,878,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (790,514)[4]	$ 16,568,290	$ (1,528,882)[4]	$ 18,525,561	$ (12,567,285)[4]	$ 31,955,484	$ 4,302,055	$(49,660,156)[14]	$ (2,724,987)[4]

(1) See the caption "—State of California Motor Vehicle In-Lieu Payments."
(2) Includes parking tax and property transfer tax revenues. See the caption "—Other Taxes."
(3) Budgeted amount reflects a five-year grant from the State. The proceeds of such grant are not displayed as General Fund revenues in the City's audited financial statements.
(4) Budgeted deficiencies reflect the application of the assigned General Fund balance.
(5) Increase from Fiscal Year 2020-21 budgeted amount reflects increased online purchases and sales of building materials.
(6) Increase from Fiscal Year 2020-21 budgeted amount reflects increased levels of development activity.
(7) Increase from Fiscal Year 2020-21 budgeted amount reflects receipt of CARES Act and ARP Act funding. See the caption "THE CITY—COVID-19 Outbreak."
(8) Decrease from Fiscal Year 2020-21 budgeted amount reflects reduced public safety services provided at ONT as passenger traffic remained low during the COVID-19 pandemic. See the captions "THE CITY—Ontario International Airport" and "THE CITY—COVID-19 Outbreak."

(Footnotes Continued on Following Page)

(Footnotes Continued from Prior Page)

(9) Increase from Fiscal Year 2020-21 budgeted amount reflects increased levels of development activity.

(10) Increase from Fiscal Year 2020-21 budgeted amount reflects increased additional public safety service costs during the COVID-19 pandemic.

(11) Increase from Fiscal Year 2020-21 budgeted amount reflects increased levels of contractual, plan check and inspection services provided as a result of increased levels of development activity. These costs are partially offset by increased revenues from development activity. See footnotes (6) and (9) above.

(12) Decrease from prior Fiscal Years reflects reallocation of certain Public Works functions from the General Fund to various other City funds.

(13) Increase from Fiscal Year 2020-21 budgeted amount reflects increased transfers of General Fund reserves to other funds.

(14) Reflects increase in Transfers Out to allocate of Fiscal Year 2020-21 budget surplus, as detailed under the caption "—Budget Procedure, Current Budget and Historical Budget Information—Current Budget."

(15) Scheduled to be adopted by the City Council on May 26, 2022, subject to public input and adjustment by the City Council. There can be no assurance that the above numbers will be reflected in the adopted budget.

Sources: Adopted budgets of the City for Fiscal Years 2017-18 through 2021-22, including amended budget for Fiscal Year 2019-20; audited financial statements of the City for Fiscal Years 2017-18 through 2020-21; City for Fiscal Years 2021-22 and 2022-23.

Change in Fund Balance of the City General Fund

Set forth in Table 2 are the City's General Fund statements of revenues, expenditures and changes in fund balance for the last five Fiscal Years.

TABLE 2
CITY OF ONTARIO
GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	Fiscal Year Ended June 30,				
	2017	***2018***	***2019***	***2020***	***2021***
Revenues					
Taxes					
Property Taxes	$ 37,136,654	$ 38,701,353	$ 43,086,107	$ 46,749,275	$ 50,622,447
Property Taxes in lieu[(1)]	15,838,993	16,935,018	18,621,838	20,072,659	21,557,460
Sales Taxes	86,168,797	87,910,014	94,486,731	90,290,690	105,424,829
Franchise Taxes	3,020,829	3,352,120	3,161,540	3,164,111	3,251,867
Transient Occupancy Taxes	13,886,637	14,586,233	14,945,483	12,160,235	10,614,109
Business License Taxes	7,167,613	7,478,153	7,786,821	7,793,962	8,559,248
Other Taxes[(2)]	4,047,435	4,642,529	4,506,129	4,044,908	3,507,185
Licenses and Permits	4,384,727	4,887,991	5,067,374	5,488,023	8,423,831
Intergovernmental	5,170,893	4,540,398	3,132,474	1,268,005	28,289,322
Fines and Forfeitures	1,136,159	1,007,271	1,185,028	786,630	656,407
Use of Money and Property	1,063,385	1,758,523	7,072,112	8,476,572	1,066,572
Charges for Services – ONT[(3)]	-	18,739,184	24,115,412	24,017,776	16,292,913
Charges for Services	9,960,386	12,028,971	14,662,285	12,150,526	15,429,490
Other Revenue	5,776,786	7,445,883	4,002,652	4,969,244	13,644,767
Total Revenues	$ 194,759,294	$ 224,013,641	$ 245,831,986	$ 241,432,616	$287,340,447
Expenditures					
Current					
General Government	$ 24,500,521	$ 23,517,450	$ 27,251,880	$ 28,322,100	$ 29,847,243
Public Safety	134,053,016	156,245,698	157,310,539	166,873,394	169,458,528
Community Development	24,285,744	25,914,561	31,597,820	35,829,045	36,989,671
Library[(4)]	4,654,465	4,768,627	-	-	-
Public Works	18,105,811	19,337,803	20,679,198	21,303,770	13,535,675[(5)]
Debt Service	3,222,190	4,289,158	2,989,049	3,852,938	3,887,687
Total Expenditures	$ 208,821,747	$ 234,073,297	$ 239,828,486	$ 256,181,247	$253,718,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (14,062,453)	$ (10,059,656)	$ 6,003,500	$ (14,748,631)	$ 33,621,643
Other Financing Sources (Uses)					
Transfers In	$ 32,183,311	$ 35,308,019	$ 29,182,877	$ 48,168,298	$ 21,300,682
Transfers Out	(25,859,833)	(25,300,348)	(18,618,087)	(14,894,106)	(22,966,841)
Total Other Financing Sources (Uses)	$ 6,323,478	$ 10,007,671	$ 10,564,790	$ 33,274,192	$ (1,666,159)
Special Item[(6)]	-	-	-	$ (42,373,148)	-
Net Change in Fund Balances	$ (7,738,975)	$ (51,985)	$ 16,568,290	$ (23,847,587)	$ 31,955,484
Fund Balances, Beginning of Year	$ 123,016,201	$ 115,277,226	$ 114,822,486[(7)]	$ 131,397,957[(7)]	$107,338,096[(7)]
Fund Balances, End of Year	$ 115,277,226	$ 115,225,241	$ 131,390,776	$ 107,550,370	$139,293,580

(1) See the caption "—State of California Motor Vehicle In-Lieu Payments."
(2) Includes parking tax and property transfer tax revenues. See the caption "—Other Taxes."
(3) Primarily reflects police services provided by the City at ONT. Such services commenced in Fiscal Year 2017-18.
(4) Beginning in Fiscal Year 2018-19, Library expenses are included in the Community Development line item.
(5) Decrease from prior Fiscal Years reflects reallocation of certain Public Works functions from the General Fund to various other City funds.
(6) Reflects contribution by the City to the purchase price of ONT and associated salaries and legal, consulting and administrative fees. See the caption "THE CITY—Ontario International Airport."
(7) As restated.

Sources: Audited financial statements of the City.

General Fund Balance Sheets of the City

Set forth in Table 3 are the City's General Fund balance sheets for the last five Fiscal Years.

TABLE 3
CITY OF ONTARIO
GENERAL FUND BALANCE SHEETS

	Fiscal Year Ended June 30,				
	2017	***2018***	***2019***	***2020***	***2021***
Assets					
Cash and Investments	$ 53,196,528	$ 55,397,144	$ 76,720,178	$ 54,108,152	$ 79,898,830
Receivables					
Accounts	24,238,656	24,018,468	35,262,054	21,493,884	48,448,697
Taxes	359,610	523,253	121,303	200,483	241,320
Notes and Loans	42,413,324	42,429,148	42,418,148	75,000	63,000
Accrued Interest	550,105	817,533	915,735	685,878	607,249
Prepaid Costs	211,360	243,305	280,083	103,754	161,659
Deposits	-	-	-	72,400	92,400
Due from Other Governments	540,287	-	-	120,081	809,285
Due from Other Funds	31,809,083	12,627,426	717,325	495,315	-
Advances to Other Funds	-	-	-	58,180,692	56,120,738
Advances to Successor Agency	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Restricted Cash and Investments	-	145,506	-	-	-
Inventories	144,481	145,989	274,571	300,943	301,530
Total Assets	$ 156,963,434	$ 139,847,772	$ 160,209,397	$ 139,336,582	$ 190,244,708
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	$ 4,561,951	$ 6,433,656	$ 6,214,226	$ 11,305,415	$ 13,055,785
Accrued Liabilities	16,878,345	4,393,669	4,996,221	6,688,007	3,687,718
Unearned Revenues	5,617,144	765,283	3,138,187	-	58,352
Deposits Payable	8,434,626	9,291,886	11,726,555	12,846,099	15,239,488
Total Liabilities	$ 35,492,066	$ 20,884,494	$ 26,075,189	$ 30,839,521	$ 32,041,343
Deferred Inflows of Resources					
Unavailable Revenues	$ 6,194,142	$ 3,738,037	$ 2,743,432	$ 946,691	$ 18,697,512
Total Deferred Inflows of Resources	$ 6,194,142	$ 3,738,037	$ 2,743,432	$ 946,691	$ 18,697,512
Fund Balances					
Nonspendable	$ 33,893,841	$ 46,318,442	$ 46,472,802	$ 4,052,097	$ 4,001,189
Restricted	424,497	430,484	438,872	417,464	361,579
Committed	28,877,191	21,066,012	415,884	595,469	-
Assigned	52,081,697	47,410,303	84,063,218	99,862,976	135,143,086
Unassigned	-	-	-	2,622,364	-
Total Fund Balances	$ 115,277,226	$ 115,225,241	$ 131,390,776	$ 107,550,370	$ 139,505,854
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 156,963,434	$ 139,847,772	$ 160,209,397	$ 139,336,582	$ 190,244,708

Sources: Audited financial statements of the City.

Property Taxes

Property tax receipts of $50,622,447 (excluding motor vehicle license fee in-lieu payments, which are discussed under the caption "—State of California Motor Vehicle In-Lieu Payments"), provided the second largest tax revenue source of the City in Fiscal Year 2020-21, contributing approximately 24.9% of General Fund tax revenues and approximately 17.7% of total General Fund revenues during Fiscal Year 2020-21.

Property in the State which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax that is levied on unsecured property may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of other liens.

The exclusive means of compelling the payment of delinquent taxes with respect to secured property is the sale of the property securing the taxes for the amount of taxes that are delinquent. The taxing authority has three methods of collecting unsecured personal property taxes: (1) filing a civil action against the taxpayer; (2) obtaining a judgment lien on certain property of the taxpayer from the county clerk or county recorder; and (3) seizing and selling personal property, improvements or possessory interests belonging or taxable to the assessee.

A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1.5% per month on the amount delinquent. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes or property on the unsecured roll, and an additional penalty of 1.5% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 ("**Order N-61-20**"). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code were suspended until May 6, 2021 to the extent that they required a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Such penalties, costs and interest were cancelled under the conditions that were provided for in Order N-61-20, including if the property was residential real property which was occupied by the taxpayer or qualified as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer filed a claim for relief with the tax collector and the taxpayer demonstrated economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response thereto. See the caption "THE CITY—COVID-19 Outbreak." These actions prevented the City from receiving penalties and interest on delinquent property tax payments in 2020 and 2021, but did not have a material impact on total property tax revenues received by the City during such period.

State law also provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year.

See the caption "RISK FACTORS—Split Roll Initiative" for a discussion of an initiative that appeared on the November 2020 Statewide ballot which sought to amend provisions of State law relating to property taxes, including the provisions that are discussed above.

For a number of years, the State Legislature shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund ("**ERAF**"). In Fiscal Years 1993 and 1994, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over $3 billion of property taxes from cities, counties, and special districts to schools and community college districts pursuant to ERAF shifts. The Fiscal Year 2004-05 State Budget included an additional $1.3 billion shift of property taxes from certain local agencies, including the City, in Fiscal Years 2004-05 and 2005-06.

On July 27, 2009, the Governor signed a revised Fiscal Year 2010 State budget that included an ERAF shift of approximately 8% of 1% *ad valorem* property tax revenues from certain local agencies, including the City.

On November 2, 2010, State voters approved Proposition 22, which: (i) prohibits the State of California from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State's authority to use fuel tax revenues to pay debt service on transportation

bonds, to borrow or change the distribution of fuel tax revenues or to use vehicle license fee revenues to reimburse local governments for state-mandated costs.

Despite the passage of Proposition 22, there can be no assurance that 1% *ad valorem* property tax revenues which the City currently expects to receive will not be temporarily shifted from the City or reduced pursuant to State legislation enacted in the future, including in response to State budget deficits in the wake of the COVID-19 pandemic. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION." If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of its share of 1% *ad valorem* property tax revenues by the City.

Set forth in Table 4 are the secured and unsecured assessed valuations for property in the City for the last five Fiscal Years, including valuations attributed to the City's redevelopment successor agency.

TABLE 4
CITY OF ONTARIO
ASSESSED VALUATION HISTORY[(1)]

Fiscal Year	***Secured Value***	***Unsecured Value***	***Non-Unitary***	***Taxable Assessed Value***	***Percentage Increase in Taxable Assessed Value***	***Direct Tax Rate***
2017	$19,151,045	$2,589,867	$15,822	$21,756,734	N/A%	1.0035%
2018	20,576,386	2,666,784	13,344	23,256,514	6.89	1.0035
2019	22,705,622	2,859,078	12,340	25,577,040	9.98	1.0035
2020	24,605,502	2,950,582	12,748	27,568,832	7.79	1.0035
2021	26,416,367	3,178,164	10,444	29,604,975	7.39	1.0035

(1) Figures are in thousands of dollars.
Sources: San Bernardino County Assessor Combined Tax Rolls.

Set forth in Table 5 are property tax collections and delinquencies in the City as of June 30 for the last five Fiscal Years. Although the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State, the City does not participate in such plan. As a result, the City is exposed to the risk of property tax payment delinquencies but receives penalties and interest on delinquent collections. The City also receives supplemental taxes throughout the year.

TABLE 5
CITY OF ONTARIO
PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	*Total Tax Levy*	*Collections within the Fiscal Year of Levy*[1]	*Percent of Levy Collected within the Fiscal Year of Levy*	*Collections in Subsequent Years*	*Percent of Levy Collected to Date*
2017	$28,598,396	$28,237,630	98.74%	$628,491	100.94%
2018	30,476,605	30,258,907	99.29	662,586	101.46
2019	33,855,137	33,811,751	99.87	275,397	100.69
2020	36,873,998	36,420,730	98.77	332,350	99.67
2021	39,751,526	39,728,385	99.94	341,296	100.80

(1) The amounts shown in this column do not reflect property tax revenues that are attributable to the City's redevelopment successor agency.

Source: Comprehensive Annual Financial Report of the City for Fiscal Year Ended June 30, 2020; County Assessor for Fiscal Year 2021.

Information with respect to the ten largest property taxpayers in the City as shown on the Fiscal Year 2020-21 tax roll is set forth in Table 6.

TABLE 6
CITY OF ONTARIO
TEN LARGEST PROPERTY TAXPAYERS

Taxpayer	*2021 Taxable Assessed Valuation*	*% of Total Assessed Valuation*[1]
United Parcel Service Company[2]	$ 636,618,427	2.15%
Prologis[2]	628,443,766	2.12
Ontario Mills LP[2]	417,203,243	1.41
Vineyard Industrial I LLC	293,286,349	0.99
Watson Land Company	254,340,995	0.86
Costco Wholesale Corporation[2]	159,055,523	0.54
ROC II California Terracina LLC	153,862,113	0.52
Rexford Industrial-Safari LLC	149,842,571	0.51
Comref So California Industrial LLC	149,617,376	0.51
Majestic-CCC IV Partners	142,470,927	0.48
TOTAL	$ 2,984,741,290	10.08%

(1) Fiscal Year 2020-21 total taxable assessed value: approximately $29,604,975,381.

(2) This taxpayer has a pending property tax appeal. See the caption "RISK FACTORS—Assessed Value of Taxable Property."

Source: San Bernardino County Assessor 2020/21 Combined Tax Rolls and SBE Non Unitary Tax Roll.

Sales Taxes

Sales tax receipts of $105,424,829 provided the largest tax revenue source for the City in Fiscal Year 2020-21, contributing approximately 51.8% of General Fund tax revenues and approximately 36.7% of total General Fund revenues during Fiscal Year 2020-21. Retail sales at the Ontario Mills Mall and automobile sales at the Ontario Auto Center contribute significantly to such receipts.

A sales tax is imposed on retail sales or consumption of personal property and collected and distributed by the California Department of Tax and Fee Administration (the "**CDTFA**"). The basic sales tax

rate is established by the State Legislature, and local overrides may be approved by voters. The current sales tax rate in the City is 7.75%.

As discussed under the caption "THE CITY—COVID-19 Outbreak," the Governor extended the deadline to file and pay first quarter sales and use tax returns by 90 days for all but the very largest taxpayers, and up to 361,000 California businesses with less than $5 million in taxable annual sales will be allowed to defer up to $50,000 in sales tax and enter into 12-month payment plans at zero interest. These actions resulted in delays in the receipt by the City of its portion of such tax payments.

Transient Occupancy Taxes

Transient occupancy tax receipts of $10,614,109 provided the fourth largest tax revenue source for the City in Fiscal Year 2020-21, contributing approximately 5.3% of General Fund tax revenues and approximately 3.7% of total General Fund revenues during Fiscal Year 2020-21. Transient occupancy taxes are imposed upon hotel guests at a rate of 11.75% of room rental rates. The City is a popular leisure and conference destination in the Inland Empire, having both a sports and entertainment arena (the Toyota Arena) and the Convention Center. As discussed under the caption "THE LEASED PREMISES," the Convention Center serves as the leased property under the Lease Agreement.

Other Taxes

Other taxes collected by the City include parking taxes, property transfer taxes, franchise taxes and business license taxes. Parking taxes are levied at the rate of $1.75 per vehicle per day or 12.5% of monthly parking charges. Nearly 80% of the City's parking tax revenues come from parking structures at ONT. Franchise taxes are levied on gas, electric, cable television and fiber optic service providers within the City. Business license taxes are based on either a flat rate or a gross receipts basis.

With the exception of parking tax revenues, which were down as passenger traffic at ONT was reduced, the City has not experienced material declines in other tax revenues since the onset of the COVID-19 pandemic in March 2020.

Services

Charges of $31,722,403 collected for services provided by the City in Fiscal Year 2020-21, including but not limited to fees for plan checks and other planning services, police services and recreational program fees, provided approximately 11.1% of General Fund revenues during Fiscal Year 2020-21. The largest proportion of such charges consists of payments received from the operator of ONT for law enforcement and fire protection services provided by the City at ONT.

The City notes that most recreation programs were cancelled in 2020 as a result of the COVID-19 outbreak, resulting in reduced fees and other revenues from such programs, and that passenger traffic at ONT was down significantly during such period, resulting in a reduced need for law enforcement services. Although the City reassigned public safety personnel from ONT to other budgeted but unfilled safety positions in the City during this period, charges for services were down by approximately 12.3% in Fiscal Year 2020-21 compared to Fiscal Year 2019-20.

State of California Motor Vehicle In-Lieu Payments

The State imposes a Vehicle License Fee (the "**VLF**"), which is the portion of the fees paid in lieu of personal property taxes on a vehicle. The VLF is based on vehicle value and declines as the vehicle ages. Prior to the adoption of the Fiscal Year 2004-05 State Budget, the VLF was 2% of the value of a vehicle. Through legislation in prior Fiscal Years, the State enacted VLF reductions under which the State was required to "backfill" local governments for their revenue losses resulting from the lowered fee. The Fiscal Year

2004-05 State Budget permanently reduced the VLF from 2% to 0.65% of the value of a vehicle and deleted the requirement for backfill payments, providing instead that the amount of the backfill requirement will be met by an increase in the property tax allocation to cities and counties. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION."

VLF receipts totaled $21,557,460 in Fiscal Year 2020-21. Such revenues provided the third largest tax revenue source for the City in Fiscal Year 2020-21, contributing approximately 10.6% of General Fund tax revenues and approximately 7.5% of total General Fund revenues.

TABLE 7
CITY OF ONTARIO
STATE OF CALIFORNIA MOTOR VEHICLE IN-LIEU PAYMENTS

	Fiscal Year Ended June 30,				
Source	***2017***	***2018***	***2019***	***2020***	***2021***
Motor Vehicle In-Lieu Payments	$15,838,933	$16,935,018	$18,621,838	$20,072,659	$21,557,460

Source: City.

Other Indebtedness

General Fund-Supported Debt.

2017 Bonds. In 2017, the Authority issued the 2017 Bonds to refinance certain capital improvements of the City. The 2017 Bonds mature on November 1, 2042 and bear interest at rates varying from 3% to 5% per annum. The 2017 Bonds are payable from rental payments payable from the City to the Authority under the Original Lease Agreement. As of June 30, 2021, the 2017 Bonds were outstanding in the aggregate principal amount of $25,580,000.

The leased assets under the Original Lease Agreement consist of the same Leased Premises that relate to the 2022 Bonds, namely the Convention Center. See the caption "INTRODUCTION—2017 Bonds." At the time of issuance of the 2022 Bonds, the City and the Authority will certify that the sum of the 2022 Base Rental Payments and the Base Rental Payments payable under the Original Lease Agreement in connection with the 2017 Bonds do not exceed the fair rental value of the Leased Premises. See the caption "THE LEASED PREMISES" for a detailed description of the Leased Premises, including the insured value thereof.

The City has covenanted in the Original Lease Agreement to budget and appropriate moneys annually for the lease payments payable thereunder from legally available funds, including the General Fund, together with the 2022 Base Rental Payments payable under the Lease Agreement in connection with the 2022 Bonds.

2020 Bonds. In 2020, the City issued its 2020 Taxable Pension Obligation Bonds (the "**2020 Bonds**") to pay a portion of the City's unfunded pension liabilities. The 2020 Bonds mature on June 1, 2050 and bear interest at rates varying from 2.071% to 3.979% per annum. The 2020 Bonds are payable from legally available funds of the City, including the General Fund. As of June 30, 2021, the 2020 Bonds were outstanding in the aggregate principal amount of $233,215,000.

The City has covenanted in the trust agreement pursuant to which the 2020 Bonds were issued to budget and appropriate moneys annually for the payments payable thereunder from legally available funds, including the General Fund, on a basis that is substantially similar to the payment of Base Rental Payments under the Lease Agreement in connection with the 2022 Bonds.

2020 Lease/Purchase Agreement. In 2020, the City entered into a lease/purchase agreement (the "**2020 Lease/Purchase Agreement**") with Banc of America Public Capital Corp to finance certain energy

efficiency improvements to City facilities. The agreement matures in 2040 and bears interest at rates of 2.320% (tax-exempt component) and 2.961% (taxable component). The 2020 Lease/Purchase Agreement is payable from legally available funds of the City, including the General Fund; the City notes that the financed improvements are expected to generate energy efficiency cost savings for the General Fund. As of June 30, 2021, the 2020 Lease/Purchase Agreement was outstanding in the principal amount of $30,546,423.

2021 Lease/Purchase Agreement. In August 2021, the City entered into a lease/purchase agreement (the "**2021 Lease/Purchase Agreement**") with Citizens Business Bank to finance certain improvements to the City's broadband fiber optic network. The agreement matures in 2042 and bears interest at the rate of 3.55% per annum. The 2021 Lease/Purchase Agreement is payable from legally available funds of the City, including the General Fund, although the primary repayment source is expected to be the City's Broadband/Fiber Optic Fund. As of the date of this Official Statement, the 2021 Lease/Purchase Agreement was outstanding in the principal amount of $18,031,000.

2021 Real Estate Investment Financing. In March 2021, the City approved a real estate investment financing in the Pension Benefits Fund utilizing available cash totaling $65 million from various City funds, including the Water Capital Fund, the Sewer Capital Fund, the Equipment Services Fund, the General Liability Fund, the Workers Compensation Fund and the Other Post-Employment Benefits Fund. The financing was structured as a lease/leaseback arrangement through the Ontario Industrial Development Authority that was scheduled to be paid back from the Pension Benefit Fund within 3 years at an interest rate of 1.50% per annum. The City's goal was to generate income beyond what the City portfolio can earn given the current interest rate environment. The City invested the transferred funds in real estate assets and repaid the loan on November 17, 2021 (prior to maturity) from the proceeds of the successful sale of a City-owned asset; this action was included in the First Quarter Budget Update for Fiscal Year 2020-21 that was approved by the City Council on November 16, 2021.

2021 Bonds. In 2021, the Authority issued its 2021 Lease Revenue Refunding Bonds, Series A (Federally Taxable) (the "**2021 Bonds**") to refinance certain capital improvements of the City. The 2021 Bonds mature on October 1, 2043 and bear interest at rates varying from 0.665% to 3.283% per annum. The 2021 Bonds are payable from rental payments payable by the City to the Authority under an Amended and Restated Lease Agreement, dated as of December 1, 2021 (the "**2021 Lease**"). The 2021 Bonds are currently outstanding in the aggregate principal amount of $35,045,000.

The City has covenanted in the 2021 Lease to budget and appropriate moneys annually for the payments payable thereunder from legally available funds, including the General Fund, on a basis that is substantially similar to the payment of 2022 Base Rental Payments due under the Lease Agreement.

Other Long Term Debt. In 2013, the City entered into an Installment Purchase Agreement, dated as of September 1, 2013 (the "**2013 Water ISA**"), with the Authority. The 2013 Water ISA matures on July 1, 2043 and bears interest at rates varying from 4% to 5.25% per annum. The 2013 Water ISA is payable from net revenues of the City's municipal water utility. As of June 30, 2021, the 2013 Water ISA outstanding in the aggregate principal amount of $64,420,000. The 2013 Water ISA was paid in full in December 2021 from proceeds of the 2021 Water Bonds (as discussed in the following paragraph) and is no longer outstanding.

In 2021, the City issued its Water Revenue Refunding Bonds, Series 2021 (Federally Taxable) (the "**2021 Water Bonds**") to prepay the 2013 Water ISA in full. The 2021 Water Bonds mature on August 1, 2043 and bear interest at rates varying from 0.541% to 2.949% per annum. The 2021 Water Bonds are payable from net revenues of the City's municipal water utility. The 2021 Water Bonds were issued on December 16, 2021 in the original aggregate principal amount of $67,550,000.

In addition, in 2019, the City entered into an Agreement for Purchase and Sale and Joint Escrow Instructions (the "**Great Park Purchase Agreement**") pursuant to which the City agreed to purchase a property to be developed into a park. The Great Park Purchase Agreement is payable in annual installments of

$5,000,000 each through January 15, 2025. Although there is no specific source of repayment pledged in the Great Park Purchase Agreement, the City expects to make payments thereunder from park development impact fees and does not expect to apply General Fund moneys to pay the remaining purchase price. As of June 30, 2021, the Great Park Purchase Agreement is outstanding in the principal amount of $19,182,739.

Short-Term Debt. The City currently has no short-term debt outstanding.

Estimated Direct and Overlapping Bonded Debt. The estimated direct and overlapping bonded debt of the City as of June 30, 2021 is set forth in Table 8. The information in Table 8 has been derived from data assembled and reported to the City by California Municipal Statistics, Inc. None of the City, the Authority or the Underwriters have independently verified the information in Table 8 and the City, the Authority and the Underwriters do not guarantee its accuracy.

TABLE 8
CITY OF ONTARIO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT AS OF JUNE 30, 2021

Fiscal Year 2020-21 Assessed Valuation: $29,564,789,984[1]

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/21	% Applicable[2]	City's Share of Debt 6/30/21
Metropolitan Water District	$26,830,000	0.906%	$ 243,080
Chaffey Community College District	315,490,000	23.195	73,177,906
Chino Valley Unified School District	557,230,000	5.914	32,954,582
Chaffey Union High School District	530,528,431	41.376	219,511,444
Ontario-Montclair School District	109,165,015	70.213	76,648,032
Mountain View School District School Facilities Improvement District No. 1	9,899,676	100.000	9,890,865
Mountain View School District Community Facilities District No. 1997-1	499,000	100.000	499,000
City of Ontario Community Facilities District No. 13	3,205,000	100.000	3,205,000
City of Ontario Community Facilities District No. 24	14,935,000	100.000	14,935,000
City of Ontario Community Facilities District No. 25	8,365,000	100.000	8,365,000
City of Ontario Community Facilities District No. 26	8,670,000	100.000	8,670,000
City of Ontario Community Facilities District No. 28	8,500,000	100.000	8,500,000
City of Ontario Community Facilities District No. 30	13,465,000	100.000	13,465,000
City of Ontario Community Facilities District No. 31	4,785,000	100.000	4,785,000
City of Ontario Community Facilities District No. 33	5,990,000	100.000	5,990,000
City of Ontario Community Facilities District No. 34	7,615,000	100.000	7,615,000
City of Ontario Community Facilities District No. 38	10,270,000	100.000	10,270,000
City of Ontario Community Facilities District No. 39	5,015,000	100.000	5,015,000
City of Ontario Community Facilities District No. 40	6,340,000	100.000	6,340,000
City of Ontario Community Facilities District No. 43	15,795,000	100.000	15,795,000
City of Ontario Community Facilities District No. 45	9,000,000	100.000	9,000,000
City of Ontario Community Facilities District No. 46	7,130,000	100.000	7,130,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$542,004,909
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Bernardino County General Fund Obligations	$214,095,000	11.811%	$ 25,286,760
San Bernardino County Pension Obligation Bonds	180,825,585	11.811	21,357,310
San Bernardino County Flood Control District General Fund Obligations	51,360,000	11.811	6,066,130
Chaffey Community College District General Fund Obligations	28,935,000	23.195	6,711,473
Cucamonga School District General Fund Obligations	4,207,000	52.497	2,208,549
City of Ontario General Fund Obligations	**57,865,000**	**100.000**	**57,865,000**[3]
City of Ontario Pension Obligation Bonds	**233,215,000**	**100.000**	**233,215,000**
West Valley Vector Control District General Fund Obligations	2,046,710	32.065	656,278
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			$353,366,500
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$30,222,600	100.000%	$30,222,600[4]
TOTAL DIRECT DEBT			**$291,080,000**
TOTAL OVERLAPPING DEBT			$634,514,009
COMBINED TOTAL DEBT			$925,594,009[5]

Ratios to Fiscal Year 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..... 1.83%
Total Direct Debt ($291,080,000)..... 0.98%
Combined Total Debt..... 3.13%

Ratios to Redevelopment Successor Agency Incremental Valuation ($6,999,128,565):
Total Overlapping Tax Increment Debt..... 0.43%

(1) Differs from assessed valuation shown in Tables 4 and 6 under the caption "—Property Taxes" as a result of slight differences in methodology.
(2) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of each overlapping district's assessed value that is within the boundaries of the City divided by each such district's total taxable assessed value.
(3) Excludes 2022 Bonds.
(4) Excludes accreted interest on capital appreciation bonds.
(5) Excludes tax and revenue anticipation notes, enterprise revenue bonds, mortgage revenue bonds and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Retirement Contributions

Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by GASB Statement No. 68 ("**GASB 68**"). GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer's balance sheet; (ii) pension expense

incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer's actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the City's accounting and reporting requirements, but it does not change the City's pension plan funding obligations.

The City participates in three plans to fund pension benefits for employees: (i) a Police Safety Plan for police personnel; (ii) a Fire Safety Plan for fire department personnel; and (iii) a Miscellaneous Plan for all other eligible personnel. The City's pension plans are administered by CalPERS. CalPERS administers agent multiple-employer public employee defined benefit pension plans for all of the City's full-time and certain part-time employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council.

City employees are subject to different benefit levels based on their hire date. The plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

CITY OF ONTARIO
CALPERS PENSION PLANS – SUMMARY OF BENEFIT PROVISIONS

Police Safety Plan

	Employees Hired Before July 1, 2012	***Employees Hired between July 1, 2012 and December 31, 2012***	***Employees Hired after December 31, 2012 (Not Previously CalPERS members)***
Benefit Formula	3.0% @ age 50	3.0% @ age 55	2.7% @ age 57
Benefit Vesting	5 years of service	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Minimum Retirement Age	50	50	50
Monthly Benefits as % of Eligible Compensation	3%	2.4% - 3%	2% - 2.7%
Employee Normal Cost	9.00%[(1)]	9.00%[(1)]	13.25%[(1)]
Employer Normal Cost Rate	21.88%	21.88%	21.88%

Fire Safety Plan

	Employees Hired Before July 1, 2012	***Employees Hired between July 1, 2012 and December 31, 2012***	***Employees Hired after December 31, 2012 (Not Previously CalPERS members)***
Benefit Formula	3.0% @ age 50	3.0% @ age 55	2.7% @ age 57
Benefit Vesting	5 years of service	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Minimum Retirement Age	50	50	50
Monthly Benefits as % of Eligible Compensation	3%	2.4% - 3%	2% - 2.7%
Employee Normal Cost	9.00%[(1)]	9.00%[(1)]	11.25%[(1)]
Employer Normal Cost Rate	19.36%	19.36%	19.36%

Miscellaneous Plan

	Employees Hired on or before December 31, 2012	***Employees Hired after December 31, 2012 (Not Previously CalPERS members)***
Benefit Formula	2.5% @ age 55	2.0% @ age 62
Benefit Vesting	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Minimum Retirement Age	50	52
Monthly Benefits as % of Eligible Compensation	2% - 2.5%	1% - 2.5%
Employee Normal Cost	8.00%[(1)]	6.25%[(1)]
Employer Normal Cost Rate	10.07%	10.07%

[(1)] Employees are required to make the full employee contribution themselves. The City does not make any portion of the employee contribution.

Source: City.

Contributions to the City's pension plans consist of contributions from plan participants (i.e., employees) and contributions by the City.

City employees who were hired after December 31, 2012 and who were not previously CalPERS members receive benefits based on a 2.7% at age 57 formula (for Police Safety Plan and Fire Safety Plan employees) or a 2.0% at age 62 formula (for Miscellaneous Plan employees). Such employees are required to make the full amount of required employee contributions themselves under the California Public Employees' Pension Reform Act of 2013 ("**AB 340**"), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier for such employees. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36-month period. Employees are required to pay at least 50% of the total normal cost rate. AB 340 also capped pensionable income as noted below. Amounts are set annually, subject to Consumer Price Index increases, and retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

CITY OF ONTARIO
PENSIONABLE INCOME CAPS FOR CALENDAR YEAR 2022
(AB 340 AND NON-AB 340 EMPLOYEES)

	Employees Hired On or Before December 31, 2012 (Non-AB 340 Employees)	***Employees Hired After December 31, 2012 (AB 340 Employees)***
Maximum Pensionable Income	$305,000	$161,969
Maximum Pensionable Income if also Participating in Social Security	N/A	134,974

Source: City.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of AB 340 are expected to reduce the City's unfunded pension lability and potentially reduce City contribution levels in the long term.

The City is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The total minimum required employer contribution is the sum of: (i) the plan's employer normal cost rate, which funds pension benefits for current employees for the upcoming Fiscal Year (expressed as a percentage of payroll); plus (ii) the employer unfunded accrued liability contribution amount, which funds pension benefits that were previously earned by current and former employees (billed monthly).

For Fiscal Year 2020-21, required employer normal cost rates as a percentage of payroll were 22.318% for Police Safety Plan employees, 19.811% for Fire Safety Plan employees and 10.266% for Miscellaneous Plan employees. For Fiscal Year 2021-22, required employer normal cost rates as a percentage of payroll are 21.88% for Police Safety Plan employees, 19.36% for Fire Safety Plan employees and 10.07% for Miscellaneous Plan employees.

For Fiscal Year 2020-21, the total required employer payment of the unfunded accrued liability for the City's Police Safety Plan was $8,826,947. For Fiscal Year 2021-22, the total required employer payment of the unfunded accrued liability for the City's Police Safety Plan is $824,395, reflecting the City's issuance of the 2020 Bonds, the proceeds of which were applied to pay down a portion of the unfunded accrued liability of $139,203,264. See the caption "—Other Indebtedness—General-Fund Supported Debt—2020 Bonds."

For Fiscal Year 2020-21, the total required employer payment of the unfunded accrued liability for the City's Fire Safety Plan was $5,332,971. For Fiscal Year 2021-22, the total required employer payment of the unfunded accrued liability for the City's Fire Safety Plan is $647,660, reflecting the City's issuance of the 2020 Bonds, the proceeds of which were applied to pay down a portion of the unfunded accrued liability of $94,180,092. See the caption "—Other Indebtedness—General-Fund Supported Debt—2020 Bonds."

For Fiscal Year 2020-21, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous Plan was $7,056,966. For Fiscal Year 2021-22, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous Plan is $244,928, reflecting the City's application of available cash balances to pay down a portion of the unfunded accrued liability of $102,069,092. See footnote (14) to Table 1 under the caption "—Budget Procedure, Current Budget and Historical Budget Information."

Beginning in Fiscal Year 2017-18, CalPERS began collecting employer contributions toward a pension plan's unfunded liability as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's unfunded liability will continue to be collected as set dollar amounts.

The City's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2009-10 through 2020-21 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7% and 21.3%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. The City notes that CalPERS' earnings in Fiscal Year 2019-20 were below its investment targets as a result of stock market declines in the wake of the COVID-19 outbreak, which could increase future contribution rates for plan participants, including the City. See the caption "THE CITY—COVID-19 Outbreak."

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from 7.50% to 7.00% over a three period. For public agencies such as the City, the new discount rate took effect July 1, 2017. Lowering the discount rate means that employers which contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 will also see their contribution rates rise under AB 340. The reduction of the discount rate will result in average employer rate increases of approximately 1% to 3% of normal cost as a percentage of payroll for most retirement plans such as the City's plans. Additionally, many employers will see a 30% to 40% increase in their current unfunded accrued liability payments (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) for pension plans. These payments are made to amortize unfunded liabilities over 20 years to bring pension funds to a fully funded status over the long-term.

The announcement on July 12, 2021 that CalPERS achieved an investment return of 21.3% for the period from July 1, 2020 through June 30, 2021 caused the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% on November 15, 2021 in accordance with a risk mitigation

policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points.

Portions of the above disclosures are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

The City's Police Safety Plan had a total net pension liability of approximately $6,879,502 for Fiscal Year 2020-21 (as of the measurement date of June 30, 2020). The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts. For Fiscal Year 2020-21, the City incurred Police Safety Plan pension expenses of $154,440,411 (reflecting the issuance of the 2020 Bonds). See the caption "—Other Indebtedness—General-Fund Supported Debt—2020 Bonds."

The City's Fire Safety Plan had a total net pension liability of approximately $5,414,056 for Fiscal Year 2020-21 (as of the measurement date of June 30, 2020). The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts. For Fiscal Year 2020-21, the City incurred Fire Safety Plan pension expenses of $103,651,019 (reflecting the issuance of the 2020 Bonds). See the caption "—Other Indebtedness—General-Fund Supported Debt—2020 Bonds."

The City's Miscellaneous Plan had a total net pension liability of approximately $2,306,182 for Fiscal Year 2020-21 (as of the measurement date of June 30, 2020). The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts. For Fiscal Year 2020-21, the City incurred Miscellaneous Plan pension expenses of $113,590,085 (reflecting the City's application of available cash balances to pay down a portion of the unfunded accrued liability. See footnote (14) to Table 1 under the caption "—Budget Procedure, Current Budget and Historical Budget Information."

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2020-21 is shown below.

CITY OF ONTARIO
ACTUARIAL ASSUMPTIONS FOR CALPERS PENSION PLAN

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.25% net of pension plan investment and administrative expenses; includes projected inflation rate of 2.625%
Mortality Rate Table[(1)]	Derived using CalPERS' membership data for all funds

(1) The mortality table used was developed based on CalPERS-specific data from a 2017 actuarial experience study for the period from 1997-2015.

Source: City.

Changes in the net pension liability for the City's pension plans in the most recent Fiscal Year for which information is available were as follows:

CITY OF ONTARIO
CHANGES IN CALPERS PENSION PLANS NET PENSION LIABILITY

Police Safety Plan

	Increase / (Decrease)		
	Total Pension Liability	***Plan Fiduciary Net Position***	***Net Pension Liability / (Asset)***
Balance at June 30, 2019	$ 407,587,625	$ 276,775,252	$ 130,812,373
Balance at June 30, 2020	437,334,944	430,455,442	6,879,502
Net Changes for period from July 1, 2019 through June 30, 2020	$ 29,747,319	$ 153,680,190	$(123,932,871)

Fire Safety Plan

	Increase / (Decrease)		
	Total Pension Liability	***Plan Fiduciary Net Position***	***Net Pension Liability / (Asset)***
Balance at June 30, 2019	$ 298,784,661	$ 210,779,084	$ 88,005,577
Balance at June 30, 2020	318,027,395	312,613,339	5,414,056
Net Changes for period from July 1, 2019 through June 30, 2020	$ 19,242,734	$ 101,834,255	$(82,591,521)

Miscellaneous Plan

	Increase / (Decrease)		
	Total Pension Liability	***Plan Fiduciary Net Position***	***Net Pension Liability / (Asset)***
Balance at June 30, 2019	$ 389,132,091	$ 293,850,595	$ 95,281,496
Balance at June 30, 2020	411,510,229	409,204,047	2,306,182
Net Changes for period from July 1, 2019 through June 30, 2020	$ 22,378,138	$ 115,353,452	$(92,975,314)

Source: City.

The table below presents the net pension liability of the City's pension plans, calculated using the discount rate applicable to Fiscal Year 2020-21 (7.15%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the Fiscal Year 2020-21 rate:

CITY OF ONTARIO
SENSITIVITY OF THE CALPERS PENSION PLANS NET PENSION LIABILITY
TO CHANGES IN THE DISCOUNT RATE

Plan's Net Pension Liability/(Asset)	*Discount Rate – 1% (6.15%)*	*Applicable Discount Rate (7.15%)*	*Discount Rate + 1% (8.15%)*
Police Safety Plan	$68,191,268	$6,879,502	$(43,266,592)
Fire Safety Plan	47,519,238	5,414,056	(29,330,812)
Miscellaneous Plan	57,939,305	2,306,182	(43,708,428)

Source: City.

For additional information relating to the City's pension plans, see Note 10 to the City's audited financial statements set forth in Appendix C.

Other Post-Employment Benefits

The City provides post-employment health care benefits to qualified retired employees. Employees are eligible for such benefits in accordance with applicable MOUs with employee bargaining units. The City administers a single-employer defined benefit post-employment healthcare plan (the "**OPEB Plan**"). A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

At June 30, 2020 (the census date), the following employees were covered by the benefit terms:

Category	*Count*
Active employees	1,071
Inactive employees or beneficiaries currently receiving benefit payments	831
Inactive employees entitled to but not yet receiving benefit payment	182

Source: City.

The City funds benefits under the OPEB Plan based on an Actuarially Determined Contribution (the "**ADC**"). For the year ended June 30, 2021, the City's ADC contribution rate was 102.8% of covered employee payroll. Employees do not contribute to the plan, but may pay the difference between the benefit that they receive and monthly premiums for that benefit.

GASB has issued two pronouncements, known as GASB 74 and GASB 75, related to funding and accounting for the OPEB Plan. Under these pronouncements, OPEB Plan benefits are intended to be accounted for in a manner that is similar to the accounting treatment of pensions under GASB 68. See the caption "—Retirement Contributions." Under GASB 74 and 75, unfunded OPEB Plan benefits will be recognized on the City's financial statements and the City is required to use the Entry Age actuarial cost method when calculating OPEB Plan liabilities. In addition, a 20-year municipal bond rate is used to discount unfunded OPEB Plan payments and the long-term rate of return on plan investments is used to discount benefits that are projected to be paid by plan assets.

The City retained a consultant (the "**Actuarial Consultant**") to calculate the City's post-employment benefits funding status. In a report dated June 30, 2021 (the "**Report**"), the Actuarial Consultant concluded that the City's ADC is $7,470,000. According to the Actuarial Consultant, the City's unfunded actuarial accrued liability for post-employment benefits was $0 as of June 30, 2020, the most recent date that such liability was calculated.

The City is not required to fund the amortization of the unfunded actuarial liability. Prior to Fiscal Year 2019-20, the City's policy was to pay for OPEB Plan costs as they are incurred. In Fiscal Year 2019-20, the City Council approved the establishment of an irrevocable trust to fund OPEB Plan benefits (the "**OPEB Trust**") with the California Employers' Retiree Benefit Trust, an agent multiple-employer plan that is administered by CalPERS, and approved and authorized an agreement with CalPERS to administer the OPEB Trust on its behalf. As of June 30, 2021, the City held $180,490,001 in the OPEB Trust. Based on the most recent actuarial valuation, the actuarial unfunded liability of the OPEB Plan was estimated to be approximately $27,185,786 using a methodology that is compliant with GASB 75.

Changes in the total liability for the City's OPEB Benefit plan for Fiscal Year 2019-20 were as follows.

CITY OF ONTARIO
CHANGES IN OPEB PLAN LIABILITY

	Increase / (Decrease)		
	Total OPEB Plan Liability	***Plan Fiduciary Net Position***	***Net OPEB Plan Liability / (Asset)***
Balance at June 30, 2020	$162,628,638	$ N/A	$162,628,638
Net Changes for period from July 1, 2020 through June 30, 2021	6,194,563	141,637,415	(135,442,852)
Balance at June 30, 2021	$168,823,201	$141,637,415	$ 27,185,786

Source: City.

The following table presents the net liability of the OPEB Plan, calculated using the discount rate applicable to Fiscal Year 2020-21 (6.75%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

CITY OF ONTARIO
SENSITIVITY OF THE OPEB PLAN TOTAL LIABILITY
TO CHANGES IN THE DISCOUNT RATE

	Discount Rate – 1% (5.75%)	***Current Discount Rate (6.75%)***	***Discount Rate + 1% (7.75%)***
Plan's Total Liability/(Asset)	$51,747,760	$27,185,786	$7,250,526

Source: City.

Future changes in funding policies and assumptions, including those related to assumed rates of investment return and healthcare cost inflation, could trigger increases in the City's annual required OPEB Plan contributions, and such increases could be material to the finances of the City. No assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of OPEB Plan benefits will have a material adverse effect on the ability of the City to pay the 2022 Bonds.

For additional information relating to the City's OPEB Plan, see Note 11 to the City's audited financial statements set forth in Appendix C.

City Investment Policy

The City invests its funds in accordance with the City's investment policy (the "**Investment Policy**"), which was most recently reviewed and revised by the City Council on December 7, 2021. The Investment Policy: (a) describes the policies and procedures to be utilized in the City's investment management system; (b) establishes guidelines for the prudent investment of the City's funds, and (c) lists and describes suitable investments. The goals of the City's investment policy and investment management function are compliance with law, enhancement of the economic status of the City and protection of the City's funds by limiting credit and market risks.

In accordance with Section 53600 *et seq*. of the California Government Code, idle cash management and investment transactions are the responsibility of the City Treasurer. Eligible investments are generally limited to the Local Agency Investment Fund which is operated by the California State Treasurer, local agency bonds, United States Treasury bills, notes and bonds, obligations issued by United States Government agencies, FDIC-insured or negotiable certificates of deposit, repurchase agreements, banker's acceptances and commercial paper rated A1/P1, as applicable, or better, and issued by a domestic corporation having assets in excess of $500 million. Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Return on Investment.

The City Treasurer is required to provide a quarterly report to the City Manager and the City Council showing the type of investment, date of maturity, amount invested, current market value, rate of interest, and other such information as may be required by the City Council.

A summary of the City's investments as of June 30, 2021 is set forth in the below table. Approximately $80.9 million (12.8%) of the total investment portfolio as of June 30, 2021 was attributed to the General Fund.

CITY OF ONTARIO
SUMMARY OF INVESTMENTS[1]

	Investment Maturity				
Investment Type	***6 Months or Less***	***6 Months to 1 Year***	***1 to 3 Years***	***3 to 5 Years***	***Total***
United States Treasury Obligations	$104,932,845	$100,644,164	$214,498,572	$ -	$420,075,581
Federal Agency Obligations	-	-	10,000,450	49,738,492	59,738,942
Medium Term Corporate Notes	5,029,165	-	30,722,625	23,121,424	58,873,214
Asset-Backed Securities	-	-	9,230,231	-	9,230,231
Municipal Bonds	-	-	4,094,881	7,501,850	11,596,731
Local Agency Investment Fund	72,551,503	-	-	-	72,551,503
Totals	$182,513,513	$100,644,164	$268,546,759	$ 80,361,766	$632,066,202

(1) Totals may not add due to rounding.
Source: City.

For additional information relating to the City's investments, see Note 3 to the City's audited financial statements set forth in Appendix C.

THE AUTHORITY

The Authority was organized pursuant to the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the State Government Code and a Joint Exercise of Powers Agreement, dated as of

June 1, 2013, by and between the City and the Housing Authority. The Authority has no financial liability to the Owners of the 2022 Bonds with respect to the payment of 2022 Base Rental Payments by the City or with respect to the performance by the City of the other agreements and covenants that the City is required to perform.

STATE OF CALIFORNIA BUDGET INFORMATION

Although the State is not a significant source of City revenues, there can be no assurance that the State's annual budget or other legislation will not materially adversely affect the financial condition of the City, in particular given that the City receives certain revenues such as sales tax proceeds and VLF from the State. The following information describes the State budget process and the current and upcoming State budgets.

General

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the "**DOF**"), http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "**LAO**") at http://www.lao.ca.gov. In addition, various State Official Statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Authority, and the City and the Authority take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Budget for State Fiscal Year 2021-22

On July 16, 2021, the Governor signed a series of bills representing the State budget for State fiscal year 2021-22 (the "**2021-22 Budget**"). The Governor's signing followed negotiations between the Governor and the State Legislature regarding the final provisions of the 2021-22 Budget, including the expenditure of a large projected State general fund surplus. The State Legislature passed temporary budgetary legislation in June 2021 to meet the required State Constitutional budget deadline. The following is drawn from the DOF summary of the 2021-22 Budget.

The 2021-22 Budget indicates that revenues are up significantly from the forecast included in the Governor's proposed State budget for State fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021 (as discussed under the caption "THE CITY—COVID-19 Outbreak"), continued stock market appreciation and a significantly upgraded economic forecast from the prior State fiscal year. The 2021-22 Budget also reports that the State has received approximately $285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For State fiscal year 2020-21, the 2021-22 Budget projects total general fund revenues and transfers of $188.8 billion and authorizes expenditures of $166.1 billion. The State is projected to end State fiscal year 2020-21 with total available reserves of $39.8 billion, including $25.1 billion in the traditional general fund reserve, $12.3 billion in the State's basic reserve fund, known as the Budget Stabilization Account (the "**BSA**"), $1.9 billion in the Public School System Stabilization Account and $450 million in the Safety Net Reserve Fund. For State fiscal year 2021-22, the 2021-22 Budget projects total general fund revenues and transfers of $175.3 billion and authorizes expenditures of $196.4 billion. The State is projected to end State

fiscal year 2021-22 with total available reserves of $25.2 billion, including $4 billion in the traditional general fund reserve, $15.8 billion in the BSA, $4.5 billion in the Public School System Stabilization Account (the "**PSSSA**") and $900 million in the Safety Net Reserve Fund.

The 2021-22 Budget sets the Proposition 98 minimum funding guarantee for State fiscal year 2021-22 at $93.7 billion. This results in per-pupil funding of $13,976 from Proposition 98 funding, growing to $21,555 when accounting for all funding sources. The 2021-22 Budget also makes retroactive increases to the minimum school funding guarantee in fiscal years 2019-20 and 2020-21, setting them at $79.3 billion and $93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $47 billion from the level projected by the 2020-21 Budget.

Other significant features of the 2021-22 Budget include the following:

- General Apportionments – An increase of $395 million in ongoing Proposition 98 funding for general apportionments, comprised of: (i) $371.2 million to fund a 5.07% cost of living adjustment; and (ii) $23.8 million to fund 0.50% enrollment growth.

- Deferrals – $1.453 billion in Proposition 98 funding to repay apportionment deferrals, of which $144.6 million is from State fiscal year 2019-20, $1.1 billion is from State fiscal year 2020-21 and $229.8 million is from State fiscal year 2021-22.

- Student Assistance – $250 million in one-time ARP Act funds to support emergency student financial assistance grants. The 2021-22 Budget also provides $160 million in Proposition 98 funding for student assistance, comprised of $100 million in one-time funding available over three years to address student basic needs including food and housing insecurity, $30 million in ongoing funding to support student mental health services and $30 million in ongoing funding for colleges to establish basic needs centers and hire basic needs coordinators.

- Workforce Programs – $42.4 million in ongoing Proposition 98 funding to increase program funding and enable community college districts to support work-based learning opportunities. The 2021-22 Budget also provides $20 million in one-time Proposition 98 funding to support community college participation in High Road Training Partnerships and regional partnerships developed by the California Workforce Development Board.

- Facilities – $581.4 million in State general obligation bond funding, including $8.2 million to start nine new capital outlay projects and $573.2 million for the construction phase of 32 projects anticipated to complete design by the spring 2022. In addition, the 2021-22 Budget provides $511 million in one-time Proposition 98 funding to address deferred maintenance.

Proposed 2022-23 State Budget

On January 10, 2022, the Governor released his proposed State budget for State fiscal year 2022-23 (the "**Proposed 2022-23 Budget**"). The following information is drawn from the DOF and LAO overviews of the Proposed 2022-23 Budget.

The Proposed 2022-23 Budget reports that, since the passage of the prior fiscal year's budgetary legislation, the State's economy has continued to recover from the recession occasioned by the COVID-19 pandemic. Before accounting for certain required transfers (such as those to the BSA), State revenues are higher than the projections included in the 2021-22 Budget by almost $28.7 billion over a three-year span from State fiscal years 2020-21 through 2022-23. The Proposed 2022-23 Budget attributes this increase to four main factors: (1) a more robust economic recovery; (2) a greater share of wage gains going to high-wage sectors; (3) a stronger than forecast stock market; and (4) higher inflation. The Proposed 2022-23 Budget identifies several risk factors that could affect the current economic and revenue forecasts, including the

impact of the COVID-19 Omicron variant or other potential future COVID-19 variants, persistent supply chain issues, increased inflation, stock market volatility and the lack of affordable housing.

For State fiscal year 2021-22, the Proposed 2022-23 Budget projects total general fund revenues and transfers of $196.7 billion and authorizes expenditures of $210 billion. The State is projected to end State fiscal year 2021-22 with total reserves of $47.4 billion, including $20.5 billion in the traditional general fund reserve, $19.3 billion in the BSA, $6.7 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the Proposed 2022-23 Budget projects total general fund revenues and transfers of $195.7 billion and authorizes expenditures of $213 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $34.6 billion, including $3.1 billion in the traditional general fund reserve, $20.9 billion in the BSA, $9.7 billion in the PSSSA and $900 million in the Safety Net Reserve Fund.

The upward revisions of State general fund revenues results in significant increases to the Proposition 98 minimum funding guarantee. Proposition 98 funding for K-14 school districts for State fiscal year 2022-23 is set at $102 billion (including $73.1 billion from the State general fund and $28.9 billion from other sources), an increase of $8.2 billion (or 8.8%) from the level set by the 2021-22 Budget.

As a result of increased revenues, the Proposed 2022-23 Budget would also make certain retroactive adjustments to the minimum funding guarantee in State fiscal years 2020-21 and 2021-22, setting them at $95.9 billion and $99.1 billion, respectively. Together with the funding level for State fiscal year 2022-23, this represents a three-year increase in the guarantee of $16.1 billion over the level included in the 2021-22 Budget.

The Proposed 2022-23 Budget would set total funding for K-12 education at $119 billion, including $70.5 billion from the State general fund and $48.5 billion from other sources. K-12 per-pupil funding would total $20,855 from all sources, including $15,261 from Proposition 98 sources. Other significant features of the Proposed 2022-23 Budget include the following:

- Universal Transitional Kindergarten – $639.2 million to expand eligibility for transitional kindergarten to include all children turning five years old between September 2 and February 2, beginning in State fiscal year 2022-23. Additionally, the Proposed 2022-23 Budget includes $383 million in Proposition 98 funding to add one additional certificated or classified employee to every transitional kindergarten class, which is expected to reduce student-to-adult ratios to more closely align with the State's preschool program.

- Literacy – $500 million in one-time Proposition 98 funding for grants to high-needs schools to train and hire literacy coaches and reading specialists and $200 million in one-time Proposition 98 funding to enable local educational agencies to create and expand multi-lingual school or classroom libraries.

- Expanded Learning Time – $3.4 billion in ongoing Proposition 98 funding to continue funding a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students. The Proposed 2022-23 Budget also includes $937 million in one-time Proposition 98 funding to support expanded learning opportunities infrastructure, with a focus on integrating arts and music programming into enrichment opportunities for students.

- Special Education – $500 million to increase in the State-wide base funding rate for special education funding.

- College and Career Pathways – $1.5 billion in one-time Proposition 98 funding, over four years, to support the development of college and career pathways for high schoolers focused on technology (including computer science, green technology and engineering), health care, education and climate-related fields. Additionally, the Proposed 2022-23 Budget includes $500 million in one-time Proposition 98 funding, also available over four years, to strengthen and expand student access and participation in dual enrollment opportunities that are also coupled with student advising and support services.

• Transportation – $1.5 billion in one-time Proposition 98 funding, available over three years, to support school transportation programs with a focus on greening school bus fleets.

• Facilities – $1.4 billion in State general obligation bond funding to support school construction projects. The Proposed 2022-23 Budget also provides $1.3 billion in one-time State general funds in fiscal year 2022-23, and $925 million of such funds in 2023-24, to support new construction and modernization projects through the State's school facility program.

Additional information regarding the 2021-22 Budget and the Proposed 2022-23 Budget, see the DOF and LAO websites. The information presented on such websites is not incorporated herein by reference.

None of the websites or webpages that are referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The City, the Authority and the Underwriters make no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

There can be no assurance that additional legislation will not be enacted in the future to implement provisions relating to the State budget, address the COVID-19 outbreak or otherwise that may affect the City or its General Fund revenues.

Potential Impact of State Financial Condition on the City

The State has experienced significant financial stress in recent years, with budget shortfalls in the several billions of dollars. The COVID-19 outbreak materially adversely impacted the financial condition of the State and the waning of the infection crisis is expected to be followed by increases in unfunded liabilities of the two main retirement systems managed by State entities, CalPERS and CalSTRS. The State also has a significant unfunded liability with respect to other post-employment benefits.

Current and future State budgets will be significantly affected by the COVID-19 outbreak and other factors over which the City has no control. The City cannot determine what actions will be taken in the future by the State Legislature and the Governor to deal with the COVID-19 outbreak, future recessions and resulting changing State revenues and expenditures. There can be no assurance that, as a result of the COVID-19 outbreak or otherwise, the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial conditions. Although the State is not a significant source of City revenues, there can be no assurance that State actions to respond to the COVID-19 outbreak will not materially adversely affect the financial condition of the City. The State's ability to undertake such revenue reductions or shifting has been limited by provisions of the State Constitution. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 22."

Redevelopment Dissolution

General. On December 29, 2011, the State Supreme Court upheld Assembly Bill 1x26 ("**AB 1x26**"), which dissolved redevelopment agencies in the State. The effect of AB 1x26 upon the City is the termination of the redevelopment functions of the Ontario Redevelopment Agency (the "**Former Agency**") and the transfer of such functions to a successor agency (the City, referred to in this context as the "**Successor Agency**"), which was tasked with winding down the Former Agency's redevelopment activities. Under AB 1x26, the Successor Agency cannot enter into new redevelopment projects or obligations and its assets can be used only to pay enforceable obligations, which enforceable obligations are generally limited to obligations in existence in mid-2011, when AB 1x26 was signed by the Governor. In addition, the Successor Agency will receive tax increment revenues in amounts that are sufficient to pay 100% (but no greater amount) of such enforceable obligations until such obligations (including accrued interest, as applicable) are paid in full, at which time the Successor Agency will be dissolved. Certain tax revenues formerly allocable to the Former

Agency will continue to be available to the Successor Agency to pay certain obligations, and a portion of such revenues may be redirected to other taxing agencies, such as the County, the local school districts and the City. The Successor Agency's activities are subject to review by an oversight board established under AB 1x26. Under AB 1x26, liabilities of the Successor Agency are not liabilities of the City.

On June 27, 2012, the Governor signed Assembly Bill 1484 ("**AB 1484**"), which made certain amendments to AB 1x26. Under AB 1484, the County Auditor-Controller, the DOF and the State Controller may require the return of funds that were improperly spent or transferred to a public entity in conflict with the provisions of the Community Redevelopment Law, as amended by AB 1x26 and AB 1484, and if such funds are not returned within 60 days, they may be recovered through an offset of sales and use tax or property tax allocations to the relevant local agency, which, in the case of the Successor Agency, is the City.

On September 22, 2015, the following amendments to AB 1x26 and AB 1484 were enacted as Senate Bill 107 ("**SB 107**"): (1) redevelopment successor agencies that enter into a written agreement with the DOF to remit unencumbered cash to the county auditor-controller will receive a finding of completion, which provides successor agencies with additional fiscal tools and reduced State oversight; (2) successor agencies that that have a "Last and Final" ROPS (as discussed below) may expend a portion of proceeds of bonds issued in 2011, which proceeds are currently frozen; (3) pension or State Water Project override revenues that are not pledged to or not needed for redevelopment bond debt service will be returned to the entity that levies the override; (4) agreements relating to State highway improvements and money loaned to successor agencies to pay costs associated with redevelopment dissolution litigation will be considered enforceable obligations; and (5) reentered agreements entered into after the passage of AB 1484 are unenforceable unless entered into for the purpose of providing administrative support.

SB 107 also: (a) requires the preparation of a Recognized Obligation Payment Schedule with respect to enforceable obligations (a "**ROPS**"), which are required to be submitted to the oversight board and the DOF in accordance with AB 1x26, once a year beginning with the ROPS period that commenced on July 1, 2016 (rather than twice a year under prior law); (b) establishes an optional "Last and Final" ROPS process beginning in September 2015; under this process, a successor agency that elected to submit a "Last and Final ROPS would no longer submit a periodic ROPS and the enforceable obligations set forth in the "Last and Final" ROPS would be binding on all parties; and (c) clarifies that former tax increment caps and plan limits do not apply for the purposes of paying approved enforceable obligations.

Impact on the City. Significant provisions of AB 1x26, AB 1484, SB 107 and implementing actions of affected parties, including the Successor Agency, the oversight board, the County and the DOF, may be subject to legal challenge, statutory or administrative changes and other clarifications which could affect the impact of the dissolution of redevelopment on the City and its General Fund. The DOF has periodically proposed additional legislation which would modify statutes affecting redevelopment dissolution; it is not known whether additional legislation will be enacted. The full extent of the impact of the implementation of AB 1x26, AB 1484 and SB 107 or potential future legislation on the City's General Fund is unknown at this time. While certain administrative costs previously charged to the Former Agency by the General Fund will no longer be supported by the Successor Agency, certain property tax revenues formerly allocated to the Former Agency will now be received by the City's General Fund.

The City does not believe that it has received material amounts from the Former Agency or the Successor Agency which may be asserted to be in violation of AB 1x26 or AB 1484, and the City is not currently engaged in any disputes with the DOF with respect to amounts received from the Former Agency.

Successor Agency Obligations to the General Fund. Although AB 1x26 generally invalidates agreements between host cities and their former redevelopment agencies, provision is made for the enforcement of agreements entered into with respect to obligations which meet certain specified criteria. The City believes that the Successor Agency's payment obligations under an advance from the General Fund in the amount of $3,500,000 and miscellaneous other advances from the City (collectively, the "**Advances**") to the

Former Agency constitute enforceable obligations of the Successor Agency. The City expects that the Successor Agency will continue to be able to apply tax increment revenues to the payment of the Advances. The City lists the Advances in each Successor Agency ROPS, and the Advances have been approved as enforceable obligations by the Successor Agency's oversight board and the DOF. However, there can be no assurance that such entities, the State Controller, other State or County bodies implementing the dissolution of redevelopment or a court will not disagree with the City's interpretation and seek to prohibit the Successor Agency from making the payments on the Advances in the future, or that additional legislation could be enacted which will not be consistent with the City's interpretation. There can also be no assurance that AB 1x26, AB 1484 and/or subsequent implementing statutes will not interfere with the receipt by the City from the Successor Agency of the amounts contemplated to be received by the City pursuant to the Advances or otherwise.

As of June 30, 2021, the Advances were collectively outstanding in the principal amount of $3,500,000. The Advances were used by the Former Agency for various redevelopment purposes and are payable from available Successor Agency moneys. The Advances bear interest at the rate of 12% per annum but do not have a specific maturity date.

To the extent that the Successor Agency's assets are liquidated for distribution of proceeds to the affected taxing entities, the City currently expects that the City's General Fund will receive approximately 16.75% of such assets.

Future State Budgets

No prediction can be made by the City as to whether the State will continue to encounter budgetary problems in future years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

There are a number of provisions of the State Constitution that limit the ability of the City to raise and expend tax revenues.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution. The amendment, which added Article XIIIA to the State Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value', or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to December 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after December 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition (55% in the case of

certain school facilities). Property taxes that are subject to Proposition 13 are a significant source of the City's General Fund revenues. See the caption "CITY FINANCIAL INFORMATION."

Legislation enacted by the State Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (for new construction, change of ownership or 2% annual value growth) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in certain other limited circumstances.

Article XIIIB of the State Constitution

At the Statewide special election on November 6, 1979, the voters approved an initiative entitled "Limitation on Government Appropriations," which added Article XIIIB to the State Constitution. Under Article XIIIB, State and local government entities have an annual "appropriations limit" which limits the ability to spend certain money which are called "appropriations subject to limitation" (consisting of tax revenues and investment proceeds thereof, certain State subventions and regulatory license fees, user charges and user fees to the extent that the proceeds thereof exceed the costs of providing such services, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of October 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIIIB, if those entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

To the best of the City's knowledge, the City's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the State Constitution.

Proposition 62

A statutory initiative ("**Proposition 62**") was adopted by the voters of the State at the November 4, 1986 general election which: (a) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIIIA; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax that is imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. The requirements imposed by Proposition

62 were upheld by the State Supreme Court in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal.4th 220 (1995).

Proposition 62 applies to the imposition of any taxes or the implementation of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are largely subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See the caption "—Proposition 218" below.

Proposition 218

On November 5, 1996, State voters approved Proposition 218, an initiative measure entitled the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments are deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge may be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (a) the *ad valorem* property tax imposed pursuant to Articles XIII and XIIIA of the State Constitution; (b) any special tax receiving a two-thirds vote pursuant to the State Constitution; and (c) assessments, fees and charges for property-related services as provided in Proposition 218. Proposition 218 then goes on to add voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings.

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the City's General Fund.

Although a portion of the City's General Fund revenues are derived from general taxes purported to be governed by Proposition 218, as discussed under the caption "CITY FINANCIAL INFORMATION — Other Taxes," all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City's General Fund.

Unitary Property

Some amount of property tax revenue of the City is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the

State Constitution, such property is assessed by the CDTFA as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by the CDTFA, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City) according to a statutory formula that is generally based on the distribution of taxes in the prior year.

Proposition 22

On November 2, 2010, State voters approved Proposition 22, which eliminates the State's ability to borrow or shift local revenues and certain State revenues that fund transportation programs. Proposition 22 restricts the State's authority over a broad range of tax revenues, including property taxes allocated to cities (including the City), counties and special districts, the VLF, State excise taxes on gasoline and diesel fuel, the State sales tax on diesel fuel, and the former State sales tax on gasoline. It also makes a number of significant other changes, including restricting the State's ability to use motor vehicle fuel tax revenues to pay debt service on voter-approved transportation bonds.

Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs of a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIIIA and XIIIB and Propositions 62, 218, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting the City's current revenues or its ability to raise and expend revenues.

RISK FACTORS

Prospective purchasers of the 2022 Bonds should consider carefully all possible factors that may affect the ability of the City to pay 2022 Base Rental Payments under the Lease Agreement. The 2022 Bonds may not be a suitable investment for all prospective purchasers.

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the 2022 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to an

investment in the 2022 Bonds and there can be no assurance that other risk factors will not become material in the future. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the 2022 Bonds

The 2022 Bonds are special obligations of the Authority, payable solely from 2022 Base Rental Payments. Neither the faith and credit nor the taxing power of the Authority, the City, the State or any political subdivision thereof is pledged to the payment of the 2022 Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the County, the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City, the County or the State is obligated to levy or pledge any form of taxation or for which the City, the County or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds, and the City has covenanted in the Lease Agreement to take such action as may be necessary to include all such Base Rental Payments and Additional Rental Payments due thereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Rental Payments, subject to abatement. The City is currently liable and may become liable on other obligations payable from general revenues. See the caption "CITY FINANCIAL INFORMATION—Other Indebtedness—General Fund-Supported Debt."

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues, including pension obligations and essential services. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event that the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. However, to the best of the City's knowledge, the City's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the State Constitution. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIB of the State Constitution."

Abatement

In the event of substantial interference with the City's right to use and occupy any portion of the Leased Premises by reason of damage to or destruction or condemnation of the Leased Premises, or any defects in title to the Leased Premises, the Base Rental Payments will be subject to abatement. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Abatement." The amount of abatement will be such that the resulting payments of Base Rental Payments and Additional Rental Payments do not exceed the fair rental value for the use and possession of the remaining portions of the Leased Premises as to which the City has beneficial use and occupancy and as to which such damage or destruction or defect in title do not substantially interfere.

In the event that such portion of the Leased Premises, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of the Base Rental Payments, plus the period in which funds are available from the funds and accounts established under the Indenture, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Leased Premises or redemption of the 2022 Bonds, there could be insufficient funds to make payments to Owners in full.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, the value of the Leased Premises could be substantially higher or lower than its value at the time of the issuance of the 2022 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the 2022 Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Leased Premises results in abatement of the Base Rental Payments and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the 2022 Bonds during the period that the Leased Premises is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the 2022 Bond Owners for nonpayment under such circumstances.

Initiative and Referendum

The ability of the City to comply with its covenants under the Lease Agreement and to generate revenues that are sufficient to pay Base Rental Payments may be adversely affected by actions and events outside the control of the City, including without limitation actions taken (or not taken) by voters. Under the State Constitution, voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. The Authority and the City are unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, or their potential impact on the City and its operations. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Future Initiatives."

Insurance on the Leased Premises

Under the Lease Agreement, the City is required to maintain through the term of the Lease Agreement policies of insurance covering loss or damage to the Leased Premises up to replacement costs and covering title defects. If the Leased Premises is damaged or destroyed, there can be no assurance that the insurance proceeds will be sufficient to repair or restore the Leased Premises, or to redeem or defease all of the then-Outstanding 2022 Bonds. In addition, neither the Authority nor the City can provide any assurance as to whether the provider of an insurance policy will pay under such policy. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Insurance" for a description of the insurance coverages that are required by the Lease Agreement. See the caption "THE CITY—Risk Management" for a description of the City's current insurance coverages. Certain risks, such as earthquakes and floods, are not required to be covered under the Lease Agreement unless available at reasonable rates and the City does not currently maintain such coverage.

Condemnation of the Leased Premises

If all of the Leased Premises (or portions thereof such that the remainder is not usable for the public purposes by the City) is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Leased Premises is taken permanently, or if the Leased Premises or any part thereof is taken temporarily, under the power of eminent domain, and the remainder is usable for public purposes by the City at the time of such taking: (a) the Facilities Sublease will continue in full force and effect as to such remainder, and will not be terminated by virtue of such taking; and (b) there will be a partial abatement of Base Rental Payments as a result of the application of insurance proceeds of any eminent domain award to the prepayment of the Base Rental Payments, in an amount to be agreed upon by the City and the

Authority such that the resulting Base Rental Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Premises.

If all or a portion of the Leased Premises were condemned, there can be no assurance that any such award or payment will be sufficient at the time to prepay or defease all of the then-Outstanding 2022 Bonds. If the award is less than the amounts remaining on such Outstanding 2022 Bonds, then the Owners will be paid less than the amounts remaining on such Outstanding 2022 Bonds.

Value of Property

In the event that the Trustee re-enters or re-lets the Leased Premises upon the occurrence of an Event of Default, there can be no assurance such actions will provide funds in an amount that is sufficient to pay the principal of and interest on the 2022 Bonds. The security under the Lease Agreement extends only to the Authority's leasehold interest in the Leased Premises and is subject to the restrictions of the Lease Agreement and all other use restrictions applicable to the Leased Premises. The Leased Premises have not been appraised in connection with the issuance of the 2022 Bonds.

No Acceleration of Base Rental Payments

Nothing in the Lease Agreement permits the Authority or the Trustee to accelerate Base Rental Payments. Although the Trustee is entitled to pursue all available remedies under the Indenture, there can be no assurance that sufficient funds will be available at the time to redeem or defease all of the then-Outstanding 2022 Bonds.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

Sales and use tax revenues are consistently among the largest sources of General Fund revenues of the City. See the caption "CITY FINANCIAL INFORMATION."

Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, in times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to decline. An economic recession would also be expected to affect hotel occupancy within the City, and consequently, the City's receipt of transient occupancy taxes. See the captions "THE CITY—COVID-19 Outbreak" and "CITY FINANCIAL INFORMATION."

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Many categories of transactions are exempt from the Statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the CDTFA for administering the City's sales tax could also be changed.

As discussed under the caption "THE CITY—COVID-19 Outbreak," the Governor extended the deadline to file and pay first quarter 2020 sales and use tax returns by 90 days for all but the very largest taxpayers, and up to 361,000 California businesses with less than $5 million in taxable annual sales were allowed to defer up to $50,000 in sales tax and enter into 12-month payment plans at zero interest. The extension resulted in a delay in the receipt by the City of its portion of sales tax payments for 2020. There can

be no assurance that additional extensions of payment deadlines will not be ordered should the COVID-19 outbreak continue or economic recessions occur in the future.

Assessed Value of Taxable Property

Property taxes are consistently among the largest sources of General Fund revenues of the City. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, wildfire, ongoing drought, toxic dumping, erosion, civil unrest or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. See the captions "—Natural Disasters" and "—Hazardous Substances."

In addition, economic and market forces, such as a downturn in the regional economy, could affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. The total assessed value could also be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIIIA of the State Constitution and Section 51 of the State Revenue and Taxation Code, which were adopted pursuant to Proposition 8 in 1978, require the County assessor to annually enroll either a property's adjusted base year value (the "**Proposition 13 Value**") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, such lower value is referred to as the "**Proposition 8 Value**."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds the Proposition 13 Value attributable to a piece of property (adjusted for inflation) does a county assessor reinstate the Proposition 13 Value.

Decreases in the assessed value of taxable property within the City resulting from a natural disaster or other calamity, economic recession, reclassification by ownership or use or as a result of the implementation of Proposition 8 all may have an adverse impact on property tax collections by the City, and consequently, the General Fund revenues that are available to make Base Rental Payments.

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, including as a result of the COVID-19 outbreak that is discussed under the caption "THE CITY—COVID-19 Outbreak," there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION."

Although the State's ability to undertake such revenue reductions or shifting has been limited by provisions of the State Constitution, as described under the caption "CONSTITUTIONAL AND

STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 22," declining revenues and fiscal difficulties that arose in the State commencing in 20099 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies.

Although recent State budgets have been balanced, largely attributable to improvements in the economy, the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012, Statewide election as well as other spending cuts, there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future, should the State budget again be stressed and if projections included in such budget do not materialize, or that Proposition 30 will be renewed.

Litigation

The City may be or become a party to litigation that has an impact on the General Fund. Although the City maintains certain insurance policies that provide liability coverage under certain circumstances and with respect to certain types of incidents (as discussed under the caption "THE CITY—Risk Management"), the City cannot predict what types of liabilities may arise in the future. See the caption "LITIGATION."

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, wildfire, windstorm, drought, earthquake, landslide, mudslide or flood, could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payment of Base Rental Payments. The City is not required to do maintain earthquake insurance by the Lease Agreement unless such insurance is available at reasonable rates. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Insurance" and "THE CITY—Risk Management."

Earthquakes are considered a threat to the City due to the highly active seismic region and the proximity of fault zones, which could influence the entire coastal portion of the State. There are also likely to be unmapped faults in or near the City. Seismically induced ground shaking has affected the City in the past and is expected to affect the City in the future.

An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage. The effects of an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction, floods and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas that are surrounded by hillsides because, when wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides and excess water running off

the hillsides often causing flash flooding. In general, property damage due to wildfire or mudslides could result in a significant decrease property tax and other revenues received by the City.

The occurrence of natural disasters in the City could result in substantial damage to the City and the Leased Premises which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make Base Rental Payments or cause an abatement in Base Rental Payments if the City is unable to use and occupy the Leased Premises. The City maintains liability insurance, rental interruption insurance and property casualty insurance for the Leased Premises. See the caption "THE CITY—Risk Management." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City is difficult to predict, but it could be significant and it could have a material adverse effect on the General Fund by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of City residents and business establishments.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cybersecurity incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The City employs a multi-layer cyber protection scheme that includes third party consultant assistance, next-generation firewalls, anti-virus software, anti-spam/malware software, intrusion detection/prevention, domain name system filtering services, duplicate systems in a disaster recovery site and multiple copies of all information that is backed up. The City implements recommended strategies suggested by security vendors and makes internal system changes as needed. To date, the City has not experienced a significant attack on its computer operating systems. However, there is no assurance that a future attack or attempted attack would not result in disruption of City operations. The City expects that any such disruptions would be temporary in nature.

Hazardous Substances

A condition that may result in the reduction in the assessed value of property, and therefore property tax revenue available to pay Base Rental Payments, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of such property by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The City and the Authority have not independently verified, but are not aware of, the presence of any hazardous substances on the Leased Premises. Hazardous substance liabilities may arise in the future with respect to any of the property in the City resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel.

Economy of City and State

A deterioration in the level of economic activity in the City, the County, the State or the United States, including as a result of the COVID-19 outbreak that is discussed under the caption "THE CITY—COVID-19 Outbreak," is not currently expected to have a material adverse effect on the City's general revenues or on the ability of the City to pay principal of and interest on the 2022 Bonds. See the caption "CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City." However, there can be no assurance that adverse economic conditions will not have a negative effect on the City. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION" for information about the State economy and State budget.

Split Roll Initiative

An initiative measure (the "**Split Roll Initiative**") to amend Article XIIIA of the State Constitution qualified for the State's November 2020 ballot. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIA of the State Constitution." Although it was not adopted by State voters, the Split Roll Initiative would have based property taxes for commercial and industrial properties on periodic analyses of market values beginning in tax year 2020-21. Such market values would have been reassessed by the applicable county assessor's office at least once every three years. The Split Roll Initiative included exceptions for businesses with a total market value of less than $2 million (adjusted for inflation), which would have continued to be subject to property taxes based on purchase price, and exempted from property tax assessments up to $500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. Although the Split Roll Initiative was not adopted, there can be no assurance that a similar initiative will not be brought before voters in the future. The City is unable to predict how the adoption of such a future initiative would affect the level of commercial building activity within the City and the relationship between the assessed value of different land use types (i.e. residential versus commercial) in the City, or what other impacts such an initiative might have on the local economy or the City's financial condition, including the receipt of property tax revenues.

Additional City Obligations

The Base Rental Payments under the Lease Agreement are payable from funds that are lawfully available to the City. The City is currently liable for other obligations payable from general revenues of the City. The City has the authority to enter into other obligations that constitute additional claims on such general revenues, including Additional Bonds payable from a lease of the Leased Premises. To the extent that the City incurs additional obligations, the funds available to make Base Rental Payments may be decreased. See the captions "CITY FINANCIAL INFORMATION—Other Indebtedness—General Fund-Supported Obligations" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Additional Bonds."

Remedies

Upon an Event of Default under the Indenture, the Trustee may exercise certain remedies under the Indenture and the Lease Agreement. In the event of a monetary default under the Indenture, the Trustee has the right to enter and take possession of the Leased Premises, and the Trustee may hold, operate and manage

the Leased Premises and apply revenues therefrom toward payment of the 2022 Bonds. There can be no assurance that the Trustee will be able to realize from such actions an amount that is sufficient to pay the principal of and interest on the 2022 Bonds. In addition, the Trustee may incur significant operating costs in connection with the Leased Premises.

Limitation on Trustee's Obligations under the Indenture

The Trustee has no obligation to advance its own funds to pursue any remedies. As a consequence, the Trustee's willingness and ability to pursue any of the remedies provided in the Indenture and the Lease Agreement may be dependent upon the availability of funds from an interested party. Additionally, the Trustee is not required to acquire possession of the Leased Premises if doing so subjects it to potential liability. There can be no assurance that the Trustee will be willing and able to perform its duties under the Indenture.

Release of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute or release a portion of the Leased Premises upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or release, the portion of the Leased Premises for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. Moreover, the City may issue Additional Bonds secured by Base Rental Payments which are increased above current levels. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Substitution or Release of the Leased Premises" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Additional Bonds."

Although the Lease Agreement requires, among other things, that the Leased Premises, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments for the Leased Premises coming due in the then-current Fiscal Year or in any subsequent Fiscal Year, it does not require that the Leased Premises have an annual fair rental value equal to the annual fair rental value of the Leased Premises prior to the substitution release of any portion thereof. Thus, a portion of the Leased Premises could be replaced with less valuable real property, or could be released altogether. Such a substitution or release could have an adverse impact on the security for the 2022 Bonds, particularly if an event requiring abatement of the Base Rental Payments were to occur subsequent to such substitution or release.

Upon the issuance of Additional Bonds, the Lease Agreement will be amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount that is sufficient to pay the principal of and interest on such Additional Bonds; provided, however, that no such amendment may be made such that the sum of such Base Rental Payments, including any increase in Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Fiscal Year is in excess of the annual fair rental value of the Leased Premises after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS—Additional Bonds" for a full description of the requirements that must be met in order for the City to deliver Additional Bonds.

Limitations on Enforceability

General. The enforcement of any remedies that are provided for in the Lease Agreement and the Indenture could prove both expensive and time consuming. The rights and remedies provided in the Lease Agreement and the Indenture may be limited by and are subject to: (i) the limitations on legal remedies against cities in the State, including State constitutional limits on expenditures and limitations on the enforcement of judgments against funds that are needed to serve the public welfare and interest; (ii) federal bankruptcy laws, as now or later enacted, as discussed in detail under the subcaption "—Bankruptcy" below; (iii) applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect; (iv) equity principles which may limit the specific

enforcement under State law of certain remedies; (v) the exercise by the United States of America of the powers delegated to it by the federal Constitution; and (vi) the reasonable and necessary exercise, in certain exceptional situations, of the police powers that are inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the 2022 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The legal opinions that will be delivered concurrently with the issuance of the 2022 Bonds will be qualified, as to the enforceability of the 2022 Bonds, the Indenture, the Lease Agreement and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State.

Failure by the City to pay Base Rental Payments or failure to observe and perform any other terms, covenants or conditions of the Lease Agreement for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Trustee constitute Events of Default under the Indenture and permit the Trustee or the Authority to pursue the remedies that are described in the Lease Agreement and Indenture. Upon an Event of Default, there is no right under any circumstances to accelerate Base Rental Payments or otherwise declare any Base Rental Payment that is not then in default to be immediately due and payable, nor do the Authority or the Trustee have any right to re-enter or re-let the affected Leased Premises, except to the limited extent that is described in the Lease Agreement, and only to the extent of the Authority's leasehold interest under the Lease Agreement. Rather, if the City defaults on its obligation to pay Base Rental Payments with respect to such Leased Premises, the Trustee must sue to recover Base Rental Payments on an annual basis.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Leased Premises and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized and limited nature of the Leased Premises (as discussed under the caption "THE LEASED PREMISES"), it is unlikely that 2022 Bond Owners would be able to generate rental income that is sufficient to make all payments of principal of and interest on the 2022 Bonds when due. Moreover, the Trustee is not empowered to sell the fee interest in the Leased Premises (which is owned by the City) for the benefit of the Owners of the 2022 Bonds. Any suit for money damages against the City would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Bankruptcy. Enforceability of the rights and remedies of the Owners of the 2022 Bonds, and the obligations incurred by the City, may become subject to the provisions of Title 11 of the United States Code (the "**Bankruptcy Code**") and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the 2022 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights. Under Chapter 9 of the Bankruptcy Code, which governs the bankruptcy proceedings of public agencies such as the City, involuntary petitions are not permitted. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the 2022 Bonds, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Lease Agreement or from taking any steps to collect amounts due from the City under the Lease Agreement.

In particular, if the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City, and which could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment that is superior to that of Owners of the 2022 Bonds; and (iv) the possibility of the adoption of a plan (an "**Adjustment Plan**") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the 2022 Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The Adjustment Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations that were substantially identical or similar to the 2022 Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

In addition, the City could either reject the Lease Agreement or assume the Lease Agreement despite any provision of such documents that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the 2022 Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2022 Bonds. Moreover, such rejection would terminate the Lease Agreement and the City's obligations to make payments thereunder. The City may also be permitted to assign the Lease Agreement to a third party, regardless of the terms of the transaction documents.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2022 Bonds, or, if a secondary market exists, that the 2022 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

In addition, the City has entered into a continuing disclosure undertaking in connection with the 2022 Bonds. Any material failure to comply with such undertaking in the future may adversely affect the liquidity of the affected 2022 Bonds and their market price in the secondary market.

Covenant to Budget and Appropriate

Under the Lease Agreement, the City has covenanted to take such actions as are necessary to include the Base Rental Payments and the estimated Additional Rental Payments in its annual budgets and to make the necessary annual appropriations for all Base Rental Payments. Such covenant is deemed to be a duty imposed by law, and it is the duty of the public officials of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable such entity to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenant. Upon execution and delivery of the 2022 Bonds, Bond Counsel will render its opinion (substantially in the form of Appendix D) to the effect that, subject to certain limitations and qualifications, the Lease Agreement constitutes a valid and binding obligation of the City.

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the Insured Bonds when due, the owners of the Insured Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that the Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance can be given that such event will not adversely affect the market for the 2022 Bonds. In the event that the Insurer is unable to make payment of principal of and interest on the Insured Bonds when due under the Policy, the Insured Bonds will be payable solely from Base Rental Payments and amounts held in certain funds and accounts established under the Indenture, as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS."

The long-term rating on the Insured Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the 2022 Bonds. See the caption "RATINGS."

None of the Authority, the City or the Underwriters have made an independent investigation of the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the Authority, the City or the Underwriters in this Official Statement. Therefore, when making an investment decision with respect to the Insured Bonds, potential investors should carefully consider the ability of the City to pay Base Rental Payments, assuming that the Policy is not available to make payments on the Insured Bonds, and the claims-paying ability of the Insurer through final maturity of the Insured Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies for default under the Indenture with respect to the Insured Bonds. The Insurer is not required to obtain the consent of the owners of the Insured Bonds with respect to the exercise of remedies. See Appendix B.

TAX MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2022 Bonds is not a specific preference item for purposes of federal alternative minimum taxes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2022 Bonds. The City has covenanted to comply with certain restrictions designed to insure that interest on the 2022 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2022 Bonds being included in federal gross income, possibly from the date of original issuance of the 2022 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2022 Bonds may adversely affect the value of, or the tax status of interest on, the 2022 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2022 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals are announced from time to

time which generally would limit the exclusion from gross income of interest on obligations like the 2022 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2022 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2022 Bonds. Prospective purchasers of the 2022 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Certain requirements and procedures contained or referred to in the Indenture, the tax certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2022 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the exclusion from gross income of interest on any 2022 Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Best Best & Krieger LLP.

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2022 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2022 Bonds might be affected as a result of such an audit of the 2022 Bonds (or by an audit of other similar bonds).

Although Bond Counsel is of the opinion that interest on the 2022 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2022 Bonds may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the 2022 Bond Owner or the Owner's other items of income or deduction, and Bond Counsel expresses no opinion regarding any such other tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the 2022 Bonds is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

The valid, legal and binding nature of the 2022 Bonds is subject to the approval of Best Best & Krieger LLP, Riverside, California, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix D, and such legal opinion will be attached to each 2022 Bond. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, and by Best Best & Krieger LLP, Ontario, California, the City Attorney, for the Underwriters by their counsel, Quint & Thimmig LLP, Larkspur, California, for the Insurer by its counsel and for the Trustee by its counsel.

From time to time Disclosure Counsel serves as counsel to the Underwriters with respect to transactions other than the issuance of the 2022 Bonds.

MUNICIPAL ADVISOR

The Authority has retained CSG Advisors Incorporated, San Francisco, California (the "**Municipal Advisor**") as municipal advisor in connection with the sale of the 2022 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained herein.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

LITIGATION

At the time of issuance of the 2022 Bonds, the Authority and the City will deliver certificates substantially to the effect that there is no litigation then pending or threatened to restrain or enjoin the issuance of the 2022 Bonds or in any way contesting or affecting the validity of the 2022 Bonds, the Lease Agreement, any proceedings of the Authority or the City taken with respect to the delivery or sale of the 2022 Bonds, the pledge or application of any money or security provided for the payment of the 2022 Bonds, the existence or powers of the Authority or the City or the title of any officers of the Authority or the City to their respective positions, or the outcome of which could materially adversely affect the ability of the City to make the Base Rental Payments.

UNDERWRITING

The 2022 Bonds will be purchased by Samuel A. Ramirez & Co., Inc. and Cabrera Capital Markets, LLC (collectively, "**Underwriters**"), pursuant to a purchase contract, dated the date hereof (the "**Purchase Contract**"), by and among the City, the Authority and Samuel A. Ramirez & Co., Inc., as representative of the Underwriters. Under the Purchase Contract, the Underwriters have agreed to purchase all, but not less than all, of the 2022 Bonds for an aggregate purchase price of $_____ (representing the principal amount of the 2022 Bonds, less an Underwriters' discount of $_____, plus/less a net original premium/discount of $_____). The Purchase Contract provides that the Underwriters will purchase all of the 2022 Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2022 Bonds to certain dealers (including dealers depositing 2022 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

RATINGS

S&P has assigned the rating of "[__]" to the Insured Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the 2022 Bonds. S&P has also assigned the 2022 Bonds the rating of "[__]" notwithstanding the delivery of the Policy for the Insured Bonds.

Future events, including the impacts of the COVID-19 pandemic that is described under the caption "THE CITY—COVID-19 Outbreak," could have an adverse impact on the ratings of the 2022 Bonds, and there is no assurance that any credit rating that is given to the 2022 Bonds will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such qualification, downgrade, lowering or withdrawal of a rating may have an adverse effect on the market price of the 2022 Bonds. The ratings reflect only the views of S&P (which views and criteria could change at any time), and an explanation of the significance of such ratings may be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions of its own.

The City has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the 2022 Bonds with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to rating changes on the 2022 Bonds may be publicly available from the rating agencies prior to the time that such information is provided to the City and prior to the date by which the City is

obligated to file a notice of rating change. Purchasers of the 2022 Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the 2022 Bonds after the initial issuance of the 2022 Bonds.

None of the Authority, the City or the Underwriters make any representation as to the Insurer's creditworthiness and no representation that the Insurer's credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P's evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption "BOND INSURANCE" for further information relating to the Insurer.

CONTINUING DISCLOSURE

The City has covenanted in a Continuing Disclosure Certificate, dated the date of issuance of the 2022 Bonds, for the benefit of the holders and Beneficial Owners of the 2022 Bonds, to provide certain financial information and operating data relating to the City by not later than March 31 following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), commencing on March 31, 2023 with the report for the Fiscal Year ending June 30, 2022, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with EMMA, which is maintained on the Internet at http://emma.msrb.org/. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in Appendix E. These covenants have been made in order to assist the Underwriters in complying with subsection (b)(5) of Rule 15c2-12.

The City and certain related entities have entered into several prior continuing disclosure undertakings. In the previous five years, the City believes that it has complied in all material respects with all undertakings made pursuant to Rule 15c2-12, except as follows: (i) with respect to the City's Community Facilities District No. 13 Special Tax Bonds, semiannual filings due April 30, 2017, October 31, 2017 and April 30, 2019 were not timely filed; (ii) the City did not provide notice of certain rating changes on a timely basis; (iii) certain tabular information which was required to be updated in connection with the undertaking for the City's 2020 Bonds was not included in the 2021 annual report for such obligations; (iv) one table which was required to be updated in connection with the undertaking for 1995 bonds of the City's Assessment District No. 108 was not included in the 2017-2020 annual reports for such obligations; and (v) information with respect to outstanding indebtedness of the City was not timely filed, as it was included in the City's audited financial statements for Fiscal Year 2020-21, which were filed in late April 2022. See the caption "CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City—Summary of General Fund Results and Budgets" for a discussion of the audit of the City's Fiscal Year 2020-21 financial statements.

In order to ensure compliance with its continuing disclosure obligations in the future, the City has designated staff members within the City's Financial Services Agency (e.g., department) with the responsibility of ensuring timely and complete filings and has retained an outside consultant to conduct periodic reviews of City compliance. In addition, the City's debt management policy includes continuing disclosure compliance policies and procedures. See the caption "CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City—Fiscal Policies—Debt Management Policy."

FINANCIAL INTERESTS

The fees being paid to the Underwriters, Bond Counsel, Disclosure Counsel and counsel to the Underwriters are contingent upon the issuance and delivery of the 2022 Bonds.

MISCELLANEOUS

The Authority and the City have approved and authorized the preparation, execution and distribution of this Official Statement. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and are not representations of fact. This Official Statement is not to be construed as an agreement or contract among any of the City, the Authority and the purchasers or holders of any 2022 Bonds.

ONTARIO PUBLIC FINANCING AUTHORITY

By:_____
Executive Director

CITY OF ONTARIO

By:_____
City Manager

APPENDIX A

DEMOGRAPHIC AND ECONOMIC INFORMATION

The following information is presented as general background data. The 2022 Bonds are payable solely from moneys of the City as described in the Official Statement. The taxing power of the City, the County, the State of California or any political subdivision thereof is not pledged to the payment of the 2022 Bonds.

The City also notes that the below information is the latest available but does not in any instance reflect the impact of the COVID-19 pandemic. See the Official Statement under the caption "THE CITY—COVID-19 Outbreak." Accordingly, the historical information below does not necessarily reflect present economic conditions and future information could be significantly different from the historical information below.

Introduction

City of Ontario. The City is located in southwestern San Bernardino County (the "**County**"), approximately 35 miles east of Los Angeles near the intersection of Interstates 10 and 15 in the area of southern California known as the "Inland Empire." The City is adjacent to the cities of Upland, Montclair, Chino and Rancho Cucamonga. The City had a population of approximately 182,004 as of January 1, 2021 and covers approximately 50 square miles. The City was incorporated in 1891 and is a general law city operating under a council/manager form of government.

The City is a full service city and provides police and fire protection, street construction and maintenance, parks and recreational programs, water and sewer utilities and arts, cultural and social programs. The City also operates a municipal golf course, convention center and sports and entertainment arena (the Toyota Arena, which opened in 2008).

San Bernardino County. The County was established by an act of the State Legislature on April 26, 1853. Located in the southern portion of the State, the County covers 20,105 square miles, making it the largest county in the United States. The County has a population of over 2 million and extends from dense suburban development in the southwest portion of the County near the Los Angeles urban area to large expanses of desert and federally owned land in the eastern portion of the County, which stretches to the Nevada border.

Population

The table below summarizes population of the City, the County, and the State of California for the last five calendar years.

CITY OF ONTARIO, SAN BERNARDINO COUNTY AND CALIFORNIA
Population

Year	*City of Ontario*	*San Bernardino County*	*State of California*
2017	172,858	2,139,520	39,352,398
2018	175,083	2,150,017	39,519,535
2019	178,606	2,165,876	39,605,361
2020	180,788	2,175,424	39,648,938
2021	182,004	2,175,909	39,466,855

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-21, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State of California and the United States for the last five calendar years.

SAN BERNARDINO COUNTY, CALIFORNIA AND UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	*Area*	*Labor Force*	*Employment*	*Unemployment*	*Unemployment Rate*[(1)]
2016	San Bernardino County	930,200	875,400	53,900	5.8
	California	19,012,000	17,965,400	1,046,600	5.5
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	San Bernardino County	942,700	895,900	46,800	5.0
	California	19,173,800	18,246,800	927,000	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	San Bernardino County	955,100	915,700	39,400	4.1
	California	19,263,900	18,442,400	821,500	4.3
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	San Bernardino County	965,000	927,400	37,600	3.9
	California	19,353,700	18,550,500	803,200	4.2
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	San Bernardino County	966,200	874,900	91,300	9.4
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1

(1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-20, March 2020 Benchmark, and US Department of Labor.

Major Industries in the County

The table below sets forth the ten largest industries by employment in San Bernardino County in Fiscal Year 2020-21.

SAN BERNARDINO COUNTY
Major Employers – Fiscal Year 2020-21

Employer	*Number of Employees*	*% of Total*
County of San Bernardino	>10,000	1.11%
Loma Linda University Medical Center	>10,000	1.11%
Amazon	5,000-9,999	0.55% - 1.11%
Ontario International Airport	5,000-9,999	0.55% - 1.11%
Plaxicon Holding Corporation	5,000-9,999	0.55% - 1.11%
California State University, San Bernardino	5,000-9,999	0.55% - 1.11%
James Jones Company	2,500-4,999	0.28% - 0.55%
Barrett Business Services Inc.	2,500-4,999	0.28% - 0.55%
Damao Luggage International Inc.	2,500-4,999	0.28% - 0.55%
San Manuel Tribe & Casino	2,500-4,999	0.28% - 0.55%

Source: San Bernardino County Annual Financial Report Fiscal Year Ended June 30, 2021.

Construction Activity

The following tables reflect building permit valuations for the City and the County for the five most recent calendar years for which information is available.

CITY OF ONTARIO
Building Permits and Valuation
(Dollars in Thousands)

	2016	*2017*	*2018*	*2019*	*2020*
Permit Valuation:					
New Single-family	$ 88,899	$123,192	$478,674	$282,287	$101,990
New Multi-family	25,065	111,621	33,348	40,635	8,459
Res. Alterations/Additions	5,490	5,118	5,376	5,916	3,709
Total Residential	119,454	239,931	517,398	328,838	114,158
Total Nonresidential	197,787	122,243	185,202	268,019	125,537
Total All Building	$317,241	$362,174	$702,600	$596,857	$239,695
New Dwelling Units:					
Single Family	446	648	1,056	1,091	472
Multiple Family	206	1,010	273	322	74
Total	652	1,658	1,329	1,413	546

Note: Columns may not sum to totals due to independent rounding.
Source: Construction Industry Research Board: "Building Permit Summary."

SAN BERNARDINO COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2016	*2017*	*2018*	*2019*	*2020*
Permit Valuation:					
New Single-family	$ 706,602	$ 1,009,451	$ 1,114,778	$ 1,078,798	$ 934,304
New Multi-family	119,498	278,761	268,565	232,079	143,366
Res. Alterations/Additions	62,042	77,812	71,938	139,761	61,789
Total Residential	888,142	1,366,024	1,455,281	1,450,638	1,139,459
Total Nonresidential	994,282	1,285,596	1,080,129	1,377,099	1,062,072
Total All Building	$ 1,882,424	$ 2,651,620	$ 2,535,410	$ 2,827,737	$ 2,201,531
New Dwelling Units:					
Single Family	2,896	4,253	3,311	4,096	3,631
Multiple Family	976	2,578	1,775	1,884	910
Total	3,872	6,831	5,086	5,980	21,622

Note: Columns may not sum to totals due to independent rounding.
Source: Construction Industry Research Board: "Building Permit Summary."

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain definitions and provisions of the Amended and Restated Lease Agreement and the Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive and reference should be made to the Lease Agreement and the Indenture for a full and complete statement of their provisions.

[TO COME FROM BOND COUNSEL]

APPENDIX C

AUDITED FINANCIAL STATEMENTS

APPENDIX D

FORM OF BOND COUNSEL OPINION

Upon the issuance of the 2022 Bonds, Best Best & Krieger LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[TO BE UPDATED BY BOND COUNSEL]

[Closing Date]

Ontario Public Financing Authority
303 East B Street
Ontario, California 91764

Re: $_____ Ontario Public Financing Authority 2022 Lease Revenue Bonds, Series A (Civic Center Improvements)

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the Ontario Public Financing Authority (the "Authority") in connection with the issuance by the Authority of the Ontario Public Financing Authority 2022 Lease Revenue Bonds, Series A (Civic Center Improvements) (the "Bonds"), pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Law") and pursuant to an Indenture, dated as of July 1, 2017 (as amended and supplemented by the First Amendment and Supplement to Indenture, dated as of ____ 1, 2022, the "Indenture of Trust"), by and between The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the Authority. The proceeds of the Bonds will be applied by the Authority to finance the acquisition and construction of capital projects of the City and to pay the costs of issuing the Bonds. The Authority and the City of Ontario (the "City") have entered into a Lease Agreement, dated as of July 1, 2017 (as amended and supplemented by the First Amendment and Supplement to Lease Agreement, dated as of ____ 1, 2022, the "Lease Agreement"), whereby the City has leased to the Authority certain City facilities and property (the "Leased Premises") and the Authority has leased the Leased Premises back to the City. The City will make 2022 Base Rental Payments for the Leased Premises to the Authority. Pursuant to the Indenture of Trust, the Lease Payments have been assigned by the Authority to the Trustee and will be used by the Trustee to pay the principal of and interest on the Bonds. We have examined the Indenture of Trust, the Lease Agreement and such certified proceedings and other documents and materials as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

(1) The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California, with power to enter into the Indenture of Trust and the Lease Agreement, to perform the agreements on its part contained therein and to issue the Bonds;

(2) The Bonds constitute the valid and legally binding special obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture of Trust;

(3) The Indenture of Trust and the Lease Agreement have been duly approved by the Authority and constitute the valid and legally binding obligations of the Authority enforceable against the Authority in accordance with their respective terms;

(4) The Indenture of Trust establishes a lien on and pledge of the Revenues (as such term is defined in the Indenture of Trust) which consist of Lease Payments and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture of Trust; and

(5) Interest on the Bonds is exempt from California personal income taxation.

(6) The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain investment, rebate and related requirements which must be met subsequent to the delivery of the Bonds for the interest received by the owners of the Bonds to be and remain excluded from gross income for purposes of federal income taxation. Noncompliance with such requirements could cause the interest on the Bonds to be subject to federal income taxation retroactive to the date of delivery of the Bonds. Pursuant to the Indenture of Trust, the Authority has covenanted to comply with the requirements of the Code. Assuming compliance with the aforementioned covenant, we are of the opinion that, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions of the Code. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Our opinions, expressed herein, may be affected by action taken (or not taken) on events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture of Trust may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2022 Bonds, the City proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the "**Disclosure Certificate**") is executed and delivered by the City of Ontario (the "**City**") in connection with the issuance by the Ontario Public Financing Authority (the "**Authority**") of the Authority's 2022 Lease Revenue Bonds, Series A (Civic Center Improvements) (the "**Bonds**"). The Bonds are being issued pursuant to an Indenture, dated as of July 1, 2017 (as amended by the First Amendment and Supplement to Indenture, dated as of ____ 1, 2022, the "**Indenture**"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The City covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term "Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term "Beneficial Owner" means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

Financial Obligation. The term "Financial Obligation" means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term "Fiscal Year" means the one-year period ending on the last day of June of each year.

Holder. The term "Holder" means a registered owner of the Bonds.

Insurer. The term "Insurer" means _____.

Listed Events. The term "Listed Events" means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term "Official Statement" means the Official Statement relating to the Bonds dated _____ __, 2022 delivered in connection with the issuance of the Bonds.

Participating Underwriter. The term "Participating Underwriter" means the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term "Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The City shall provide not later than each March 31 following the end of its Fiscal Year (commencing March 31, 2023 with the Annual Report for Fiscal Year 2022) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the City is unable to provide to EMMA an Annual Report by the date required in subsection (a), the City shall send to EMMA a notice in substantially the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Bonds outstanding.

(c) To the extent not already included in the City's audited financial statements, an update of the information substantially in the form of the following tables or captions in the Official Statement for the Fiscal Year prior to the filing of such Annual Report:

1. Table 2 – General Fund Statement of Revenues, Expenditures and Charges in Fund Balance;

2. Table 3 – General Fund Balance Sheets;

3. Table 4 – Assessed Valuation History;

4. Table 5 – Property Tax Levies and Collections; and

5. Information under the caption "CITY FINANCIAL INFORMATION—Other Indebtedness—General Fund Supported Debt" (provided that such information may be located in the notes to the City's audited financial statements).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further that the City shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. tender offers;

7. defeasances;

8. ratings changes;

9. bankruptcy, insolvency, receivership or similar proceedings; Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and

10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of Bondholders;

3. optional, unscheduled or contingent Bond calls;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the City shall provide to any person financial information and operating data regarding the City which is customarily prepared by the City and is publicly available.

7. Termination of Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the City, the Insurer, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____ __, 2022

CITY OF ONTARIO

By: _____
Its: City Manager

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority and the City believe to be reliable, but the Authority and the City take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2022 Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the 2022 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2022 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2022 Bonds. The 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2022 Bond will be issued for each annual maturity of the 2022 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in 2022 Bonds, except in the event that use of the book-entry system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022 Bonds documents. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2022 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2022 Bond Owner shall give notice to elect to have its 2022 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2022 Bond by causing the Direct Participant to transfer the Participant's interest in the 2022 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2022 Bond in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2022 Bond are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2022 Bond to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2022 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2022 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2022 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2022 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

$_____
ONTARIO PUBLIC FINANCING AUTHORITY
2022 Lease Revenue Bonds, Series A
(Civic Center Improvements)

BOND PURCHASE AGREEMENT

May 25, 2022

Ontario Public Financing Authority
303 East B Street
Ontario, CA 91764

City of Ontario
303 East B Street
Ontario, CA 91764

Ladies and Gentlemen:

Samuel A. Ramirez & Co., Inc. (the "Representative), on behalf of itself and Cabrera Capital Markets, LLC (collectively, the "Underwriters"), hereby offer to enter into this bond purchase agreement (the "Bond Purchase Agreement") with the Ontario Public Financing Authority (the "Authority") and the City of Ontario (the "City"). Upon the acceptance hereof by the Authority and the City, this offer will be binding upon the Authority, the City and the Underwriters. This offer is made subject to (a) the written acceptance hereof by the Authority and the City and (b) withdrawal by the Underwriters upon written notice (by telecopy or otherwise) delivered to the Authority and the City at any time prior to each of their acceptance hereof by the Authority and the City.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase on the Closing Date (as defined herein), and the Authority and the City hereby agree to sell and deliver to the Underwriters on the Closing Date, $_____ principal amount of Ontario Public Financing Authority 2022 Lease Revenue Bonds, Series A (Civic Center Improvements) (the "Bonds"). The Bonds are being issued pursuant to Article 4, Chapter 5, Division 7, Title 1 of the California Government Code, a resolution of the Authority authorizing the issuance of the Bonds, adopted on June 1, 2022 (the "Authority Resolution"), and an Indenture of Trust, dated as of July 1, 2017, as amended and supplemented by the First Amendment and Supplement to Indenture, dated as of June 1, 2022 (together, the "Indenture"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The City will lease certain real property and all buildings and other improvements installed thereon (collectively, the "Leased Property") to the Authority pursuant to a Ground Lease, dated as of July 1, 2017, as amended by the First Amendment to Ground Lease, dated as of June 1, 2022 (together, the "Ground Lease"), each by and between the City

and the Authority. The Authority will lease the Leased Property to the City pursuant to a Lease Agreement, dated as of July 1, 2017, as amended and supplemented by the Amended and Restated Lease Agreement, dated as of June 1, 2022 (the "Lease Agreement"), each by and between the Authority and the City.

Under the Lease Agreement, the City is required to make Base Rental Payments and Additional Rent Payments from legally available funds in amounts calculated to be sufficient to pay principal of and interest on the Bonds when due. Pursuant to an Assignment Agreement, dated as of June 1, 2022 (the "Assignment Agreement"), by and between the Authority and the Trustee, the Authority will assign, for the benefit of the owners of the Bonds, its right to receive lease payments (the "Base Rental Payments") made by the City under the Lease Agreement and its right to exercise rights and remedies of the Authority under the Lease Agreement. All of the Authority's right, title and interest in and to the Lease Agreement (except for the right to receive Additional Rental Payments to the extent payable to the Authority and certain rights to indemnification), including the right to receive Base Rental Payments under the Lease Agreement, are assigned to the Trustee for the benefit of the Owners of the Bonds.

The Bonds are being issued to (a) to finance the cost of the public capital improvements, specifically improvements to the City's Civic Center and the City's Fire Station No. 1, and (b) pay costs of issuance of the Bonds.

The aggregate purchase price to be paid by the Underwriters for the Bonds is hereby agreed to be $_____, which amount represents the principal amount of the Bonds of $_____, plus net original issue premium of $_____, less $_____, representing the Underwriters' discount (such payment and delivery of the Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery being herein sometimes called the "Closing").

As an accommodation to the Authority and the City, the Underwriters will pay, from the purchase price of the Bonds, the sum of $_____ to Assured Guaranty Municipal Corp. (the "Municipal Bond Insurer") as the premium for the Municipal Bond Insurer's municipal bond insurance policy issued for the Bonds (the "Municipal Bond Insurance Policy").

The Authority and the City acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Authority and the City and the Underwriters; (ii) in connection with such transaction, the Underwriters are acting solely as principals and not as agents or fiduciaries of the Authority or the City; (iii) the Underwriters have not assumed a fiduciary responsibility in favor of the Authority or the City with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliates of the Underwriters, have advised or are currently advising the Authority or the City on other matters) nor have they assumed any other obligation to the Authority or the City except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriters have financial and other interests that differ from those of the Authority and the City; and (v) the Authority and the City have consulted with their own legal and financial advisors to the extent they deemed appropriate in connection with the offering of the Bonds.

The Authority and the City hereby acknowledge receipt from the Underwriters of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Underwriters' role in the transaction, disclosures concerning the Underwriters' compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

A Preliminary Official Statement of the City and the Authority, dated May 18, 2022 (together with the Appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement"), has been prepared for use in marketing the Bonds, and a final Official Statement relating to the Bonds, to be dated the date hereof, as amended to conform to the terms of this Purchase Contract, and with such changes and amendments as are mutually agreed to by the Authority, the City and the Representative, including the cover page, inside cover page, the appendices and all information incorporated therein by reference, is herein collectively referred to as the "Official Statement," which shall be in substantially the form of the Preliminary Official Statement, with such changes and amendments thereto as may be mutually agreed upon by the Representative, the Authority and the City.

The Bonds shall be dated their date of delivery, and shall have the maturities, bear interest at the rates, have reoffering yields, and be subject to redemption as shown on Exhibit A hereto.

It shall be a condition to the Authority's obligation to sell and to deliver the Bonds to the Underwriters and to the obligation of the Underwriters to purchase, to accept delivery of and to pay for the Bonds that the entire $_____ principal amount of the Bonds as authorized by the Indenture shall be sold and delivered by the Authority and accepted and paid for by the Underwriters at the Closing. The Underwriters may change the offering prices (or yields) of the Bonds from time to time at any time. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The obligation of the Authority to sell and deliver the Bonds to the Underwriters shall also be conditioned upon the delivery by Best Best & Krieger, Riverside, California, Bond Counsel ("Bond Counsel"), of its approving legal opinion with respect to the Bonds.

The Authority and the City hereby authorize the Underwriters to use and distribute the Lease Agreement, the Indenture and the Preliminary Official Statement, and the information contained in such documents in connection with the public offering and sale of the Bonds. The Authority and the City have authorized the use of the Preliminary Official Statement in connection with the public offering of the Bonds by the Underwriters prior to the date hereof.

The obligation of the City to make Base Rental Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental Payments under the Lease Agreement constitutes a debt of the Authority, the City, the State of California or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. The obligation of the City to make Base Rental Payments, as set forth in the Lease Agreement, shall be deemed to be and shall be construed to be a ministerial duty imposed by law and it shall be the ministerial duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of such duty, subject to abatement in the event of damage or destruction to, or condemnation of, the Leased Property or a portion thereof.

2. Bona Fide Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth on the inside cover page of the Official Statement. Subject to Section 3(c), the Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices; provided, however, that the Underwriters may offer a portion of the Bonds for sale to selected

dealers who are members of the Financial Industry Regulatory Authority, and the Underwriters reserve the right to change such offering prices or yields as the Underwriters shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or at yields higher than the initial yields set forth on Exhibit A attached hereto. The Underwriters also reserve the right to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amounts, maturity dates, interest rates, redemption or other provision of the Bonds or the amount to be paid by the Underwriters to the Authority for the Bonds.

3. Establishment of Issue Price.

(a) The Underwriters agree to assist the Authority and the City in establishing the issue price of the Bonds and shall execute and deliver to the Authority and the City at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority and the City under this Section 3 to establish the issue price of the Bonds may be taken on behalf of the Authority and the City by the City's municipal advisor identified herein and any notice or report to be provided to the Authority and the City may be provided to the City's municipal advisor.

(b) The Authority and the City will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Representative shall report to the Authority and the City the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the Authority and the City the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(c) The Underwriters confirm that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative. The Authority and the City acknowledge that, in making the representation set forth in this subsection, the Underwriters will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer

that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority and the City further acknowledge that the Underwriters shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(d) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to the Underwriters shall not constitute sales to the public for purposes of this Section 3. Further, for purposes of this Section 3:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority and the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

4. The Bonds. The Bonds will be issued, executed and delivered pursuant to the Indenture. The City Council of the City has adopted a resolution on May 17, 2022, relating to the Bonds (the "City Resolution"). This Bond Purchase Agreement, the Ground Lease, the Lease Agreement and the Continuing Disclosure Certificate (hereinafter defined) are collectively referred to as the "City Documents." This Bond Purchase Agreement, the Indenture, the Ground Lease, the Lease Agreement and the Assignment Agreement are collectively referred to as the "Authority Documents."

5. Official Statement, Continuing Disclosure.

(a) The Authority and the City represent that they have deemed the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

(b) The Underwriters agree that, prior to the time the final Official Statement is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the second business day following the date upon which each such request is received.

(c) The Authority agrees to deliver to the Underwriters, at such addresses as the Underwriters shall specify, as many copies of the final Official Statement relating to the Bonds as the Underwriters shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule and with Rule G-32, Rule G-36 and all other applicable rules of the Municipal Securities Rulemaking Board. The Authority agrees to deliver such copies of the Official Statement within seven business days after the execution hereof. The Underwriters agree to give notice to the Authority on the date after which the Underwriters shall no longer be obligated to deliver copies of the Official Statement pursuant to paragraph (b)(4) of the Rule, which date shall be no earlier than 25 days after the "end of the underwriting period," as determined in accordance with Section 15 herein.

(d) Prior to the earlier of (i) receipt of notice from the Underwriters that no participating underwriter, as such term is defined in the Rule, remains obligated to deliver Official Statements pursuant to paragraph (b)(4) of the Rule or (ii) 25 days after the date of the Closing (as defined below), the Authority and the City shall provide the Underwriters with such information regarding the Authority and the City, each of their current financial conditions and ongoing operations as the Underwriters may reasonably request.

(e) The City hereby covenants and agrees that it will, on or prior to the Closing Date, enter into an undertaking for the benefit of the owners of the Bonds in which the City will undertake to provide financial information, operating data and notices of material events as required by paragraph (d)(2)(ii) of the Rule substantially in the form of Appendix E to the Official Statement (the "Continuing Disclosure Certificate").

6. Representations, Warranties and Agreements of the City. The City represents, warrants and agrees as follows:

(a) The City is a municipal corporation and general law city duly organized and validly existing under the Constitution and laws of the State of California.

(b) The City has full legal right, power and authority (i) to enter into, execute and deliver the City Documents; and (ii) to carry out and consummate the transactions on its part contemplated by the City Documents and the Official Statement.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement and approved the distribution thereof (including in electronic form), has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations in connection with the execution and delivery of the Bonds on its part contained in the City Documents, and the consummation by it of all other transactions contemplated by the City Documents in connection with the execution and delivery of the Bonds, all pursuant to the City Resolution adopted at a meeting duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the members of the City Council was continuously present. The City Resolution has not been modified, amended or rescinded since the date of its adoption.

(d) The City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the City Documents) or other instrument to which the City is a party which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the City 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 event of default under any such instrument; and the execution and delivery of the Bonds and the City Documents, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the City Documents.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations in connection with the execution and delivery of the Bonds under the City Documents or the consummation by it of all other transactions contemplated by the City Documents have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents have been duly obtained.

(f) There is no action, suit, proceeding, inquiry or investigation, notice of which has been duly served on the City, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the City executing this Bond Purchase Agreement, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Bonds pursuant to the Indenture, or contesting or affecting as to the City the validity or enforceability of the City Documents, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City to cause the execution and delivery or adoption by the City of the City Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the City, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Bonds or the authorization, execution, delivery or performance by the City of the City Documents.

(g) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such

states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and the Underwriters shall bear all costs in connection with the foregoing.

(h) As of the date thereof, the Preliminary Official Statement (other than information therein regarding DTC or its book-entry system, information relating to the Municipal Bond Insurer and the Municipal Bond Insurance Policy, or any information provided by the Underwriters) did not, except for the omission of certain information permitted to be omitted in accordance with the Rule, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) At the time of the City's acceptance hereof, and (unless an event occurs of the nature described in paragraph (k) of this Section 6) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than information therein regarding DTC or its book-entry system, information relating to the Municipal Bond Insurer and the Municipal Bond Insurance Policy or any information provided by the Underwriters) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) If the Official Statement is supplemented or amended pursuant to paragraph (k) of this Section 6, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than information therein provided by the Underwriters) as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) If between the date of this Bond Purchase Agreement and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 15 hereof) any event of which the officer of the City executing this Bond Purchase Agreement has knowledge shall occur affecting the City which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriters thereof, and if in the opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense prepare and furnish to the Underwriters a reasonable number of copies of such supplement to, or amendment of, the Official Statement in a form and in a manner approved by the City, Bond Counsel, Disclosure Counsel and the Representative.

(l) Any certificate signed by any officer of the City and delivered to the Underwriters pursuant to the City Documents or any document contemplated thereby or required for the valid execution and delivery of the Bonds shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

(m) The City will cause the proceeds from the sale of the Bonds to be paid to the Trustee for the purposes specified in the Indenture and the Official Statement. So long as any of the Bonds are outstanding and except as may be authorized by the Lease Agreement, the City will

not issue or sell, or cause to be issued or sold, any bonds or other obligations, other than the Bonds delivered thereunder, the interest on and premium, if any, or principal of which will be payable from Base Rental Payments.

7. Representations, Warranties and Agreements of the Authority. The Authority represents, warrants and agrees as follows:

(a) The Authority is a joint exercise of powers entity duly organized and validly existing under the laws of the State of California pursuant to a Joint Exercise of Powers Agreement between the City and the Ontario Housing Authority, dated as of June 1, 2013 (the "JPA Agreement").

(b) The Authority has full legal right, power and authority (i) to enter into, execute and deliver the Authority Documents and to sell and deliver the Bonds to the Underwriters as provided herein; and (ii) to carry out and consummate the transactions on its part contemplated by the Authority Documents and the Official Statement.

(c) By all necessary official action, the Authority has duly authorized and approved the issuance of the Bonds and the Authority Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement and approved the distribution thereof (including in electronic form), has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations in connection with the execution and delivery of the Bonds on its part contained in the Bonds and the Authority Documents, and the consummation by it of all other transactions contemplated by the Authority Documents in connection with the execution and delivery of the Bonds, all pursuant to the Authority Resolution adopted at a regular meeting duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the board members of the Authority was continuously present. The Authority Resolution has not been modified, amended or rescinded since the date of its adoption and each Authority Document is or will be, when delivered, as applicable, the valid and binding obligation of the Authority.

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or the JPA Agreement, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Authority Documents) or other instrument to which the Authority is a party which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under the Bonds or the Authority 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 event of default under any such instrument; and the execution and delivery of the Bonds and the Authority Documents, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Authority Documents.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a

condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations in connection with the issuance of the Bonds under the Authority Documents or the consummation by it of all other transactions contemplated by the Authority Documents, including all filings with the California Secretary of State, have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Bonds and the Authority Documents have been duly obtained.

(f) The Bonds, when executed, issued, authenticated and delivered in accordance with the Indenture, and sold to the Underwriters as provided herein, will be validly executed and outstanding obligations, entitled to the benefits of the Indenture, and upon such execution and delivery, the Indenture will provide, for the benefit of the Owners from time to time of the Bonds, the legally valid and binding security interest it purports to create.

(g) There is no action, suit, proceeding, inquiry or investigation, notice of which has been duly served on the Authority, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the Authority executing this Bond Purchase Agreement, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance, execution or delivery of the Bonds pursuant to the Indenture, or contesting or affecting as to the Authority the validity or enforceability of the Bonds or the Authority Documents, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority to issue the Bonds, or the execution and delivery or adoption by the Authority of the Authority Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Authority, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Bonds or the authorization, execution, delivery or performance by the Authority of the Bonds or the Authority Documents.

(h) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Authority shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and the Underwriters shall bear all costs in connection with the foregoing.

(i) As of the date thereof, the information in the Preliminary Official Statement under the caption "THE AUTHORITY" did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) At the time of the Authority's acceptance hereof, and (unless an event occurs of the nature described in paragraph (l) of this Section 5) at all times subsequent thereto up to and including the Closing Date, the information under the caption "THE AUTHORITY" in the Official Statement (other than information therein regarding DTC or its book-entry system, information relating to the Municipal Bond Insurer and the Municipal Bond Insurance Policy or any information provided by the Underwriters) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) If the Official Statement is supplemented or amended pursuant to paragraph (l) of this Section 7, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than information therein regarding DTC or its book-entry system, information relating to the Municipal Bond Insurer and the Municipal Bond Insurance Policy or any information provided by the Underwriters) as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If between the date of this Bond Purchase Agreement and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 15 hereof) any event of which the officer of the Authority executing this Bond Purchase Agreement has knowledge shall occur affecting the Authority which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriters thereof, and if in the opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense prepare and furnish to the Underwriters a reasonable number of copies of such supplement to, or amendment of, the Official Statement in a form and in a manner approved by the City, Bond Counsel, Disclosure Counsel and the Representative.

(m) Any certificate signed by any officer of the Authority and delivered to the Underwriters pursuant to the Authority Documents or any document contemplated thereby or required for the valid execution and delivery of the Bonds shall be deemed a representation and warranty by the Authority to the Underwriters as to the statements made therein.

(n) The Authority will cause the proceeds from the sale of the Bonds to be paid to the Trustee for the purposes specified in the Indenture and the Official Statement. So long as any of the Bonds are outstanding and except as may be authorized by the Indenture, the Authority will not issue or sell any bonds or other obligations, other than the Bonds delivered thereunder, the interest on and premium, if any, or principal of which will be payable from the Revenues.

(o) The Authority shall honor all other covenants on its part contained in the Indenture and the Lease Agreement which are incorporated herein and made a part of this Bond Purchase Agreement.

(p) The requirements of Section 3.07(e) and (f) of the Indenture relating to Additional Bonds have been met.

8. Closing. At 8:00 A.M., Pacific Daylight time, on June 8, 2022, or on such other date time, as may be mutually agreed upon by the Authority, the City and the Representative (the

"Closing Date"), the Authority will, subject to the terms and conditions hereof, deliver to the Underwriters, through the facilities of The Depository Trust Company ("DTC"), or at such other place as the Authority, the City and the Representative may mutually agree, the Bonds in definitive, fully registered form (one Bond for each maturity), duly executed and registered in the name of Cede & Co. as nominee of DTC; and, subject to the terms and conditions hereof, the Representative shall wire to the Trustee Federal Reserve Bank Funds in the amount of the purchase price of the Bonds.

9. Closing Conditions. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the City of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Authority and the City of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and of the City, authorized representatives of Bond Counsel, the Trustee, and the City Attorney made in any certification or other documents furnished pursuant to the provisions hereof, and shall also be subject to the following additional conditions:

(a) The respective representations and warranties of the Authority and the City contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect in accordance with their terms and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative;

(c) All necessary official action of the Authority, the City and of the other parties thereto relating to the City Documents and the Authority Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, there shall not have occurred any change in or affecting particularly the Authority, the City or the Bonds, as the foregoing is described in the Official Statement, which in the reasonable opinion of the Representative materially impairs the investment quality of the Bonds; and

(e) At or prior to the Closing Date, the Underwriters shall have received copies of each of the following documents:

(i) The Official Statement and each supplement or amendment, if any, thereto, executed by authorized officers of the Authority and the City;

(ii) A copy of the Indenture, executed by the parties thereto;

(iii) A copy of the Ground Lease, executed by the parties thereto;

(iv) A copy of the Lease Agreement, executed by the parties thereto;

(v) A copy of the Assignment Agreement, executed by the parties thereto;

(vi) A copy of the Continuing Disclosure Certificate, executed by the City;

(vii) A certified copy of the JPA Agreement;

(viii) A certificate or certificates of the City, dated the Closing Date, to the effect that:

(A) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the City has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the City at or prior to the Closing Date;

(B) none of the proceedings or authority for (i) the authorization, sale, execution and delivery of the Bonds, (ii) the adoption of the City Resolution, or (iii) the execution and delivery of the City Documents and performance of its obligations thereunder, has been repealed, modified, amended, revoked or rescinded;

(C) except as described in the Official Statement, subsequent to June 30, 20__, and prior to Closing, there have been no material adverse changes in the financial position of the City;

(D) no event affecting the City has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and

(E) No consent is required for the inclusion of the City's 20__ audited financial statements in the Official Statement;

(ix) A certificate or certificates of the Authority, dated the Closing Date, to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the Authority has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to Closing Date;

(B) none of the proceedings or authority for (i) the authorization, sale, execution and delivery of the Bonds, (ii) the adoption of the Authority Resolution, or (iii) the execution and delivery of the Authority Documents, has been repealed, modified, amended, revoked or rescinded; and

(C) no event affecting the Authority has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in

order to make the statements and information therein not misleading in any material respect;

(x) An opinion or opinions, dated the Closing Date and addressed to the Underwriters and the Trustee, of the City Attorney, to the effect that:

(A) The City is a municipal corporation and general law city duly organized and validly existing under the Constitution and laws of the State of California;

(B) The City Documents have been duly approved by a resolution of the City adopted at a meeting duly called and held in accordance with the requirements of all applicable laws, with all public notice required by law, and at which a quorum of the members of the City Council was continuously present and such resolution has not been modified, amended or rescinded since the date of its adoption;

(C) Except as described in the Official Statement, there is no litigation, inquiry, or investigation pending or to the best of such counsel's knowledge after due inquiry, threatened, which: (1) challenges the right or title of any member or officer of the City to hold his or her office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds or the City Documents; (3) seeks to restrain or enjoin the sale of the Bonds or the execution and delivery by the City of, or the performance by the City of its legal obligations under, the City Documents or in which a final adverse decision could materially adversely affect the operations of the City with respect to the Leased Property; or (4) contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, nor, to the best of such counsel's knowledge, is there any basis therefor;

(D) The execution and delivery by the City of, and the performance by the City of its obligations under, the City Documents, do not conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the City is a party or by which it is bound and of which such counsel has knowledge;

(E) The City Documents have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery of the City Documents by the parties thereto other than the City, the City Documents constitute legal, valid and binding agreements of the City, enforceable against the City in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, or by the application of equitable principles if equitable remedies are sought;

(F) Except as may be required under the "blue sky" or securities laws of the United States or any state, there is no authorization, approval, consent or other order of, or filing with, or certification by, the State or any other governmental authority or agency within the State having jurisdiction over the City required for the issuance of the Bonds or the consummation by the City of the other financial transactions contemplated by the Official Statement and the City Documents; and

(G) Based on the information made available to the City Attorney in its role as City Attorney to the City, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to its attention which would lead it to believe that the Official Statement as of its date and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts included therein, and information relating to the Authority and the Depository Trust Company and its book entry system, as to which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xi) An opinion or opinions, dated the Closing Date and addressed to the Underwriters and the Trustee, of the City Attorney, as counsel for the Authority, to the effect that:

(A) The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California pursuant to the JPA Agreement;

(B) The Authority Documents have been duly approved by the Authority Resolution adopted at a regular meeting duly called and held in accordance with the requirements of all applicable laws, with all public notice required by law, and at which a quorum of the members of the Board of the Authority was continuously present and such resolution has not been modified, amended or rescinded since the date of its adoption;

(C) Except as described in the Official Statement, there is no litigation, inquiry, or investigation pending to the best of such counsel's knowledge after due inquiry, or threatened, which: (1) challenges the right or title of any Board member or officer of the Authority to hold his or her office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds or the Authority Documents; (3) seeks to restrain or enjoin the sale of the Bonds or the execution and delivery by the Authority of, or the performance by the Authority of its legal obligations under, the Authority Documents or in which a final adverse decision could materially adversely affect the operations of the Authority with respect to the Leased Property; or (4) contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, nor, to the best of such counsel's knowledge, is there any basis therefor;

(D) The execution and delivery by the Authority of, and the performance by the Authority of its obligations under, the Authority Documents, do not conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the Authority is a party or by which it is bound and of which such counsel has knowledge;

(E) The Authority Documents have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Authority Documents by the parties thereto other than the Authority, the Authority Documents constitute legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance

with their respective terms except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, or by the application of equitable principles if equitable remedies are sought;

(F) Except as may be required under the "blue sky" or securities laws of the United States or any state, there is no authorization, approval, consent or other order of, or filing with, or certification by, the State or any other governmental authority or agency having jurisdiction over the Authority required for the issuance of the Bonds or the consummation by the Authority of the other financial transactions contemplated by the Official Statement and the Authority Documents; and

(G) Based on the information made available to such City Attorney in its role as counsel to the Authority, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement under the captions entitled "THE AUTHORITY," and "LITIGATION", nothing has come to such City Attorney's attention that would lead it to believe that the statements contained in the above-referenced captions as of the date of the Official Statement and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts included therein, as to which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) An opinion, dated the Closing Date and addressed to the Authority, of Bond Counsel, substantially in the form set forth in Appendix D to the Official Statement, together with a letter or letters from such counsel, dated the Closing Date and addressed to the Underwriters and the Trustee, to the effect that the foregoing opinion may be relied upon by the Underwriters and the Trustee to the same extent as if such opinion was addressed to them;

(xiii) A supplemental opinion, dated the Closing Date and addressed to the Underwriters, of Bond Counsel, to the effect that:

(A) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(B) the Bond Purchase Agreement has been duly executed and delivered by the Authority and the City and is a valid and binding agreement of the Authority and the City; and

(C) the statements contained in the Official Statement under the captions "THE 2022 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS" and "TAX MATTERS" and in APPENDIX B–SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and APPENDIXD—FORM OF BOND COUNSEL OPINION, insofar as such statements expressly summarize certain provisions of the Indenture, the Lease Agreement and the final opinion of Bond Counsel concerning certain tax matters relating to the Bonds, are accurate in all material respects;

(xiv) A letter, dated the Closing Date and addressed to the Authority, the City and the Underwriters of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel ("Disclosure Counsel"), to the effect that, based on among other things, (i) inquiries and discussions of various legal matters, (ii) review of and reliance on certain documents, certificates, instructions, records and opinions of counsel, and (iii) participation in meetings and telephone conferences with representatives of the Authority and the City, CSG Advisors Incorporated, as municipal advisor to the City, and others including the City Attorney and Underwriters' counsel, during which the content of the Preliminary Official Statement and the Official Statement and related matters were discussed, no information has come to the attention of Disclosure Counsel with respect to the issuance of the Bonds which caused Disclosure Counsel to believe that (a) the Preliminary Official Statement as of its date or as of the Closing Date (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information relating to DTC and its book-entry only system; information relating to the Municipal Bond Insurer and the Municipal Bond Insurance Policy; information under the captions "TAX MATTERS" and "UNDERWRITING"; and the Appendices to the Preliminary Official Statement, as to which we express no view) 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, 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, ratings, debt service requirements, Underwriters' discount and CUSIP numbers; or (b) the Official Statement as of its date and as of the Closing Date (excluding therefrom financial, demographic, statistical or economic or demographic data; forecasts, numbers, charts, tables, graphs, projections, estimates, assumptions and expressions of opinions; information relating to DTC and its book-entry only system or CUSIP numbers; information relating to the Municipal Bond Insurer and the Municipal Bond Insurance Policy; information under the captions "TAX MATTERS" and "UNDERWRITING"; and the Appendices to the Official Statement, as to which we express no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. However, in providing advice and assistance as Disclosure Counsel, Disclosure Counsel provided no independent diligence on the MSRB's Electronic Municipal Market Access website, and we express no view regarding the City's or the City's related entities' compliance with any obligation to file annual reports or provide notice of events, each as described in Rule 15c2-12;

(xv) the opinion of Quint & Thimmig LLP, as counsel to the Underwriters, dated the Closing Date and addressed to the Underwriters, in form and substance acceptable to the Representative.

(xvi) A certificate of an authorized officer of the Trustee satisfactory to the Representative, certifying substantially as follows:

(A) The Trustee is a national banking association duly organized and in good standing under the laws of the United States of America and has all necessary power and authority to enter into the Indenture and to perform its duties under the Indenture;

(B) The Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriters pursuant to the terms of

the Indenture and, when executed by the other parties thereto, the Indenture will constitute a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms;

(C) The Bonds have been duly authenticated and delivered to the Underwriters pursuant to direction from the Authority;

(D) The Trustee is not in breach of or default under any law or administrative rule or regulation of the State of California or of any department, division, agency or instrumentality thereof, of any applicable court or administrative decree or order, or any other material instrument to which the Trustee is a party or is otherwise subject or bound and which would materially impair the ability of the Trustee to perform its obligations under the Indenture;

(E) To its knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way against the Trustee affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the execution, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture;

(F) The execution and delivery of the Indenture will not conflict with or constitute a breach of or default under the Trustee's duties under such documents, or any law, administrative regulation, court decree, resolution, articles of association, bylaws or other material agreement to which the Trustee is subject or by which it is bound; and

(G) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication and delivery of the Bonds, the execution and delivery of the Indenture, the performance of the Trustee's duties under the Indenture or the consummation by the Trustee of the other transactions contemplated by the Indenture, except as such may be required under the state securities or blue sky laws in connection with the distribution of the Bonds by the Underwriters;

(xvii) An opinion of counsel to the Trustee in form and substance acceptable to the Representative;

(xviii) Evidence, satisfactory to Bond Counsel and the Underwriters, of insurance, including a CLTA title insurance policy, in compliance with the Lease Agreement;

(xix) 15c2-12 certificates of City and the Authority;

(xx) Certified copies of the City Resolution and the Authority Resolution;

(xxi) a copy of the Municipal Bond Insurance Policy;

(xxii) an opinion of counsel to the Municipal Bond Insurer, addressed to the Authority, the City and the Underwriters to the effect that:

(A) the descriptions of the Municipal Bond Insurer and the Municipal Bond Insurance Policy included in the Official Statement are accurate;

(B) the Municipal Bond Insurance Policy constitutes the legal, valid and binding obligation of the Municipal Bond Insurer, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor's rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Authority, the City or the Underwriters may reasonably request;

(xxiii) a certificate of the Municipal Bond Insurer, signed by an authorized officer of the Municipal Bond Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Municipal Bond Insurer and the Municipal Bond Insurance Policy is true and accurate and

(B) as to such other matters as the Authority, the City or the Underwriter may reasonably request;

(xxiv) Evidence, satisfactory to the Representative, that the Bonds have been assigned the insured rating of "AA" and an underlying rating of "___" by S&P Global Ratings, a Standard & Poor's Financial Services LLC business;

(xxv) The Blanket Letter of Representations of the Authority to DTC, relating to the book-entry only system;

(xxvi) Transcripts of all proceedings relating to the authorization, issuance, execution and delivery of the Bonds certified by the City and the Authority as applicable; and

(xxvii) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City and the Authority on or prior to the date of the Closing of all the agreements then to be performed and conditions then to be satisfied by each of them.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to Bond Counsel, Disclosure Counsel and the Representative.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriters, the Authority or the City shall be under any further obligation hereunder.

10. Termination. The Underwriters shall have the right to terminate the Underwriters' obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay

for the Bonds by notifying the Authority and the City in writing, of its election to do so, if, after the execution hereof and prior to the Closing:

(a) the United States has become engaged in, or there has been an escalation of, hostilities which, in the reasonable opinion of the Underwriters, materially adversely affects the marketability or market price of the Bonds;

(b) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State of California;

(c) an event shall have occurred, or been discovered as described in paragraph (k) of Section 6 or paragraph (l) of Section 7 hereof, which in the opinion of the Underwriters requires the preparation and publication of disclosure material or a supplement or amendment to the Official Statement;

(d) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency in the State of California, or a decision by any court of competent jurisdiction within the State of California shall be rendered which, in the Representative's reasonable opinion, materially adversely affects the market price of the Bonds;

(e) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Authority's or the City's obligations;

(f) 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, or a decision by a court of the United States 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 execution, issuance, delivery, offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby or by 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 obligations of the general character of the Bonds, or the Bonds, as contemplated hereby or by the Official Statement;

(g) 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;

(h) 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;

(i) trading in securities on the New York Stock Exchange or other national securities exchange or association shall have been suspended or limited or minimum prices have been established on either such exchange;

(j) any action shall have been taken by any government in respect of its monetary affairs which, in the reasonable opinion of the Underwriters, has a material adverse effect on the

United States municipal securities market; or as of the date hereof that in the Representative's reasonable opinion materially adversely affects the marketability or market price of the Bonds; or

(k) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriters, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets.

If this Bond Purchase Agreement shall be terminated pursuant to this Section 10, or if the purchase provided for herein is not consummated because any condition to the Underwriters' obligations hereunder is not satisfied or because of any refusal, inability or failure on the part of the City or the Authority to comply with any of the terms or to fulfill any of the conditions of this Bond Purchase Agreement, or if for any reason the City or the Authority shall be unable to perform all of its respective obligations under this Bond Purchase Agreement, neither the City nor the Authority shall be liable to the Underwriters for damages on account of loss of anticipated profits arising out of the transactions covered by this Bond Purchase Agreement. The Underwriters may, in their sole discretion, waive any of the conditions set forth in Section 9 or this Section 10.

11. Changes in Official Statement. After the Closing, neither the Authority nor the City will adopt any amendment of or supplement to the Official Statement to which the Underwriters shall reasonably object in writing.

12. Payment of Costs and Expenses.

(a) All costs and expenses incident to the sale and delivery of the Bonds to the Underwriters shall be payable by the Authority from the proceeds of the Bonds, including, but not limited to: (i) the fees and expenses of the City, its counsel and consultants; (ii) the fees and expenses of the Authority, its counsel and consultants; (iii) the fees and expenses of Bond Counsel; (iv) the fees and expenses of Disclosure Counsel; (v) the fees and expenses of CSG Advisors Incorporated, the City's municipal advisor; (vi) all expenses in connection with the preparation and printing of the Bonds; (vii) all expenses in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; (viii) the initial fees and expenses of the Trustee, including the reasonable fees and expenses of its counsel; (ix) the fees and expenses of any rating agency rating the Bonds; and (x) any credit enhancement costs for the Bonds.

(b) The Underwriters shall pay all expenses incurred by it in connection with the public offering and distribution of the Bonds including, but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the fees and disbursements of Underwriters' counsel, if any, and (iii) all out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including, air travel and hotel accommodations in connection with the pricing of the Bonds; investor meetings, rating agency trips and meetings; the Closing; meals and transportation for the City, the Underwriters and other working group personnel during rating agency, investor meetings; pricing and Closing trips; expenses related to attending working group meetings, such as parking, meals and transportation and any other miscellaneous costs associated with the Closing; (iv) all other expenses incurred by the Underwriters in connection with the public offering and distribution of Bonds, except as provided in (a) above or as otherwise agreed to by the Underwriters and the City, and (v) the fees of the California Debt and Investment Advisory Commission.

13. Notices. Any notice or other communication to be given under this Bond Purchase Agreement may be given by delivering the same in writing:

To the Authority:	Ontario Public Financing Authority c/o City of Ontario 303 East B Street Ontario, CA 91764 Attention: Executive Director
To the City:	City of Ontario 303 East B Street Ontario, CA 91764 Attention: City Manager
To the Underwriters	Samuel A. Ramirez & Co., Inc., as Representative 633 West Fifth Street, Suite 2693 Los Angeles, CA 90071 Attention: _____

14. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's and the City's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters; (b) delivery of and payment for the Bonds pursuant to this Bond Purchase Agreement; and (c) any termination of this Bond Purchase Agreement.

15. Determination of End of the Underwriting Period. For purposes of this Bond Purchase Agreement, the end of the underwriting period for the Bonds shall mean the earlier of (a) the Closing Date unless the City and the Authority have been notified in writing by the Representative, on or prior to the Closing Date, that the "end of the underwriting period" for the Bonds for all purposes of the Rule will not occur on the Closing Date, or (b) the date on which notice is given to the City and the Authority by the Representative in accordance with the following sentence. In the event that the Representative has given notice to the City and the Authority pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the Closing Date, the Underwriters agree to notify the City and the Authority in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule. The Underwriters agree to file a copy of the Official Statement with each of the nationally recognized municipal securities information repositories.

16. No Assignment. This Bond Purchase Agreement is entered into between the City, the Authority and the Underwriters, and is solely for the benefit of the City, the Authority, the Underwriters and their respective successors or assigns, and no person other than the foregoing shall acquire or have any right under or by virtue of this Bond Purchase Agreement. All of the representations, warranties and agreements contained in this Bond Purchase Agreement shall survive the delivery of and payment for the Bonds and any termination thereof.

17. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance by an authorized representative of the City and an authorized representative of the Authority and shall be valid and enforceable at the time of such acceptance.

18. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

19. Governing Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

20. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

If the foregoing is in accordance with your understanding of this Bond Purchase Agreement please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement among the City, the Authority and the Underwriters in accordance with its terms.

Very truly yours,

SAMUEL A. RAMIREZ & CO., INC. and
CABRERA CAPITAL MARKETS, LLC and
as Underwriters

By SAMUEL A. RAMIREZ & CO., INC., as
Representative

By _____
Name _____
Title _____

ONTARIO PUBLIC FINANCING
AUTHORITY

By _____
Armen Harkalyan
Treasurer

Time of Execution: _____

CITY OF ONTARIO

By _____
Armen Harkalyan
Executive Director of Finance

Time of Execution: _____

EXHIBIT A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

$_____
ONTARIO PUBLIC FINANCING AUTHORITY
2022 Lease Revenue Bonds, Series A
(Civic Center Improvements)

Maturity (November 1)	Principal Amount	Interest Rate	Yield	Price

c Priced to the 11/1/____ par call date.
T Term Bonds

Redemption Provisions

Optional Redemption. The Bonds maturing on or after November 1, ____, are subject to optional redemption, in whole or in part, on any date on or after November 1, ____, in denominations of $5,000 or any integral multiple thereof, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds with a stated maturity on November 1, ____, are subject to mandatory sinking fund redemption in part (by lot) on each November 1 on and after November 1, ____, in integral multiples of $5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Mandatory Sinking Account Payment Dates (November 1)	Mandatory Sinking Account Payments

† Maturity

The Bonds with a stated maturity on November 1, ____, are subject to mandatory sinking fund redemption in part (by lot) on each November 1 on and after November 1, ____, in integral multiples of $5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Mandatory Sinking Account Payment Dates (November 1)	Mandatory Sinking Account Payments

† Maturity

Special Mandatory Redemption from Insurance or Condemnation Proceeds. The Bonds shall be subject to redemption, in whole or in part, on any date, in denominations of $5,000 or any integral multiple thereof, from and to the extent of: (i) Net Insurance Proceeds received with respect to all or a portion of the Leased Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, and (ii) eminent domain proceeds received pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

EXHIBIT B

ISSUE PRICE CERTIFICATE

$_____
ONTARIO PUBLIC FINANCING AUTHORITY
2022 Lease Revenue Bonds, Series A
(Civic Center Improvements)

The undersigned, on behalf of Samuel A. Ramirez & Co., Inc., on behalf of itself and Cabrera Capital Markets, LLC, as underwriters ("Ramirez"), based on the information available to it, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

I. General

1. Ramirez and the City of South San Francisco Public Facilities Financing Authority and City of South San Francisco (collectively, the "Issuer") have executed a bond purchase agreement in connection with the Bonds on the Sale Date. Ramirez has not modified the bond purchase agreement since its execution on the Sale Date.

II. Price

1. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

III. Defined Terms

1. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

2. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriters or a Related Party to an Underwriters.

3. A person is a "Related Party" to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 25, 2022.

5. Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with Ramirez to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

All terms not defined herein shall have the same meanings as in the Tax Certificate with respect to the Bonds, to which this Certificate is attached.

IV. Credit

Ramirez has calculated that the present value of the amounts paid to obtain the Assured Guaranty Municipal Corp. (the "Municipal Bond Insurer") municipal bond insurance policy (the "Policy"), using as the discount factor for this purpose the expected Yield with respect to the Bonds treating the fee paid as interest with respect to the Bonds.

To the best of Ramirez's knowledge, the fee paid to obtain the Policy was determined in arm's-length negotiations and was required as a condition to the issuance by the Municipal Bond Insurer of the Policy.

The Issuer may rely on the statements made herein in connection with its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel may also rely on this Certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes. However, notwithstanding the foregoing, we remind you that Ramirez is not an accountant or actuary, nor is Ramirez engaged in the practice of law. Accordingly, while Ramirez believes the calculations described above to be correct, it does not warrant their validity for purposes of Sections 103 and 141 through 150 of the Code or make any representation as to the legal sufficiency of the factual matters set forth herein. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: June 8, 2022

SAMUEL A. RAMIREZ & CO., INC. and
CABRERA CAPITAL MARKETS, LLC and
as Underwriters

By SAMUEL A. RAMIREZ & CO., INC., as
Representative

By _____
Name _____
Title _____

SCHEDULE A TO ISSUE PRICE CERTIFICATE

$_____
ONTARIO PUBLIC FINANCING AUTHORITY
2022 Lease Revenue Bonds, Series A
(Civic Center Improvements)

Maturity (November 1)	Principal Amount	Interest Rate	Price

_____
c Priced to the 11/1/____ par call date.
T Term maturity

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **ADMINISTRATIVE REPORTS/DISCUSSION/ACTION**
Department: Police Department Prepared By: Lizceth Zazueta Staff Member Presenting: Mike Lorenz, Chief of Police Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 24

SUBJECT: FIRST READING OF ORDINANCE ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO GOVERNMENT CODE SECTIONS 7070, ET. SEQ.

RECOMMENDATION: That the City Council introduce and waive further reading of an Ordinance adopting the "Military Equipment" policy and approve the itemized military grade equipment currently in possession of the Ontario Police Department.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Maintain the Current High Level of Public Safety
Pursue City's Goals and Objectives by Working with Other Governmental Agencies
Operate in a Businesslike Manner

FISCAL IMPACT: There is no direct fiscal impact associated with this action.

BACKGROUND & ANALYSIS: Assembly Bill No. 481 was approved by Governor Newsom on September 30, 2021. The bill requires law enforcement agencies to obtain approval of the applicable governing body, by adoption of a military equipment use policy, as specified, by Ordinance at a regular meeting held pursuant to specified open meeting laws, prior to taking certain actions relating to the funding, acquisition, or use of military equipment. The bill also requires similar approval for the continued use of military equipment acquired prior to January 1, 2022. In addition, state or local law enforcement agencies must publish the policy on the agency's internet website and provide a copy of the policy to the Governor or the Governor's designee. The bill allows the governing body to approve the funding, acquisition, or use of military equipment within its jurisdiction only if it determines that the military equipment meets specified standards. The bill requires the governing body to annually review the Ordinance and either approve, disapprove a renewal of the authorization for itemized military equipment, or amend the military equipment use policy if it determines, based on an annual military equipment report prepared by the law enforcement agency, that the military equipment does not comply with standards for approval. The second reading of this Ordinance will commence on June 7th, 2022 whereas City Council will be asked to adopt the Ordinance and approve the military grade equipment policy to include the itemized military grade equipment currently in possession of the Ontario Police Department.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO GOVERNMENT CODE §§ 7070, ET. SEQ.

THE CITY COUNCIL OF THE CITY OF ONTARIO DOES HEREBY FIND AND RESOLVE AS FOLLOWS:

WHEREAS, on September 30, 2021, Governor Gavin Newsom signed into law Assembly Bill 481 ("AB 481"), adding Chapter 12.8, "Funding, Acquisition and Use of Military Equipment", to Division 7 of Title 1 of the Government Code (sections 7070 – 7075), relating to the use of military equipment by California law enforcement agencies; and

WHEREAS, AB 481 seeks to provide transparency, oversight, and an opportunity for meaningful public input on decisions regarding whether and how military equipment is funded, acquired, or used; and

WHEREAS, the Ontario Police Department is in possession of certain items of equipment that qualify as "military equipment" under AB 481 and further intends to acquire other items of military equipment; and

WHEREAS, AB 481 requires, inter alia, that a law enforcement agency possessing and using such qualifying equipment must prepare a publicly released, written, military equipment use policy document covering the inventory, description, quantity, purpose, capabilities, use, lifespan, acquisition, maintenance, authorized use, fiscal impacts, procedures, training, oversight, and complaint process, applicable to the Department's use of such equipment; and

WHEREAS, the policy must be approved by the City Council by ordinance, and reviewed annually thereafter; and

WHEREAS, the military equipment inventoried and presented to the City Council is necessary because there is no reasonable alternative that can achieve the same objective of officer and civilian safety; and

WHEREAS, the proposed Military Equipment Use Policy ("Policy") will safeguard the public's health, welfare, safety, civil rights, and civil liberties; and

WHEREAS, the equipment is reasonably cost effective compared to available alternatives that can achieve the same objective of officer and civilian safety; and

WHEREAS, prior military equipment use complied with the applicable equipment use policy (which included equipment now defined as military equipment) that was in effect at the time, or if prior uses did not comply with the accompanying military equipment use policy, corrective action has been taken to remedy nonconforming uses and ensure future compliance; and

WHEREAS, the Police Department has submitted the proposed Policy to the City Council and thereafter has made those documents available on the Police Department's website for at least 30 days prior to the public hearing concerning the military equipment at issue; and

WHEREAS, the Policy satisfies the requirements of Government Code Section 7070(d); and

WHEREAS, the City Council of the City of Ontario, having received the information required under AB 481 regarding the Ontario Police Department's use of military equipment as defined in said law, deems it to be in the best interest of the City to and hereby does approve the Military Equipment Policy.

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

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ONTARIO HERBY ORDAINS AS FOLLOWS:

SECTION 1. Recitals. The City Council finds that all the recitals, facts, findings, and conclusions set forth above in the preamble of this Ordinance are true and correct.

SECTION 2. Approval of Military Equipment Policy.

Military Equipment Policy.

(a) The Military Equipment Policy shall govern the use of military equipment by the Ontario Police Department. (*Exhibit A)*

(b) The Policy shall be made publicly available on the Police Department's website for as long as the military equipment is available for use or as otherwise ordained by the City Council.

(c) The Police Department shall submit an annual military equipment report to the City Council containing the information required by Government Code Section 7072 and the City Council shall thereafter determine whether each type of military equipment identified therein complied with the standards for approval set forth in Government Code Section 7071(d). (Exhibit B)

(d) The City Council shall on an annual basis and at a regular meeting thereof review this ordinance and vote on whether to renew it pursuant to Government Code Section 7071(e)(2).

(e) The definitions set forth in Government Code section 7070 shall apply to this ordinance. Any provision of state law referred to herein shall mean and include any amended or successor provision thereof.

SECTION 3. Compliance with CEQA. Adoption of this Ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 (b)(3) (General Rule) of the CEQA Guidelines because it is not a "project" and because it can be seen with certainty that there is no possibility that the passage of this Ordinance will have a significant effect on the environment.

SECTION 4. Inconsistencies. Any provision of the Ontario Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to affect the provisions of this Ordinance.

SECTION 5. Uncodified Ordinance. This Ordinance shall not be codified in the Ontario Municipal Code unless and until the City Council so ordains.

SECTION 6. Severability. If any chapter, article, section, subsection, subdivision, sentence, clause, phrase, word, or portion of this Ordinance, or the application thereof to any person, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portion of this Ordinance or its application to other persons. The City Council hereby declares that it would have adopted this Ordinance and each chapter, article, section, subsection, subdivision, sentence, clause, phrase, word, or portion thereof, irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, phrases, or portions of the application thereof to any person, be declared invalid or unconstitutional. No portion of this Ordinance shall supersede any local, state, or federal law, regulation, or codes dealing with life safety factors.

SECTION 7. Effective Date. This Ordinance shall become effective thirty (30) days following from its adoption.

SECTION 8. The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause a summary thereof to be published at least once, in a newspaper of general circulation in the City of Ontario, California within fifteen (15) days of the adoption. The City Clerk shall post a certified copy of this ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this ___ day of _____ 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Ordinance No. _____ was duly introduced at a regular meeting of the City Council of the City of Ontario held May 17, 2022 and adopted at the regular meeting held _____, 2022 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

I hereby certify that the foregoing is the original of Ordinance No. _____ duly passed and adopted by the Ontario City Council at their regular meeting held _____ and that Summaries of the Ordinance were published on _____ and _____, in the Inland Valley Daily Bulletin newspaper.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

Military Equipment

708.1 PURPOSE AND SCOPE

The purpose of this policy ("Policy") is to provide guidelines for the approval, acquisition, and reporting requirements of military equipment pursuant to Assembly Bill 481 ("AB 481") (California Government Code section 7070, et seq.).

708.1.1 DEFINITIONS

Definitions related to this Policy include those provided in Government Code section 7070, and as follows:

Governing body – The City of Ontario City Council ("City Council").

Military equipment – Includes but is not limited to the following:

- Unmanned, remotely piloted, powered aerial or ground vehicles.
- Mine-resistant ambush-protected ("MRAP") vehicles or armored personnel carriers.
- High mobility multipurpose wheeled vehicles ("HMMWV)", two-and-one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached.
- Tracked armored vehicles that provide ballistic protection to their occupants.
- Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units.
- Weaponized aircraft, vessels, or vehicles of any kind.
- Battering rams, slugs, and breaching apparatuses that are explosive in nature. This does not include a handheld, one-person ram.
- Firearms and ammunition of.50 caliber or greater, excluding standard-issue shotguns and standard-issue shotgun ammunition.
- Specialized firearms and ammunition of less than.50 caliber, including firearms and accessories identified as assault weapons in Penal Code section 30510 and Penal Code section 30515, with the exception of standard-issue firearms.
- Any firearm or firearm accessory that is designed to launch explosive projectiles.
- Noise-flash diversionary devices and explosive breaching tools.
- Munitions containing tear gas or OC, excluding standard, service-issued handheld pepper spray.
- TASER® Shockwave, microwave weapons, water cannons, and long-range acoustic devices ("LRADs").
- Kinetic energy weapons and munitions.
- Any other equipment as determined by the City Council to require additional oversight.

Copyright Lexipol, LLC 2022/05/12, All Rights Reserved.
Published with permission by Ontario Police Department

708.2 POLICY

It is the Policy of the City of Ontario Police Department ("Department") that members of this Department comply with the provisions of Government Code section 7070 et seq. with respect to the funding, acquisition, and use of military equipment.

708.3 MILITARY EQUIPMENT COORDINATOR

The Chief of Police will designate a member of this Department to act as the military equipment coordinator. The responsibilities of the military equipment coordinator include but are not limited to:

(a) Acting as liaison to the City Council for matters related to the requirements of this Policy.

(b) Identifying Department equipment that qualifies as military equipment in the current possession of the Department, or equipment the Department intends to acquire, that requires approval by the City Council.

(c) Conducting an inventory of all military equipment annually.

(d) Collaborating with any allied agency that may use military equipment within the jurisdiction of the Department.

(e) Preparing for, scheduling, and coordinating the annual community engagement meeting to include:

1. Publicizing the details of the meeting; and
2. Preparing for public questions regarding the Department's funding, acquisition, and use of equipment.

(f) Preparing the annual military equipment report for submission to the Chief of Police and ensuring that the report is made available on the Department website (Government Code § 7072).

(g) Establishing the procedure for a person to register a complaint or concern, or how that person may submit a question about the use of a type of military equipment, and how the Department will respond in a timely manner.

708.4 MILITARY EQUIPMENT INVENTORY

The list of qualifying military equipment for the Department is attached to this Policy.

708.5 APPROVAL

The Chief of Police or the authorized designee shall obtain approval from the City Council by way of an ordinance adopting the Policy. As part of the approval process, the Chief of Police or the authorized designee shall ensure the proposed Policy is submitted to the City Council and is available on the Department website at least thirty (30) days prior to any public hearing concerning the military equipment at issue. The Policy must be approved by the governing body prior to engaging in any of the following:

a) Requesting military equipment made available pursuant to 10 USC § 2576(a).

Copyright Lexipol, LLC 2022/05/12, All Rights Reserved.
Published with permission by Ontario Police Department

b) Seeking funds for military equipment, including but not limited to applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.

c) Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.

d) Collaborating with another law enforcement agency in the deployment or other use of military equipment within the jurisdiction of this Department.

e) Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the City Council.

f) Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of military equipment.

g) Acquiring military equipment through any means not provided above.

708.6 COORDINATION WITH OTHER JURISDICTIONS

On occasion, the Department may be required to assist other law enforcement agencies in a formal Law Enforcement Mutual Aid Request ("LEMA") or support with day-to-day operational collaboration (i.e., pursuits, investigative unit assistance, joint law enforcement operations, etc.). In certain mutual aid or operational collaboration circumstances, it may be necessary for sworn Department members to utilize military equipment in order to fulfill an assigned mission (i.e., civil unrest, SWAT requests, barricaded suspects in a vehicle, etc.). When sworn Department members utilize military equipment in instances of mutual aid or law enforcement collaboration, the following shall apply:

a) Department members are required to adhere to the Department's Military Equipment Procedure and all policies and procedures outlined within the Department's Policy and Procedures Manual, regardless of operational jurisdiction.

b) Should the Police Department request mutual aid from another law enforcement agency within the City and military equipment is required during the course of the response, the following shall apply:

i. The Department will remain in charge of the overall incident command.

ii. The Incident Commander or designee will brief the supervisor from the assisting agency and inform them of the mission, enforcement posture, and any pertinent information related to the incident.

iii. The assisting agency will adhere to their respective policies and procedures, particularly those governing the use of military equipment.

iv. If the Incident Commander or their designee is informed of or witnesses the utilization of military equipment by an assisting agency inconsistent with the guidelines set forth in this

Copyright Lexipol, LLC 2022/05/12, All Rights Reserved.
Published with permission by Ontario Police Department

procedure, the Incident Commander may elect to cancel the request for mutual aid or re-assign the assisting agency to a different support mission.

708.7 COMPLIANCE

The use of military equipment is subject to individual Department Policies and Procedures, is restricted for use only in certain instances and, in some cases, only by certain units. It is incumbent upon incident commanders, supervisors, and individual officers to recognize the specific circumstances wherein military equipment should be employed to enhance the safety of the public and officers and to bring a critical incident to a safe resolution.

Department members are bound to adhere to this Department Policies and Procedures, in addition to state and local laws and ordinances when employing the use of themilitary equipment at any time. Violations of the law or Department Policies or Procedures may result in criminal or administrative investigations, and/or actions.

Administrative Investigations concerning complaints related to military equipment will be conducted in accordance with Department policy. These investigations may be subject to review by the Office of the Chief of Police to ensure that compliance with this military equipment procedure is maintained.

Any corrective action or discipline imposed as a result of a violation of this Department Procedure will be administered in accordance with the department policy, relevant employee organization memorandum of understanding (MOU), Civil Service Rules, and state law.

708.8 COMPLAINT PROCESS

In some instances, the application and use of military equipment can cause questions and/ or concerns for members of the community. It is of vital importance that community members' questions regarding the application and use of military equipment are addressed.

The Department is committed to full and fair investigation of citizen complaints. As such, the Department has sound internal procedures for thorough and impartial investigations of citizen complaints. Resolving complaints in a fair, impartial, and expeditious manner will ensure the consistent high level of integrity and efficiency maintained by the Department.

Complaints directly related to the application or use of military equipment shall be handled in accordance with department policy. The Department values open communication and transparency. Community questions and/or concerns regarding the application and use of specified military equipment should be addressed in the following manner:

a) Via the Department internet website where the public can email specific military equipment related questions to the Department.

b) At pre-determined Community Engagement Meetings related to military equipment.

c) At City-Council Meetings related to military equipment.

Copyright Lexipol, LLC 2022/05/12, All Rights Reserved.
Published with permission by Ontario Police Department

d) In all other circumstances, the public should be directed to the Department Military Equipment Procedure and Annual Military Equipment Report available on the Department's internet website.

708.9 ANNUAL REPORT

The Department shall submit to City Council an annual military equipment report for each type of military equipment approved by the City Council within one (1) year of approval, and annually thereafter for as long as the military equipment is available for use.

The Department shall also make each annual military equipment report required by this section publicly available on its internet website for as long as the military equipment is available for use. The Commanding Officer or their designee shall be responsible for the preparation and submission of the annual military equipment report. The annual military equipment report shall, at a minimum, include the following information for the immediate previous calendar year for each type of military equipment:

a) A summary of how the military equipment was used and the purpose of its use.

b) A summary of any complaints or concerns received concerning the military equipment.

c) The results of any internal audits, any information about violations of the military equipment use policy, and any actions taken in response, consistent with state law employee privacy restrictions.

d) The total annual cost for each type of military equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the military equipment in the calendar year following submission of the annual military equipment report.

e) The quantity possessed for each type of military equipment.

f) If the Department intends to acquire additional military equipment in the next year, the quantity sought for each type of military equipment.

g) Within thirty (30) days of submitting and publicly releasing the annual military equipment report, the Department shall hold at least one (1) community engagement meeting, at which the general public may discuss and ask questions regarding the annual military equipment report and the Department's funding, acquisition, or use of military equipment.

h) The City Council will determine, based on the annual military equipment report, whether each type of military equipment identified in the report has complied with the standards for approval as set forth by AB 481. If the City Council determines that a type of military equipment identified in the annual military equipment report has not complied with the standards as set forth by AB 481, it may either disapprove a renewal of the authorization for that type of military equipment or require modifications to this military equipment use procedure in a manner that will resolve lack of compliance.

Copyright Lexipol, LLC 2022/05/12, All Rights Reserved.
Published with permission by Ontario Police Department

Ontario Police Department Military Equipment Inventory

I. MILITARY EQUIPMENT TYPES AND USAGE GUIDELINES

The Department recognizes that critical incidents are unpredictable and can be very dynamic in nature. A variety of military equipment options can greatly assist incident commanders, officers, and specific units in bringing those incidents to a swift resolution in a safe manner. The use of military equipment is restricted for use only in certain instances and in some cases only by certain units. While this procedure is wide-ranging, it is not all inclusive. There may be instances wherein unpredictable critical incidents demand the need for incident commanders to authorize military equipment to be used in a manner not outlined within this procedure. In scrutinizing those particular instances, the judgment of the incident commander influenced by the totality of the circumstances, public safety, officer safety, civil rights, and information available at the time will be used.

It is incumbent upon incident commanders, supervisors, individual officers, and specific units to recognize the particular circumstances wherein military equipment should be employed to enhance the safety of the public and officers, and to bring a critical incident to a safe resolution.

The following are the various types, descriptions, and guidelines for usage of military equipment currently employed by the Department.

A. Unmanned remotely piloted, powered aerial or ground vehicles

1. **Small Unmanned Aircraft Systems (sUAS):** An unmanned aircraft of any type that is capable of sustaining directed flight, whether pre-programmed or remotely controlled, and all of the supporting or attached systems designed for gathering information through imaging, recording or by any other means.

   Capability: sUAS can support first responders in any hazardous incident which would benefit from an aerial perspective. These uses could include search and rescue, barricaded suspects or high-risk tactical operations, disaster response, and video and photographic documentation of crime scenes.

   Usage: sUAS are to be used by trained pilots during high-risk operations, tactical operations, disaster response, and video and photographic documentation. These pilots receive regular training and flight hours and when applicable adhere to FAA regulations.

   Training Requirements: Drone operators attended continual yearly training.

   Fiscal Impact: See Appendix A

   Lifespan: Approximately five (5) years.

   The Department currently possesses the following types of sUAS:

a. Parrot Anafi Thermal (Quantity: 2)
Manufacturer: Parrot
Description: To balance the resolutions of the thermal image and visible image, and therefore benefit from information not visible in thermal, the displayed image is a fusion of the information from the two cameras.

b. LOKI 1 (Quantity: 6)
Manufacturer: Sky-Hero
Description: A handheld drone designed for interior searches. The drone is controlled by a handheld remote control.

c. Evo II (Quantity: 1)
Manufacturer: Autel Robotics
Description: A handheld drone designed for exterior searches. The drone is controlled by a handheld remote control. It has the ability to record video for use with evidence collection.

2. **Small Unmanned Tracked Robots:** An unmanned tracked robot of any type that is capable of being remotely controlled as well as all of the supporting or attached systems designed for gathering information through imaging, recording or by any other means.

Capability: Small Unmanned Tracked Robots can support first responders in any hazardous incident which would benefit from a ground level perspective. These uses could include barricaded suspects or high-risk tactical operations, disaster response, and use in crawl spaces or confined isolated areas to assist in searches for suspects or evidence.

Usage: Small Unmanned Tracked Robots are to be used exclusively by the Special Weapons and Tactics (SWAT) unit during high-risk operations, disaster response, and in crawl spaces or confined isolated areas to assist in searches for suspects or evidence.

Training Requirements: SWAT Officers regularly train on safe robot deployment in a variety of operational settings.

Fiscal Impact: See Appendix A

Lifespan: Dragon Runner – Lifespan varies with operational usage and wear.

The Department currently possesses the following types of Small Unmanned Tracked Robot:

a. **Dragon Runner** (Quantity: 1)
Manufacturer: QinetiQm

Description: Lightweight, expandable, and one-man portable robot that offers protection and support to officers. Designed to provide situational awareness by 'scouting out' while the officers remain at a safe distance.

Designed for rapid tactical missions, the robot is simple to operate and quick to deploy for searching rooms, hallways, stairwells, and confined spaces. With rubber tracks, the Dragon Runner effortlessly climbs stairs. It also includes an extendible rotating claw arm that simplifies opening door handles.

B. Armored Personnel Carriers

1. **BearCat:** An armored rescue vehicle capable of providing high ballistic protection, cover, limited breaching capability, and transport of officers and/or civilians at critical incidents and high-risk tactical operations.

   Capability: BearCats can support first responders in any hazardous, high risk, or critical incident which would benefit from having a vehicle that provides a high level of ballistic protection.

   Usage: These uses could include active shooters, armed barricaded suspects, hostage situations, high-risk tactical operations, disaster response, officer/citizen rescues, and CBRNE (Chemical, Biological, Radiological, Nuclear, and Explosive) attacks and detection.

   Training Requirements: Officers authorized to operate the BearCat are required to successfully complete in house training on its capabilities and must complete a driving assessment during the training period.

   Fiscal Impact: See Appendix A

   Lifespan: Approximately 20 years depending on operational usage and wear. The Department currently possesses the following types of BearCats:

   a. **BearCat G2** – 2 Door Model (Quantity: 1)
   Manufacturer: Lenco
   Description: The Lenco BearCat G2 is the standard armored rescue vehicle for special operations units within the US Law Enforcement community. The G2 has excellent on-road driving characteristics and maneuverability in tight urban settings. The large floor plan seats 10–12 fully equipped officers or citizens.

   b. **BearCat G3** – 4 Door Model (Quantity: 1)
   Manufacturer: Lenco
   Description: The BearCat G3 provides Lenco's proven armor system in a ruggedized off-road platform. The G3 utilizes the same body design, interior

features, and tactical options as the G2, but it comes standard with a heavier duty upgraded suspension and off-road tires, rims & run flats to provide enhanced off-road performance. The increased ground clearance and robust suspension allows for emergency response in rural regions and natural disaster scenarios where standard armored rescue vehicles would experience challenges.

c. **BearCat G3 w/ P3E MARS Ramp System** – 3 Door Model (Quantity: 1)
Manufacturer: Lenco
Description: The BearCat G3 provides Lenco's proven armor system in a ruggedized off-road platform. The G3 utilizes the same body design, interior features, and tactical options as the G2, but it comes standard with a heavier duty upgraded suspension and off-road tires, rims & run flats to provide enhanced off-road performance. The increased ground clearance and robust suspension allows for emergency response in rural regions and natural disaster scenarios where standard armored rescue vehicles would experience challenges. This armored rescue vehicle is outfitted with the P3E MARS ramp system which allows officers to safely make entry into or rescue citizens from elevated structures.

d. **Rook** – (Quantity: 1)
Manufacturer: Ring Power
Description: The Rook is a tracked armored vehicle capable of deploying officers into a critical incident or rescue citizens during a critical incident. It features several attachments capable of moving objects, or vehicles to aide in the peace resolution of a critical incident. The attachments and vehicle also can be used in various natural disaster incidents.

C. Command and Control Vehicles

1. **Mobile Command Vehicles:** Completely self-contained command posts designed to provide the Incident Commander with a mobile base of operation.

Capability: As a mobile base of operation, these vehicles contain specialized command, control, and communications equipment to assist with this mission.

Usage: Mobile Command Vehicles are to be utilized as an Incident Command Post for planned or unplanned events. Vehicles are also equipped with specialized equipment to assist with numerous types of incidents.

Training Requirements: Officers are frequently train in the operations of Command vehicles.

Fiscal Impact: See Appendix A

Lifespan: No lifespan indicated by manufacturer. Dependent on operational usage and wear.

The Department currently possesses the following types of Mobile Command Vehicles:

a. SWAT Special Equipment Vehicle – (Quantity: 1)

The SWAT Special Equipment Vehicle is a non-armored vehicle used by SWAT personnel to transport special weapons and equipment to the scene of critical incidents. Once at an incident, it is also used as a SWAT and Tactical Operations Center (TOC).

Manufacturer: Custom Built International Chassis
Description: This vehicle is a custom build. It is capable of transporting various SWAT equipment to a critical incident. It is also outfitted with various radio and computers to aid the Incident Commander.

b. CP131 – Command Post Vehicle - (Quantity: 1)
Manufacturer: Custom Built Freightliner Chassis
Description: This vehicle is a custom-built truck which allows officers to aide in communicating with subjects during critical incidents or can be utilized as a command post during any type of situation.

D. Explosive Breaching Equipment

1. **Explosive Breaching Equipment:** During crisis situations, it may become necessary for a SWAT team to facilitate an entry into a target location. It is critical the point of entry is breached quickly and as safely as possible. A quick and effective breach is one key to a successful tactical mission**.** In some instances, an explosive breach may be required to provide an added degree of safety and tactical advantage in order to accomplish a mission.

   A variety of specialized breaching equipment consisting of explosive materials are possessed by the Department. Explosive Breaching Equipment can only be used exclusively by the SWAT team's dedicated breaching personnel.

   Capability / Usage: Explosive breaching, the use of explosive materials to affect a breach, can be an effective option in SWAT team tactics. An effective breach is a design where the least amount of explosive material is used and still accomplishes its goal. An effective Explosive Breach can defeat fortified doors and walls. Effective breaching techniques allow tactical officers immediate entry with minimal risk to victims, officers, and suspects. An Explosive Breach should only be utilized after taking into consideration the overall mission, officer and citizen safety, the overall construction of the structure, the presence of unstable chemicals, explosives, or incendiary materials, and whether other means of

mechanical breaching would be effective and safe to use. The option to use an explosive breach shall be at the discretion of the SWAT Commander.

Training Requirements: Only SWAT Officers that are certified Explosive Breachers are authorized to utilize explosive breaches. SWAT Explosive Breachers must successfully complete a certified Explosive Breaching Course. Additionally, SWAT Explosive Breachers must maintain proficiency with the use and handling of explosives and explosive breaching techniques.

Fiscal Impact: See Appendix A

Lifespan: Approximately five (5) years.

The Department currently possesses the following types of Explosive Breaching Equipment:

a. **Explosive Breaching Equipment Kit** – (Quantity: Various)
Explosive Breaching Equipment consists of:
1. 50 grain Detonation Cord
2. 20 grain Boosters
3. C2 sheets
4. Shock-tube Blasting Cap

Manufacturer: Southwest Explosives
Description: Explosive breaching, the use of explosive materials to affect a breach, can be an effective option in SWAT team tactics. An effective breach is a design where the least amount of explosive material is used and still accomplishes its goal.

2. **Breaching Shotguns and Breaching Ammunition:** During crisis situations, it may become necessary for a SWAT team to facilitate an entry into a target location. It is critical the point of entry is breached quickly and as safely as possible. A quick and effective breach is one key to a successful tactical mission**.** In some instances, a breach initiated by a breaching shotgun loaded with specialized breaching rounds may be required to provide an added degree of safety and tactical advantage in order to accomplish a mission.

Specialized Breaching Rounds, also referred to as TKO round, are frangible and are designed to break into a powder form upon impact with a solid object (i.e., dead bolt lock, door frame, etc.)

The Department possesses a limited inventory of Breaching Shotguns and Breaching Shotgun Ammunition. Breaching Shotguns are to be used exclusively by trained members of the SWAT team.

Capability / Usage: Shotgun breaching, the use of a breaching shotgun to affect a breach, can be an effective option in SWAT team tactics. An effective breach is a

design where the least amount of breaching shotgun rounds is used and still accomplishes its goal. An effective shotgun breach can defeat fortified doors and locks. Effective breaching techniques allow tactical officers immediate entry with minimal risk to victims, officers, and suspects.

Training Requirements: SWAT team members regularly train on the use of shotgun breaching.
Fiscal Impact: See Annual Military Report

Lifespan: Remington 870 Police Magnum – Limited lifetime warranty. Lifespan varies on operational usage and wear

Breaching Shotgun Ammunition – Five (5) year limited warranty. Five (5) year shelf life.

The Department currently possesses the following types of breaching shotguns and breaching shotgun ammunition:

a. **Remington 870 Police Magnum –** (Quantity: 5)
Manufacturer: Remington
Description: The Remington 870 Police Magnum pump-action shotgun is a rugged 12-gauge with a short barrel backed by a stout 3" chamber. The all-matte black gun is parkerized for generalized durability and rust-resistance. Both the pump action for-end and stock are robust and tough synthetic.

b. **TKO 12-Gauge Breaching Shotgun Rounds** – (Quantity: 60)
Manufacturer: Defense Technology
Description: The 12-Gauge TKO Breaching Round is a 12-Gauge shell loaded with a compressed zinc slug, utilizing smokeless powder as a propellant. This is a widely used method to breach door locks or hinges for entry during tactical operations. When properly deployed, the TKO is capable of defeating door lock mechanisms, doorknobs, hinges, dead bolts, safety chains, and pad locks on both wooden or hollow core doors. Upon impact with the target, the zinc slug disintegrates into a fine powder eliminating fragmentation.

E. Firearms of .50 Caliber or greater

1. **.50 Caliber Rifles:** A heavy-duty, bolt-action rifle rated for .50 caliber ammunition that is capable for delivering precision rifle fire at great distances with effective results.

Due to the ever-increasing number of deadly incidents involving vehicle borne attacks and fortified structures both in Southern California and around the country, the SWAT Sniper Team currently employs the use of a .50 caliber rifle to address the unique operational needs presented by these threats.

The requirement and implementation of a .50 caliber rifle are now the standard for many SWAT Teams both in the US and abroad to combat vehicular threats that may arise out of conventional SWAT operations or domestic and international terror attacks.

Capability / Usage: These weapons provide the capability to pierce hard armor, multiple layers of mild steel, or substantial brick, concrete and other materials that may give hard cover to potential suspects. In limited circumstances, these weapons can also be used to disable the engine block of a vehicle posing a clear and present threat to the public (i.e., a vehicle laden with explosives).

Training Requirements: SWAT Snipers receive specific .50 caliber rifle training and must undergo regular training and weapons qualifications to be able to deploy the .50 caliber rifle.

Fiscal Impact: See Appendix A

Lifespan: EDM ARMS – Barrel life rated to approximately 20,000 rounds.

a. **EDM ARMS Windrunner -** (Quantity: 1)
Manufacturer: Bushmaster Firearms
Description: The Windrunner is built to outshine all previous standards for long-range accuracy.

F. Ammunition of .50 caliber or greater

1. **.50 Caliber Rifle Ammunition:** Rifle ammunition manufactured specifically for .50 caliber Special Application Rifles. This caliber is also referred to as .50 BMG.

Match Ammunition: Designed for when greater distance from a target is encountered and accuracy is needed. Match ammunition rounds excel against heavy barriers and penetrating thick glass.

Fiscal Impact: See Appendix A

Lifespan: Approximately 10-year shelf life.

a. **A-Max Match Ammo - .50 BMG 750 grain** (Quantity: See Appendix A)
Manufacturer: Engel Ballistic Research
Description: 50BMG match grade 750 grain. Match ammunition rounds excel against heavy barriers and penetrating thick glass.

G. Specialized firearms and ammunition of less than .50 caliber, including assault weapons

1. **AR-15 Rifles:** A semi-automatic shoulder-fired long gun that fires a rifle caliber cartridge. The Department-approved AR-15 style weapon system is designed to fire a .223/5.56 caliber projectile.

Capability/Usage: The rifle caliber carbine provides officers the ability to engage hostile suspects at distances generally greater than the effective distance of their handguns. Additionally, AR-15 rifles offer advantages over handguns, such as increased accuracy potential and the ability to defeat soft body armor but are not appropriate for every situation.

Training Requirements: All officers attend a POST rifle course and regularly qualify with their rifle. SWAT Officers partake in regular rifle training, and consistent weapons qualifications to maintain proficiency with the AR-15.

Fiscal Impact: See Appendix A

Lifespan: Colt M4 Carbine LWRC IC-45 – Barrel life rated to approximately 12,000 rounds.

Colt M4 Carbine – Barrel life rated to approximately 12,000 rounds.

a. **Colt M4 Carbine LWRC M6IC** (Quantity: 142)
Manufacturer: LWRC International
Description: Colt style M4 rifle chambered in .223 caliber. These rifles are outfitted with a collapsible stock and flashlight.

b. **Colt M4 Carbine** (Quantity: 158)
Manufacturer: Colt Manufacturing LLC
Description: Colt M4 rifle chambered in .223 caliber. These rifles are outfitted with a collapsible stock.

2. **.308 Caliber Rifles:** Rifle's chambered in a .308 caliber round. These rifles are set up as a semi-automatic rifle or a bolt action. They can be outfitted with various optics and accessories depending on the mission.

Capability / Usage: The .308 rifle provides SWAT Snipers and Air Support personnel the ability to engage hostile suspects at great distances with accuracy. The .308 rifle platform are typically deployed with the SWAT Team during high-risk SWAT operations and special events or instances wherein Sniper Over Watch Teams are needed. These rifles can also be deployed by the Ontario Air Support Unit for similar situations.

Training Requirements: SWAT team members and the Air Support Unit regularly train and qualify with various weapons systems including the .308 rifle to maintain proficiency.

Fiscal Impact: See Appendix A

Lifespan: HK 91 – Barrel life rated to approximately 3,000 to 6,000 rounds.
Tactical Ops Tango 51– Barrel life rated to approximately 5,000 rounds.
Sig Sauer 716 – Barrel life rated to approximately 3,000 to 6,000 rounds.

Fiscal Impact: See Appendix A

a. HK 91 Rifle (Quantity: 1)
Manufacturer: Heckler and Koch
Description: Semi-automatic .308 rifle with optic attached.

b. Tactical Ops Tango 51 .308 Bolt Action Rifle (Quantity: 6)
Manufacturer: Accuracy International
Description: The bolt action Tango 51 is chambered in .308 caliber and is a bolt action rifle.

c. Sig Sauer 716 Rifle (Quantity: 2)
Manufacturer: Sig Sauer
Description: Semi-automatic .308 rifle with optic attached.

3. **MP-5 Submachine Guns:** A compact, modular, lightweight, shoulder fired, submachine gun capable of semi-automatic or automatic fire chambered in 9mm.

Capability / Usage: The MP-5 submachine gun provides the ability to deliver precision gun fire with a shoulder fired weapons system that is accurate, reliable, and safe. Its compact design allows for ease of maneuverability when operating in the open or within interior environments. The use of the MP-5 submachine gun is relegated to SWAT officers.

Training Requirements: Officers authorized to carry the MP-5 have completed numerous hours of live fire and movement training. Additionally, officers authorized to use the MP-5 must complete weapons qualifications on a regular basis to maintain proficiency.

Fiscal Impact: See Appendix A

Lifespan: Barrel life rated for approximately 50,000+ rounds.

a. **HK MP5 Submachine Gun** (Quantity: 8)

Manufacturer: Heckler & Koch

Description: Probably the most popular series of submachine guns in the world, it functions according to the proven roller-delayed blowback principle. Tremendously reliable, with maximum safety for the user, easy to handle, modular, extremely accurate and extraordinarily easy to control when firing.

4. **.223 Caliber or 5.56mm Rifle Ammunition:** Rifle ammunition manufactured specifically for rifles chambered in 5.56mm or .223 Remington. Currently there are two types of .223/5.56mm caliber rifle ammunition in use operationally by the Department.

   Capability / Usage: .223 caliber or 5.56mm rifle ammunition used in conjunction with an AR-15 type rifle provides officers the ability to engage hostile suspects at distances generally greater than the effective distance of their handguns. Rifle ammunition fired from AR-15 rifles offer advantages over handguns, such as increased accuracy potential and the ability to defeat soft body armor but are not appropriate for every situation. For the SWAT Team, the AR-15 is the primary weapons system utilized by the team. SWAT Officers regularly utilize the AR-15 as their primary weapons system on tactical operations.

   Training Requirements: Officers receive POST training and regularly qualify with their weapon.

   Fiscal Impact: See Appendix A

   Lifespan: Approximately 10-year shelf life.

   The Department currently possesses the following types of .223 caliber or 5.56mm rifle ammunition:

   a. **Federal** – **FMJ .223 55 grain** (Quantity: 100,000)
      Manufacturer: Federal
      Description: American Eagle rifle ammunition offers consistent, accurate performance at a price that's perfect for high-volume shooting. The loads feature quality bullets, reloadable brass cases and dependable primers.

   b. **Federal** – **Gold Dot .223 62 grain** (Quantity: 30,000)
      Manufacturer: Federal
      Description: Gold Dot Duty Rifle brings proven bullet technology to rifle platform. Gold Dot rifle bullets are optimized to ensure expansion out of barrels down to 10" at a wide variety of velocities out to 200 yards.

5. **.308 Caliber Rifle Ammunition:** Rifle ammunition manufactured specifically for rifles chambered in .308 Winchester. Currently there are various types of .308 Winchester caliber rifle ammunition in use by the Department.

   Fiscal Impact: See Appendix A

Lifespan: Approximately 10-year shelf life.
The Department currently possesses the following types of .308 Winchester ammunition:

a. **Federal.308 Winchester LE308TT2 Ammunition** (Quantity: 2,400)
Manufacturer: Federal
Description: Tactical bonded ammunition is made exclusively for law enforcement. It is designed to defeat barriers with minimal deflection.

H. Flashbangs, Chemical Agents, Chemical Agent Delivery Devices, and Pepper Ball Launchers

1. **Noise Flash Diversionary Devices (NFDD):** Canisters that emit a loud noise and bright light.

Capability / Usage: Diversionary Devices are capable of releasing large amounts of stored energy in the form of heat, light, pressure, and noise. They are intended to temporarily distract, confuse, and disorient subjects. They can also be used as "attention-getting" devices. Diversionary Devices are to be used exclusively by the SWAT team. Noise Flash Diversionary Devices can be used in high-risk tactical operations as an attention getting device. They can also be used during high-risk warrants, and hostage rescue incidents to provide an added degree of officer safety by disorienting subjects.

Training Requirements: SWAT Officers regularly train on safe device deployment in a variety of operational settings.

Fiscal Impact: See Appendix A

Lifespan: Defense Technology Multi Port Distraction Device – Five (5) year shelf life.

Liberty Dynamics Distraction Device –Five (5) year shelf life.

The Department currently possesses the following types of Diversionary Devices:

a. Defense Technology Multi Port Distraction Device (Quantity: 80)
Manufacturer: Defense Technology
Description: These noise flash diversionary devices have a highly reliable functionality and very precise delay times.

b. Defense Technology Multi-bang (Quantity: 3)
Manufacturer: Defense Technology

Description: This distraction device is capable of multiple consecutive detonations on one device.

c. Low-roll Distraction Device (Training Device) (Quantity: 50)
Manufacturer: Defense Technology
Description: Training device utilizes the same deployment methods with minimal load for training purposes.

d. Liberty Dynamics Distraction Device (Quantity: 175)
Manufacturer: Liberty Dynamics
Description: This diversionary device has the binary energetic material contained within the Enhanced Noise Flash Diversionary device allows for drastically lowered volatility levels, creating a vastly safer and more reliable noise-flash event.

2. **Chemical Agents and Chemical Agent Delivery Devices**: Compounds, devices, and delivery systems utilized by SWAT, Mobile Field Force, and patrol officers. Compounds can include irritants such as Chlorobenzalmalononitrile (CS) or an inflammatory agent such as Oleoresin Capsicum (OC) or Pava (synthetic OC). Chemical agents can be liquid, powder, or gaseous. Delivery systems can be pyrotechnic, blast dispersion, OC Fogger, or aerosol.

Chemical agent delivery devices consist of the following:

Gas Ram: A metal device resembling a handheld pointed battering ram that can be loaded with a chemical agent canister. The gas ram can be used to introduce chemical agents into a location by piercing the wall, door, or roof of a structure.

Burn Safe: A cylindrical metal container designed to contain a pyrotechnic chemical agent canister and reduce fire hazard upon deployment into a structure.

Capability / Usage: Depending on the delivery method, chemical agents are capable of being introduced in close proximity or from a distance. Depending on the type of delivery system and/or quantity, chemical agents can be used to saturate individual suspects, violent crowds, or areas of varied size. Chemical agents are to be used by the SWAT Team, Mobile Field Force, and/or patrol officers. Generally, during high-risk tactical incidents chemical agents can be used to dislodge a suspect from a stronghold location with the least possible danger to citizens, police, and the suspect. Chemical agents can also be used to prevent an armed suspect from accurately firing at citizens and/or officers. They can also be used in limited instances during civil unrest to disperse violent crowds.

Training Requirements: Officers receive regular training on the deployment and use of chemical agents. Officers are required to pass annual qualifications with the use of chemical agents and chemical agent delivery systems in order to maintain proficiency.

Fiscal Impact: See Appendix A

Lifespan: Defense Technology Chemical Agent Canisters and Munitions - Five (5) year shelf life.

Chemical Agent Delivery Devices - No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.

The Department currently possesses the following types of chemical agents:

a. SPEDE-HEAT CS Model - (Quantity: 62)
Manufacturer: Defense Technology
Description: The Spede-Heat CS munition is a high volume, continuous burn it expels its payload in approximately 20-40 seconds. The payload is discharged through four gas ports on top of the canister, three on the side and one on the bottom. This munition holds approximately 2.9 oz. of active agent.

b. 40mm Liquid Ferret - (Quantity: 175)
Manufacturer: Defense Technology
Description: These launchable munitions are capable of being deployed into a structure, through barriers, to deploy chemical agent into a structure at a safe distance.

c. Chemical Agent CS Pocket Tactical – **Model 1016** (Quantity: 4)
Manufacturer: Defense Technology
Description: The Pocket Tactical CS munition is small, and lightweight. The 0.9 oz. of active agent will burn approximately 20-40 seconds. At 4.75 in. by 1.4 inches in size, it easily fits in most tactical pouches.

d. Maximum HC Smoke Model 1073 - (Quantity: 29)
Manufacturer: Defense Technologies
Description: Pyrotechnic smoke grenade used for concealment or as a signaling device.

e. 37mm Multiple Foam Baton – **Model 6299** (Quantity: 379)
Manufacturer: Defense Technology
Description: The 37mm foam baton round contains three foam projectiles.

f. 40mm Skat Shell – **Model 6172** (Quantity: 62)
Manufacturer: Defense Technology

Description: The 40mm Skat shell is designed to deliver multiple CS canisters from a 40mm launcher. It has a maximum effective range of 80-100 yards.

g. Instantaneous Blast CS – **Model 1042** (Quantity: 52)
Manufacturer: Defense Technology
Description: The instantaneous blast CS munition is designed for indoor or outdoor use; this munitions powder is expelled upon initiation of a small internal detonator that has sufficient force to split the canister at six machined groves on the outside surface.

h. Pocket Tactical Saf-Smoke – **Model 1017** (Quantity: 38)
Manufacturer: Defense Technology
Description: This munition is small and lightweight. It will burn approximately 20-40 seconds.

i. CS Flameless Tri-Chamber – **Model 1032** (Quantity: 43)
Manufacturer: Defense Technology
Description: The flameless tri-chamber allows the contents to burn within an internal can and disperse the agent safely with reduced risk of fire.

j. CS Triple-Chaser Canister – **Model 1026** (Quantity: 52)
Manufacturer: Defense Technology
Description: The triple-chaser CS consists of three separate canisters pressed together with separating charges between each. When deployed, the canisters separate and land approximately 20 feet apart allowing increased area coverage.

k. 40mm Muzzle Blast – **Model 6042** (Quantity: 79)
Manufacturer: Defense Technology
Description: The 40mm muzzle blast CS round is widely used as a crowd management tool for the immediate and close deployment.

l. Gas Ram – **Chemical Agent Delivery Device** (Quantity: 3)
Manufacturer: Custom build
Manufacturer Description: The gas ram is a double walled container constructed of steel designed to contain the flames of a pyrotechnic chemical agent canister. There is a large metal probe attached to one end designed to penetrate walls to deploy the chemical agent inside a structure from outside.

m. Burn Safe – **Chemical Agent Delivery Device** (Quantity: 2)
Manufacturer: Burn Safe
Manufacturer Description: The Burn Safe is a double walled container constructed of aluminum. It is designed to contain the flames inside the inner chamber thereby reducing the probability of starting a fire. The Burn Safe allows the introduction of significant amounts of pyrotechnic non-lethal

chemical agent into the target, which increases the probability of a successful resolution.

3. **Pepper Ball Launchers and Pepper Ball Munitions:** A non-lethal munitions system that employs paint ball launchers to fire "pepper balls" that contain powdered synthetic OC in place of the paint. The pepper ball delivery system combines chemical agent exposure with kinetic energy impact to aid in its effectiveness in addressing armed and/or violent individuals or crowds. Pepper ball munitions also include glass breaking rounds.

   Capability / Usage: Pepper ball launchers give officers the ability to address an armed and/or violent suspect(s) with a non-lethal munition that delivers both chemical agent and kinetic energy impact. This combination can be extremely effective in gaining compliance or reducing threat potential with an armed and/or violent suspect(s). Due to its design, pepper balls can be delivered from a larger standoff distance allowing for an added degree of officer safety. Pepper ball launchers and pepper ball munitions can be used to address armed and/or violent individuals or crowds, limited instances of violent civil unrest, suicidal individuals, and individuals believed to possess or have immediate access to a deadly weapon. Pepper ball munitions can be effective in driving suspects from confined spaces or vehicles.

   Training Requirements: Officers undergo regular live fire proficiency training. Additionally, Officers are required to qualify with pepper ball launchers on a consistent basis to maintain proficiency.

   Fiscal Impact: See Appendix A

   Lifespan: Pepper Ball Launcher – No manufacturer life span indicated by manufacturer.

   Pepper Ball Munitions – Approximately three (3) year shelf life.

   The Department currently possesses the following types of pepper ball launchers and pepper ball munitions:

   a. **Tippman FTC Pepper Ball Launcher** (Quantity: 12)
      Manufacturer: Tippman
      Manufacturer Description: The Tippmann FTC paintball marker is a compact marker launcher.

   b. **PepperBall Live –** (Quantity: 4,000)
      Manufacturer: PepperBall
      Description: A potent and powerful concentration of PAVA pepper powder. One round of LIVE-X contains 2% PAVA.

n. PepperBall Glass Breaker – (Quantity:80)
Manufacturer: PepperBall
Description: Used to break side glass of vehicles and residential glass windows.

o. PepperBall Inert – (Quantity: 3,000)
Manufacturer: PepperBall
Description: Containing a harmless, scented powder, this projectile is best suited for training, qualifications, and direct impact when chemical exposure is not desired.

I. Extended Range Impact Weapons, Projectile Launcher Platforms, Munitions, and Specialty Impact Munitions (SIM)

1. **40mm Launchers (Projectile Launch Platforms):** A single shot or multi-shot Extended Range Impact Weapon launcher capable for firing a variety of 40mm rounds. The Department also has a limited inventory of 37mm launchers that share the same characteristics as 40mm launchers but are chambered for 37mm munitions.

Capability / Usage: 40mm launchers are capable of firing a variety of munitions with a maximum effective range of one hundred twenty (120) feet. 40mm launchers can deliver 40mm munitions in the form of chemical agents, and sponge baton rounds. The 40mm launchers utilized with less lethal sponge baton rounds are designed to impact armed and/or violent suspects so officers can gain compliance, overcome resistance, or prevent serious injury or death to bystanders, officers, and the suspect. 40mm single launchers combined with less lethal 40mm sponge baton rounds are authorized to be used by any officer that has been trained in its use and maintains current qualifications.

Training Requirements: Officers that have been trained in the use of the 40mm single launcher undergo thorough training in its use. Additionally, officers trained in the use of the 40mm single launcher must pass annual qualifications to maintain proficiency.

Fiscal Impact: See Appendix A

Lifespan:

Defense Technology 40mm Launchers – Two (2) year limited warranty. No lifespan indicated by manufacturer. Dependent on operational usage and wear.

Defense Technology 37mm Launchers – No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.

The Department currently possesses the following types of 40mm launchers:

a. **Def Tech – Model 1425** (Quantity: 11)
Manufacturer: Defense Technology
Description: The 40mm will fire standard 40mm Less Lethal ammunition, up to 4.8 inches in cartridge length.

b. **LMT – 40mm Launcher** (Quantity: 20)
Manufacturer: Lewis Machine & Tool
Description: The 40mm will fire standard 40mm Less Lethal ammunition, up to 4.8 inches in cartridge length.

c. **Def-Tec – Model 1415** (Quantity: 4)
Manufacturer: Defense Technology
Manufacturer Description: The 37mm will fire standard 37mm Less Lethal ammunition, up to 8 inches in cartridge length.

d. **Def-Tec 40mm 6-Shot Launcher** (Quantity: 2)
Manufacturer: Defense Technology
Description: Designed for riot and tactical situations, the 40mm 6-Shot Launcher is low-profile and lightweight, providing multi-shot capability in an easy to carry launcher.

2. **40mm Ammunition:** The 40MM round is a sponge baton cartridge. The sponge round has a blue-colored nose with a black base. The casing is stainless.

Fiscal Impact: See Appendix A

Lifespan: Five (5) year shelf life.

The Department currently possesses the following types of 40mm direct impact ammunition:

a. **eXact iMpact 40mm Sponge Round – Model 6325** (Quantity: 900)
Manufacturer: Defense Technology
Description: The eXact iMpact 40 mm Sponge Round is a point-of-aim, point-of-impact direct-fire round. This lightweight, high-speed projectile consisting of a plastic body and sponge nose that is spin stabilized via the incorporated rifling collar and the 40 mm launcher's rifled barrel. Used for Crowd Control, Patrol, and Tactical Applications.

J. Night Vision Equipment and Infrared Sighting Systems

1. **Night Vision Optical Devices:** A night-vision device (NVD), also known as night optical/observation device (NOD) or night-vision goggles (NVG) is an

optoelectronic device that allows images to be produced in low levels of light approaching total darkness.

Capability / Usage: Night Vision Optical Devices provide the user the ability to see an enhanced image during darkness. The use of this equipment allows a tactical advantage for officers especially when operating in low light or dark environments. The majority of SWAT tactical operations occur at night or are conducted in low light environments. Having NVD's allows for SWAT Officers to have a tactical advantage and an added degree of officer safety when operating in those conditions. The use of NVD's is extremely advantageous during high-risk operations, hostage rescue, active shooter, and tactical operations in a wide range of environments.

Training Requirements: SWAT Officers maintain proficiency by continual training and annual weapons qualifications with NVD's.

Fiscal Impact: See Appendix A

Lifespan: Approximately 10,000 hours.

The Department currently possesses the following types of Night Vision Optical Devices:

a. **Pinnacle Gen3 Night Vision –** (Quantity: 30)
Manufacturer: Night Vision Depot
Description: Pinnacle Gen3 Night Vision Device is a compact, lightweight, high-performance white phosphor dual-tube goggle.

b. **L3 Warrior –** (Quantity: 3)
Manufacturer: L3
Description: The L3 Warrior Night vision scope can be attached quickly to the rifle to allow for enhanced vision during nighttime operations. It works in conjunction with the rifle's optics for improved vision.

2. **Infrared Sighting Systems:** A device attached to a firearm to aid in target acquisition. Unlike optical and iron sights where the user looks through the device to aim at the target, laser sights project a beam onto the target that provides a visual reference point. This device is used in conjunction with NVD's to aid in rapid and accurate target acquisition.

Capability / Usage: This equipment, when combined with NVD's, provide the user the ability to see an enhanced image during low light conditions or darkness. The use of this equipment allows for a tactical advantage for officers. It allows officers to obtain accurate and rapid target acquisition especially when operating in a multitude of low light or dark environments. Most SWAT operations occur at night or are conducted in low light environments. Having NVD's in conjunction

with infrared sighting systems allows for SWAT Officers to have a tactical advantage and an added degree of officer safety when operating in those conditions. The use of NVD's combined with infrared sighting systems are extremely advantageous during high-risk operations, hostage rescue, active shooter, and tactical operations in a wide range of environments. Infrared sighting systems are to be used exclusively by the SWAT Unit. Night Vision optical enhancement devices combined with infrared sighting systems may be utilized during tactical missions with approval from the SWAT Commanding Officer or SWAT Executive Officer.

Training Requirements: SWAT Officers maintain proficiency by continual training and annual weapons qualifications with NVD's and infrared sighting systems.

Fiscal Impact: See Appendix A

Lifespan: Approximately 10,000 hours.

The Department currently possesses the following types of infrared sighting systems:

a. **MAWL IR Designator** (Quantity: 30)
Manufacturer: B.E. Meyers
Description: The MAWL has an IR light and IR laser which work in
conjunctions with night vision devices to illuminate and aide in aiming a
weapon system.

II. MILITARY EQUIPMENT MAINTENANCE AND INVENTORY

All military equipment shall be maintained and inventoried in accordance with department policy.

MILITARY PROCEDURE APPENDIX – A
FISCAL IMPACT – Fiscal Year 2022 (May 2022 – May 2023)

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Loki I	$13,600	Varies on Usage
Anafi Thermal	$7,439	Varies on Usage
Evo II	$1,825	Varies on Usage

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Dragon Runner	$46,000	Varies on Usage

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Bearcat G2 (2 Door)	$205,568	Varies on Usage
Bearcat G3 (4 Door)	$315,835	Varies on Usage
Bearcat G3 (Ramp)	$302,609	Varies on Usage
Rook	$570,000	Varies on Usage

Equipment Name and Model / Manufacturer	Initial Unit Cost	Ongoing Annual Cost FY22 (approximate)
SWAT Equipment Vehicle	$271,715	Varies on Usage
CP131	$124,708	Varies on Usage

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Explosive Breaching Kit	$3,850	$202,010 (total SWAT equipment budget)

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Remington 870 Breaching Shotgun	$800 Each	$150,000 (total ammo budget)
TKO 12 Gauge Breaching Shotgun Rounds	$8.15 Per Box (6)	$150,000 (total ammo budget)

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Windrunner .50 cal	$7,144	Varies on Usage
Match Ammunition - .50 BMG .510" 750 grain	$59 Per Box (10)	$150,000 (total ammo budget)

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
AR-15 Colt LWRC	$1,949 Each	Varies on Usage
.308 Semi-auto HK91	$3,899 Each	Varies on Usage
.308 Tango 51	$7,999 Each	Varies on Usage
HK MP5	$3,275 Each	Varies on Usage
.380 Sig Sauer 716	$1,350 Each	Varies on Usage
Federal FMJ 55 grain	$179 Per Case	$150,000 (total ammo budget)
Gold Dot .223 62 grain	$287 Per Case	$150,000 (total ammo budget)
HSM 750g A-Max .308	$49 Per Box	$150,000 (total ammo budget)

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Def Tec Flashbang	$38.60 Each	$202,010 (total SWAT equipment budget)
Def Tec Multi-bang	$70.00 Each	$202,010 (total SWAT equipment budget)
Training Flash Bang	$58.50 Each	$202,010 (total SWAT equipment budget)
Liberty Dynamics Flash Bang	$18,694 Total	$202,010 (total SWAT equipment budget)
SPEDE Heat	$33.05 Each	$202,010 (total SWAT equipment budget)
40mm CS Ferret	$26.15 Each	$202,010 (total SWAT equipment budget)
Pocket Tactical CS	$28.00 Each	$202,010 (total SWAT equipment budget)
Maximum HC Smoke	$32.60 Each	$202,010 (total SWAT equipment budget)
37mm Foam Baton	$24.50 Each	$202,010 (total SWAT equipment budget)
40mm Skat Shell	$40.65 Each	$202,010 (total SWAT equipment budget)
Instantaneous Blast CS	$54.60 Each	$202,010 (total SWAT equipment budget)
Pocket Tactical Smoke	$32.60 Each	$202,010 (total SWAT equipment budget)
CS Flameless Tri Chamber	$46.25 Each	$202,010 (total SWAT equipment budget)
CS Triple Chaser	$46.25 Each	$202,010 (total SWAT equipment budget)
40mm Muzzle Blast CS	$26.75 Each	$202,010 (total SWAT equipment budget)
Gas Ram	$3,250 Each	$202,010 (total SWAT equipment budget)
Burn Safe	$155.40 Each	$202,010 (total SWAT equipment budget)
Tippman FTC	$499 Each	$13,850 (Department equipment budget)
PepperBall Live	$899 Box	$13,850 (Department equipment budget)
PepperBall Glass Breaker	$3.00 Per Round	$13,850 (Department equipment budget)
PepperBall Inert	$300 Per Case	$13,850 (Department equipment budget)

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Def-Tec 40mm Launcher	$985 Each	$13,850 (Department equipment budget)
LMT 40mm Launcher	$985 Each	$13,850 (Department equipment budget)
Def-Tec 37mm Launcher	$884.50 Each	$13,850 (Department equipment budget)
Def-Tec 40mm multi-Launcher	$2,369 Each	$13,850 (Department equipment budget)
eXact iMpact 40mm Sponge Round	$30 Each	$13,850 (Department equipment budget)

Equipment Name and Model / Manufacturer	Initial Cost	Ongoing Annual Cost FY22 (approximate)
Pinnacle Gen3 NODs	$6,995 Each	Varies on Usage
L3 Warrior Optic	$7,999 Each	Varies on Usage
MAWL Designator	$2,999 Each	Varies on Usage

CITY OF ONTARIO *Agenda Report* **May 17, 2022**	**SECTION:** **ADMINISTRATIVE REPORTS/DISCUSSION/ACTION**
Department: Investments & Revenue Resources Prepared By: Nicole Phillips Staff Member Presenting: Armen Harkalyan, Executive Director of Finance Reviewed By: Cecilia House, Armen Harkalyan Approved By:	Submitted To: Council/OHA Approved: _____ Continued To: _____ Denied: _____ Item No: 25

SUBJECT: **ACCEPTANCE OF A WRITTEN PETITION TO CREATE A COMMUNITY FACILITIES DISTRICT; A RESOLUTION OF INTENTION TO ESTABLISH CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 66 (OLIVE AND OLEANDER FACILITIES) AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES; AND A RESOLUTION TO INCUR BONDED INDEBTEDNESS**

RECOMMENDATION: That the City Council consider and:

A. Accept a written petition (on file with the Records Management Department) from Shea Homes Limited Partnership, to create a Community Facilities District, and to waive certain procedural matters under the Mello-Roos Community Facilities Act of 1982;
B. Adopt a Resolution of Intention to establish City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities) (the "CFD") and authorize the associated levy of special taxes therein; and set a public hearing for the formation of the CFD as part of the regularly scheduled City Council meeting on Tuesday, June 21, 2022; and
C. Adopt a Resolution to Incur Bonded Indebtedness of proposed Community Facilities District No. 66 (Olive and Oleander Facilities)

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Operate in a Businesslike Manner
Focus Resources in Ontario's Commercial and Residential Neighborhoods
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: The use of Mello-Roos financing for facilities in the residential development of the proposed CFD for the Olive and Oleander project is estimated to generate approximately $45 million in bond proceeds to be used to fund a portion of the public infrastructure improvements that will serve the project. The use of Mello-Roos financing is critical in achieving the City Council's goal of "Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in

Ontario Ranch". Mello-Roos bonds are not a direct obligation of the City and are paid from special taxes levied on each taxable parcel in the district; therefore, there is no General Fund impact from the issuance of Mello-Roos bonds. City Council approval will be required in the future years to process annual special tax levies.

BACKGROUND & ANALYSIS: The Mello-Roos Community Facilities Act of 1982 provides local government, with the consent from a majority of the property owners, the authority to establish community facilities districts for the purpose of levying special taxes to fund governmental services and to finance various kinds of public infrastructure facilities. Under the Mello-Roos Act, the initial steps in the formation of a community facilities district to finance public improvements are adopting resolutions declaring the intention to establish a community facilities district, authorizing the levy of special taxes, and to issue bonds.

In the First Amended and Restated Agreement for the Financing and Construction of Limited Infrastructure Improvements to Serve an Easterly Portion of the New Model Colony ("First Amended and Restated Construction Agreement") between the City and NMC Builders, LLC, the City agreed to cooperate with the members of NMC Builders, LLC in the formation of community facilities districts. Shea Homes Limited Partnership, has provided a written petition to the City requesting formation of a community facilities district for the Olive and Oleander project in Ontario Ranch. The Olive and Oleander project addresses the development of approximately 21.09 gross acres located south of Ontario Ranch Road, west of Hamner Avenue, east of Mill Creek Avenue, and north of Edison Avenue. At build out, the project is projected to include 224 units, comprised of 137 attached residential units and 87 detached residential units.

Included, as part of the Resolution of Intention for the proposed district, is the proposed Rate and Method of Apportionment of Special Tax for City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities). The terms of the Rate and Method of Apportionment of Special Tax are consistent with the City Council's adopted Mello-Roos Local Goals and Policies, Resolution No. 2006-021, in all aspects.

Under the proposed Rate and Method of Apportionment, the portion of the maximum annual special tax rates which will be used to fund debt service payments on the bonds is fixed and will not increase over time. The amount of bonds authorized ($45 million) under the Resolution is set intentionally higher than the current proposed bond amount (approximately $10.6 million) in order to allow future City Councils the option to issue additional bonds to replace and/or construct new public infrastructure improvements in the future, or to fund City services without increasing the amount of the annual special taxes. The term and structure of the Rate and Method of Apportionment of Special Tax for the Olive and Oleander project are consistent with those of the previously adopted Rate and Method of Apportionments for Ontario Ranch community facilities districts. This will ensure that the special tax rates levied on all residential property owners in community facilities districts in Ontario Ranch are developed in a consistent and equivalent manner. In addition, under the provisions of the Mello-Roos Act, to ensure that home buyers are making an informed decision, all residential builders in Ontario Ranch community facilities districts will be required to disclose the maximum annual special tax amounts to each homeowner before entering into a sales contract.

List of infrastructure to be financed:

- Water and Recycled Water System
- Sewer System
- Storm Drain System
- Street, Bridges, and Circulation
- Fiber Optic System

City Staff has discussed the proposed Rate and Method of Apportionment of Special Tax with the landowner. As proposed, the Resolution of Intention to establish the district and to levy special taxes will set the public hearing date on the formation of the community facilities district for the regularly scheduled City Council meeting on Tuesday, June 21, 2022, to consider the matter.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, OF INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT, PROPOSED TO BE NAMED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 66 (OLIVE AND OLEANDER FACILITIES), AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES.

WHEREAS, Section 53318 of the Mello-Roos Community Facilities Act of 1982 (the "Act") provides that proceedings for the establishment of a Community Facilities District shall be instituted by a legislative body of a local agency when a petition requesting the institution of the proceedings signed by the owners of not less than 10% of the area of land proposed to be included in the community facilities district and not proposed to be exempt from the special tax, describing the boundaries of the territory that is proposed for inclusion in the community facilities district and specifying the types of facilities and services to be financed by the community facilities district is filed with the clerk of the legislative body; and

WHEREAS, Section 53318 of the Act further provides that such a petition may not be acted upon until the payment of a fee in an amount that the legislative body determines, within 45 days of receiving such petition, is sufficient to compensate the legislative body for all costs incurred in conducting proceedings to create a community facilities district pursuant to the Act; and

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City") has received a written petition (the "Petition") from Shea Homes Limited Partnership, a California limited partnership (the "Landowner"), requesting the institution of proceedings for the establishment of a community facilities district (the "Community Facilities District"), describing the boundaries of the territory that is proposed for inclusion in the Community Facilities District and specifying the types of facilities and services to be financed by the Community Facilities District; and

WHEREAS, the Landowner has represented and warranted to the City Council that the Landowner is the owner of 100% of the area of land proposed to be included within the Community Facilities District and not proposed to be exempt from the special tax; and

WHEREAS, Section 53314.9 of the Act provides that, at any time either before or after the formation of a community facilities district, the legislative body may accept advances of funds from any source, including, but not limited to, private persons or private entities and may provide, by resolution, for the use of those funds for any authorized purpose, including, but not limited to, paying any cost incurred by the local agency in creating a community facilities district; and

WHEREAS, Section 53314.9 of the Act further provides that the legislative body may enter into an agreement, by resolution, with the person or entity advancing the funds, to repay all or a portion of the funds advanced, as determined by the legislative body, with

or without interest, under all the following conditions: (a) the proposal to repay the funds is included in both the resolution of intention to establish a community facilities district adopted pursuant to Section 53321 of the Act and in the resolution of formation to establish a community facilities district pursuant to Section 53325.1 of the Act, (b) any proposed special tax is approved by the qualified electors of the community facilities district pursuant to the Act, and (c) any agreement shall specify that if the qualified electors of the community facilities district do not approve the proposed special tax, the local agency shall return any funds which have not been committed for any authorized purpose by the time of the election to the person or entity advancing the funds; and

WHEREAS, the City and the Landowner have entered into a Deposit and Reimbursement Agreement, dated as of January 1, 2022 (the "Deposit Agreement"), relating to the Community Facilities District, that provides for the advancement of funds by the Landowner to be used to pay costs incurred in connection with the establishment of the Community Facilities District and the issuance of special tax bonds thereby, and provides for the reimbursement to the Landowner of such funds advanced, without interest, from the proceeds of any such bonds issued by the Community Facilities District; and

WHEREAS, the City desires to include in this Resolution, in accordance with Section 53314.9 of the Act, the proposal to repay funds pursuant to the Deposit Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

SECTION 2. The City Council hereby finds that the Petition is signed by the landowner owning the requisite area of land proposed to be included within the Community Facilities District and not proposed to be exempt from the special tax.

SECTION 3. The City Council proposes to establish a community facilities district under the terms of the Act. The boundaries of the territory proposed for inclusion in the Community Facilities District are described in the map showing the proposed Community Facilities District (the "Boundary Map") on file with the City Clerk of the City (the "City Clerk"), a copy of which is attached hereto as Exhibit A, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The City Clerk is hereby directed to sign the original Boundary Map and record, or cause to be recorded, the Boundary Map with all proper endorsements thereon in the office of the San Bernardino County Recorder within 15 days of the date of adoption of this Resolution, all as required by Section 3111 of the California Streets and Highways Code.

SECTION 4. The name proposed for the Community Facilities District is "City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities)."

SECTION 5. The public facilities (the "Facilities") proposed to be financed by the Community Facilities District pursuant to the Act are described under the caption "Facilities" on Exhibit B hereto, which is by this reference incorporated herein. Those Facilities proposed to be purchased as completed public facilities are described under the caption "Facilities to be Purchased" on Exhibit B hereto. The services (the "Services") proposed to be financed by the Community Facilities District pursuant to the Act are described under the caption "Services" on Exhibit B hereto. The incidental expenses proposed to be incurred are identified under the caption "Incidental Expenses" on Exhibit B hereto. All or any portion of the Facilities may be financed through a financing plan, including, but not limited to, a lease, lease-purchase or installment-purchase arrangement.

SECTION 6. Except where funds are otherwise available, a special tax (the "Special Tax") sufficient to pay for all Facilities and Services, secured by recordation of a continuing lien against all nonexempt real property in the Community Facilities District, will be annually levied within the Community Facilities District. The rate and method of apportionment of the Special Tax (the "Rate and Method"), in sufficient detail to allow each landowner within the proposed Community Facilities District to estimate the maximum amount that he or she will have to pay, is described in Exhibit C attached hereto, which is by this reference incorporated herein. The conditions under which the obligation to pay the Special Tax to pay for Facilities may be prepaid and permanently satisfied are specified in the Rate and Method. The Special Tax will be collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as the City Council shall determine, including direct billing of the affected property owners.

SECTION 7. The Special Tax may only finance the Services to the extent that they are in addition to those provided in the territory of the Community Facilities District before the Community Facilities District is created. The Services may not supplant services already available within that territory when the Community Facilities District is created.

SECTION 8. The tax year after which no further Special Tax to pay for Facilities will be levied against any parcel used for private residential purposes is specified in the Rate and Method. Under no circumstances shall the Special Tax to pay for Facilities in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the Community Facilities District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For purposes of this paragraph, a parcel shall be considered "used for private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

SECTION 9. Pursuant to Section 53344.1 of the Act, the City Council hereby reserves to itself the right and authority to allow any interested owner of property within the Community Facilities District, subject to the provisions of said Section 53344.1 and to those conditions as it may impose, and any applicable prepayment penalties as prescribed in the bond indenture or comparable instrument or document, to tender to the Community Facilities District treasurer in full payment or part payment of any installment of the Special Tax or the interest or penalties thereon which may be due or delinquent,

but for which a bill has been received, any bond or other obligation secured thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender.

SECTION 10. The City Council hereby fixes Tuesday, June 21, 2022, at 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at 303 East B Street, Ontario, California, as the time and place when and where the City Council will conduct a public hearing on the establishment of the Community Facilities District; provided, that, in the event the June 21, 2022 City Council meeting is held via teleconference and/or videoconference only, the means by which the public may observe such public hearing and offer public comment shall be prescribed in the notice and agenda for such City Council meeting.

SECTION 11. The City Clerk is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of the proposed Community Facilities District. The publication of said notice shall be completed at least seven days prior to the date herein fixed for said public hearing. Said notice shall contain the information prescribed by Section 53322 of the Act.

SECTION 12. The levy of the proposed Special Tax shall be subject to the approval of the qualified electors of the Community Facilities District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the Community Facilities District, with each owner having one vote for each acre or portion of an acre such owner owns in the Community Facilities District.

SECTION 13. Each officer of the City who is or will be responsible for providing one or more of the proposed types of Facilities or Services is hereby directed to study, or cause to be studied, the proposed Community Facilities District and, at or before said public hearing, file a report with the City Council containing a brief description of the Facilities and Services by type that will in his or her opinion be required to adequately meet the needs of the Community Facilities District, and his or her estimate of the cost of providing the Facilities and Services. Such officers are hereby also directed to estimate the fair and reasonable cost of the Facilities proposed to be purchased as completed public facilities and of the incidental expenses proposed to be paid. Such report shall be made a part of the record of said public hearing.

SECTION 14. The Landowner has heretofore advanced certain funds, and may advance additional funds, that have been or may be used to pay costs incurred in connection with the establishment of the Community Facilities District and the issuance of special tax bonds thereby. The City Council proposes to repay all or a portion of such funds expended for such purpose, solely from the proceeds of such bonds, pursuant to the Deposit Agreement. The Deposit Agreement is hereby incorporated herein as though set forth in full herein.

SECTION 15. All actions heretofore taken by the officers, employees and agents of the City with respect to the establishment of the Community Facilities District, or in connection with or related to any of the matters referred to herein, are hereby approved, confirmed and ratified.

SECTION 16. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 17. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 17th day of May 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER, LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2022- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held May 17, 2022 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2022- duly passed and adopted by the Ontario City Council at their regular meeting held May 17, 2022.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

EXHIBIT A

BOUNDARY MAP

EXHIBIT B

FACILITIES AND INCIDENTAL EXPENSES

Facilities

The types of facilities to be financed by the Community Facilities District are street and bridge improvements, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, domestic and recycled water distribution facilities, sewer collection facilities, solid waste facilities, storm drainage facilities, park and recreation facilities and equipment, aquatic facilities and equipment, fire facilities and equipment, police facilities and equipment, library facilities and equipment, fiber optic telecommunication system facilities, general governmental office, administrative and meeting facilities, and land, rights-of-way and easements necessary for any of such facilities.

Facilities to be Purchased

The types of facilities to be purchased as completed facilities are street and bridge improvements, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, domestic and recycled water distribution facilities, sewer collection facilities, solid waste facilities, storm drainage facilities, park and recreation facilities and equipment, aquatic facilities and equipment, fire facilities and equipment, police facilities and equipment, library facilities and equipment, fiber optic telecommunication system facilities, general governmental office, administrative and meeting facilities, and land, rights-of-way and easements necessary for any of such facilities.

Services

The types of services to be financed by the Community Facilities District are police protection services, fire protection and suppression services, ambulance and paramedic services, maintenance and lighting of parks, parkways, streets, roads and open space, flood and storm protection services and maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City.

Incidental Expenses

The incidental expenses proposed to be incurred include the following:

(a) the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities;

(b) the costs associated with the creation of the Community Facilities District, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and

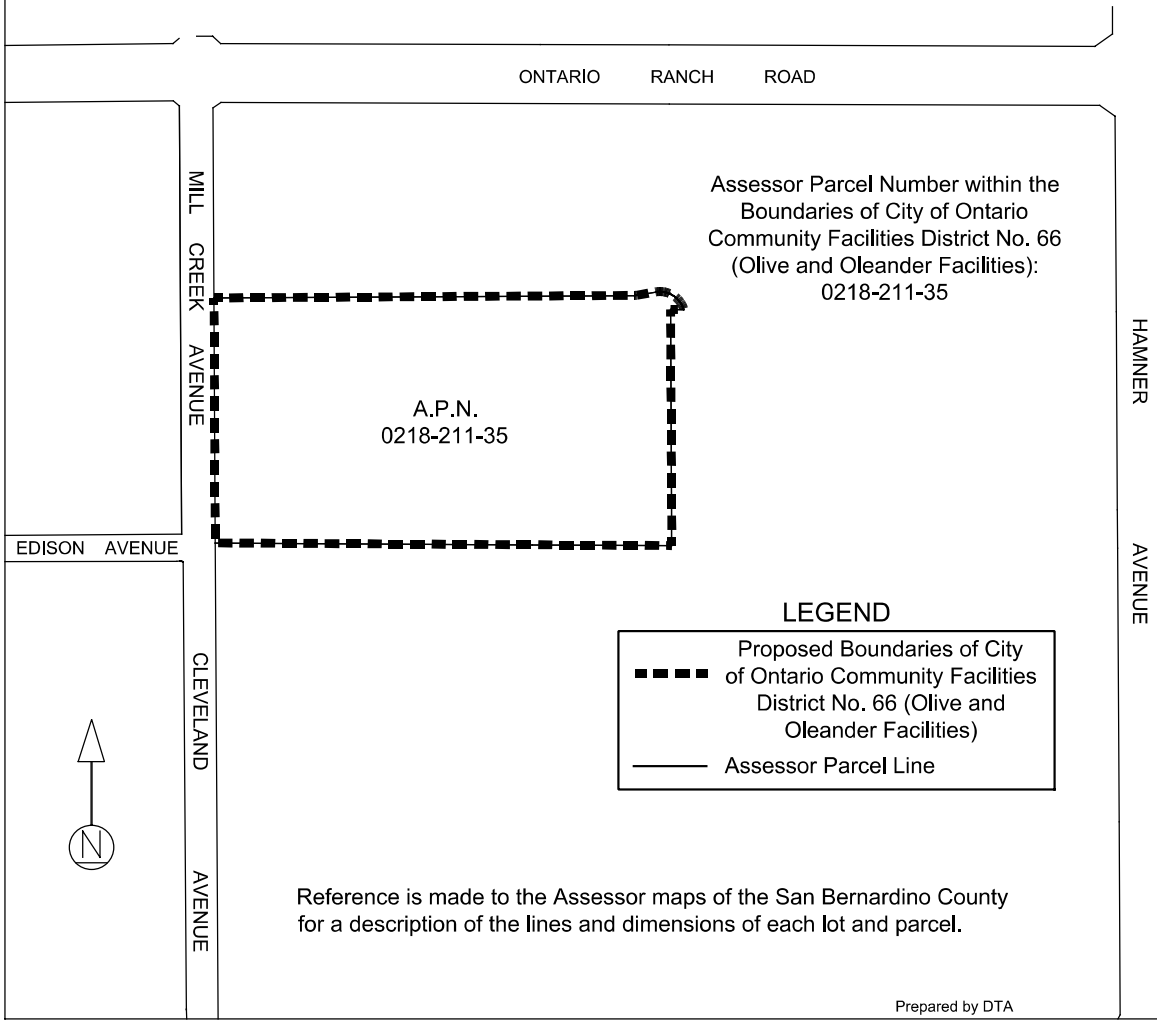
(c) any other expenses incidental to the construction, completion, and inspection of the authorized work.

EXHIBIT C

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

SHEET 1 OF 1

PROPOSED BOUNDARIES OF CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 66 (OLIVE AND OLEANDER FACILITIES) SAN BERNARDINO COUNTY STATE OF CALIFORNIA



(1) Filed in the office of the Clerk of the City of Ontario this ____ day of _____, 2022.

_____
Sheila Mautz, Clerk of the City of Ontario, California

(2) I hereby certify that the within map showing the proposed boundaries of City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities), San Bernardino County, State of California, was approved by the City Council of the City of Ontario at a regular meeting thereof, held on the _____ day of _____, 2022, by its Resolution No. _____.

_____
Sheila Mautz, Clerk of the City of Ontario, California

CITY OF ONTARIO INCORPORATED DECEMBER 1891 CALIFORNIA

San Bernardino County Recorder's Certificate

This map has been filed under Document Number _____, this _____ day of _____, 2022, at _____.m., in Book _____ of Maps of Assessment and Community Facilities Districts at page _____, in the office of the county recorder in San Bernardino County, State of California, at the request of the City of Ontario in the amount of $_____.

Bob Dutton
Assessor-Recorder
San Bernardino County

By:_____

Deputy Recorder

EXHIBIT C

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 66
(OLIVE AND OLEANDER FACILITIES)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Special Taxes shall be levied on all Assessor's Parcels in the City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities) ("CFD No. 66") and collected each Fiscal Year, commencing in Fiscal Year 2022-23, in an amount determined by the City Council of the City of Ontario through the application of the Rate and Method of Apportionment, as described below. All of the real property in CFD No. 66, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 66: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or CFD No. 66 or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City or CFD No. 66 of complying with arbitrage rebate requirements; the costs to the City or CFD No. 66 of complying with City, CFD No. 66, or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City or CFD No. 66 related to the analysis and reduction, if any, of the Special Tax on Single Family Property in accordance with Section C.1 herein; the costs of the City or CFD No. 66 related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; the City's administration fees and third party expenses; the costs of City staff time and reasonable overhead relating to CFD No. 66; and amounts estimated or advanced by the City or CFD No. 66 for any other

administrative purposes of the CFD, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means, with respect to an Assessor's Parcel, that number assigned to such Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.2 below.

"Backup Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.3 below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act) issued by CFD No. 66 under the Act and payable from Special Taxes.

"Buildable Lot" means an individual lot, within a Final Subdivision Map or an area expected by CFD No. 66 to become Final Mapped Property, such as the area within a Tentative Tract Map, for which a building permit may be issued without further subdivision of such lot.

"CFD Administrator" means an official of the City responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes, and performing the other duties provided for herein.

"CFD No. 59" means City of Ontario Community Facilities District No. 59 (Gateway Services).

"CFD No. 66" means City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities).

"City" means the City of Ontario, California.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 66.

"Contractual Impositions" means (a) a voluntary contractual assessment established and levied on an Assessor's Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 *et seq.*), as amended from time to time, (b) a special tax established and levied on an Assessor's Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax, or assessment established and levied on an individual Assessor's Parcel pursuant to a

contractual agreement or other voluntary consent by the owner thereof (e.g., property owner association assessments).

"County" means the County of San Bernardino.

"Designated Buildable Lot" means a Buildable Lot for which a building permit has not been issued by the City as of the date of calculation of the Backup Special Tax.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Final Mapped Property, Taxable Property Owner Association Property, and Taxable Public Property, for which a building permit or other applicable permit for new construction was issued after January 1, 2021, and before May 1 of the prior Fiscal Year.

"Expected Residential Lot Count" means 224 Buildable Lots of Single Family Property or, as determined by the CFD Administrator, the number of Buildable Lots of Single Family Property based on the most recent Tentative Tract Map(s) or most recently recorded Final Subdivision Map(s) or modified Final Subdivision Map(s).

"Facilities" means the public facilities authorized to be financed, in whole or in part, by CFD No. 66.

"Final Mapped Property" means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, which as of January 1 of the previous Fiscal Year was located within a Final Subdivision Map. The term Final Mapped Property shall include any parcel map or Final Subdivision Map, or portion thereof, that creates individual lots for which a building permit may be issued, including Parcels that are designated as a remainder Parcel (i.e., one where the size, location, etc., precludes any further subdivision or taxable use).

"Final Subdivision Map" means a final tract map, parcel map, or lot line adjustment approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or a condominium plan recorded in accordance with California Civil Code Section 4285 that, in either case, creates individual lots for which building permits may be issued without further subdivision.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1 below.

"Lower Income Household Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of CFD No. 66 that is subject to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and

Taxation Code (or any successor statute), as indicated in the most recent County assessor's roll finalized prior to such Fiscal Year.

"Maximum Special Tax" means, with respect to an Assessor's Parcel of Taxable Property, the Maximum Special Tax determined in accordance with Section C.1 below that can be levied in any Fiscal Year on such Assessor's Parcel of Taxable Property.

"Minimum Sale Price" means the minimum price at which Units of a given Land Use Class have sold or are expected to be sold in a normal marketing environment and shall not include prices for such Units that are sold at a discount to expected sales prices for the purpose of stimulating the initial sales activity with respect to such Land Use Class.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued by the City permitting the construction of one or more non-residential structures or facilities.

"Other Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued by the City for purposes of constructing Units, excluding Single Family Attached Property and Single Family Detached Property.

"Outstanding Bonds" means all Bonds which are outstanding under and in accordance with the provisions of the Indenture.

"Price Point Consultant" means any consultant or firm of such consultants selected by CFD No. 66 that (a) has substantial experience in performing price point studies for residential units within community facilities districts established under the Act or otherwise estimating or confirming pricing for residential units in such community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in such community facilities districts, (c) is in fact independent and not under the control of CFD No. 66 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 66, (ii) the City, (iii) any owner of real property in CFD No. 66, or (iv) any real property in CFD No. 66, and (e) is not connected with CFD No. 66 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 66 or the City.

"Price Point Study" means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section C herein.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 66 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means (a) for Developed Property in the first step of Section D below, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property; however, for Developed Property in the fourth step of Section D below, Proportionately means that the amount of the increase above the Assigned Special Tax, if necessary, is equal for all Assessor's Parcels of Developed Property, except that if the Backup Special Tax limits the increase on any

Assessor's Parcel(s), then the amount of the increase shall be equal for the remaining Assessor's Parcels; (b) for Final Mapped Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Final Mapped Property; (c) for Undeveloped Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Undeveloped Property; (d) for Taxable Property Owner Association Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property Owner Association Property; and (e) for Taxable Public Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Public Property.

"Public Property" means, for each Fiscal Year, property within the boundaries of CFD No. 66 that is (a) owned by, irrevocably offered to, or dedicated to the federal government, the State, the County, the City, or any local government or other public agency or (b) encumbered by an easement for purposes of public or utility right-of-way that makes impractical its use for any purpose other than that set forth in such easement; provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment of Special Tax.

"Residential Floor Area" means all of the Square Footage of living area within the perimeter of a Unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be as set forth in the building permit(s) issued for such Assessor's Parcel, or as set forth in other official records maintained by the City's Building Department or other appropriate means selected by CFD No. 66. The actual Square Footage shall be rounded up to the next whole square foot. Once such determination has been made for an Assessor's Parcel, it shall remain fixed in all future Fiscal Years unless an appeal pursuant to Section F below is approved that results in a change in the actual Square Footage.

"Residential Property" means, for each Fiscal Year, an Assessor's Parcel for which a building permit for new construction of one or more Units was issued after January 1, 2021, and before May 1 of the prior Fiscal Year.

"Services" means the services authorized to be financed, in whole or in part, by CFD No. 66.

"Single Family Attached Property" means all Assessor's Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor's Parcel Numbers assigned to them (except for a duplex unit, which may share an Assessor's Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential

structures that meet the statutory definition of a condominium contained in California Civil Code Section 4125.

"Single Family Detached Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for construction of a Unit, on one legal lot, that does not share a common wall with another Unit.

"Single Family Property" means all Assessor's Parcels of Single Family Attached Property and Single Family Detached Property.

"Special Tax" means the special tax authorized by the qualified electors of CFD No. 66 to be levied within the boundaries of CFD No. 66 to pay for Facilities and Services.

"Special Tax Requirement" means for any Fiscal Year that amount required, after taking into account available amounts held in the funds and accounts established under the Indenture, for CFD No. 66 to: (i) pay debt service on all Outstanding Bonds which is due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including, but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay a pro rata share of Administrative Expenses; (iv) provide any amounts required to establish or replenish any reserve fund for the Bonds; (v) pay directly for acquisition or construction of Facilities, or the cost of Services, to the extent that the inclusion of such amounts does not increase the Special Tax levy on Final Mapped Property or Undeveloped Property; and (vi) provide an amount equal to Special Tax delinquencies based on the historical delinquency rate for the Special Tax as determined by the CFD Administrator.

"Square Footage" or **"Sq. Ft."** means the floor area square footage reflected on the original construction building permit, or as set forth in other official records maintained by the City's Building Department or other appropriate means selected by CFD No. 66, issued for construction of Residential Property or Non-Residential Property, plus any square footage subsequently added to a building of Non-Residential Property after issuance of a building permit for expansion or renovation of such building.

"State" means the State of California.

"Taxable Property" means, for each Fiscal Year, all of the Assessor's Parcels within the boundaries of CFD No. 66 that are not exempt from the Special Taxes pursuant to law or Section E below.

"Taxable Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Taxes pursuant to Section E below.

"Taxable Public Property" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Taxes pursuant to law or Section E below.

"Tentative Tract Map" means a map: (i) showing a proposed subdivision of an Assessor's Parcel(s) and the conditions pertaining thereto; (ii) that may or may not be based on a detailed survey; and (iii) that is not recorded by the County to create legal lots.

"Total Tax Burden" means, for a Unit within a Land Use Class, for the Fiscal Year in which the Total Tax Burden is being calculated, the sum of (a) the Assigned Special Tax for such Land Use Class for such Fiscal Year, plus (b) the CFD No. 59 special tax for services for such Land Use Class for such Fiscal Year, plus (c) the *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental fees, charges (other than fees or charges for services such as sewer and trash), taxes, and assessments (which do not include Contractual Impositions) collected by the County on *ad valorem* tax bills and that the CFD Administrator estimates would be levied or imposed on such Unit in such Fiscal Year if the residential dwelling unit thereon or therein had been completed and sold, and was subject to such fees, charges, taxes, and assessments in such Fiscal Year.

"Trustee" means the trustee or fiscal agent under the Indenture.

"TTM 20265" means Tentative Tract Map No. 20265, the area of which is located within CFD No. 66.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Public Property, or Taxable Property Owner Association Property.

"Unit" means an individual single-family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, beginning with Fiscal Year 2022-23, all Taxable Property within CFD No. 66 shall be classified as Developed Property, Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property and shall be subject to Special Taxes in accordance with the Rate and Method of Apportionment as determined pursuant to Sections C and D below. Assessor's Parcels of Developed Property shall be further classified as Single Family Detached Property or Single Family Attached Property, Other Residential Property, or Non-Residential Property. Assessor's Parcels of Single Family Detached Property shall be assigned to Land Use Classes 1 through 5 and Assessor's Parcels of Single Family Attached Property shall be assigned to Land Use Classes 6 through 10, as listed in Table 1 below based on the Residential Floor Area of the Units on such Assessor's Parcels. Other Residential Property shall be assigned to Land Use Class 11, and Non-Residential Property shall be assigned to Land Use Class 12.

C. MAXIMUM SPECIAL TAX

1. Special Tax

At least 30 days prior to the issuance of Bonds, the Assigned Special Tax on Developed Property (set forth in Table 1 below) shall be analyzed in accordance with and subject to the conditions set forth in this Section C. At such time, CFD No. 66 shall select and engage a Price Point Consultant and the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of Units within each Land Use Class. If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to Units within one or more Land Use Classes of Single Family Property to be constructed within CFD No. 66 exceeds 1.95% of the Minimum Sale Price of such Units, the Assigned Special Tax shall be reduced to the extent necessary to cause the Total Tax Burden that shall apply to Units within such Land Use Class(es) not to exceed 1.95% of the Minimum Sale Price of such Units.

Each Assigned Special Tax reduction for a Land Use Class shall be calculated by the CFD Administrator separately, and it shall not be required that such reduction be proportionate among Land Use Classes. In connection with any reduction in the Assigned Special Tax, the Backup Special Tax shall also be reduced by the CFD Administrator based on the percentage reduction in Maximum Special Tax revenues within the Tentative Tract Map area(s) where the Assigned Special Tax reductions occurred. Upon determining the reductions, if any, in the Assigned Special Tax and Backup Special Tax required pursuant to this Section C, the CFD Administrator shall complete the Certificate of Modification of Special Tax substantially in the form attached hereto as Exhibit 1 (the "Certificate of Modification"), shall execute such completed Certificate of Modification, and shall deliver such executed Certificate of Modification to CFD No. 66. Upon receipt thereof, if in satisfactory form, CFD No. 66 shall execute such Certificate of Modification. The reduced Assigned Special Tax and Backup Special Tax specified in such Certificate of Modification shall become effective upon the execution of such Certificate of Modification by CFD No. 66.

The Special Tax reductions required pursuant to this section shall be reflected in an amended notice of Special Tax lien, which CFD No. 66 shall cause to be recorded with the County Recorder as soon as practicable after execution of the Certificate of Modification by CFD No. 66. The reductions in this section apply to Single Family Property, but not to Other Residential Property or Non-Residential Property.

a. Developed Property

1) *Maximum Special Tax*

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property shall

be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax. The Maximum Special Tax shall not increase in future years, other than as calculated pursuant to Section C.1.a.3 below.

2) *Assigned Special Tax*

The Assigned Special Tax that may be levied in any Fiscal Year for each Land Use Class is shown below in Table 1.

TABLE 1
ASSIGNED SPECIAL TAX – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax
1	Single Family Detached Property	< 2,001	$3,775 per Unit
2	Single Family Detached Property	2,001 – 2,200	$4,031 per Unit
3	Single Family Detached Property	2,201 – 2,400	$4,190 per Unit
4	Single Family Detached Property	2,401 – 2,600	$4,509 per Unit
5	Single Family Detached Property	> 2,600	$4,616 per Unit
6	Single Family Attached Property	< 1,301	$2,958 per Unit
7	Single Family Attached Property	1,301 – 1,450	$3,216 per Unit
8	Single Family Attached Property	1,451 – 1,600	$3,388 per Unit
9	Single Family Attached Property	1,601 – 1,750	$3,602 per Unit
10	Single Family Attached Property	> 1,750	$3,860 per Unit
11	Other Residential Property		$74,898 per Acre
12	Non-Residential Property		$74,898 per Acre

3) Backup Special Tax

The Backup Special Tax shall be $4,243 per Unit for Single Family Detached Property and $3,412 for Single Family Attached Property. However, if the Expected Residential Lot Count does not equal 87 for Single Family Detached Property or 137 for Single Family Attached Property, and the City has not issued Bonds, then the Backup Special Tax for Designated Buildable Lots of Single Family Property shall be calculated separately for Single Family Detached Property and Single Family Attached Property according to the following formula:

Backup Special Tax = $369,163 ÷ Expected Residential Lot Count for Single Detached Family Property

Or $467,376 ÷ Expected Residential Lot Count for Single Attached Family Property

If any portion of a Final Subdivision Map, or any area expected by CFD No. 66 to become Final Mapped Property, such as the area within TTM 20265, or any other Tentative Tract Map, changes any time after the City has issued Bonds, causing an adjustment to the number of Designated Buildable Lots, then the Backup Special Tax for all Designated Buildable Lots of Single Family Detached Property and Single Family Attached Property subject to the change shall be calculated according to the following steps:

Step 1: Determine the total Backup Special Tax that could have been collected from Designated Buildable Lots, separately for Single Family Detached Property and Single Family Attached Property, prior to the Final Subdivision Map or expected Final Mapped Property change.

Step 2: Divide the amount determined in Step 1 by the number of Designated Buildable Lots, separately for Single Family Detached Property and Single Family Attached Property, that exists after the Final Subdivision Map or expected Final Mapped Property change.

Step 3: Apply the amount determined in Step 2 as the Backup Special Tax per Unit for Single Family Detached Property and Single Family Attached Property.

The Backup Special Tax for an Assessor's Parcel shall not change once an Assessor's Parcel is classified as Developed Property.

b. Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property

The Maximum Special Tax for Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property shall be $74,898 per Acre, and shall not be subject to increase or reduction and, therefore, shall remain the same in every Fiscal Year.

2. Multiple Land Use Classes on an Assessor's Parcel

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax for all Units of Single Family Property and Acres of Other Residential Property and Non-Residential Property (based on the pro rata share of Square Footage between Other Residential Property and Non-Residential Property, according to the applicable building permits, Final Subdivision Map, parcel map, condominium plan, or other recorded County map) located on that Assessor's Parcel.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Each Fiscal Year, beginning with Fiscal Year 2022-23, the CFD Administrator shall determine the Special Tax Requirement for such Fiscal Year. The Special Tax shall then be levied as follows:

First: If needed to satisfy the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property up to 100% of the Maximum Special Tax for Final Mapped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to the Maximum Special Tax for Taxable Property Owner Association Property;

Sixth: If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, under no circumstances shall the Special Tax levied in any Fiscal Year on any Assessor's Parcel of Single Family Property or Other Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of delinquency or default by the owner or owners of any other Assessor's Parcel or Assessor's Parcels within CFD No. 66 by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

E. EXEMPTIONS

No Special Tax shall be levied on up to 3.23 Acres of Public Property and up to 5.45 Acres of Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property.

Property Owner Association Property or Public Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth or sixth step, respectively, in Section D above, up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property. No Special Tax shall be levied in any Fiscal Year on Assessor's Parcels that have fully prepaid the Special Tax obligation pursuant to the formula set forth in Section H.

No Special Tax shall be levied on Lower Income Household Welfare Exemption Property; provided, however, that if, in any Fiscal Year, applicable law does not require that Lower Income Household Welfare Exemption Property be exempt from some portion, or all, of the Special Tax, such portion, or all, of the Special Tax shall be levied on such property in accordance with this Rate and Method of Apportionment based on the Land Use Class to which the Assessor's Parcel is assigned.

F. APPEALS

Any property owner may file a written appeal of the Special Tax with CFD No. 66 claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Tax that is disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the City Council requires the Special Tax to be modified or changed in favor of the property owner, then the CFD Administrator shall

determine if sufficient Special Tax revenue is available to make a cash refund. If a cash refund cannot be made, then an adjustment shall be made to credit future Special Tax levy(ies).

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the Special Tax may be collected in such other manner as the City Council shall determine, including direct billing of affected property owners.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities" means $11,749,000 for each Prepayment Period, or such lower number as determined by the City Council to be sufficient to fund the Facilities and Services to be provided by CFD No. 66.

"Expenditures Fund" means funds or accounts, regardless of their names, that are established to hold moneys that are available to acquire or construct Facilities and to fund Services.

"Future Facilities Costs" means the CFD Public Facilities minus (i) Facilities and Services costs previously paid from the Expenditures Fund during the Prepayment Period in which the prepayment is being made, (ii) moneys currently on deposit in the Expenditures Fund from deposits made during the Prepayment Period in which the prepayment is being made, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance Facilities costs. In no event shall the amount of Future Facilities Costs be less than zero.

"Prepayment Period" means one of three periods of time during which a Special Tax prepayment may be made.

"Prepayment Period 1" means July 1, 2022, through June 30, 2056.

"Prepayment Period 2" means July 1, 2056, through June 30, 2089.

"Prepayment Period 3" means July 1, 2089, through June 30, 2123.

1. Prepayment in Full

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid as described herein, provided that a prepayment may be made only for Assessor's Parcels for which a building permit for new construction was issued after January

1, 2021, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a fee for providing this service. Prepayment in any six month period must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Total	Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

Paragraph No.

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel, and determine the Prepayment Period for the proposed prepayment.

2. Compute the Assigned Special Tax and Backup Special Tax for the Assessor's Parcel to be prepaid based on the Developed Property Special Tax which is, or could be, charged in the current Fiscal Year. For Assessor's Parcels of Final Mapped Property (for which a building permit has been issued but which is not yet classified as Developed Property) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.

3. (a) Divide the Assigned Special Tax computed pursuant to Paragraph 2 by the total estimated Assigned Special Tax for CFD No. 66 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 66, excluding any Assessor's Parcels which have been prepaid, and

   (b) Divide the Backup Special Tax computed pursuant to Paragraph 2 by the estimated total Backup Special Tax at buildout of CFD No. 66, excluding any Assessor's Parcels which have been prepaid.

4. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to Paragraph 4 by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

6. Compute the Future Facilities Costs for the applicable Prepayment Period.

7. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) by the amount determined pursuant to Paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.

10. Add the amounts computed pursuant to Paragraphs 8 and 9 to determine the "Defeasance Amount".

11. Verify the administrative fees and expenses of CFD No. 66, including the costs to compute the prepayment, the costs to invest the prepayment proceeds, the costs to redeem Bonds, and the costs to record any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement on the prepayment date or the redemption date.

13. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Paragraphs 4, 5, 7, 10, and 11, less the amount computed pursuant to Paragraph 12 (the "Prepayment Amount").

14. From the Prepayment Amount, the amounts computed pursuant to Paragraphs 4, 5, 10, and 12 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Paragraph 7 shall be deposited into the Expenditures Fund. The amount computed pursuant to Paragraph 11 shall be retained by CFD No. 66.

The Special Tax Prepayment Amount may be sufficient to redeem other than a $5,000 increment of Bonds. In such cases, the increment above $5,000, or integral multiple thereof, will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under Paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid during Prepayment Period 3, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate that the Special Tax has been prepaid and that the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

With respect to the Special Tax for any Assessor's Parcel that is prepaid during Prepayment Period 1 or Prepayment Period 2, the obligation of such Assessor's Parcel to pay the Special Tax shall be tolled, or suspended, through the end of such Prepayment Period, but shall resume in the first Fiscal Year of the subsequent Prepayment Period. The CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate that the Special Tax has been satisfied for the remainder of the applicable Prepayment Period but has not been permanently satisfied and the obligation to pay the Special Tax will resume in the first Fiscal Year of the Prepayment Period following the Prepayment Period in which the prepayment was made. Once the obligation of an Assessor's Parcel to pay the Special Tax resumes, the Special Tax for the then applicable Prepayment Period may be prepaid.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of the Maximum Special Tax that may be levied on Taxable Property within CFD No. 66 (after excluding 3.23 Acres of Public Property and 5.45 acres of Property Owner Association Property) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Special Tax on an Assessor's Parcel for which a building permit for new construction was issued after January 1, 2021, may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1, except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = (PF - AE) \times \% + AE.$$

The terms above have the following meaning:

PP = the partial prepayment
PF = the Prepayment Amount (full prepayment) for the Special Tax calculated according to Section H.1
AE = the Administrative Fees and Expenses determined pursuant to paragraph 11 above
% = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax

The Special Tax partial prepayment amount must be sufficient to redeem at least a $5,000 increment of Bonds.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the remitted prepayment funds according to Section H.1, and (ii) indicate in the records of CFD No. 66 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (100% - "%", as defined above) of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D during the Prepayment Period in which the partial prepayment is made.

For partial prepayments made during Prepayment Period 1 or Prepayment Period 2, the full amount of the Special Tax shall resume in the first Fiscal Year of the Prepayment Period following the Prepayment Period in which the partial prepayment was made. Once the obligation of an Assessor's Parcel to pay the Special Tax resumes, the Special Tax for the then applicable Prepayment Period may be prepaid.

I. TERM OF SPECIAL TAX

The Fiscal Year after which no further Special Tax shall be levied or collected is Fiscal Year 2122-2123, except that the Special Tax that was lawfully levied in or before such Fiscal Year and that remains delinquent may be collected in subsequent years.

EXHIBIT 1

CERTIFICATE OF MODIFICATION OF SPECIAL TAX
(PAGE 1 OF 2)

CITY OF ONTARIO AND CFD NO. 66 CERTIFICATE

1. Pursuant to Section C.1 of the Rate and Method of Apportionment of Special Tax (the "Rate and Method") for City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities) ("CFD No. 66"), the Assigned Special Tax and the Backup Special Tax for Developed Property within CFD No. 66 has been modified.

    a. The information in Table 1 relating to the Assigned Special Tax for Developed Property within CFD No. 66, as stated in Section C.1.a.2 of the Rate and Method of Apportionment, has been modified as follows:

TABLE 1
ASSIGNED SPECIAL TAX – DEVELOPED PROPERTY

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax
1	Single Family Detached Property	< 2,001	$[ ] per Unit
2	Single Family Detached Property	2,001 – 2,200	$[ ] per Unit
3	Single Family Detached Property	2,201 – 2,400	$[ ] per Unit
4	Single Family Detached Property	2,401 – 2,600	$[ ] per Unit
5	Single Family Detached Property	> 2,600	$[ ] per Unit
6	Single Family Attached Property	< 1,301	$[ ] per Unit
7	Single Family Attached Property	1,301 – 1,450	$[ ] per Unit
8	Single Family Attached Property	1,451 – 1,600	$[ ] per Unit
9	Single Family Attached Property	1,601 – 1,750	$[ ] per Unit
10	Single Family Attached Property	> 1,750	$[ ] per Unit
11	Other Residential Property		$[ ] per Acre
12	Non-Residential Property		$[ ] per Acre

    b. The Backup Special Tax for Developed Property, as stated in Section C.1.a.3, shall be modified as follows:

EXHIBIT 1

CERTIFICATE OF MODIFICATION OF SPECIAL TAX
(PAGE 2 OF 2)

The Backup Special Tax shall be $[____] per Unit for Single Family Detached Property and $[____] per Unit for Single Family Attached Property. However, if the Expected Residential Lot Count does not equal 87 for Single Family Detached Property or 137 for Single Family Attached Property, and the City has not issued Bonds, then the Backup Special Tax for Designated Buildable Lots of Single Family Property shall be calculated separately for Single Family Detached Property and Single Family Attached Property according to the following formula:

Backup Special Tax = $[_____] ÷ Expected Residential Lot Count for Single Family Detached Property

or $[_____] ÷ Expected Residential Lot Count for Single Family Attached Property

2. The Special Tax for Developed Property may only be modified prior to the first issuance of CFD No. 66 Bonds.

3. Upon execution of this certificate by CFD No. 66, CFD No. 66 shall cause an amended notice of Special Tax lien for CFD No. 66 to be recorded reflecting the modifications set forth herein.

Capitalized undefined terms used herein have the meanings ascribed thereto in the Rate and Method. The modifications set forth in this Certificate have been calculated by the CFD Administrator in accordance with the Rate and Method.

GOODWIN CONSULTING GROUP, INC.
CFD ADMINISTRATOR

By:_____ Date:_____

The undersigned acknowledges receipt of this Certificate and of the modification of the Assigned Special Tax and Backup Special Tax for Developed Property as set forth in this Certificate.

CITY OF ONTARIO
COMMUNITY FACILITIES DISTRICT NO. 66
(OLIVE AND OLEANDER FACILITIES)

By:_____ Date:_____

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, TO INCUR BONDED INDEBTEDNESS OF THE PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 66 (OLIVE AND OLEANDER FACILITIES).

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), has this date adopted its Resolution entitled "A Resolution of the City Council of the City of Ontario, California, of Intention to Establish a Community Facilities District, Proposed to be Named City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities), and to Authorize the Levy of Special Taxes," stating its intention to establish City of Ontario Community Facilities District No. 66 (Olive and Oleander Facilities) (the "Community Facilities District") for the purpose of financing certain public facilities (the "Facilities") and services, as further provided in said Resolution; and

WHEREAS, in order to finance the Facilities it is necessary to incur bonded indebtedness in the amount of up to $45,000,000.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

SECTION 2. The City Council hereby declares that in order to finance the Facilities, it is necessary to incur bonded indebtedness.

SECTION 3. The purpose for which the proposed debt is to be incurred is to provide the funds necessary to pay the costs of the Facilities, including all costs and estimated costs incidental to, or connected with, the accomplishment of said purpose and of the financing thereof, as permitted by Section 53345.3 of the Act.

SECTION 4. The maximum amount of the proposed debt is $45,000,000.

SECTION 5. The City Council hereby fixes Tuesday, June 21, 2022, at 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at 303 East B Street, Ontario, California, as the time and place when and where the City Council will conduct a public hearing on the proposed debt authorization; provided, that, in the event the June 21, 2022 City Council meeting is held via teleconference and/or videoconference only, the means by which the public may observe such public hearing and offer public comment shall be prescribed in the notice and agenda for such City Council meeting.

SECTION 6. The City Clerk of the City is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of the proposed Community Facilities District. The

publication of said notice shall be completed at least seven days prior to the date herein fixed for said public hearing. Said notice shall contain the information prescribed by Section 53346 of the Act.

SECTION 7. All actions heretofore taken by the officers, employees and agents of the City with respect to the proposed incurrence of bonded indebtedness by the Community Facilities District, or in connection with or related to any of the matters referred to herein, are hereby approved, confirmed and ratified.

SECTION 8. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 9. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 17th day of May 2022.

_____
PAUL S. LEON, MAYOR

ATTEST:

_____
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

_____
BEST BEST & KRIEGER, LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2022- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held May 17, 2022 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2022- duly passed and adopted by the Ontario City Council at their regular meeting held May 17, 2022.

_____
SHEILA MAUTZ, CITY CLERK

(SEAL)