PALMDALE

a place to call home

CITY COUNCIL
SUCCESSOR AGENCY
HOUSING AUTHORITY
CITY COUNCIL CHAMBER
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
TUESDAY, JUNE 3, 2025
5:00 PM
www.cityofpalmdaleca.gov

WELCOME

LEGISLATIVE BODY

RICHARD J. LOA, MAYOR
LAURA BETTENCOURT, MAYOR PRO TEM
AUSTIN BISHOP, COUNCILMEMBER
ERIC OHLSEN, COUNCILMEMBER
ANDREA ALARCÓN, COUNCILMEMBER

1. **CALL MEETING TO ORDER**

Note: All City Council memberships are reflected in their City Council titles.

2. **ROLL CALL**
   MAYOR LOA, MAYOR PRO TEM BETTENCOURT, COUNCILMEMBERS BISHOP, OHLSEN, ALARCÓN
   COMMISSIONERS FRAGA-SAENZ, BETTS

3. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

4. **PRESENTATIONS**

   4.1 Fight Fentanyl Antelope Valley Awareness Campaign update and announcement of Youth Multimedia Challenge Winners; and recognition of Palmdale High

School Students Fentanyl Awareness PSA.

4.2 Department of Public Works Maintenance Division updates.
PPT PW Maintenance Division Update.pptx

5. **PUBLIC COMMENTS**

The public is allotted to speak a total of three (3) minutes on each section of the agenda i.e. Consent Calendar, Appointment-New Business, and Closed Session. As specified in the Brown Act, a speaker utilizing a translator will receive twice the amount of time specified. Any person who would like to address the Legislative Body on any agendized item may complete a speaker card for the City Clerk and identify the agenda item you would like to discuss.

6. **CONSENT CALENDAR**

All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by Council, in which case the item(s) will be removed from the Consent Calendar and will be considered separately following this portion of the Agenda.

6.1 Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This allows for reading the title only in lieu of reciting the entire text).

6.2 Receive and File the Monthly and Quarterly Investment Reports for April 2025.
SR Monthly Investment Reports April 2025.docx
Rpt Monthly Investment Reports April 2025.pdf

6.3 Approve agreement with eSentire, Inc., for Security Operations Center (SOC) Services and Incident Response in the amount of $333,000 for a term of three (3) years.
SR Agrmt No. A-9337 with eSentire, Inc.docx
Agrmt No. A-9337 with eSentire, Inc.pdf

6.4 Review and approve permit issuance for 36 non-profit organizations for fireworks stands, including their proposed locations.
SR 2025 Fireworks Stands.docx
Fireworks Stand Location Map 2025.pdf

6.5 Award agreement with WhiteWater West Industries, Ltd., for construction services for PN 924, DryTown Water Park Thrill Ride Attraction Project for a total not to exceed amount of $1,544,955 for a completion date no later than April 15, 2026.
SR Agrmt No. A-9344 with WhiteWater West.docx
Agrmt No. A-9344 with WhiteWater West Industries LTD.pdf
Exh A Contractor's Scope of Work.pdf
Exh B Contractor's Project Schedule.pdf

Attch C Project Map and Slide Rendering.docx

6.6 Adopt Resolution No. CC 2025-027, a Resolution of the City Council of the City of Palmdale declaring its intention to continue assessments for Fiscal Year 2025-26, preliminarily approving the annual Engineer's Report, and providing notice of Public Hearing for the City of Palmdale Drainage Benefit Assessment Districts No. 1 and No. 2006-02.

SR Reso. No. CC 2025-027.docx
Reso. No. CC 2025-027.docx
Rpt Fiscal Year 2025-26 Engineers Report, Drainage Benefit Assessment Districts.pdf

6.7 Adopt Resolution No. CC 2025-028, a Resolution of the City Council of the City of Palmdale declaring its intention to continue assessments for Fiscal Year 2025-26, preliminarily approve the annual Engineer's Reports and providing Notice of Hearing for the City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations.

SR Reso. No. CC 2025-028.docx
Reso. No. CC 2025-028.docx
Rpt Fiscal Year 2025-26 Combined Engineers Report for Landscape Maintenance Assessment Districts and Annexations.pdf
Rpt Fiscal Year 2025-26 Engineers Report for Park Maintenance and Recreation Improvement District.pdf
Rpt Fiscal Year 2025-26 Engineers Report for Streetlight Maintenance Assessment Districts and Annexations.pdf

6.8 Approve agreement with EcoFert, Inc., for installation of new fertigation systems and monthly fertigation system service at various park sites for a total not to exceed amount of $528,640 for a term of one year from the Notice to Proceed, with two additional one-year options to extend.

SR Agrmt No. A-9326 with EcoFert Inc.docx
Agrmt No. A-9326 with EcoFert, Inc.pdf

6.9 Adopt Resolution No. CC 2025-042, a Resolution of the City Council of the City of Palmdale approving the application for Local Streets and Roads Funds authorized under Article 8 of the Transportation Development Act.

SR Reso. No. CC 2025-042 FY24-25.docx
Reso. No. CC 2025-042.docx
Atch 1 TDA Claim Forms FY 2025-signed.pdf

6.10 Approve the minutes from the previous meeting.

Mins 05 22 2025.pdf
Mins 05 21 2025.pdf

7. **APPOINTMENTS**

7.1 Appoint one (1) member to serve on the Board of Library Trustees.
SR Appt Board of Library Trustees.docx
Apps.pdf

8. **JOINT PUBLIC HEARING CC/HA**

8.1 Public Hearing to Receive Public Comments, Adopt Resolution No. HA 2025-001 of the Housing Authority of the City of Palmdale, approving Affordable Housing Agreement No. A-9241 with Victory Outreach - Palmdale, Housing Authority Ground Lease, and Housing Authority Loan of $580,000 for property Located at 513 East Avenue Q4 (APN 3008-013-902); Adopt Resolution No. CC 2025-041 of the City Council of the City of Palmdale, approving Affordable Housing Agreement No. A-9241 between the Housing Authority of the City of Palmdale and Victory Outreach - Palmdale, approving and authorizing the Conveyance of property located at 513 East Avenue Q4 (APN 3008-013-902) from the Housing Authority of the City of Palmdale to Victory Outreach - Palmdale, and making certain findings; Approve Measure H Loan Agreement A-9242 between the City of Palmdale and Victory Outreach - Palmdale for a Rehabilitation Loan of $361,145 for 513 East Avenue Q4.
SR 513 Q4 HA 2025-001.docx
Reso. No. CC 2025-041.docx
Reso. No. HA 2025-001.docx
Atch 1 Affordable Housing Agreement A-9241 with Victory Outreach Palmdale.pdf
Atch 2 Measure H Loan Agreement A-9242 with Victory Outreach Palmdale.pdf
Atch 3 Parcel Map.pdf

9. **CITY MANAGER'S REPORT**

10. **NON-AGENDA PUBLIC COMMENTS*:***
Now is the time for public participation on items not listed on the agenda. Each speaker is allotted three (3) minutes total.

11. **COUNCIL REPORTS, ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS**

11.1 Discussion item Mayor Loa (1).

11.2 Council Reports.
Monthly Informational Report 060325 Bettencourt.pdf
Monthly Informational Report 060325 Bishop.pdf
Monthly Informational Report 060325 Ohlsen.pdf

12. **PRESENTATION BY CITY ATTORNEY**

    12.1 Conference with Legal Counsel – Existing Litigation
    Candie Sue Schermerhorn v. City of Palmdale, et al.
    This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

13. **ANNOUNCEMENT BY CITY ATTORNEY**

14. **ADJOURN** meeting to June 17, 2025, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

Americans with Disabilities Act (ADA) Accommodations
In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (661) 267-5151 at least 48 hours prior to the meeting.

If you require oral translation, please contact the City Clerk's Office at (661) 267-5151 at least 48 hours prior to the meeting.

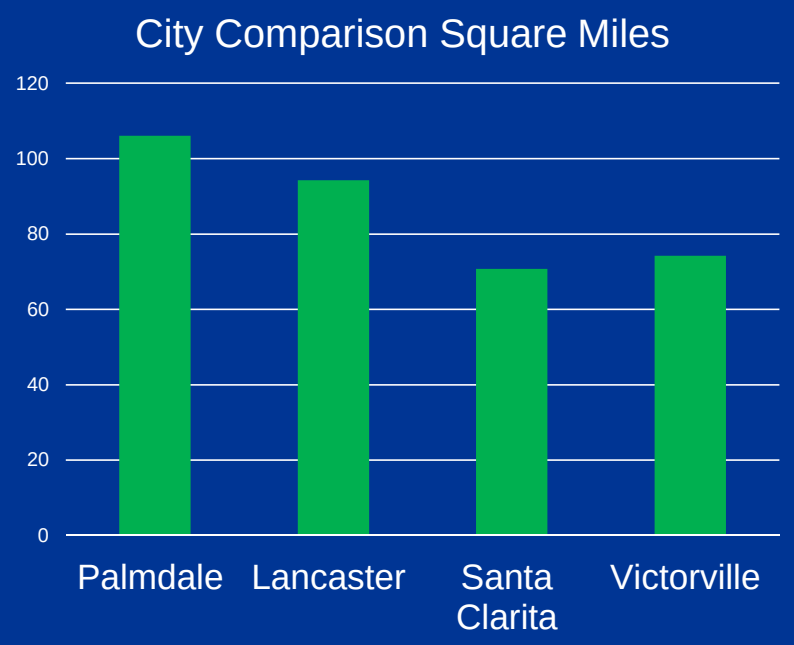
PUBLIC WORKS DEPARTMENT

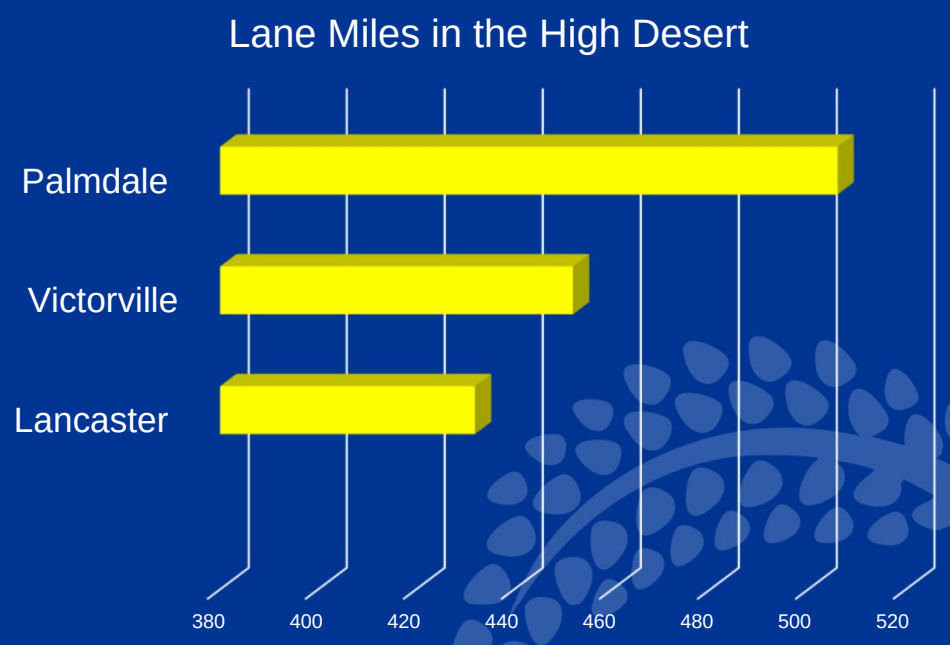
Maintenance Division Update

City Council Meeting

June 3, 2025

Maintenance Administration





Facility Maintenance

Duties	Total
Buildings Maintained & Repaired	**74**
Building Area Maintained	**420,000 sq. ft.**
Facilities with Custodial Services	**48**
Light Poles Maintained	**1,493**
Light Fixtures Maintained	**2,609**

Fleet Maintenance

Fleet Inventory	Units
Cars, vans and trucks	154
Large construction equipment	43
Trailers and various maintenance equipment	27
Small maintenance equipment	150
Back-up generators	9
Fueling site	1

Street Maintenance

Streets and Drainage Statistics	Units
Street Centerline	**602 miles**
Pavement Area	**2,282 acres**
Curb	**606 miles**
Alley	**2 miles**
Sidewalk	**560 miles**
Gravel/Dirt Road Centerline	**2.5 miles**
Bridges	**9 miles**
Box Culverts	**6**
Drywells	**610**
Drainage Basins (Regional and Ana Verde)	**14**
Traffic Safety Signs	**8,645**
Storm Drains and Culverts	**17**
Pump Stations	**3**

Sewer Maintenance

Sewer Maintenance Statistics	Units
6- to 21-inch sewer mainline	**395 miles**
Footage of force main pumped sewage	**2,790 gallons**
Lift Stations	**2**
Manholes	**8,541**
Industrial Waste Permits	**450**

Traffic Signal & Streetlight Maintenance

Traffic Signal & Streetlight Maintenance	Units
Traffic Signals	**110**
Pedestrian, School, and Stop Beacons	**54**
Streetlights	**17,954**
Freeway and Soffit Maintenance	**7**
Shared Jurisdictional Signal Traffic Signals	**71**

Landscape Maintenance

Landscape Assessment Districts and General Benefit Landscape

Landscape Statistics	Units
Landscape Districts	**247**
General Benefit Landscape	**57**
Landscaped Areas	**484 acres**
Trees maintained	**15,826**
Drainage Basins	**286**
Nature Trails	**6 miles**
Irrigation Controllers	**448**
Backflow Prevention Devices	**476**
Drainage Basin Pump Stations	**15**
Weather Stations	**3**

Park Maintenance

Parks Statistics	Units
Parks Maintained	**20**
Transportation Facilities Maintained	**3**
Total Area Maintained (Ac)	**575 acres**
Ball Fields (softball and little league) (Ea)	**17**
Courts (tennis/pickle ball, basketball, volleyball)	**49.5**
Multi Use Sports Fields (soccer & flag football)	**28**
Skate Parks	**2**
Trees Maintained	**6,897**

Community Preservation Program

Community Preservation Program	Units
Graffiti Removal	**393,370 sq. ft.**
Block Wall Restoration	**1,383 sq. ft.**
Illegal Dumping	**2,380 tons**
Shopping Cart Retrieval	**750**

PW Maintenance Division

Public Works Department
38250 Sierra Highway
Palmdale, CA 93550
661/267-5300

Public Works Maintenance Division
39110 3rd Street East
Palmdale, CA 93550
661/267-5338

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OPERATIONS DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE MONTHLY INVESTMENT ACTIVITY REPORTS FOR APRIL 2025**

RECOMMENDATION

Staff recommend that the City Council:

Receive and file the April 2025 monthly investment activity reports for the City of Palmdale and Successor Agency.

BACKGROUND

Pursuant to Section 16 of the City and Successor Agency Investment Policy, the City Treasurer shall prepare and present monthly reports on investments to the City Manager/Executive Director and the City Council/Directors. The reports shall detail the type of investment, issuer's name, purchase date, maturity date, amount of deposit, and interest rate. This information shall be provided for all City and Successor Agency pooled investments and for Certificates of Participation, Revenue Bonds, Tax Allocation Bonds, Assessment Districts, and Community Facilities District accounts managed by outside Fiscal Agents.

The monthly investment reports provide a synopsis of the City and Successor Agency's investment activity. They provide information on assets, allocations, average maturities, yields, and book valuations. The interest rates presented are the most current rates available as of the date of this report.

The market values presented for pooled City and Successor Agency investments are based on closing prices for the related investment as of the date of this report. This information was obtained from the Wall Street Journal, Bloomberg Financial Markets, Capital Market Finances, or other reliable sources of market prices.

DISCUSSION

Compliance with Investment Policy

For April, the City's invested portfolio totaled $319,762,954 a decrease of $3,509,436 from the previous month and a decrease of $14,785,107 compared to the prior year. The monthly decrease was the result of a Government Agency Paper maturity that occurred during the month.

The par value of Successor Agency's portfolio as of April was $9,728,530. The balance increased by $35,455 from the prior month due to interest earned during the month.

All investments meet criteria appropriate to Section 8 of the Investment Policy. The portfolios are based on a combination of various investments, including CDs, Corporate Notes, US Treasury Securities, and Government Agency Paper, each adhering to portfolio percentage limitations.

The Finance Division is the custodian for the City and Successor Agency's investment portfolio and follows the three main principles of both entities' investment policies: 1) Investment in financial instruments that mitigate the risk of monetary losses stemming from market fluctuations; 2) Establish and maintain a portfolio that has sufficient liquidity to allow the City and Successor Agency to meet all anticipated cash requirements; and, 3) Seek out investment instruments that provide a competitive market rate of return.

Liquidity

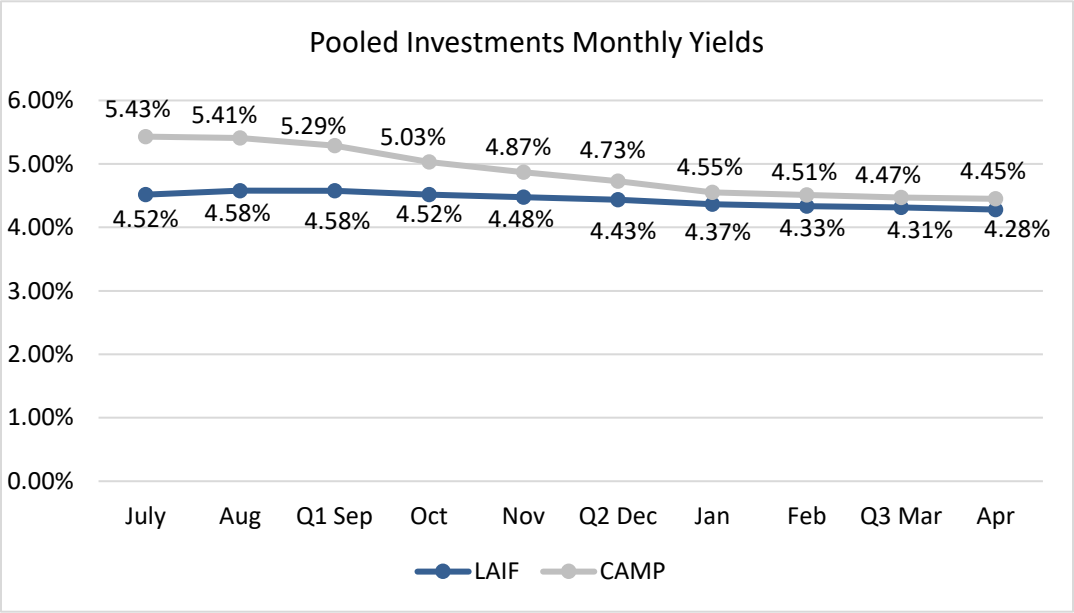
One core approach the Finance Division focuses on is providing liquidity to meet the City and Successor Agency's operational requirements. Thus, the City invests in two pooled funds, Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP). These are intended for daily operational activities and can be used during economic uncertainties for ongoing operating and maintenance needs. The pooled funds provide a higher liquidity ratio to ensure the City and Successor Agency meet cash flow requirements.

The City's LAIF balance at the end of April was $111,218,218, an increase of $1,209,896 from the prior month due to earned interest.

The Successor Agency's LAIF balance at the end of April was $3,899,819, an increase of $42,507 from the prior month due to earned interest.

The City's CAMP balance at the end of April was $52,558,640 compared to $52,367,136 in March. The increase is due to interest earned during the month.

The interest rates presented are the most current rates available as of the date of this report. As of April 30, 2025, the interest rates for LAIF and CAMP investments were at 4.281 percent and 4.45 percent, respectively. By comparison, the LAIF and CAMP interest rates at the end of February were 4.313 percent and 4.47 percent. This time last year, LAIF and CAMP rates were at 4.272 percent and 5.44, respectively.



The chart above shows the LAIF and CAMP average monthly yields from July 2024 through April 2025. The difference between the two funds' performance is primarily due to their varying pool characteristics. CAMP's portfolio composition is more prone to market volatility, resulting in performance variations.

<u>Diversity</u>

The Finance Division aims to diversify the investment portfolios to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

The City and Successor Agency's investment portfolios remain strongly diversified. The monthly reports include all investments held by both entities and current book values as of April 30, 2025.

The City and Successor Agency are expected to have sufficient funds to meet their expenditure requirements for the next six months. The Finance Division will continue to monitor current economic conditions and the impact on interest rates.

Attached are summaries of the investments in the City and Successor Agency's books as of April 30, 2025.

FISCAL IMPACT

$0; There is no fiscal impact associated with the recommended actions for this report.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Janelle Samson, Director of Operations
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Rpt. Monthly Investment Reports Apr 2025

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

CITY OF PALMDALE INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
U.S. TREASURY SECURITIES				Yield			
03-19-21	12-31-25	CITY	9128285T3 U.S. Treasury Note	2.63	3,000,000.00	3,260,634.36	2,902,140.00
05-11-21	02-28-26	CITY	9128286F2 U.S. Treasury Note	0.66	3,000,000.00	3,261,331.50	2,888,310.00
07-12-21	12-31-25	CITY	9128285T3 U.S. Treasury Note	2.63	5,000,000.00	5,451,958.35	4,836,900.00
03-08-23	03-31-26	CITY	9128286L9 U.S. Treasury Note	2.25	3,200,000.00	3,029,330.80	3,064,000.00
01-03-24	12-31-26	CITY	912828YX2 U.S. Treasury Note	0.04	5,000,000.00	4,696,880.23	4,666,600.00
01-03-24	06-30-27	CITY	91282CEW7 U.S. Treasury Note	0.04	5,000,000.00	4,897,630.28	4,825,200.00
01-03-24	09-30-27	CITY	91282CFM8 U.S. Treasury Note	0.04	2,500,000.00	2,523,771.66	2,472,450.00
01-08-24	02-15-26	CITY	91282CGL9 U.S. Treasury Note	0.04	5,000,000.00	4,987,205.23	4,932,250.00
01-08-24	06-15-26	CITY	91282CHH7 U.S. Treasury Note	0.04	5,000,000.00	5,001,760.94	4,942,800.00
12-18-24	09-30-29	CITY	91282CFL0 U.S. Treasury Note	0.39	5,000,000.00	4,977,094.45	4,977,094.45
12-18-24	10-31-29	CITY	91282CFT3 U.S. Treasury Note	0.40	5,000,000.00	4,988,321.47	4,988,321.47
12-18-24	11-30-29	CITY	91282CFY2 U.S. Treasury Note	0.39	5,000,000.00	4,942,086.29	4,942,086.29
01-02-25	12-31-29	CITY	91282CGB1 U.S. Treasury Note	0.39	3,000,000.00	2,949,835.02	2,949,192.75
			TOTAL U.S. TREASURY SECURITIES		$ 54,700,000.00	$ 54,967,840.58	$ 53,387,344.96
GOVERNMENT AGENCY PAPER							
06-10-20	06-16-25	CITY	3133ELK37 Federal Farm Credit	0.78	5,000,000.00	5,000,000.00	4,781,500.00
05-11-21	09-04-25	CITY	3133EJYM5 Federal Farm Credit	0.59	1,000,000.00	1,103,275.25	976,880.00
05-11-21	09-04-25	CITY	3133EJYM5 Federal Farm Credit	0.57	2,000,000.00	2,208,460.00	1,953,760.00
06-04-21	11-07-25	CITY	3135G06G3 Fannie Mae	0.55	3,000,000.00	2,993,675.25	2,826,750.00
06-30-21	12-30-25	CITY	3130AMRQ7 Federal Home Loan Note	0.88	3,000,000.00	3,000,000.00	2,821,947.30
07-29-21	04-29-26	CITY	3130AN5C0 Federal Home Loan Note	1.05	4,000,000.00	4,010,455.13	3,734,320.00
12-17-21	11-12-25	CITY	3134GXBM5 Federal Home Loan Note	1.15	1,150,000.00	1,125,785.50	1,082,265.00
12-17-21	06-23-25	CITY	3133ENHW3 Federal Farm Credit	1.17	10,000,000.00	10,000,000.00	9,595,310.20
12-20-21	07-30-25	CITY	3136G4ZP1 Fannie Mae	0.65	3,500,000.00	3,444,175.00	3,339,331.94
12-20-21	09-24-25	CITY	3134GWUG9 Freddie Mac	0.57	10,000,000.00	9,806,600.00	9,459,892.40
12-21-21	12-22-26	CITY	3133ENJC5 Federal Farm Credit	1.29	5,000,000.00	5,000,000.00	4,589,481.35
06-29-22	08-12-25	CITY	3133EL3P7 Federal Farm Credit	3.34	1,810,000.00	1,660,349.20	1,722,111.58
06-24-22	02-26-27	CITY	3130AL5A8 Federal Home Loan Note	3.33	5,000,000.00	4,479,000.00	4,533,218.00
08-17-22	10-27-26	CITY	3134GW4C7 Freddie Mac	0.80	5,000,000.00	4,539,500.00	4,562,202.10
01-06-23	02-25-27	CITY	3130AQRH8 Federal Home Loan Note	4.38	5,000,000.00	4,590,638.89	4,670,265.65
01-06-23	04-19-27	CITY	3130ARHJ3 Federal Home Loan Note	4.38	5,000,000.00	4,801,354.86	4,801,570.80
05-18-23	05-18-27	CITY	3133EPKC8 Federal Farm Credit	5.39	5,000,000.00	5,000,000.00	4,991,602.80
06-05-23	05-30-28	CITY	3133EPLE3 Federal Farm Credit	4.67	2,815,000.00	2,822,746.50	2,790,565.80
05-03-24	05-01-28	CITY	3133ERCX7 Federal Farm Credit	5.17	5,000,000.00	5,000,000.00	5,000,777.50
12-03-24	12-04-29	CITY	3130B3XP3 Federal Home Loan	4.50	1,000,000.00	1,000,000.00	1,000,000.00
12-04-24	12-02-27	CITY	3133ERE23 Federal Farm Credit	4.32	1,000,000.00	1,000,000.00	1,000,000.00
01-27-25	07-27-27	CITY	3130B4RC7 Federal Home Loan Bank	4.50	3,000,000.00	3,000,000.00	3,000,000.00
01-28-25	07-21-27	CITY	3130B4QA27 Federal Home Loan Bank	4.55	3,000,000.00	3,000,000.00	3,000,000.00
			TOTAL GOVERNMENT AGENCY PAPER		$ 90,275,000.00	$ 88,586,015.58	$ 86,233,752.42

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
CERTIFICATES OF DEPOSIT							
01-04-24	06-15-26	CITY	05580A4Y7 BMW Bank of NA	4.03	240,000.00	243,434.40	238,848.00
01-04-24	11-30-27	CITY	46656MVH1 JPMorgan Chase Bank	4.76	240,000.00	242,022.91	240,415.20
01-04-24	12-28-28	CITY	09582YAV4 Blue Ridge Bank	4.09	240,000.00	240,948.00	234,677.60
06-11-24	06-12-28	CITY	59541KCV7 Mid-Missouri Bank	5.15	245,000.00	245,034.57	243,510.50
06-11-24	06-11-26	CITY	38150VUZ0 Goldman Sachs Bank	5.05	245,000.00	245,033.90	245,615.57
06-13-24	06-13-29	CITY	89235MPP0 Toyota Financial SGS	4.65	245,000.00	245,000.00	246,281.17
06-14-24	06-15-26	CITY	34520LBC6 Forbright Bank	5.05	245,000.00	245,000.00	245,699.42
06-14-24	06-14-28	CITY	307811KA6 Farmers & Merchs Bank	5.00	245,000.00	245,000.00	242,169.22
06-14-24	06-14-29	CITY	69503PAB7 Pacific Valley Bank	5.20	245,000.00	245,000.00	243,313.18
06-17-24	06-17-26	CITY	8562855V9 State Bank of India	5.10	245,000.00	245,000.00	245,875.30
06-18-24	06-18-29	CITY	229083AA8 Evangeline Bank & Trust	5.30	245,000.00	245,000.00	245,000.16
06-20-24	06-22-26	CITY	06051XER9 Bank of America NA	5.05	245,000.00	245,000.00	245,737.44
06-21-24	06-22-26	CITY	35634MAE1 Freedom Bank/Maywood NJ	5.05	245,000.00	245,000.00	245,737.72
06-25-24	06-25-29	CITY	09776DAG9 BOM Bank	5.35	245,000.00	245,000.00	245,000.11
			TOTAL CERTIFICATES OF DEPOSIT		$ 3,415,000.00	$ 3,421,473.78	$ 3,407,880.59
05-17-23	03-01-26	CITY	30231GAT9 Exxon Mobile Corporation	3.04	1,000,000.00	982,084.11	967,125.82
05-17-23	03-02-26	CITY	194162AQ6 Colgate-Palmolive	4.80	1,000,000.00	1,035,553.33	997,703.43
05-17-23	01-26-26	CITY	742718FY0 Procter & Gamble	4.10	1,000,000.00	1,018,471.67	987,387.46
01-04-24	07-27-26	CITY	61761J3R8 Morgan Stanley	4.70	500,000.00	481,185.25	478,020.00
01-04-24	06-15-26	CITY	46625HRS1 JPMorgan Chase & CO	4.52	500,000.00	484,840.25	481,325.00
01-04-24	03-02-28	CITY	718172CE7 Philip Morris Intl Inc	4.49	500,000.00	474,395.25	466,815.00
01-04-24	04-01-27	CITY	808513BW4 Charles Schaw Corp	4.68	500,000.00	479,390.25	477,190.00
01-09-24	06-02-26	CITY	11271LAA0 Brookfield Fin Inc	5.13	500,000.00	490,115.25	489,610.00
01-09-24	11-28-28	CITY	05565QDH8 BP Capital Markets PLC	4.48	500,000.00	483,460.25	475,490.00
01-09-24	01-28-26	CITY	06406RAQ0 Bank OF NY Mellon Corp	4.52	500,000.00	463,355.25	466,490.00
01-09-24	07-09-27	CITY	22550L2K6 Crdit Suisse New York	4.92	500,000.00	500,910.25	495,950.00
01-09-24	08-15-28	CITY	797440CE2 San Diego G & E	4.49	500,000.00	509,340.25	497,940.00
01-09-24	07-01-27	CITY	75973QAA5 Reneissance Financial	5.01	500,000.00	475,470.25	473,980.00
01-09-24	01-27-26	CITY	780082AD5 Royal Bank of Canada	4.97	500,000.00	496,930.25	492,915.00
08-27-24	02-01-29	CITY	06406RBN6 Bank of NY Mellon Corp	4.20	656,000.00	663,116.29	663,116.29
			TOTAL CORPORATE BONDS		$9,156,000	$9,038,618	$ 8,911,058.00
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND							
09-01-84	n/a	CITY	98-19-620	0.78	57,004,603.30	57,004,603.30	57,004,603.30
9-19-2024	n/a	PFA	40-19-078		36,500,000.00	36,500,000.00	39,313,382.47
9-28-2021	n/a	ARPA	19-19-004	0.78	14,900,232.58	14,900,232.58	14,900,232.58
			TOTAL LAIF ACCOUNTS		$ 108,404,835.88	$ 108,404,835.88	$ 111,218,218.35
CAMP- CALIFORNIA ASSET MANAGEMENT PROGRAM							
6080-01	n/a	CITY	6080-01	0.30	52,558,640.46	52,558,640.46	52,558,640.46
			TOTAL CAMP ACCOUNTS		$ 52,558,640.46	$ 52,558,640.46	$ 52,558,640.46
UBS FINANCIAL SERVICES							
n/a	n/a	CITY		0.00	100,058.80	100,058.80	100,058.80
			TOTAL UBS FINANCIAL SERVICES ACCOUNTS		$ 100,058.80	$ 100,058.80	$ 100,058.80
			TOTAL CITY INVESTMENTS		$ 318,609,535.14	$ 317,077,483.23	$ 315,816,953.58

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
			LIBRARY INVESTMENTS				
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND							
11-20-84	n/a	LIBRARY	16-19-012	0.78			13,776.68
			TOTAL LIBRARY INVESTMENTS				$ 13,776.68
			FISCAL AGENT CASH				
SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
05-10-95	n/a	BOND	95421220	0.35			119.82
05-10-95	n/a	IMPROVEMENT	95421222	0.10			174,138.93
			TOTAL SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1				$ 174,258.75
BOND PROCEEDS							
RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
04-06-95	n/a	RESERVE-SEN	95420880	n/a			13.82
04-06-95	n/a	IMPV-ACQUI	95420884	0.01			2,898,550.11
04-06-95	n/a	BOND	95420887	0.15			0.15
			TOTAL RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1				$ 2,898,564.08
BOND PROCEEDS							
ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
08-01-19	n/a	SP TAX - B BOND	242969000	0.00			74.41
08-01-19	n/a	RESERVE	242969003	0.00			722,953.75
08-01-19	n/a	SP TAX - REFNDING BOND	242969004	0.01			15,151.49
			TOTAL ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1				$ 738,179.65
BOND PROCEEDS							
2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
	n/a	SPEC TRB SER A/B	251009000	0.01			342,592.14
	n/a	RESERVE FUND	251009001	0.01			643,041.90
			TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021				$ 985,634.04

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
BOND PROCEEDS							
2006-1 GODDE HILL ESTATE SEWER IMPROVEMENTS LOIB							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
11-08-06	n/a	REDEMPTION FUND	106844000	0.01			102,484.45
11-08-06	n/a	ADM EXP	106844002	0.01			1,791.91
11-08-06	n/a	RESERVE FUND	106844003	0.01			86,572.84
			TOTAL 2006-1 GODDE HILL ESTATE SEWER IMPROVEMENTS LOIB				$ 190,849.20
2015 HA DEBT SERVICE RESERVE							
Fiscal Agent: Bank of America							
11-19-15	n/a	DEBT SVC RESERVE	1257964992	0.08			40,722.35
			TOTAL 2015 HA DEBT SERVICE RESERVE				$ 40,722.35
PARS RESTRICTED CASH FOR PENSION STABILIZATION TRUST FUND							
05-23-18	n/a	CITY	104790895775 Public Agency Retirement Service	2.60			10,173,902.50
			TOTAL PARS PENSION TRUST FUND				$ 10,173,902.50
BOND PROCEEDS							
2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
09-03-15	n/a	BOND FUND	277067000	0.00			225,538.41
09-03-15	n/a	INTEREST ACCT	277067001	0.01			5.87
09-03-15	n/a	BOND RESERVE	277067003	0.00			281,020.80
09-03-15	n/a	REPAIR & REPLACE FUND	277067004	0.00			1,325,903.00
			TOTAL 2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS				$ 1,832,468.08

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
BOND PROCEEDS							
2017 PFA $17.4M LEASE REVENUE BONDS							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
04-05-17	n/a	REVENUE FUND	271128000	0.00			0.98
04-05-17	n/a	REVENUE REFUNDING BOND	271128001	n/a			171,143.79
$42,830	n/a	REVENUE REFUNDING BOND	271128002				0.10
		TOTAL 2017 PFA $17.4M LEASE REVENUE BONDS					$ 171,144.87
BOND PROCEEDS							
2023 A&B SERIES ACQUISITION & CONSTRUCTION REVENUE BOND							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
			248041000				7.49
11-30-23	n/a	INTEREST	248041001				560,556.55
11-30-23	n/a	REVENUE FUND	248041004				13.54
11-30-23	n/a	INTEREST	248041007				0.38
11-30-23	n/a	REVENUE FUND	248041008				4,800,260.61
		TOTAL 2023 A&B SERIES B ACQUISITION & CONSTRUCTION REV BOND					$ 5,360,838.57
		GRAND TOTAL - FISCAL AGENT CASH					$ 22,566,562.09

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand			$ 13,843,301
Pooled Cash Investments			
City:	$	311,163,811	
Insur Fund:	$	4,653,143	$ 315,816,954
Library Investments			$ 13,777
Subtotal			$ 329,674,032
City/AD/CFD/PCA/PFA/HA Fiscal Agent Cash			$ 22,566,562
Grand total			$ 352,240,594

The interest rate quoted on LAIF, AIM, and Fiscal Agent/Trustee accounts is the most current rate available.
LAIF & AIM interest Rates are as of March 31, 2025

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

CITY OF PALMDALE

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF), CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP), & UBS FINANCIAL SERVICES

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
LAIF - CITY ACCOUNT 98-19-620				
Beginning Balance				$ 56,352,264.25
04-15-25			$ 652,339.05	
Subtotal	$ -	$ -	$ 652,339.05	$ 57,004,603.30
LAIF - PFA ACCOUNT 40-19-078				
Beginning Balance				$ 38,918,234.07
04-15-25			$ 395,148.40	
Subtotal	$ -	$ -	$ 395,148.40	$ 39,313,382.47
LAIF - LIBRARY ACCOUNT 16-19-012				
Beginning Balance				$ 13,626.52
04-15-25			$ 150.16	
Subtotal	$ -	$ -	$ 150.16	$ 13,776.68
LAIF - ARPA ACCOUNT 19-19-004				
Beginning Balance				$ 14,737,823.36
04-15-25			$ 162,409.22	
Subtotal	$ -	$ -	$ 162,409.22	$ 14,900,232.58
CAMP				
Beginning Balance				$ 52,367,136.45
04-30-25			$ 191,504.01	
Subtotal	$ -	$ -	$ 191,504.01	$ 52,558,640.46
UBS Financial Services				
Beginning Balance				$ 184,492.15
04-30-25			$ 129,254.15	
04-30-25		$ (213,687.50)		
Subtotal	$ -	$ (213,687.50)	$ 129,254.15	$ 100,058.80
Total	$ -	$ (489,013.10)	$ 1,806,130.59	$ 163,890,694.29

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

CITY OF PALMDALE

POOLED CASH - INVESTMENTS MATURED OR CALLED

TN = US Treas
FP = Federal P
CD = Certificate

C = Call
M = Maturity
CB = Corporate Bond

ISSUER	PURCHASE DATE	MATURITY DATE		FACE VALUE REDEEMED	INTEREST RECEIVED	NET FUNDS	INVESTED AMOUNT	GAIN/ (LOSS)
3133EMUP5 Federal Farm Credit	04-01-21	04-01-25	FP	5,000,000.00	17,750.00	5,017,750.00	4,826,404.05	- 173,595.95
				$ 5,000,000.00	$ 17,750.00	$ 5,017,750.00	$ 4,826,404.05	$ 173,595.95

Total Number of Transactions:

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
APRIL 30, 2025

POOLED CASH - INVESTMENTS PURCHASED

TN = US Treasury
FP = Federal Paper
CD = Certificate of Deposit
CN = Corporate Notes

ISSUER	PURCHASE DATE	MATURITY DATE	FACE VALUE	PREMIUM / (DISCOUNT)	PURCHASE PRICE	ACCRUED INTEREST PURCHASED	NET PURCHASE	Yield
							-	
							-	
							-	
			$ -	$ -	$ -	$ -	$ -	

Total Number of Transactions:

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
April 30, 2025

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	INVESTED AMOUNT	TOTAL
LAIF - SA ACCOUNT 65-19-035						
09-01-84	n/a	SA Account	65-19-035	0.78	3,899,819.00	
						$ 3,899,819.00
			FISCAL AGENT CASH			
BOND PROCEEDS						
CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						
Fiscal Agent: U.S. Bank National Association						
08-20-02	n/a	Reserve Fund	94460700	2.54	536,705.23	
08-20-02	n/a	Interest Acct	94460701	0.04	41,577.65	
08-20-02	n/a	Principal Acct	94460702	0.04	371.71	
TOTAL CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						$ 578,654.59
BOND PROCEEDS						
2016 SA $31.5M Tax Allocation Refunding Bonds Series A						
Fiscal Agent: U.S. Bank National Association (fka First Trust)						
04-26-16	n/a	Debt Service	245113000	0.00	6.29	
04-26-16	n/a	Interest Acc	245113001	N/A	0.00	
TOTAL 2016 SA $31.5M Tax Allocation Refunding Bonds Series A						$ 6.29
GRAND TOTAL - FISCAL AGENT CASH						$ 578,660.88

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand	$	5,250,050
Pooled Cash Investments	$	3,899,819
Successor Agency Fiscal Agent Cash	$	578,661
Grand total	$	9,728,530

* The interest rate quoted on LAIF and Fiscal Agent/Trustee accounts is the most current rate available.
LAIF interest rates are as of April 30, 2025.

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
April 30, 2025

POOLED CASH - STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
LAIF - SA ACCOUNT 65-19-035				
Beginning Balance				3,857,311.77
04-15-25			$ 42,507.23	
Subtotal	$ -	$ -	$ 42,507.23	$ 3,899,819.00

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OPERATIONS DEPARTMENT**
INFORMATION TECHNOLOGY DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT WITH ESENTIRE, INC., FOR SECURITY OPERATIONS CENTER (SOC) SERVICES AND INCIDENT RESPONSE IN THE AMOUNT OF $333,000 FOR A TERM OF THREE (3) YEARS**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve Agreement No. A-9337 with eSentire, Inc., for SOC Services and Incident Response in the amount of $333,000 for a term of three (3) years; and,

2. Authorize the City Manager Pro Tem or his designee to execute Agreement No. A-9337 with eSentire, Inc., including minimal and/or non-substantial changes.

BACKGROUND

Like many municipalities nationwide, the City of Palmdale is an ongoing target for cyberattacks. As digital threats continue to evolve in complexity and frequency, it is critical that the City maintain a strong and proactive cybersecurity posture to safeguard public systems, services, and sensitive data.

DISCUSSION

Maintaining this level of protection requires continuous system monitoring, real-time threat detection, and the ability to respond immediately to incidents. To effectively meet these demands, staff recommends partnering with a third-party Security Operations Center (SOC). A contracted SOC would provide 24/7 cybersecurity support, including active threat monitoring, incident response, and forensic analysis.

Leveraging a third-party SOC would enhance the City's ability to prevent, detect, and respond to cyber threats efficiently and with greater technical depth. This proactive approach represents a strategic investment in operational resilience and public trust, ensuring the continuity and integrity of City services.

The following table details the annual costs associated with each service covered under this agreement:

SCOPE OF WORK	COST
24x7 Monitoring, Investigation, Response, and Remediation	Included
Network Services License	9,200
Network Services – 201 Series Sensor (3)	11,110
Endpoint Services – Crowdstrike w/Overwatch (600)	44,310
Log Services – Sumo Logic – Essentials	4,920
Log Services – Sumo Logic	12,600
Managed Vulnerability Service – per scanned asset	1,040
Managed Vulnerability Service – Managed Only	5,230
External Vulnerability Scan and Penetration Test	8,550
Dark Web Monitoring – Advanced	14,040
Total Cost:	**$111,000**

FISCAL IMPACT

$333,000; Funds are budgeted and available in FY 2024-25. Services have been procured through TIPS RFP 210101 Technology Solutions, Products and Services Cooperative Agreement.

STRATEGIC PLAN

Goal III: Ensure long-term fiscal health of the City and maintain funding for services.

A. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

Prepared by:	Janelle Samson, Director of Operations
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Agrmt No. A-9337 with eSentire, Inc.

Master Security Services Agreement

This Master Security Services Agreement (this "**Agreement**") is by and between City of Palmdale ("**Client**"), with offices at 38250 Sierra Highway Palmdale, California, United States 93550, and eSentire, Inc. ("**eSentire**"), with offices at 451 Phillip Street Unit 135, Waterloo, ON, Canada N2L 3X2, each a "**Party**" and together the "**Parties**." This Agreement is effective on the date of the last signature below (the "**Effective Date**").

1. Definitions

In addition to the capitalized terms defined elsewhere in this Agreement or in the applicable Order Form, the following terms will have the meanings ascribed to them in this Section 1.

"**Affiliate**" of a Party means any corporation or other legal entity that such Party directly or indirectly controls, is controlled by, or is under common control with. In this context, a Party "controls" a corporation or other entity if it or any combination of it and/or its Affiliates owns more than 50% of the voting rights for the board of directors or other mechanism of control for such corporation or other entity.

"**Client Data**" means (a) data, records, files of Client including e-mail sent or received by personnel of Client, and (b) all reports generated for or by Client as a result of the provision or use of the Services, except to the extent such reports contain eSentire Intellectual Property.

"**Confidential Information**" means any and all information disclosed by either Party ("**Disclosing Party**") to the other ("**Receiving Party**") that is not deemed public information, that is not protected by Requirements of Law applicable to information that is Personal Information and that is marked "confidential" or "proprietary," or similar designation or which the recipient knows or has reason to know is regarded by the Disclosing Party as such, including oral information. For the avoidance of doubt, Confidential Information does not include any information that the Receiving Party can demonstrate: (a) was known to it prior to its disclosure hereunder by the Disclosing Party; (b) is or becomes known through no wrongful act of the Receiving Party; (c) has been rightfully received from a third party without restriction or disclosure and without breach by such third party of a non-disclosure obligation; (d) is independently developed by the Receiving Party; or (e) has been approved for release by the Disclosing Party's prior written authorization.

"**Day**" or "**Days**" means calendar days, unless otherwise specified.

"**Encrypt**" or "**Encryption**" means the use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without the use of a confidential process or key;

"**Intellectual Property**" means (a) any rights provided under (i) patent law, (ii) copyright law, (iii) trade-mark law, (iv) design patent or industrial design law or (v) any other statutory provision or common law principle applicable to this Agreement, including trade dress and trade secret law, which may provide a right in either ideas, formulae, algorithms, concepts, inventions or know-how generally, or the expression or use of such ideas, formulae, algorithms, concepts, inventions or know-how; and (b) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing. eSentire's Intellectual Property includes New Intellectual Property, as defined in Section 2.4 below.

"**Order Form**" means an ordering document, executed by the Parties, that specifies the Services to be provided to Client, including any amendments and supplements thereto. Each such Order Form, and any schedules, documents, or other attachments thereto, incorporates and is subject to the terms and conditions of this Agreement.

"**Participating Affiliate**" means a Client Affiliate authorized by Client under eSentire's processes to contract for Services in Participating Affiliate's own name subject to the terms of this Agreement.

"**Personal Information**" means information that can be used on its own or in combination with other information to identify, contact, or locate a particular individual, including but not limited to, name, address, telephone number, email address, IP address, place of birth, mother's maiden name, sexual orientation, social insurance or social security numbers, credit history and score, financial records, password and login information, biometric data, medical records, health insurance number, employment information and driver's license number, as applicable and/or as defined and protected by Requirements of Law.

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

Master Security Services Agreement

"**Requirements of Law**" mean all laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licenses, authorizations, directions, and agreements with any government authority, agency, body or department, whether federal, provincial, state, municipal or law of a jurisdiction outside Canada or the U.S. that now or at any time hereafter may be applicable to a Party in the performance of its obligations under this Agreement or any part of them (including all applicable privacy and data protection laws).

"**Services**" means the services specified in an Order Form.

"**Systems**" means any combination of hardware and software, including without limitation any telecommunication lines or other networking devices used to link such combination of hardware and software.

2. Services, License Grants and Restrictions

2.1 Services. eSentire shall provide to Client the Services as set forth in the Order Form during the Term. eSentire personnel shall remain under the direction and control of eSentire.

2.2 Usage Restrictions. Except as expressly permitted by eSentire, Client will not (and will not allow any third party to): (i) reverse engineer, decompile, disassemble, or otherwise attempt to discover the source code, or underlying structure, ideas, or algorithms of the software provided or used by eSentire in delivering the Services ("**Software**") or the Services; (ii) copy or duplicate the Software or modify, translate, or create derivative works based on the Software; (iii) rent, lease, distribute, sublicense, resell, pledge, assign, or otherwise transfer, provide access to or encumber rights to Software or the other Services; or (iv) use the Services or Software for service bureau purposes or otherwise for the benefit of a third party. Client will use the Services solely in compliance with all Requirements of Laws.

2.3 Ownership and Use of Client Data. Except as provided below, eSentire expressly acknowledges and agrees that as between Client and eSentire, Client is the owner of and has exclusive rights, title, and interest in and to Client Data. Notwithstanding the foregoing, to the extent any reports provided by eSentire to Client hereunder include any eSentire Intellectual Property including without limitation, the format of such reports, eSentire shall retain all rights in and to such eSentire Intellectual Property. eSentire hereby grants to Client a nonexclusive, nontransferable, limited license to use such eSentire Intellectual Property solely for the purposes for which such reports are provided by eSentire to Client pursuant to this Agreement. Client will not create derivative works based upon, using, or incorporating any eSentire Intellectual Property, disassemble or reverse engineer, decompile or design around any eSentire Intellectual Property. eSentire will have the right to access and use such Client Data solely (i) as necessary to provide the Services and (ii) for trend analysis that may assist eSentire in the provision of its services in its business generally, provided that no such trend analysis will result in the disclosure of any Personal or Confidential Information about or from Client or its employees or customers. eSentire will not retain, use, disclose, sell, or otherwise process Client Data for any purpose other than the specific purpose of performing the Services under this Agreement.

2.4 Freedom to Use Ideas. The ideas, formulae, algorithms, concepts, inventions, know how, improvements, discoveries, processes and other information and materials ("**New Intellectual Property**") developed during the course of performing Services for Client under this Agreement by eSentire and/or eSentire personnel will become the sole Intellectual Property of eSentire, except to the limited extent such New Intellectual Property contains Client Data. eSentire may use any such New Intellectual Property without limitation, including by or for its clients or customers other than Client, notwithstanding anything to the contrary contained in this Agreement.

2.5 Retention of Rights. Except for the rights expressly granted under this Section 2, eSentire, or its third-party vendor(s) or licensor(s), as applicable, retains all right, title, and interest in and to all Software, eSentire hardware and embedded proprietary software ("**Equipment**"), Services, and all Intellectual Property created, used, or provided by eSentire to Client pursuant to this Agreement. eSentire will also own all right, title, and interest in and to all modifications or derivatives of, and improvements to, Software, eSentire Equipment and Services. Client acknowledges that nothing contained herein will constitute an assignment or transfer of any such eSentire Intellectual Property to Client.

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

2.6 Update of the Services. eSentire reserves the right in future to make additions, changes, or updates to components of the Services (including end of life, removal of features) (collectively, "**Changes"**). If such components are no longer supported or made available by eSentire, eSentire will give Client at least 90 Days' prior written notice of any planned, material Changes to the Services together with associated implementation timelines. If Client believes any such Change will have a material adverse impact on its use of such Services, and eSentire cannot reasonably mitigate the impact of such Change within 30 Days after receipt of Client's written notice of such material adverse impact then Client may, following the end of such 30-Day Period, terminate the affected Service(s) upon 60 Days' prior written notice to eSentire.

2.7 Client Responsibilities. Client hereby agrees to perform its obligations as set forth in the applicable Order Form.

3. Fees and Payment Terms

3.1 Fees. The fees for Services are set forth on the Order Form (the "**Fees**"). If Client requests or eSentire recommends additional Services, the Parties will execute a separate Order Form for such additional Services.

3.2 Invoicing. eSentire will invoice Client as indicated in the applicable Order Form and Client agrees to pay all invoices upon receipt. If Client in good faith believes that eSentire has billed Client incorrectly, Client must notify eSentire in writing no later than 30 Days after the date of such invoice. The Parties will cooperate in good faith to resolve any billing concern raised by Client within such 30-Day period. eSentire reserves the right to charge interest at the rate of the lesser of (i) 1.5% per month or (ii) the maximum amount allowed by law, in respect of invoiced amounts that have remained unpaid for more than 30 Days after the date of the applicable invoice. If eSentire pursues collection efforts against Client due to Client's failure to pay Fees when due hereunder, Client will pay eSentire's reasonable costs of collection, including any legal fees related thereto.

3.3 Taxes. All Fees are exclusive of any taxes, levies, duties, or similar governmental assessments of any nature including, without limitation, fees, value-added, sales, use or withholding taxes, assessable by any jurisdiction whatsoever (collectively, "**Taxes**"). Client is responsible for self-assessment of and self-remission of any and all Taxes associated with this Agreement to the applicable collecting agency or party. In the event that eSentire pays Taxes on behalf of the Client, the Client will reimburse eSentire for its payment of all such Taxes imposed upon the services provided hereunder to Client (excluding Taxes based upon eSentire's income).

3.4 Suspension of Services. eSentire reserves the right, but assumes no obligation, to suspend performance of the Services with immediate effect on written notice to Client in the event Client is more than 30 days overdue in making payments that have not been disputed in good faith.

4. Warranties

4.1 Mutual. Each Party represents and warrants to the other that it has the right to enter into this Agreement, and that the consent of no other person or entity is necessary for it to enter into or fully perform this Agreement.

4.2 eSentire Warranties. eSentire represents, warrants, and covenants to Client as follows:

4.2.1 the Services will be performed by qualified personnel in a good, workmanlike, professional manner and substantially in accordance with the applicable Service description provided in the applicable Order Form;

4.2.2 it is not under any contractual obligation that would preclude it from entering into this Agreement or providing the Services hereunder;

4.2.3 it is the owner or licensee of the Software used in providing the Services and has all rights necessary to grant the rights herein and to perform its obligations hereunder. In the event that the Software is held to or believed by eSentire to infringe third party Intellectual Property, Client's sole remedy will be the remedy set forth in Section 9.1;

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

4.2.4 in performing its obligations under this Agreement, it will comply with all data protection laws applicable to eSentire in the performance of its obligations hereunder (which, for the avoidance of doubt, excludes any laws exclusively applicable to Client) and will use the same efforts to safeguard and prevent the misuse of all Personal Information disclosed to it under this Agreement or in the course of providing the Services as it does in protecting its own Confidential Information;

4.2.5 neither this Agreement nor the performance of or exercise of rights under this Agreement will violate, conflict with, or result in the breach of any term, condition, or provision of any agreement or legal obligation (whether or not existing at the Effective Date) to which eSentire is a party or by which it may be bound, or constitute a default thereunder; and

4.2.6 deliverables will conform substantially to the specifications for the same, if any, set out in the applicable Order Form.

4.3 Client Warranties. Client represents, warrants, and covenants to eSentire as follows:

4.3.1 it is duly organized and existing under the laws of its own jurisdiction and is not under any contractual obligation that would preclude it from entering into this Agreement or granting access to eSentire as provided herein to provide the Services;

4.3.2 in accessing and using the Services and in otherwise performing its obligations under this Agreement, Client will comply with all applicable Requirements of Law and all applicable export and encryption laws and regulations, and will not provide or provide access to a decryption key to eSentire;

4.3.3 Client has all rights necessary to provide eSentire with access to Client Data and Systems for use in accordance with the terms of this Agreement, and eSentire's use of any Client Data in accordance with the terms of this Agreement will not violate the rights of any third party;

4.3.4 if Client (1) orders Services hereunder to be performed by eSentire with respect to any third-party devices, data, facilities, or environments or (2) deploys agents to third-party endpoints for purposes of Services ordered hereunder (collectively, "**Third Party Services**"), Client has obtained all required authorizations including, without limitation, the prior consent of all such third parties for any such Third Party Services; and

4.3.5 neither this Agreement nor the performance of or exercise of rights under this Agreement will violate, conflict with, or result in the breach of any term, condition, or provision of any agreement or legal obligation (whether or not existing at the Effective Date) to which Client is a party or by which it may be bound, or constitute a default thereunder.

4.4 EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY HEREBY SPECIFICALLY DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. CLIENT HEREBY ACKNOWLEDGES AND AGREES THAT, WHILE ESENTIRE WILL USE ITS BEST EFFORTS TO DETECT INAPPROPRIATE OR UNAUTHORIZED TRAFFIC OR CONTENT WITHIN CLIENT'S SYSTEMS AND NETWORK, DUE TO THE NATURE OF THE INTERNET AND ITS USERS, ESENTIRE DOES NOT WARRANT THAT IT WILL BE ABLE TO DETECT ALL SUCH CONTENT AND TRAFFIC.

5. Supply of Software and Hardware

5.1 To provide the Services, certain eSentire Equipment may be installed at Client's premises as set forth in the applicable Order Form. Client acknowledges and agrees that all such eSentire Equipment shall, at all times, be considered to be personal property of eSentire and its licensors and not Client's property or a part of Client's premises. Client will take all reasonable action to protect the eSentire Equipment from theft, damage, or destruction as if such hardware and software were owned by Client.

5.2 With Client's consent, eSentire, or its authorized third parties, may during normal business hours and upon reasonable notice, enter upon Client's premises and remove the eSentire Equipment, provided that such removal is not disruptive to the provision of the Services.

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

5.3 Client will not place or allow any lien or other encumbrance to be placed on such eSentire Equipment. Client will not remove the eSentire Equipment from its premises without the prior written consent of eSentire. Client authorizes eSentire to file any and all appropriate documentation, with no prior requirement to obtain Client's signature, to acknowledge and secure eSentire's ownership of such eSentire Equipment.

6. Term and Termination

6.1 The term of this Agreement will commence on the Effective Date and will continue in effect for an initial term of three years. Upon expiration of the initial term, the term of this Agreement will automatically renew for additional, consecutive 12-month terms (each such term, a "**renewal term**"), unless otherwise terminated as described in this Section 6 (the initial term and each such renewal term are collectively referred to as the "**Term**"). Following expiration of the initial term, Client may terminate this Agreement upon expiration of any renewal term by giving eSentire written notice of its intent to terminate not less than 60 Days prior to the expiration of the then-current renewal term. The termination of this Agreement pursuant to Section 6.1 will not affect the validity of any Order Form(s) then in effect and any such Order Form(s) will continue in effect until termination of such Order Form(s) pursuant to the terms set forth therein.

6.2 Termination for Breach. Without prejudice to any other rights or remedies which it may have, either Party may terminate this Agreement if the other Party fails to cure a material breach of this Agreement and such material breach remains uncured 30 Days after receiving written notice of the breach from the non-breaching Party. For the avoidance of doubt, this cure period will not apply to any Client failure to pay Fees due under this Agreement and, in addition to eSentire's remedies under Section 3.4, eSentire may immediately terminate this Agreement by written notice to Client if Client fails to pay any Fees.

6.3 Insolvency. A Party may also terminate this Agreement immediately by written notice to the other party (i) if the other Party is declared insolvent or bankrupt by a court of competent jurisdiction; or (ii) if a petition is filed in any court of competent jurisdiction to declare the other Party bankrupt or for a reorganization under bankruptcy law or any similar statute and such petition is not dismissed within 60 Days after such filing or if a trustee in bankruptcy or a receiver or similar entity is appointed for the other Party or (iii) the affected Party has been unable to reasonably satisfy the other Party that it is able to perform its obligations in accordance with this Agreement and with no adverse impact to the other Party.

7. Effect of Termination

7.1 In the event either Party terminates this Agreement pursuant to Section 6.2 such Party may terminate any and all Order Forms then in effect between eSentire and Client with immediate effect, upon written notice to the other Party.

7.2 Upon termination of this Agreement, all rights granted by either Party to the other Party hereunder will revert to the granting Party, all licenses will terminate and Client's access to or use of the Services will immediately terminate, with the exception of eSentire's right to remove eSentire Equipment from Client's premises. All accrued rights to payment under this Agreement will survive termination.

7.3 Upon termination of this Agreement, Client will delete all copies of any Software provided by eSentire and all related materials. At eSentire's request, Client agrees to certify the deletion of such Software and/or return of the related materials to eSentire in writing.

7.4 Within 30 Days after any termination of this Agreement, each Party will return to the other Party or destroy all Confidential Information of the other Party, at the receiving Party's option.

7.5 Within 30 Days after any termination of this Agreement, Client will return the eSentire Equipment to a location specified by eSentire, at Client's expense. Client acknowledges and agrees that, if Client does not deliver such eSentire Equipment within such 30-Day period, Client will pay eSentire a reasonable replacement charge per sensor to cover eSentire's costs to replace the eSentire Equipment.

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

8. Liability Limitations

EXCLUDING LOSSES ARISING PURSUANT TO SECTION 9 OR FOR A PARTY'S GROSS NEGLIGENCE, WILLFUL OR INTENTIONAL MISCONDUCT OR FRAUD, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY'S LIABILITY TO THE OTHER HEREUNDER FOR ANY LOSSES, LIABILITIES, DAMAGES, FINES, PENALTIES, DEFICIENCIES, COSTS OR EXPENSES, INCLUDING THE REASONABLE FEES AND REASONABLE EXPENSES OF LEGAL COUNSEL, ACCOUNTANTS OR OTHER EXPERTS AND PROFESSIONAL ADVISERS (COLLECTIVELY, "**LOSS**"), ARISING FROM OR RELATING TO THIS AGREEMENT OR THE PROVISION OF THE SERVICES HEREUNDER WILL NOT EXCEED THE AMOUNT PAID BY CLIENT TO ESENTIRE FOR THE SPECIFIC SERVICE TO WHICH SUCH CLAIM RELATES DURING THE SIX-MONTH PERIOD PRIOR TO THE DATE THE LOSS OCCURRED. REGARDLESS OF THE NATURE OF THE CLAIM OR THEORY OF LIABILITY (INCLUDING, WITHOUT LIMITATION, VIOLATION OF ANY REQUIREMENTS OF LAW, BREACH OF CONTRACT, STRICT LIABILITY, NEGLIGENCE OR OTHER TORT), NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY: INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (EVEN IF THE PARTY CAUSING SUCH LOSS OR DAMAGE HAS BEEN ADVISED OR HAD KNOWLEDGE OF THE POSSIBILITY OF SAME OR COULD REASONABLY HAVE FORESEEN SAME), INCLUDING LOST BUSINESS REVENUE, LOSS OF DATA, BUSINESS INTERRUPTION, LOSS OF PROFITS OR FAILURE TO REALIZE EXPECTED PROFITS OR SAVINGS). THE PARTIES AGREE THAT THIS SECTION 8 REPRESENTS A REASONABLE ALLOCATION OF RISK.

9. Indemnities

9.1 eSentire Intellectual Property Infringement Indemnity. eSentire will defend or settle, indemnify and hold Client and its Affiliates, subsidiaries, officers, directors, employees, agents and assigns harmless from and against any third party claim, suit or proceeding, and pay any damages awarded in a final judgment against Client, based on a claim that any eSentire Service or eSentire Equipment (for purposes of convenience in this Section 9, collectively "**Services**" or "**Service**") as provided under this Agreement infringes any U.S. copyright, patent right, trademark or similar proprietary right of any third party (a "**Third Party IP Claim**"). eSentire will also pay reasonable attorneys' fees and expenses incurred in connection with such defense or settlement. Notwithstanding the foregoing, eSentire will have no indemnity obligation or liability hereunder to Client for any Third Party IP Claim which is due in whole or in part, directly or indirectly, to: (i) modification by Client or any third party on Client's behalf or direction of the Services or associated technology, provision of the Services other than by eSentire or by another party at the direction or instruction of eSentire, including any portion of the Software or hardware provided to Client as part of the Services; or (ii) combination of eSentire's Services with parts, equipment, software, devices or third-party services not provided by eSentire where such infringement would not exist but for such combination; or (iii) any willful misconduct or fraudulent action of Client or any third party. For greater certainty, eSentire will not settle any Third Party IP Claim in a manner that attributes liability to Client without Client's written consent (which consent will not unreasonably be withheld). In the event that the Services are held to or believed by eSentire to infringe any third party U.S. copyright or patent right, eSentire will have the option to: (x) replace or modify the Services to be non-infringing, provided that such modification or replacement provides substantially similar features and functionality; (y) obtain for Client the right to continue using the Services; or (z) if both (x) and (y) are not reasonably practicable, terminate this Agreement on written notice to client and refund to Client the prorata portion of the Fees paid to eSentire for the Services not provided by eSentire after the date eSentire received notice of the Third Party IP Claim. eSentire will not have any obligation to indemnify Client hereunder with respect to any claim that any third-party "open source" or "shareware" software incorporated into any Software provided hereunder infringes any third-party U.S. copyright, patent, or similar proprietary right. ESENTIRE WILL HAVE NO OBLIGATION TO CLIENT IF ANY ALLEGED THIRD PARTY IP CLAIM IS BASED UPON THE USE OF THE SERVICES FOR A PURPOSE FOR WHICH THE SERVICES WERE NOT INTENDED OR UPON USE OF ANYTHING OTHER THAN THE MOST CURRENT VERSION OF THE SERVICES.

9.2 Mutual General Indemnity. Each Party will defend or settle, indemnify and hold harmless the other Party and its Affiliates, subsidiaries, officers, directors, employees and agents (individually and collectively, "**Indemnitee**") from and against any and all third-party claims, actions, damages, losses, liabilities and expenses (of whatever form or nature including, without limitation, reasonable attorneys' fees and expenses and all costs of litigation), whether direct or indirect, alleging damages (each a "**Covered Claim**") (i) to real or personal property or personal injury and caused by the active negligence or willful or intentional misconduct

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

of the indemnifying Party or its Affiliates, officers, directors, employees or agents (individually and collectively, "**Indemnitor**"); (ii) arising out of or relating to Indemnitor's violation of any Requirements of Law; (iii) with respect to any Third Party Services, arising out of or relating to Client's failure to obtain the required authorizations or third-party consents, or the adequacy of such consents; or (iv) with respect to Client's indemnification obligations under this section, arising out of or relating to a Client Indemnitor's failure to Encrypt Confidential Information or personal information pursuant to Requirements of Law or this Agreement. Client will Encrypt all Confidential Information and Personal Information provided or made available to eSentire under this Agreement. "Covered Claims" exclude any claim alleging damages to the extent caused by the negligence, fraud, or willful misconduct of an Indemnitee or for which eSentire is responsible under Section 9.1.

9.3 Procedure. Each Party's (as "**Indemnitor**") indemnity obligations under this Section 9 are contingent on the other party promptly notifying the Indemnitor in writing of any claim or threat thereof, promptly tendering to the Indemnitor sole control of the defense and any settlement of such claim, and providing to Indemnitor (at Indemnitor's cost) any reasonable assistance necessary to such defense or settlement. Indemnitor will not be responsible for any settlement it does not approve in writing (which consent will not unreasonably be withheld).

THIS SECTION 9 SETS FORTH THE PARTIES' ENTIRE LIABILITY, AND THE PARTIES' SOLE REMEDIES, IN THE EVENT OF ANY THIRD PARTY IP CLAIMS OR COVERED CLAIMS HEREUNDER.

10. Confidentiality

10.1 The Receiving Party:

10.1.1 will not, directly, or indirectly, use or disclose such Confidential Information or any part thereof to any person or entity or for any purpose whatsoever except as expressly permitted hereunder or unless and until expressly authorized to do so by the Disclosing Party;

10.1.2 will use, disclose, and reproduce the Confidential Information of the Disclosing Party only to the extent necessary to fulfill the Receiving Party's obligations or exercise its rights under this Agreement;

10.1.3 will promptly comply with requests made by the Disclosing Party to delete Confidential Information when such Confidential Information is no longer needed by the Receiving Party to perform its obligations hereunder;

10.1.4 will disclose the Confidential Information of the Disclosing Party only to those of its representatives, professional advisors, subcontractors and its Affiliates and their representatives, professional advisors and subcontractors (collectively, "**Representatives**" for purposes of this Section 10) who have a need to know such Confidential Information for the purposes of fulfilling the Receiving Party's obligations or exercising its rights under this Agreement, and who have assumed obligations of confidentiality equal to or greater than the obligations of the Receiving Party under this Section 10 with respect to the Confidential Information. In all cases, the Receiving Party will be responsible for any (a) loss or theft of, or unauthorized access to the Disclosing Party's Confidential Information or (b) violation of Requirements of Law applicable to Confidential Information by its Representatives;

10.1.5 will use reasonable efforts to treat, and to cause all of its Representatives to treat, the Disclosing Party's Confidential Information with at least the same degree of care the Receiving Party exercises in protecting its own Confidential Information and, in any event, with no less than a reasonable standard of care; and

10.1.6 will be entitled to disclose Confidential Information if such disclosure is required (i) by a court, administrative or regulatory body (including a stock exchange) of competent jurisdiction, whether as a result of any application made by the Receiving Party, a request made by an individual Data Subject, as defined in the General Data Protection Regulation, or (ii) pursuant to an investigation initiated by a regulatory body, other governmental authority or pursuant to court order, provided that the Receiving Party will:

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

10.1.6.1 give prompt written notice of any such requirement for disclosure to the Disclosing Party so that the Disclosing Party may seek a protective order or other appropriate remedy or response;

10.1.6.2 take such steps as are reasonably necessary and available to maintain the confidentiality of the Confidential Information by such court, administrative or regulatory body;

10.1.6.3 in any event, make such disclosure only to the extent so legally required; and

10.1.6.4 except as otherwise provided in this Agreement, not use, or disclose to third parties any Confidential Information of the Disclosing Party unless required by law or expressly consented to by the Disclosing Party.

11. Insurance

11.1 e-Sentire, at its expense, shall maintain in effect at all times during the performance of work under this Agreement not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. Proof of Insurance, as identified in Section 1**1**.8, must be reviewed and accepted by the Client.

11.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability
  - $1,000,000.00 each accident
  - $1,000,000.00 policy limit bodily injury
  - $1,000,000.00 each employee bodily injury by disease

11.1.2 Commercial General Liability

- $2,000,000.00 limit on a per occurrence basis
- $5,000,000.00 general aggregate limit

11.1.3 Professional Liability (Errors & Omissions)* - Primary & Excess

- $10,000,000 limit on a per occurrence basis

11.1.4 Cyber Liability* Primary & Excess

- $10,000,000 limit on a per occurrence basis

11.2 All of e-Sentire's policies shall contain an endorsement providing that written notice shall be given to Client at least thirty (30) calendar days prior to termination, cancellation, or reduction of coverage in the policy.

11.3 Policies providing for bodily injury and property damage coverage shall contain the following:

11.3.1 An endorsement extending coverage to the Client as an additional insured, as respects liability arising out of the performance of any work under the Agreement. Such insurance shall be primary insurance, as respects the interest of the Client, and any other insurance maintained by the Client shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificates shall state: "The City of Palmdale, Successor Agency to the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are named as additional insured".

11.3.2 "Severability of Interest" Clause.

11.4 Promptly upon execution of this Agreement, and prior to commencement of any work, e-Sentire shall deliver to Client certificates of insurance and endorsements to all required policies demonstrating that e-Sentire has the required coverage and showing the required named insured. Within five (5) days of written request from Client, e-Sentire shall deliver to Client full and complete copies of all insurance policies required by this Agreement.

11.5 The requirements as to the types and limits of insurance to be maintained by e-Sentire are not intended to

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

and shall not in any manner limit or qualify e-Sentire's liabilities and obligations under this Agreement.

11.6 Any policy or policies of insurance that e-Sentire elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Agreement shall include a provision waiving the insurer's right of subrogation against Client.

11.7 All insurance coverage must be maintained throughout the duration of this Contract.

11.8 Acceptable Proof of Insurance:

11.8.1 ACORD Certificate of Insurance (or Canadian equivalent) listing all coverage, limits, deductibles and insured; and endorsements for all applicable coverage if agent has authority to issue it; or additional insured Form CG20100704 and CG20370704 or equivalent must be provided for general liability coverage.

11.8.2 Binders of insurance for all coverage. Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements and a corresponding Certificate of Insurance listing all insurers and coverage must be submitted to the Client.

11.8.3 When professional and/or cyber liability insurance coverage is provided on a "claims-made basis" e-Sentire will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover e-Sentire, or its officers, employees or agents during the time this Agreement was in effect.

11.8.4 Notwithstanding any other provision of this Contract, Client may immediately terminate this Contract if, at any time eSentire fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

11.8.5 eSentire shall require any and all subcontractors working on its behalf to provide insurance coverages and limits that are based on the scope of work and nature of risk being performed by the subcontractor. Any and all subcontractors working on behalf of eSentire shall be subject to all other insurance requirements that are stated herein.

Any deviation in this requirement will be eSentire's sole risk. eSentire's insurance requirements in Section 11 will not be impacted and/or limited by such deviation.

12. General Provisions

12.1 Interpretation. In this Agreement: (i) words denoting the singular include the plural and vice versa and words denoting any gender include all genders; (ii) all usage of the word "including" or the phrase "e.g.," in this Agreement mean "including, without limitation," throughout this Agreement; (iii) all monetary amounts are expressed in United States dollars, unless expressly provided otherwise. Headings and the division of this Agreement into articles and sections are for convenience of reference only and is not intended to and will not affect the interpretation hereof. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions contained in an Order Form, the terms and conditions of the Order Form will take precedence.

12.2 No Licenses. Unless otherwise expressly provided in this Agreement, no licenses to any technology, trademarks, or any other Intellectual Property rights of a Party or any third party are granted by virtue of this Agreement.

12.3 Force Majeure. With the exception of Client's obligation to make payment hereunder, either Party may be excused for any delay or failure to perform its duties and obligations hereunder to the extent such failure is caused by any circumstances beyond such Party's reasonable control including, but not limited to, acts of God, fire, flood, war, sabotage, terrorism, civil or military authority, labor disputes, accidents, power surges or failures, internet connectivity, or the act or omission of any third party (a "Force Majeure Condition"). The Party affected by the Force Majeure Condition will be excused from such performance for a period no longer than the delay or failure in performance caused by the Force Majeure Condition, provided such Party uses (i) industry standard procedures to minimize the disruption caused by and (ii) reasonable efforts to remove the

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

cause(s) of the Force Majeure Condition.

12.4 Entire Agreement. This Agreement supersedes and cancels all previous agreements, proposals or representations related to the subject matter.

12.5 Assignment. Client will not assign this Agreement without the prior written consent of eSentire. Notwithstanding the foregoing, Client may assign this Agreement without such consent in connection with the transfer or sale of all or substantially all of its stock, assets or business relating to the Services to which this Agreement relates. Client will give eSentire written notice of any such permitted Assignment within 30 days after the closing date of such transfer or sale. Notwithstanding the foregoing, in order for any assignment to be effective, the assignee must (i) agree in writing to be bound by the terms of this Agreement and (ii) demonstrate to eSentire's reasonable satisfaction that it possesses the financial ability to perform Client's obligations hereunder.

12.6 Severability. In the event that any provision of this Agreement is found to be illegal, void, or unenforceable, that provision will be enforced to the maximum extent permissible, and the remainder of the Agreement will remain in full force and effect.

12.7 Relationship of Parties. No agency, partnership, joint venture, or employment relationship is created as a result of this Agreement, and neither Party has any authority of any kind to bind the other in any respect whatsoever. Neither Party has any right to or will make any contracts, warranties or representations or assume or create any other obligations, express or implied, in the other Party's name or on its behalf.

12.8 Non-Exclusive Nature of Relationship. Notwithstanding anything to the contrary herein, nothing contained in this Agreement prohibits either Party from entering into a similar arrangement with a third party irrespective of the potential similarity thereof to services which might be provided by eSentire to Client.

12.9 No Third Party Beneficiaries; Inurement. There are no third party beneficiaries to this Agreement, except as may otherwise be provided herein. This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

12.10 Publicity. Client acknowledges and agrees that eSentire may use Client's name and logo for the purpose of identifying Client as a customer of eSentire.

12.11 Survival. Section 2.3 (Ownership and Use of Client Data), Section 2.4 (Freedom to Use Ideas), Section 2.5 (Retention of Rights), Section 8 (Liability Limitations), Section 9 (Indemnities), Section 10 (Confidentiality), Section 12 (General Provisions) and any other provisions which by their nature ought to survive termination of this Agreement will survive the termination of this Agreement.

12.12 Notices. All notices, demands, consents, authorizations, approvals and other communications under this Agreement will be in writing and will be deemed to have been duly given (i) if delivered in person, on the date of such delivery; (ii) if sent by facsimile or email, when receipt is electronically confirmed; (iii) if sent by recognized commercial overnight courier, on the delivery date stated in the receipt provided by such courier; and (iv) upon receipt, if sent by certified or registered mail, return receipt requested to the respective Party's address set forth on the Order Form. Either Party may change its address for notice under this Agreement by giving written notice to the other Party by the means set forth in this Section 12.12.

12.13 Governing Law and Modification. This Agreement will be governed by and construed in accordance with the laws of the state of New York, without regard to its choice of law provisions. Any action seeking legal or equitable relief arising out of or relating to this Agreement will be brought only in the courts of the state of New York. The United Nations Convention on Contracts for the International Sale of Goods will not apply to this Agreement. Any changes to this Agreement, or any additional or different terms in Client's purchase orders, acknowledgments or other documents will have no effect and will not supersede the terms of this Agreement. Any modifications or amendments to this Agreement must be in writing and signed by both Parties.

12.14 Rights and Remedies. Except as specifically provided in this Agreement, the rights and remedies provided in this Agreement and all other rights and remedies available to either Party at law or in equity are, to the extent

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

permitted by law, cumulative and not exclusive of any other right or remedy now or hereafter available at law or in equity, neither asserting a right nor employing a remedy will preclude the concurrent assertion of any other right or employment of any other remedy.

12.15 Further Assurances. Each Party will from time to time and at all times do such further acts and execute and deliver such further documents as may be reasonably required in order to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement.

12.16 Non-Solicitation. Client will not solicit for employment, hire, or enter into any independent contractor or other similar relationship with any employee of eSentire who has been involved, directly or indirectly, in the provision of any of the Services hereunder to Client during the immediately preceding 12-month period without the express prior written consent of an authorized eSentire executive. This Section 12.16 will not prohibit Client from hiring an employee of eSentire in response to an employment or contracting advertisement or other general solicitation not specifically targeted at such employee.

12.17 Counterparts. This Agreement may be executed by the Parties in one or more counterparts, each of which will be considered one and the same agreement. This Agreement may be delivered by facsimile, email, or other functionally equivalent electronic means of transmission.

[signature page follows]

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

Master Security Services Agreement

IN WITNESS WHEREOF, each of the Parties hereto has caused this Order Form to be executed and delivered by its duly authorized representative as of the Effective Date.

eSentire, Inc.

Kerry T. Bailey

Signed: 5/29/2025

Signature

Full Name

Title

Date

Approved by eSentire Legal

Initials and Date

City of Palmdale

Signature

Salvador Mendez

Full Name

City Manager Pro Tem

Title

Date

City of Palmdale

JS

Signed: 5/29/2025

Signature

Janelle Samson

Full Name

Director of Operations

Title

Date

City of Palmdale

Signature

Alexandra Halfman

Full Name

Acting City Attorney

Title

Date

City of Palmdale

Signature

Roxanne Faber

Full Name

City Clerk

Title

Date

Concord - Document ID: 0303BVIh7rMfwSNnqtrzMA

Record of Signing

For
Name
Title

JS

Signed on 2025-05-29 17:17:59 GMT

Secured by Concord™
DocumentID: 0303BVIh7rMfwSNnqtrzMA
SigningID: 0303BVIh1oeSpKqZRs5kWr
Signing date: 5/29/2025
IP Address: 206.171.111.149
Email: jsamson@cityofpalmdale.org

For
Name
Title

Kerry T. Bailey

Signed on 2025-05-29 19:05:12 GMT

Secured by Concord™
DocumentID: 0303BVIh7rMfwSNnqtrzMA
SigningID: 0303E8QeHw6hCoDvANsu08
Signing date: 5/29/2025
IP Address: 38.29.28.2
Email: kerry.bailey@esentire.com

concord™
Where agreements happen.

Signed with https://www.concord.app/

ORDER FORM

This "**Order Form**" is between City of Palmdale (the "**Client**") and eSentire, Inc. ("**eSentire**"), each a "**Party**" and together the "**Parties**" and incorporates by reference and is governed by the Master Security Services Agreement #00058482 (the "**MSSA**") between the Parties. Capitalized terms used and not otherwise defined in this Order Form or Service Description(s) have the meaning set forth in the MSSA. The Parties have executed this Order Form on the date of the last signature (the "**Effective Date**"). "**Day**" or "**Days**" means calendar days, unless otherwise specified.

Client acknowledges and agrees to all terms of this Order Form, the MSSA, and the service particulars outlined herein (together, for the purposes of this Order Form, referred to as the "**Agreement**").

1. TERM AND TERMINATION.

a. The term of the Services will begin 15 Days from the Effective Date (the "**Service Commencement Date**") and will continue for 36 consecutive months ("**Initial Term**").

b. Upon expiration of the Initial Term, the term of this Order Form will automatically renew for a period of 12 consecutive months (each a "**Renewal Term**"). The Initial Term and any Renewal Term are collectively referred to in this Order Form as the "**Term**."

c. If Client wishes to terminate this Order Form at the end of the then-current Term, Client may do so by providing eSentire with written notice of termination at least 60 Days prior to the end of such Term.

d. The date of expiration of any 12 consecutive month period beginning on the Service Commencement Date will be known as a "**Contract Year**."

2. SERVICE FEES. All Fees are in USD. Client acknowledges that pricing is based on the Services specified in this Order Form and the attached schedules. Client agrees to execute additional Order Forms to document any material increase to the scope of such Services and acknowledges that additional Fees will apply to any such increases. Additionally, if applicable, Client acknowledges and agrees that additional shipping charges will apply for eSentire Equipment shipped by eSentire to a Client location outside of Canada, United States, United Kingdom or Ireland**.**

3. RENEWAL TERM PRICING. Upon expiry of the Initial Term, and at each subsequent Renewal Term, eSentire will be entitled to increase the price of the Services. Any such annual increase will not exceed an amount equal to 5%. If a greater increase is required, eSentire will notify Client of same at least 90 Days prior to the commencement of the Renewal Term.

4. PAYMENT TERMS. Fees are exclusive of all Taxes. eSentire will invoice Client for Fees annually in advance and payment is due on receipt.

5. TRAVEL AND RELATED EXPENSES. If, at the request and with approval of Client, eSentire personnel are assigned to provide Services at Client's premises or another location designated by Client, Client will reimburse eSentire for reasonable travel directly attributable to the provision of such Services, in addition to the applicable Fees.

6. SERVICES. eSentire will provide the following Services at the Fees set forth below:

6.1 **MANAGED DETECTION AND RESPONSE ("MDR") SERVICES.** Client acknowledges and agrees to the MDR Service details and applicable Service Descriptions for the Services ordered pursuant to this Order Form found at: https://www.esentire.com/legal/documents?Service=MDR ("**MDR Link**"). MDR Services ordered and associated Fees are listed below:

a. **Endpoint Services – CrowdStrike** as described in the MDR Link above, and further detailed below.

Description	Quantity	Annual Fees
Prevent, Detect & Respond with Overwatch - MSSP	600 Endpoints	
Total Annual Fees		**$44,302.50**

b. **Network Services** as described in the MDR Link above, and further detailed below.

Description	Quantity	Annual Fees
Network Services	30 Users	
Network Services- 201 Series Sensor	3 Units	
Total Annual Fees		**$23,650.20**

c. **Log Services – Sumo Logic** as described in the MDR Link above, and further detailed below.

Description	Hosting Location	Quantity	Annual Fees*
Daily Ingestion Rate (Log Standard)	North America	5 GB/Day[1]	$13,650.00
Daily Ingestion Rate (Log Essentials)	North America	5 GB/Day[1]	$ 5,330.00
Total Annual Fees			**$18,980.00**

[1]Should Client's ingestion usage as a daily average exceed 10% of the daily ingestion quota (measured on an average over one calendar month), notwithstanding any security event (the "**Overage**"), then Client will either (i) take steps to reduce its usage within 30 Days of such Overage, or (ii) move to the next ingestion level as set out in the below tables to accommodate its usage for the remainder of the Term.

***Table 1: Additional Storage Fees for Log Standard**

Daily Ingestion rate (GB/day)	Annual Fees
7	$18,330.00
9	$21,775.00
12	$26,650.00
15	$31,655.00
20	$38,480.00

***Table 2: Additional Storage Fees for Log Essentials**

Daily Ingestion rate (GB/day)	Annual Fees
7	$6,890.00
9	$7,995.00
12	$9,555.00
15	$11,050.00
20	$13,260.00

6.2 **MANAGED RISK SERVICES ("MRS").** Client acknowledges and agrees to the MRS details and applicable Service Description for the Service ordered pursuant to this Order Form found at: https://www.esentire.com/legal/documents?Service=MRS ("**MRS Link**"). MRS ordered and associated Fees are listed below:

a. **Managed Vulnerability Service – Managed Only** as described in the MRS Link above, and further detailed below.

Description	Quantity	Annual Fees
Managed Vulnerability Service - per scanned asset - Managed Only	150 IPs	
Total Annual Fees		**$7,962.50**

b. **Technical Testing – External Vulnerability Scan and Penetration Test** as described in the MRS Link above, and further detailed below.

Description	Quantity	Annual Fees
Technical Testing - External Vulnerability Scan and Penetration Test	50 IP	
Total Annual Fees		**$9,975.00**

c. **Dark Web Monitoring – Advanced** as described in the MRS Link above, and further detailed below.

Description	Quantity	Annual Fees
Dark Web Monitoring - Advanced	1,000 Knowledge Workers	
Total Annual Fees		**$14,040.00**

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT PLANNING DIVISION**

DISTRICT: **ALL**

SUBJECT: **REVIEW AND APPROVE PERMIT ISSUANCE FOR 36 NON-PROFIT ORGANIZATIONS FOR FIREWORKS STANDS, INCLUDING THEIR PROPOSED LOCATIONS**

RECOMMENDATION

Staff recommend that the City Council:

1. Review and approve permit issuance for 36 non-profit organizations for firework stands, including their proposed locations; and,

2. Authorize the City Manager Pro Tem or his designee to issue 36 firework stand permits for non-profit organizations, including minimal and/or non-substantial changes.

BACKGROUND

Each year, the City administers the application process for the sale of Safe and Sane Fireworks. Fireworks sales will occur from 12 pm on June 28, 2025, to 12 pm on July 5, 2025. According to Palmdale Municipal Code (PMC) Section 8.04.490 (Fireworks — Permit— Eligible organizations), all proposed fireworks stands must be operated by non-profit organizations for fundraising purposes. To be eligible, each organization must meet the following criteria:

Be a non-profit organization primarily for youth, veterans, patriotic, welfare, civic betterment, or charitable purposes;

Have its principal meeting place in the City, or draw more than 50 percent of its active members from within the incorporated City;

Have been organized and established in the area that is within the City for at least 12 months preceding the filing; and,
Have at least 20 members.

As specified within PMC Section 17.98.020.E.1.a (Temporary Uses), fireworks stands are allowed in any zone provided that the site is:

- Not residentially developed;
- 200 feet from any residential use; and,
- Not located in a very high fire hazard severity zone.

In 2024, 37 out of the maximum allowed 55 permitted fireworks stands were in operation. In an effort to boost participation from local organizations, the City Council directed staff to initiate public outreach, promoting the sale of Safe and Sane Fireworks. In response, a bilingual (English/Spanish) outreach flyer was developed and distributed via email on January 16, 2025, to 125 non-profit organizations within the area. The information was also made available on the City's website and shared on social media as part of the broader outreach strategy.

DISCUSSION

As specified within PMC Section 8.04.500.E (Fireworks – Stand – Operation), one fireworks stand is permitted for every 3,000 residents. According to the California Department of Finance, Palmdale's current population is estimated to be 166,055; therefore, a maximum of 55 stands may be authorized.

36 qualifying non-profit organizations have submitted applications to operate fireworks stands. Of these, 32 are returning applicants from 2024. All organizations have satisfied the eligibility criteria and met the application requirements outlined in the PMC.

The proposed operators and their stand locations are summarized in Table 1, and a map is included as Attachment 1.

TABLE 1 – PROPOSED FIREWORKS OPERATORS AND STAND LOCATIONS

	Organization	Stand Location
1.	Antelope Valley Desert Divers, Inc.	5038 West Avenue N
2.	The Palmdale Aerospace Academy PTSO	3875 West Rancho Vista Boulevard (Neighborhood Walmart parking lot)
3.	Cornerstone Apostolic Church of Antelope Valley	3135 West Rancho Vista Boulevard
4.	Bet-El Casa De Dios	39700 30th Street West (Marie Kerr Park)
5.	Palmdale Vineyard	North of 41843 10th Street West
6.	Crosswind Community Church	41337 10th Street West (church parking lot)
7.	World Harvest Christian Outreach	40437 10th Street West

TABLE 1 – PROPOSED FIREWORKS OPERATORS AND STAND LOCATIONS (CONTINUED)

	Organization	Stand Location
8.	Lancaster Eagles Wrestling Boosters Inc.	40130 10th Street West (Walmart parking lot near Sonic Drive-In)
9.	Palmdale Elks Lodge #2027	39940 10th Street West (Sam's Club parking lot, east of Panda Express)
10.	Adorable Baby's Jump Start	1301 West Rancho Vista Boulevard
11.	Antelope Valley Youth Athletics, Inc.	1123 West Rancho Vista Boulevard (10th Street West entrance)
12.	American Indian Little League	39626 10th Street West (south of Applebee's)
13.	Water of Life of Antelope Valley, Inc.	39522 10th Street West (parking lot south of Sharky's Woodfired Mexican Grill)
14.	St. Stephen's of the Valley Lutheran Church	38727 Tierra Subida Avenue (Albertson's parking lot)
15.	Palmdale American Legion Post NO. 348	856 West Palmdale Boulevard
16.	Great Commission Community Solutions, Inc.	Vacant lot on the west side of Sierra Highway, south of Rancho Vista Boulevard
17.	The Highland Gridiron Booster Club	266 East Palmdale Boulevard
18.	Kingdom Builders	440 East Palmdale Boulevard (parking lot between Vallarta and Chevron)
19.	Kiwanis Club of Palmdale	1763 East Palmdale Boulevard (parking lot east of the Starbucks)
20.	R.J. Esthers	Southeast corner of Palmdale Boulevard and 20th Street East
21.	Lions Club of Palmdale	2049 East Palmdale Boulevard
22.	U.S. Naval Sea Cadets Corps RADM Charles W Parks Battalion	2520 East Palmdale Boulevard
23.	Love and Grace Christian Fellowship Church, Inc.	3005 East Palmdale Boulevard
24.	Next Dimension Ministries Church	Southeast corner of Sierra Highway and Avenue S
25.	Victory Outreach	37419 25th Street East
26.	Community Development Center USA	2419 East Avenue S
27.	The Highland High School Instrumental Music Booster Club	2535 East Avenue S (Stater Bros parking lot)
28.	Help for Heroes	37951 47th Street East
29.	True Memories Car Club Charities Inc.	37950 47th Street East

TABLE 1 – PROPOSED FIREWORKS OPERATORS AND STAND LOCATIONS (CONTINUED)

	Organization	Stand Location
30.	DDE Academy, Inc.	37716 55th Street East (Domenic Massari Park)
31.	Littlerock High School Band Boosters Club	4644 East Avenue S (southwest corner of Avenue S and 47th Street East)
32.	Marine Corps League, Antelope Valley Detachment 930	37218 47th Street East (Stater Bros parking lot)
33.	Palmdale Repertory Theatre	37140 47th Street East (Walmart parking lot)
34.	Knight High School Wrestling Team Booster Club	5100 East Avenue S (Yellen Park)
35.	St. Mary's Catholic Church	4343 Pearblossom Highway
36.	LACOSEPA	5645 East Avenue T (vacant lot)

FISCAL IMPACT

$35,408; The total projected revenue to the City's General Fund is $35,408. This includes contributions from 32 renewing organizations at $979.25 each and four new organizations at $1,018 each. Each organization's fee includes a $558.75 allocation dedicated to fireworks enforcement.

STRATEGIC PLAN

Goal IV: Maintain a desirable community where everyone wants to live, work, and play.

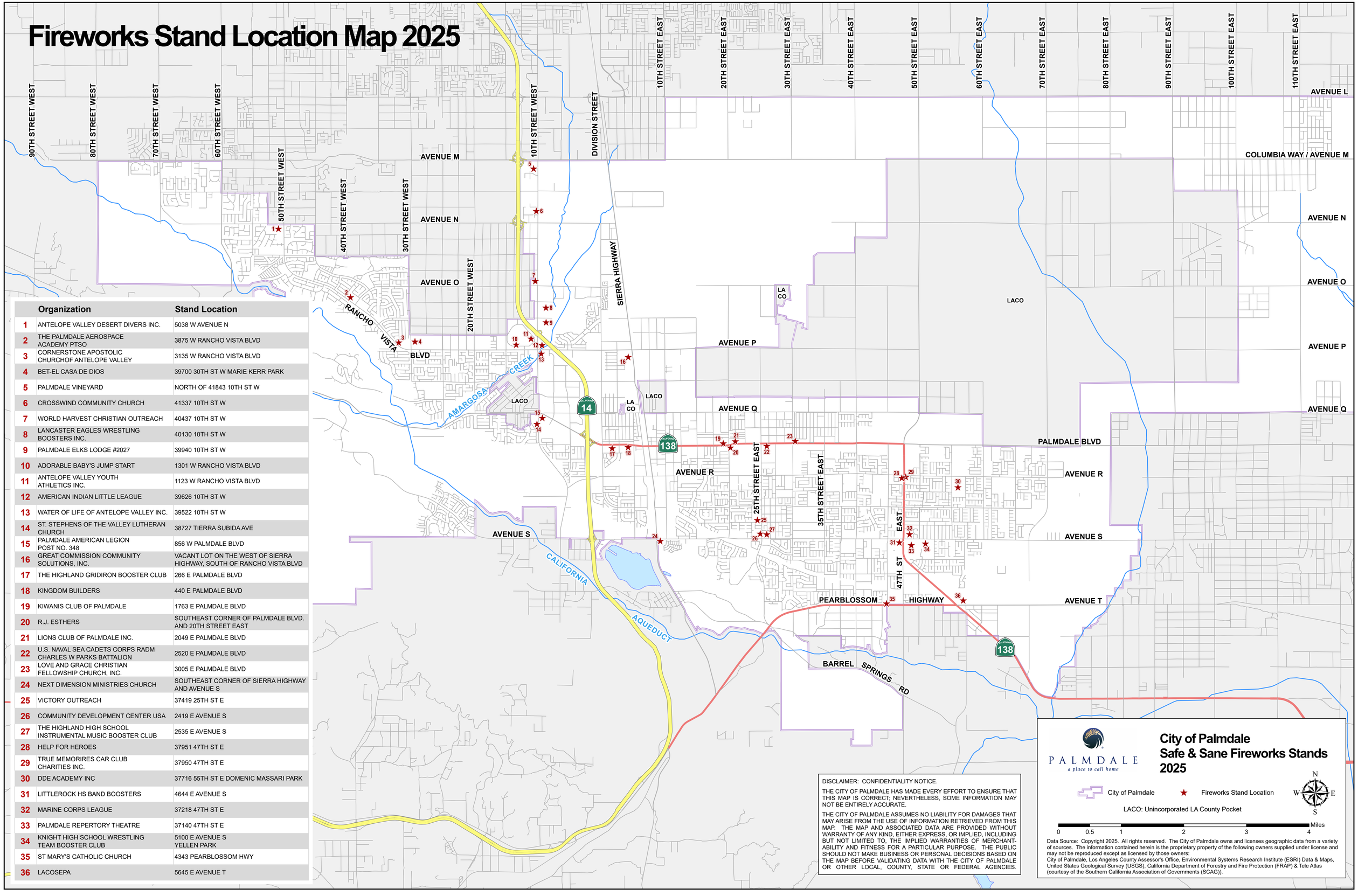
D. Develop and maintain diverse programs and events that inspire growth, pride, and lifelong learning.

Prepared by:	Megan Taggart, Director of Economic and Community Development
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Map Fireworks Stand Location 2025

Fireworks Stand Location Map 2025



	Organization	Stand Location
1	ANTELOPE VALLEY DESERT DIVERS INC.	5038 W AVENUE N
2	THE PALMDALE AEROSPACE ACADEMY PTSO	3875 W RANCHO VISTA BLVD
3	CORNERSTONE APOSTOLIC CHURCHOF ANTELOPE VALLEY	3135 W RANCHO VISTA BLVD
4	BET-EL CASA DE DIOS	39700 30TH ST W MARIE KERR PARK
5	PALMDALE VINEYARD	NORTH OF 41843 10TH ST W
6	CROSSWIND COMMUNITY CHURCH	41337 10TH ST W
7	WORLD HARVEST CHRISTIAN OUTREACH	40437 10TH ST W
8	LANCASTER EAGLES WRESTLING BOOSTERS INC.	40130 10TH ST W
9	PALMDALE ELKS LODGE #2027	39940 10TH ST W
10	ADORABLE BABY'S JUMP START	1301 W RANCHO VISTA BLVD
11	ANTELOPE VALLEY YOUTH ATHLETICS INC.	1123 W RANCHO VISTA BLVD
12	AMERICAN INDIAN LITTLE LEAGUE	39626 10TH ST W
13	WATER OF LIFE OF ANTELOPE VALLEY INC.	39522 10TH ST W
14	ST. STEPHENS OF THE VALLEY LUTHERAN CHURCH	38727 TIERRA SUBIDA AVE
15	PALMDALE AMERICAN LEGION POST NO. 348	856 W PALMDALE BLVD
16	GREAT COMMISSION COMMUNITY SOLUTIONS, INC.	VACANT LOT ON THE WEST OF SIERRA HIGHWAY, SOUTH OF RANCHO VISTA BLVD
17	THE HIGHLAND GRIDIRON BOOSTER CLUB	266 E PALMDALE BLVD
18	KINGDOM BUILDERS	440 E PALMDALE BLVD
19	KIWANIS CLUB OF PALMDALE	1763 E PALMDALE BLVD
20	R.J. ESTHERS	SOUTHEAST CORNER OF PALMDALE BLVD. AND 20TH STREET EAST
21	LIONS CLUB OF PALMDALE INC.	2049 E PALMDALE BLVD
22	U.S. NAVAL SEA CADETS CORPS RADM CHARLES W PARKS BATTALION	2520 E PALMDALE BLVD
23	LOVE AND GRACE CHRISTIAN FELLOWSHIP CHURCH, INC.	3005 E PALMDALE BLVD
24	NEXT DIMENSION MINISTRIES CHURCH	SOUTHEAST CORNER OF SIERRA HIGHWAY AND AVENUE S
25	VICTORY OUTREACH	37419 25TH ST E
26	COMMUNITY DEVELOPMENT CENTER USA	2419 E AVENUE S
27	THE HIGHLAND HIGH SCHOOL INSTRUMENTAL MUSIC BOOSTER CLUB	2535 E AVENUE S
28	HELP FOR HEROES	37951 47TH ST E
29	TRUE MEMORIES CAR CLUB CHARITIES INC.	37950 47TH ST E
30	DDE ACADEMY INC	37716 55TH ST E DOMENIC MASSARI PARK
31	LITTLEROCK HS BAND BOOSTERS	4644 E AVENUE S
32	MARINE CORPS LEAGUE	37218 47TH ST E
33	PALMDALE REPERTORY THEATRE	37140 47TH ST E
34	KNIGHT HIGH SCHOOL WRESTLING TEAM BOOSTER CLUB	5100 E AVENUE S YELLEN PARK
35	ST MARY'S CATHOLIC CHURCH	4343 PEARBLOSSOM HWY
36	LACOSEPA	5645 E AVENUE T

DISCLAIMER: CONFIDENTIALITY NOTICE.

THE CITY OF PALMDALE HAS MADE EVERY EFFORT TO ENSURE THAT THIS MAP IS CORRECT; NEVERTHELESS, SOME INFORMATION MAY NOT BE ENTIRELY ACCURATE.

THE CITY OF PALMDALE ASSUMES NO LIABILITY FOR DAMAGES THAT MAY ARISE FROM THE USE OF INFORMATION RETRIEVED FROM THIS MAP. THE MAP AND ASSOCIATED DATA ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS, OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE PUBLIC SHOULD NOT MAKE BUSINESS OR PERSONAL DECISIONS BASED ON THE MAP BEFORE VALIDATING DATA WITH THE CITY OF PALMDALE OR OTHER LOCAL, COUNTY, STATE OR FEDERAL AGENCIES.

PALMDALE
a place to call home

City of Palmdale
Safe & Sane Fireworks Stands
2025

City of Palmdale ★ Fireworks Stand Location

LACO: Unincorporated LA County Pocket

N W E S

0 0.5 1 2 3 4 Miles

Data Source: Copyright 2025. All rights reserved. The City of Palmdale owns and licenses geographic data from a variety of sources. The information contained herein is the proprietary property of the following owners supplied under license and may not be reproduced except as licensed by those owners:
City of Palmdale, Los Angeles County Assessor's Office, Environmental Systems Research Institute (ESRI) Data & Maps, United States Geological Survey (USGS), California Department of Forestry and Fire Protection (FRAP) & Tele Atlas (courtesy of the Southern California Association of Governments (SCAG)).

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **ALL**

SUBJECT: **AWARD AGREEMENT WITH WHITEWATER WEST INDUSTRIES, LTD., FOR CONSTRUCTION SERVICES FOR PN 924, DRYTOWN WATER PARK THRILL RIDE ATTRACTION PROJECT FOR A TOTAL NOT TO EXCEED AMOUNT OF $1,544,955 FOR A COMPLETION DATE NO LATER THAN APRIL 15, 2026**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve Construction Agreement No. A-9344 with WhiteWater West Industries, Ltd., (WhiteWater) for PN 924, DryTown Water Park Thrill Ride Attraction Project for a total not to exceed amount of $1,544,955, which includes a contract amount of $1,404,477, plus a 10% contingency amount of $140,478 for a completion date no later than April 15, 2026;

2. Authorize the City Manager Pro Tem or his designee to execute Agreement No. A-9344 with WhiteWater, including minimal and/or non-substantial changes;

3. Appropriate $1,544,955 from General Fund unappropriated fund balance to establish funding for this project; and,

4. Authorize the City Manager Pro Tem to approve Contract Change Orders (CCO) for additional or changed scope of work up to the 10% contingency amount approved by the Council.

BACKGROUND

DryTown Water Park was constructed and opened in 2006. Since the original construction date, one new attraction was installed, a four-lane mat racer slide, in 2012. A common amusement park's best practice to maintain park interest is to install a new attraction at an achievable pace. A future park planning assessment was completed by Councilman

Hunsaker, an aquatic design, planning, and operations firm, in 2017. The assessment indicated that an amusement park attraction geared toward thrill seekers is lacking to round out the guest park experience. A drop slide is an ideal solution, as it fits within the existing park footprint, thereby requiring fewer infrastructure upgrades.

DISCUSSION

Per PMC 3.08.140 (C), a sole source justification was authorized to specify that new DryTown Water Park attractions are to be purchased from existing park manufacturers. In January 2025, a request for proposal was issued to WhiteWater and ProSlide Technology Inc. Both water park attraction manufacturers are industry leaders and have previously installed attractions at DryTown Water Park.

Upon reviewing both proposals, WhiteWater was selected because it offered a more affordable attraction with a greater variety of slides. As a global leader in water park design and manufacturing, WhiteWater has completed over 5,000 projects in the past 40 years. The company provides innovative, sustainable, and cost-effective solutions supported by patented technologies and expert service.

The WhiteWater proposal includes a 35-foot-tall tower with three rides: Pool Sider, AquaTube, and Freefall. The attraction offers an exciting mix of thrills and family-friendly fun. The Pool Sider provides a gentle yet exciting ride, the versatile AquaTube is a fully enclosed tube with many twists and turns, and the Freefall delivers a heart-pounding drop.

WhiteWater's proposed timeline allows the new attraction to open for the 2026 DryTown Water Park season. Approving the contract now will ensure timely fabrication and keep the project on schedule. The proposal includes the design, manufacturing, and installation of the slide tower and three slides. A separate project team will be hired for general site work and slide mechanical systems through a formal request for proposal (RFP) process.

FISCAL IMPACT

$1,544,955; Funds are to be appropriated from General Fund unappropriated fund balance.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by: Leonardo Torres, P.E.
Director of Public Works

Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Agrmt No. A-9344 with WhiteWater West Industries, Ltd.
Project Map and Slide Rendering
Exh A Contractor's Scope of Work
Exh B Contractor's Project Schedule
Attch C Project Map and Slide Rendering

AGREEMENT NO. A- 9344
CONSTRUCTION CONTRACT
BETWEEN THE CITY OF PALMDALE AND WHITEWATER WEST INDUSTRIES, LTD (WHITEWATER)

THIS CONTRACT (“Contract”) is made and entered into by and between City of Palmdale, a public entity ("City"), and WHITEWATER WEST INDUSTRIES, LTD (WHITEWATER), a Limited Company ("Contractor"). Contractor and City are collectively referred to herein as the “parties.” This Contract shall become effective on the date of the last signatory.

1 Scope of Work

Contractor shall complete the Project in accordance with this Contract. Contractor shall furnish all materials and perform all work required for the completion of the following Project:

PN 924 DryTown Water Park Thrill Ride Attraction Project

This project in general consists of, but is not limited to, the preparation of preliminary and final design of a 35-foot-tall tower with three slides, furnishing equipment, delivery of equipment, erection of all structural steel, installation of WhiteWater supplied equipment, testing and certification of equipment, providing WhiteWater on-site representative, and commissioning.

CONTRACTOR's detailed scope of work attached as Exhibit "A".

CONTRACTOR's Project Schedule attached as Exhibit "B".

2 Standard Specifications

Project shall comply with applicable City, County, and State Standards regulations.

3 Compensation

City shall pay Contractor the total, all-inclusive, NOT-TO-EXCEED amount of ONE MILLION, FOUR HUNDRED AND FOUR THOUSAND, FOUR HUNDRED AND SEVENTY-SEVEN Dollars ($1404477.00) for the construction of the Project. This amount shall cover all expenses for labor, materials, and any and all other costs incurred by Contractor to satisfactorily construct the Project. Unless otherwise provided in the bid documents or agreed upon by the parties, Contractor shall submit detailed, monthly invoices for actual work performed.

<u>Corporate Income Tax, Tariffs, and Customs Duties</u>
The purchase price is inclusive of any corporate income tax tariffs and customs duties as such were applied before February 2025. However, if customs duties are increased or additional tariffs are imposed and applied after February 1, 2025 on a) the foreign materials that are incorporated into the work or b) the products subject of

this agreement, then such an amount will be in addition to the current purchase price and payable immediately by the City upon receipt of WhiteWater's notice and documentation of such increase.

4 Fee Schedule

Deposit Payment (Upon Notice to Proceed)	10%
Factory Booking (to reserve capacity in manufacturing schedule)	15%
Materials Order (to start procurement including deposit on major purchase orders)	15%
Manufacturing (four weeks after start of procurement)	15%
Manufacturing Complete (materials ready for inspection if any)	15%
Shipping Initiation (prior to and as a condition of loading materials on board for shipping)	10%
Shipping Completion (upon receipt of materials at destination)	10%
Pre-Installation (upon mobilization of our personnel on site)	5%
Final Payment (upon issuance of Certificate of Substantial Completion)	5%

5 Completion Date

5.1 The construction of the Project shall commence upon Contractor being given a written notice to proceed, and shall be completed to the satisfaction of the City no later than April 15, 2026.

5.2 Delays by Contractor:
If the project is delayed as a result of Contractor not meeting a scheduled milestone, then the project schedule will be adjusted accordingly.

When Contractor is the sole cause of the delay to the commissioning and substantial completion and delay is not caused by an event of Force Majeure or by the City's failure to make payments in accordance with the Contract or to provide required information to Contractor when contemplated in the Contract, City shall be entitled to liquidated damages in the sum at the daily rate of $1,000.00, beginning at zero (0) days from written notice given by City up to a maximum liquidated damage aggregate of ten percent (10%) of the contract price of the equipment delayed.

6 Payment and Performance Bonds; Guaranty

Unless otherwise expressly provided in the bid documents, prior to commencing work, Contractor shall provide a payment bond and performance bond, each in an amount equal to 100% of the projected annual recurring services price for each year of the term of the contract. Pursuant to the bid documents for this Project, the Contractor is required to provide a written guaranty of Contractor's work. In furtherance thereof, Contractor shall execute the written form of Guaranty attached hereto and incorporated by reference herein.

7 Licenses

At all times during the term of this Contract, Contractor shall possess a valid and current Class B-General Building Contractor's License **or Specialty Contractor License consisting of Class N/A licensee** to perform the required work ("Work"). Contractor's DIR registration number is 2000009323. Contractor hereby certifies that it holds the required license(s).

CONTRACTOR shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by the CONTRACTOR as applicable to this contract.

8 Subcontracting

Subject to any self-performance requirements herein, Contractor may subcontract any portion of the work required by this Contract to other persons or firms, and Contractor submitted with its bid a list of those subcontractors who will perform work in an amount in excess of one-half of one percent (1%) of the Contractor's total bid, in compliance with the Subletting and Subcontracting Fair Practices Act, California Public Contract Code § 4100, et seq. Only such listed subcontractors may perform on this Project.

9 Non-Assignability

Neither this Contract nor any rights, title, interest, duties or obligations under this Contract may be assigned, transferred, conveyed or otherwise disposed of by Contractor without the prior written consent of City.

10 Administration

This Contract will be administered by the Public Works Department of the City. The Director of Public Works or his or her designee shall be considered the Project Administrator and shall have the authority to act for the City under this Contract.

11 Indemnification

To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the City and the General Contractor and agents and employees of any of them, with the exclusion of any service providers like architects or project engineers, from and against claims, damages, losses, and expenses, including but not limited to attorneys'

fees, arising out of or resulting from performance of the Work, provided that such claim, damage, loss, or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), but only to the extent caused by the negligent acts or omissions of the Contractor, a subcontractor, anyone directly or indirectly employed by them, or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss, or expense is caused in part by a party indemnified hereunder.

Indemnitee shall notify Indemnitor of any claim or lawsuit that Indemnitee will assert Indemnitor might be obligated to defend under this Section within fifteen (15) days of Indemnitee's receipt of notice of said claim or lawsuit. In addition to the forgoing, Indemnitee will use reasonable efforts to notify Indemnitor within fifteen (15) days of obtaining facts which suggest that Indemnitor may be obligated to defend and indemnify the Indemnitee in accordance with this provision. Failure to provide such notice in the preceding sentence shall not void the indemnity provision unless Indemnitor can prove that Indemnitee's failure to so notify Indemnitor materially impaired Indemnitor's ability to defend any claim arising from such facts.

12 Insurance

12.1 Without limiting Contractor's indemnification of City, as described in paragraph 11, and unless modified by City, Contractor shall obtain, provide and maintain, at its own expense, during the term of this Contract, a policy or policies of insurance, satisfactory to the City, from insurance carriers admitted to do business in the State of California and rated in A.M. Best's Insurance Guide with a rating of A:VII or better, which contain the coverage described below.

12.1.1 <u>Commercial General Liability (including limited sudden and accidental pollution liability coverage as afforded through this policy)</u>
- $10,000,000.00 limit on a per occurrence basis
- $10,000,000.00 general aggregate limit

12.1.2 <u>Commercial Automobile Liability</u>
- $10,000,000.00 combined single limit including owned (if any), non-owned and hired automobile coverage

12.1.3 <u>Workers' Compensation and Employer's Liability</u>
- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability --
  $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

12.1.4 <u>Professional Liability (Errors & Omissions)*</u>
- $5,000,000.00 limit on a per occurrence basis
- $5,000,000.00 general aggregate limit

12.2 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificates shall state: “The City of Palmdale, Successor Agency to the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are named as additional insured”.

B. “Severability of Interest” Clause.

12.3 Promptly upon execution of this Contract, and prior to commencement of any work, CONTRACTOR shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONTRACTOR has the required coverage and showing the required named insured. Within five (5) days of written request from CITY, CONTRACTOR shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

12.4 Said Certificates of Insurance shall provide that thirty (30) days’ prior written notice of cancellation shall be given to the City in the event of cancellation and/or reduction in coverage of any nature.

12.5 The required policies of insurance shall be endorsed to waive all rights of subrogation. Contractors waives all rights of subrogation.

12.6 Acceptable Proof of Insurance:

A. ACORD Certificate of Insurance listing all coverage, limits, deductibles and insured; and endorsements for all applicable coverage if agent has authority to issue it; or additional insured Form CG20100704 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

B. Binders of insurance for all coverage. Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements and a corresponding Certificate of Insurance listing all insurers and coverage must be submitted to the City Attorney.

C. *When pollution/environmental liability and/or professional liability coverage is provided on a “claims made basis”, CONTRACTOR will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONTRACTOR, or its officers, employees, or agents during the time this Agreement was in effect.

12.7 The requirements as to the types and limits of insurance to be maintained by CONTRACTOR are not intended to and shall not in any manner limit or qualify CONTRACTOR's liabilities and obligations under this Contract.

12.8 Any policy or policies of insurance that CONTRACTOR elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

12.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time CONTRACTOR fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

12.10 CONTRACTOR shall require any and all subcontractors working on its behalf to provide insurance coverages and limits that are based on the scope of work and nature of risk being performed by the subcontractor. Any and all subcontractors working on behalf of CONTRACTOR shall be subject to all other insurance requirements that are stated herein.

Any deviation in this requirement will be CONTRACTOR's sole risk. CONTRACTOR's insurance requirements in Section 12 will not be impacted and/or limited by such deviation.

13 State Labor Code

13.1 This Contract calls for work to be performed constituting public works. Contractor and all subcontractors shall pay the general prevailing rate of per diem wages as determined and as published by the State Director of the Department of Industrial Relations pursuant to Article 2 of Chapter 1 of Part 7, of Division 2 of the State Labor Code, including, but not limited to, Sections 1770, 1771, 1773, 1773.2 and 1774.

13.2 This is a public work and requires the payment of prevailing wages for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by any subcontractor pursuant to Section 1771 of the Labor Code. Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the City has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed to execute this contract from the Director of the Department of Industrial Relations. These rates are on file with the City or may be obtained at http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm.

Contractor shall post a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates as a minimum. Contractor shall comply with the provisions of Sections 1775, 1776, 1777.5, 1777.6, and 1813 of the Labor Code. Pursuant to the provisions of 1775 of the Labor Code, Contractor shall forfeit to the City, as a penalty, not more than $200.00 for each calendar day, or portion thereof, for each laborer, worker, or mechanic employed, paid less than the stipulated

prevailing rates for any work done under this Contract, by him or by any subcontractor under him, in violation of the provisions of this Agreement.

13.3 Contractors and subcontractors who are ineligible to bid for work on, or be awarded, a public works project pursuant to Labor Code Sections 1777.1 and 1777.7 are prohibited from bidding on, being awarded, or performing work as a subcontractor, on this Project pursuant to Public Contract Code Section 6109.

13.4 Contractor's attention is directed to the provisions in Sections 1774, 1775, 1776, 1777.5 and 1777.6 of the Labor Code. Contractor shall comply with the provisions in these Sections. The statutory provisions for penalties for failure to comply with the State's wage and hours laws will be enforced. Pursuant to Section 1775 of the Labor Code, the Contractor and any subcontractors, shall, as a penalty to the City forfeit the prescribed amounts per calendar day, or portion thereof, for each worker paid less than the prevailing wage rates.

13.5 Pursuant to Labor Code Section 1771.4, the Project is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

13.6 Each Contractor and subcontractor shall furnish the records specified in Labor Code Section 1776 directly to the State Labor Commissioner at least monthly in the format prescribed by the State Labor Commissioner.

13.7 Sections 1774 and 1775 require the Contractor and all subcontractors to pay not less than the prevailing wage rates to all workmen employed in the execution of the Contract and specify forfeitures and penalties for failure to do so. The minimum wages to be paid are those determined by the State Director of the Department of Industrial Relations. Section 1776 requires the Contractor and all subcontractors to keep accurate payroll records, specifies the contents thereof, their inspection and duplication procedures and certain notices required of the Contractor pertaining to their location.

13.8 Section 1777.5 of the Labor Code requires Contractor or subcontractor employing workers in any apprenticeable occupation to apply to the Joint Apprenticeship Committee nearest the site of the public works project, which administers the apprenticeship program in that trade for a certificate of approval. The certificate will also fix the ratio of apprentices to journeymen to be used in the performance of the Contract. The Contractor is required to make contributions to funds established for the administration of apprenticeship programs if he employs registered apprentices or journeymen in any apprenticeable trade and if other contractors on the public works site are making such contributions. Information relative to apprenticeship standards, contributions, wage schedules and other requirements may be obtained from the State Director of Industrial Relations or from the Division of Apprenticeship Standards. Section 1777.6 of the Labor Code provides that it shall be unlawful to refuse to accept otherwise qualified employees as registered apprentices solely on the grounds of race, religious creed, color, national origin, ancestry, sex, or age.

13.9 Eight hours labor constitutes a legal day's work, as set forth in Labor Code Section 1810. The statutory provisions for penalties for failure to comply with the State's wage and hour laws will be enforced as set forth in Labor Code Section 1813.

14 Antitrust Claims

In entering into this Agreement, Contractor offers and agrees to assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the California Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the Agreement. This assignment shall be made and become effective at the time the City tenders final payment to Contractor without further acknowledgment by the parties.

15 Trenching and Excavations

Pursuant to Public Contract Code Section 7104, if the Project involves trenching more than four (4) feet deep, Contractor shall promptly and before the following conditions are disturbed notify the City in writing of any:

15.1 Material that Contractor believes may be material that is hazardous waste, as defined in California Health and Safety Code Section 25117, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law; and/or

15.2 Subsurface or latent physical conditions at the site differing from those indicated; and/or

15.3 Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract.

15.4 As required by Labor Code Section 6705 and in addition thereto, whenever work under the Contract that involves an estimated expenditure in excess of twenty-five thousand dollars ($25,000) for the excavation of any trench or trenches five (5) feet or more in depth, Contractor shall submit for acceptance by City in advance of excavation, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation, of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety, the plan shall be prepared by a registered civil or structural engineer employed by Contractor, and all costs therefor shall be included in the price of the Contract. Nothing in this provision shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this provision shall be construed to impose tort liability on the City or on any City officer, agent, consultant, representative, or employee. All plans, processing and shoring costs are Contractor’s responsibility and must be included in Contractor’s bid.

16 Third Party Claims

Pursuant to Public Contract Code Section 9201, the City has full authority to compromise or otherwise settle any claim relating to this Contract at any time. The City shall timely notify Contractor of the receipt of any third-party claim relating to the Contract. The City shall be entitled to recover its reasonable costs incurred in providing the notification required by Public Contract Code Section 9201(b).

17 Non-Collusion

Contractor hereby certifies that this bid is genuine and not a sham or collusive, or made in the interest or on behalf of any person or business not herein named. Contractor further certifies that Contractor has not directly or indirectly induced or solicited any other bidder to furnish a sham bid, or any other person or business to refrain from bidding, and Contractor has not in any manner sought by collusion to secure itself an advantage over any other bidder. Contractor also affirms that it has signed and submitted with its bid to the City a Non-collusion Declaration as required by Public Contract Code Section 7106.

18 Conflicts of Interest

Contractor agrees not to accept any employment or representation during the term of this Contract or within twelve (12) months after completion of the work under this Contract which is or may likely make Contractor “financially interested,” as provided in Government Code Section 1090 and 87100, in any decisions made by City on any matter in connection with which Contractor has been retained pursuant to this Contract.

19 Audit

The City or its representative shall have the option of inspecting and/or auditing all records and other written materials used by Contractor in preparing its billings to the City as a condition precedent to any payment to Contractor. Contractor will promptly furnish documents requested by the City. Additionally, pursuant to Government Code Section 8546.7, if this Contract involves the expenditure of public funds in excess of ten thousand dollars ($10,000), Contractor shall be subject to State Auditor examination and audit at the request of the City or as part of any audit of the City, for a period of three (3) years after final payment under this Contract.

20 Substitute Security

Pursuant to Public Contract Code Section 22300, the substitution of securities for any moneys withheld by the City to ensure performance under a contract is permitted, except where financing will be provided by the Farmers Home Administration of the United States Department of Agriculture pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. Sec. 1921 *et seq*.) or where federal regulations or policies, or both, do not allow the substitution of securities. At the request and expense of Contractor, securities equivalent to the amount withheld shall be deposited with the City, or with a state or federally chartered bank in the State of California as the escrow agent, that shall then pay those moneys to Contractor. Upon satisfactory completion of the Contract, the securities shall be returned to Contractor.

Alternatively, Contractor may request and the City shall make payment of retentions earned directly to the escrow agent at the expense of Contractor. At the expense of Contractor, Contractor may direct the investment of the payments into securities, and Contractor shall receive the interest earned on the investments upon the same terms provided for securities deposited by Contractor. Upon satisfactory completion of the Contract, Contractor shall receive from the escrow agent all securities, interest, and payments received by the escrow agent from the City, pursuant to the terms of this section.

Securities eligible for investment shall include those listed in California Government Code Section 16430, bank or savings and loan certificates of deposit, interest-bearing demand deposit accounts, standby letters of credit, or any other security to which Contractor and the City agree in writing. Contractor shall be the beneficial owner of any securities substituted for moneys withheld and shall receive any interest thereon.

If Contractor elects to receive interest on moneys withheld in retention by the City, it shall, at the request of any subcontractor performing more than five percent (5%) of Contractor's total bid, make that option available to the subcontractor regarding any moneys withheld in retention by Contractor from the subcontractor. If Contractor elects to receive interest on any moneys withheld in retention by the City, then the subcontractor shall receive the identical rate of interest received by Contractor on any retention moneys withheld from the subcontractor by Contractor, less any actual pro rata costs associated with administering and calculating that interest. In the event that the interest rate is a fluctuating rate, the rate for the subcontractor shall be determined by calculating the interest rate paid during the time that retentions were withheld from the subcontractor. If Contractor elects to substitute securities in lieu of retention, then, by mutual consent of Contractor and its subcontractor, the subcontractor may substitute securities in exchange for the release of moneys held in retention by Contractor. No Contractor shall require any subcontractor to waive any provision of this paragraph.

The escrow agreement for security deposits in lieu of retention shall be substantially similar to the form provided in Public Contract Code Section 22300(f).

21 Claims Dispute Resolution

In the event of any dispute or controversy with the City over any matter whatsoever, the Contractor shall not cause any delay or cessation in or of Work, but shall proceed with the performance of the Work in dispute. The Contractor shall retain any and all rights provided that pertain to the resolution of disputes and protests between the parties. The Disputed Work will be categorized as an "unresolved dispute" and payment, if any, shall be as later determined by mutual agreement or a court of law. The Contractor shall keep accurate, detailed records of all Disputed Work, claims and other disputed matters.

All claims arising out of or related to the Contract documents or this Project, and the consideration and payment of such claims, are subject to the Government Claims Act (Government Code Section 810 et seq.) with regard to filing claims. All such claims

are also subject to Public Contract Code Section 9204 and Public Contract Code Section 20104 et seq. (Article 1.5), where applicable. This Contract hereby incorporates those provisions as though fully set forth herein. Thus, the Contractor or any Subcontractor must file a claim in accordance with the Government Claims Act as a prerequisite to filing a construction claim in compliance with Section 9204 and Article 1.5 (if applicable), and must then adhere to Section 9204 and Article 1.5 (as applicable), pursuant to the definition of "claim" as individually defined therein.

22 Non-discrimination and Equal Employment Opportunity

22.1 In performance of this Contract, CONTRACTOR shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status. CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status . Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

22.2 The provisions of subsection 16.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONTRACTOR for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONTRACTOR and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

23 Integration

This contract includes Exhibit A which is made part of this contract by reference or as an attachment or annex, either oral or written, between the parties hereto with respect to the construction of the Project by Contractor for City and contains all of the covenants and agreements between the parties with respect to the construction of the Project. Each party to this Contract acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made with regard to the construction of the Project by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise regarding work not contained in this Contract shall be valid or binding. Any modification or amendment of this Contract will be effective only if it is in writing and signed by the parties to this Contract. Any changes to the work required by this Contract will be by change order signed by the parties.

24 Debarment and Suspension Certification
Title 2, Code of Federal Regulations, Part §180.300
The bidder, under penalty of perjury, certifies that, except as noted in a separate document, he/she or any other person associated therewith in the capacity of owner, partner, director, officer, or manager:

- is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any Federal agency;
- has not been suspended, debarred, voluntarily excluded or determined ineligible by any Federal agency within the past 3 years;
- does not have a proposed debarment pending; and
- has not been indicted, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past 3 years.

25 Governing Law

This Contract will be governed by and construed in accordance with the laws of the State of California without reference to change of venue laws. Any legal action in which enforcement of the terms and conditions of this Contract is requested, or in which it is alleged that a breach of this Contract has taken place, shall be filed and prosecuted in the County of Los Angeles, California.

26 Successors and Assigns

The terms and conditions of this Contract shall be binding on the successors and assigns of the parties to this Contract.

27 Exhibits

The exhibits and attachments referenced in this Contract are attached hereto and incorporated herein by this reference as though set forth in full in the Contract.

28 Authority to Sign

The person or persons executing this Contract on behalf of the Contractor warrant and represent that they have the authority to execute this Contract on behalf of the Contractor and have the authority to bind Contractor to the construction of the Project.

29 Time is of the Essence

Time is of the essence in every provision of this Agreement in which time to perform is a factor.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE

SIGNATURE AREA

Salvador Mendez Date
City Manager Pro Tem

SIGNATURE AREA

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38250 Sierra Highway
Palmdale, CA 93550

APPROVE AS TO FORM:

SIGNATURE AREA

Alexandra Halfman
Acting City Attorney

ATTEST:

SIGNATURE AREA

Roxanne Faber
City Clerk

WHITEWATER WEST INDUSTRIES, LTD (WHITEWATER)

SIGNATURE AREA

Luc Benac Date
Director, Legal & Risk Management

ADDRESS FOR NOTICE:
WHITEWATER WEST INDUSTRIES, LTD (WHITEWATER)
180-6651 Fraserwood Place
Richmond British Columbia, V6W 1J3

ATTEST: If Corporation

N/A

Secretary

[Signatures of contractor on bond(s) must be notarized. Obtain two corporate signatures if contractor is a corporation.]

---------- INTERNAL USE ONLY ----------

■Certificate(s) and Endorsement(s) attached
■Confirmed business name on contract with certificate(s)
□Attached notarized bond(s), Worker's Compensation Certificate, and Guaranty
■Attached Agreement Checklist and met all requirements
□2 CFR 200 Checklist (if federally funded)

Appendix 1 **Detailed Design & Engineering Services - Specifications**

PRELIMINARY DESIGN					
APPLICABLE TO:	**ITEM**	**ITEM DESCRIPTION**	**SPEC**	**SELLER**	**BUYER**
SK-12	**1.1**	Preliminary Slide Layout (shown on SK)		■	
	1.2	Provide Project Manager who shall act as the primary point of contact for communication		■	
	1.3	Facilitate communication between the Seller and the Buyer's sub-contractors			■
	1.4	Provide a translator to translate to English, where applicable			■
	***1.5**	Local code requirements with which the ride and installation must adhere			■
	***1.6**	The Buyer cgrees to provide plans and survey information sufficient to perform detailed design for the equipment supply included in this contract. The Buyer warrants that the site survey plans provided to WhiteWater are accurate in all material respects. The site survey plans will be provided in CAD format (.dwg). 3D CAD is required for **retrofit, expansion or indoor projects**, 2D CAD is sufficient for **outdoor projects** with no existing infrastructure. **The following details are required:** - Defined elevations - Site coordinate system, including global origin point - Site boundaries and limiting envelopes - Existing or planned utilities and easements that need to be considered during the design phase - Locations (orientation and elevation) of any existing structure(s) that will be used to support WhiteWater equipment. **The client's certified surveyor will undertake the liability of correctness and accuracy of information provided to WWI engineers for design reference. Any delays to the project as a result of inaccurate or incomplete surveying results will be the client's responsibility.**			■
		For all indoor projects, the following additional information is required: - Building plans with elevations and cross sections in 3D CAD and PDF - Architectural, structural and HVAC drawings in plan, elevations and cross sections views at WhiteWater product interfaces - Foundation and roof design in area(s) where WhiteWater attractions are located			
		For all projects that include Waterslide products in WhiteWater's scope of supply, the following additional information is required: - Final pool plan (where applicable) with deck plan, elevations, water levels, pool wall cross sections at WhiteWater product interfaces - Design check of structures designed by others, such as buildings or roof trusses, that are used to support any WhiteWater equipment.			

		- When WhiteWater is replacing fiberglass on an existing waterslide structure, WhiteWater requires that design information be provided so a design check can be performed.			
	***1.7**	Soils testing and geotechnical report for the purpose of foundation design			■
	***1.8**	All climatic information (seismic,wind,snow) necessary to perform detailed design			■
		*** Critical startup information, delays may result in project schedule if not received in time (see schedule for more information)**			

DESIGN					
APPLICABLE TO:	**ITEM**	**ITEM DESCRIPTION**	**SPEC**	**SELLER**	**BUYER**
	2.1	**Fiberglass Waterslides**	**WS**		
SK-12	2.1.1	Slide path design showing waterslide parts with coordinates and grades		■	
	2.2	**Steel Slide Support System**	**ST**		
SK-12	2.2.1	Steel Columns including baseplates and anchors		■	
	2.2.2	Steel Arms		■	
	2.2.3	Steel Yokes		■	
	2.3	**Start Towers**	**ST**		
SK-12	2.3.1	Detailed framing and connections including Base plates and anchors		■	
	2.3.2	Guardrails and handrails		■	
	2.3.3	Stair treads		■	
	2.3.4	Decking		■	
	2.3.5	Canopy		■	
	2.3.6	Tower Lighting (If Applicable)			■
	2.4	**Concrete Works and Foundations**			
SK-12	2.4.1	Detailed Pedestal and Foundation Design*		■	
	2.4.2	High level design of shutdown lane slabs and sumps, inclusive of minimum required shape and depths		■	
	2.4.3	Detailed design of sumps			■
	2.4.4	Detailed design of runout lane slabs			■

		* WWI engineering scope for foundation design is limited to subsurface soil conditions that can satisfactorily allow the use of conventional concrete footings. Supporting grades and site preparation shall be capable of providing an allowable bearing pressure of at least 2,000 psf (100 kPa). Should local subsurface condition require deep foundations (e.g. piling, caissons), the foundations shall be designed by an engineer engaged by the purchaser to the forces provided by WWI Engineering and the parameters presented in the geotechnical report.			
	2.5	**Mechanical**			
SK-12	2.5.1	High level mechanical schematics for slide water supply system, inclusive of specification of pumps, pipe dimensions, valves, filters, flow meters, nozzles, etc.		■	
	2.5.2	Detailed design of complete mechanical system and plant room			■
	2.6	**Electrical**			
SK-12	2.6.1	High level electrical schematics for all WhiteWater supplied in-ride electrical power and control systems		■	
	2.6.2	Detailed design of overall electrical system including grounding detail			■
	2.6.3	All PLC programming for WhiteWater provided controls equipment		■	
All	**2.7**	**Assembly drawings and Layout plans showing all critical dimensional requirements**		■	
	2.8	**Permits**			■
	2.9	**Local Engineering Overseal (US and Canada Regions only)**		■	
	2.10	**If the authority having jurisdiction mandates the involvement of a registered architect in the project, it is the client's responsibility to arrange for their engagement**			■
	2.11	**Third Party Review (If required, Meetings, travel, and supplemental calculations to be provided at an additional charge)**			■

Appendix 2 **Equipment Supply Services - Specifications**

EQUIPMENT					
APPLICABLE TO:	ITEM	ITEM DESCRIPTION	SPEC	SELLER	BUYER
	3.1	**Fiberglass Waterslides**	**WS**		
SK-12	3.1.1	Fiberglass waterslide parts		■	
	3.1.2	Fasteners for all flume to flume connections		■	
	3.1.3	SikaFlex® 1A brand or equivalent caulking as necessary for all flume to flume connections.		■	
	3.1.4	Waterslide vehicles			■
	3.1.5	Safety Signage			■
	3.1.6	Safety Equipment for Inspections and Maintenance			■
	3.1.7	Fiberglass effects: 17 Sections of AquaLucent		OPTIONAL	
	3.2	**Steel Slide Support System (Galvanized & Painted)**	**ST**		
SK-12	3.2.1	Steel Columns (Galvanized & Painted)		■	
	3.2.2	Steel Arms (Galvanized & Painted)		■	
	3.2.3	Steel Yokes (Galvanized & Painted)		■	
	3.2.4	All fasteners for WhiteWater equipment according to engineering specifications		■	
	3.3	**Start Towers (Galvanized & Painted)**	**ST**		
SK-12	3.3.1	Detailed framing and connections		■	
	3.3.2	Guardrails - Galvanized Steel Picket Railing		■	
	3.3.3	Handrails - Galvanized Steel		■	
	3.3.4	Composite Lumber Stair Treads		■	
	3.3.5	Composite Lumber Platform and Landing Decking		■	
	3.3.6	Canopy – Flat top hard canopy with standard paint. Vertical panel and panel to angle are excluded.		■	
	3.3.7	Weigh Scale(s) (If Applicable)			■
	3.3.8	All fasteners for WhiteWater equipment according to engineering specifications		■	
	3.4	**Concrete Works and Foundations**			
SK-12	3.4.1	Concrete pedestals			■
	3.4.2	Concrete sumps			■

	3.4.3	Grating over sumps and under shutdown lane (if required)			■
	3.4.4	Concrete waterproofing			■
	3.4.5	Shutdown Lane slabs			■
	3.4.6	Reinforcing steel for concrete works			■
	3.4.7	Grout below base plates			■
	3.4.8	Anchor bolts		■	
	3.4.9	Embed Plates		■	
	3.4.10	Anchor bolt steel templates (for cast in place anchor bolts)		■	
	3.4.11	Foundations and slabs			■
	3.5	**Mechanical**			
SK-12	3.5.1	Pumps			■
	3.5.2	Flow Meters (Installed in an accessible location)			■
	3.5.3	Piping for all pumps, sprayers, and drains complete with Plumbing supports			■
	3.5.4	Valves, filters, fittings, etc.			■
	3.5.5	Pool that meets WWI defined water elevations and dimensions			■
	3.5.6	VFD for Pump			■
	3.5.7	Mechanical room (Plant room)			■
	3.6	**Electrical - Basic Scope**			
SK-12	3.6.1	Power to customer controlled pumps			■
	3.6.2	Pump and motor disconnects (as required)			■
	3.6.3	E-Stops as required by local codes			■
	3.6.4	Pump and motor cables (VFD rated where required).			■
	3.6.5	Grounding and Bonding			■
	3.6.6	Conduit (supply and layout)			■
	3.6.7	Electrical supply to WWI supplied equipment (as required)			■
	3.6.8	Interconnecting wiring for WWI supplied equipment			■

WS SPEC-WS Specification – Waterslides

1. Flume
   - 1.1 All waterslide parts are produced to engineered laminate schedules in variable thickness to be compliant with relevant regulatory requirements including ASTM (F846, F853, F1193, F2376, and F2974), ISO 9000-2008 (Manufacturing) and British Standard EN 1069-01 .
   - 1.2 The base layer of isophthalic polyester resin is coated with two protective layers. Surfaces exposed to sunlight and back surfaces are coated with a polyurethane clear coat protecting them from UV. Riding, molded and back surfaces are coated with an ISO/NPG get coat protecting them against water fading and blistering from osmosis.
   - 1.3 Waterslide Risers: All flumes come with necessary risers for safety and to reduce water splash-out.
   - 1.4 Entry box: All waterslides come with pre-plumbed entry box complete with pipe stub and flexible coupler.
   - 1.5 Drilling: All flanges are pre-drilled.
   - 1.6 Fasteners: Flume to flume fasteners are hot-dipped galvanized steel for indoor application and stainless steel for outdoor application.
   - 1.7 Grabrails: All necessary grabrails which affix to the entry box are stainless steel and are included.
   - 1.8 Labeling: All parts are labeled with a part code number for easy identification.

ST SPEC-ST Specification – Steel

1. Fabrication
   - 1.1 All steel is fabricated in certified shops under Canadian Welding Bureau Standard CSA W47.1, or American Structural Welding Code AWS D1.1.
2. Materials
   - 2.1 All steel is new and conforms to ASTM designation as per the engineering drawings.
   - 2.2 All steel (excluding stainless steel when used) is provided hot dipped galvanized.
3. Level of Fabrication
   - 3.1 All steel is provided for bolt-up assembly. Columns are complete with clips for arms and braces, end caps, and baseplates. Arms have knee brace attached and all clips for attachment. All fasteners according to engineering specifications are supplied.
   - 3.2 All steel is provided for bolt-up assembly, unless specific design requirement calls for field welded connections.
   - 3.3 All columns are complete with base plates, clips, end plates, welded on.
4. **FINISH (IF PAINTED)**
   - 4.1 All Steel painted in customer's choice of color Painted finish. Steel is painted to Grade B Industrial Finish. (All painted steel will be cleaned and prepped with before receiving a two part Epoxy primer coat and two coats of topcoat. A clear coat is then applied to ensure vibrant and long lasting color.)

INSTALLATION					
APPLICABLE TO:	**ITEM**	**ITEM DESCRIPTION**	**SPEC**	**SELLER**	**BUYER**
	4	**Installation Advisory Services of WhiteWater supplied equipment:**		■	
SK-12	4.1	Ensure the work will be performed in accordance with WhiteWater's engineering drawings and specifications		■	
	4.2	Follow commonly accepted principles of good workmanship		■	
	4.3	Provide an initial inventory of all WhiteWater supplied materials delivered to the site		■	
	4.4	Work with the project stakeholders to develop and maintain a construction plan that will meet the overall project schedule		■	
	4.5	Provide the owner with an on-site representative to attend any scheduled site meetings and ensure effective communication between them and WhiteWater – acting as the primary on-site liaison between		■	
	4.6	The following conditions apply to the specified duration of man days included in the contract: - Duration is based on a seven-day work week and continuous work on site. If there are any "down days" where they are prevented from accessing the project site or if there is no installation crew available on certain days, these "down days" will be counted as part of the specified duration. - In case compliance with local labor laws or safety procedures on site - whichever is the more stringent – prevents a seven-day workweek, in consultation with Purchaser, schedule and price will be adjusted to reflect such compliance. - If the Installation Advisory Service extends past the specified duration for any reason outside of the control of WhiteWater, the Purchaser shall reimburse WhiteWater at a specified daily rate of $1450 USD/day. - If the Install Advisor must leave the project site for reasons caused by the Purchaser or others, then all costs for return trips are reimbursable by the Purchaser.			■
	4.7	To provide and pay for travel to the project site, local travel, lodging and per diem for the Installation Advisor for the duration specified herein.		■	
	***	**NOTE: Prior to WWI's arrival to site and equipment placement, a survey by a qualified land surveyor must be provided to WWI that shows the correct placement and orientation of the items in 5.10 below: all foundations, footings, concrete columns and piers, complete with placing steel embed plates and / or anchor bolts in the correct locations and orientations.**			■
SK-12	**5**	**Installation of WhiteWater supplied equipment:**		■	

5.1	Special Inspections required: Buyer shall be responsible for the following inspections (whichever applicable in the project) as per IBC or AISC carried out by qualified personnel: 1. Soil Compliance (As per Table 1705.6, 2015 IBC) 2. Concrete Construction (As per Table 1705.3, 2015 IBC) 3. Structural Steel Welding (As per Table N5.4, AISC 360-16) 4. High strength Bolts (As per Table N5.6, AISC 360-16) 5. Pier Deep Foundation (As per Table 1705.7&8, 2015 IBC) Notes: Local code requirements shall take precedence if more stringent.			■
5.2	Ensure the work will be performed during regular hours and there are no encumbrance for lifting or building.			■
5.3	Provide necessary labour, tools, and equipment to complete installation of WhiteWater supplied equipment		■	
5.4	Clean interior and exterior of slide, ready for public use		■	
5.5	Wax interior of slide, ready for public use		■	
5.6	Erect all structural steel supports and tower plumb and level in accordance with WhiteWater engineering drawings		■	
5.7	All required demolition and removal of existing structures and equipment.			■
5.8	Crew expenses, including all transportation, lodging, per diem and other per diems during construction		■	
5.9	Adequate lay-down area for equipment pre-assembly and for storage of the equipment, convenient to the site and close to the final position of the equipment. The lay-down area must be hard surfaced and accessible for trucks, cranes, fork lifts and other equipment necessary for the installation of the WhiteWater supplied equipment.			■

5.10	All site work including, but not limited to: soil tests, stripping, grubbing, filling, site grading, site drainage, all foundations, footings, concrete columns and piers (and grouting of all column baseplates), complete with placing steel embed plates and / or anchor bolts in the correct locations and orientations as surveyed by a qualified land surveyor. **NOTE:** The successful installation of the WhiteWater equipment will require accurate installation of all foundations, pedestals and anchor bolts. These need to be within the tolerances documented in the WhiteWater engineering drawings. WhiteWater's suggested best practice for constructing the foundations would include the following steps: - Pre-construction meeting with WhiteWater, Purchaser and Concrete contractor to discuss the details of the WhiteWater Engineering drawings and the best approach for construction. - Lay out the location for each foundation and then confirm the center of the pedestal rebar cages by a surveyor before placing concrete. - Pour the foundations. - Once the anchor bolts have been placed inside the rebar cages projecting from the poured foundations, have a surveyor confirm the location and elevation for 1 bolt on each of the X and Y axes for each pedestal to ensure they are within the required tolerances and adjust as needed before placing concrete. This survey information should be shared with WhiteWater for review. - Once it has been confirmed by the surveyor that the positions of the anchors are within tolerance, proceed with pouring the pedestal concrete.			■
5.11	All required site welding carried out by a certified professional welder		■	
5.12	Building and sealing of building wall penetrations or enclosures, if required.			■
5.13	All slabs on grade for shutdown lanes and / or pool decks.			■
5.14	Construction of all pools, including pumps, valves, piping, filters, fittings, VFD's, starters, etc. This includes connection of water supply pipes to WWI equipment.			■
5.15	The necessary block-outs in the pool walls and slabs to accommodate the slide pieces and to complete and finish this area after the slide is installed.			■
5.16	All concrete work on tower platforms, stairways and walkways			■
5.17	Adequate protection for the WhiteWater supplied equipment against paint over-spray, debris, concrete splatter or misuse by trades during the completion of the project.			■
5.18	Cleanup of all concrete spatters and drips that fall on any fiberglass slide parts, support steel, or tower steel.			■
5.19	Electrical connections, conduit and field wiring to any WhiteWater supplied electrical equipment. This includes grounding.			■
5.20	Adequate water and electrical supplied within reasonable access to the work area for construction activities.			■
5.21	Adequate toilet facilities within reasonable access to the work area.			■
5.22	Adequate waste disposal containers.			■

	5.23	All buildings, mechanical rooms, change rooms etc. as required for the project.			■
	5.24	Adequate access to the site for trucks, cranes, fork lifts, and other equipment necessary for the installation of the WhiteWater supplied equipment.			■
	5.25	Assume the risk of loss or theft of the construction materials, tools and equipment on site and is responsible to provide adequate security and fencing.			■
	5.26	Any other expenses not specifically defined in WhiteWater's obligations.			■

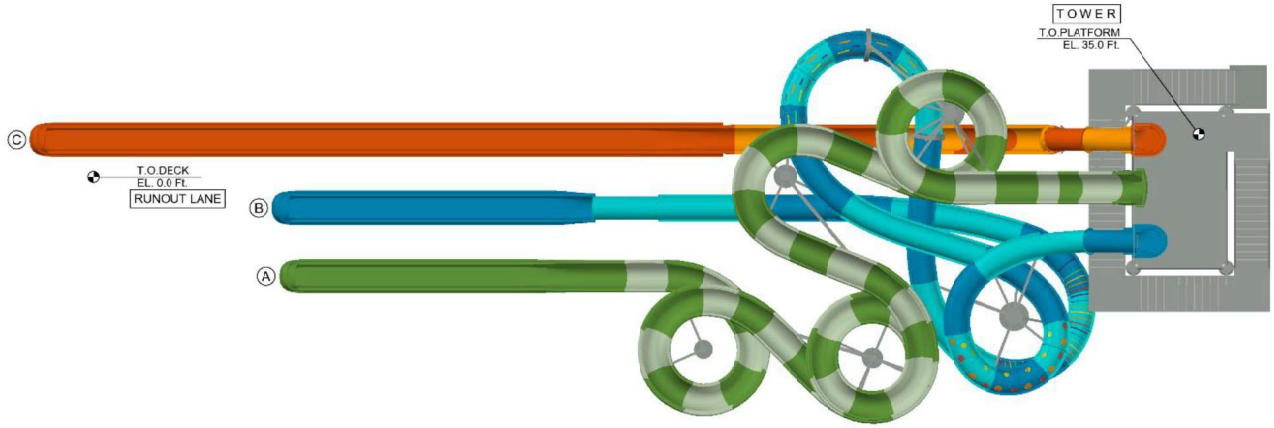
COMMISSIONING					
APPLICABLE TO:	ITEM	ITEM DESCRIPTION	SPEC	SELLER	BUYER
	6	**Commissioning**			
	6.1	Testing the Whitewater supplied equipment		■	
	6.2	Certify that the equipment is compliant with WhiteWater's engineering drawings and applicable standards before the equipment is deemed ready for operations.		■	
	6.3	Provide basic training for operation and maintenance of WhiteWater supplied equipment.		■	
	6.4	Costs associated with any on site local authority inspections, permits, 3rd party certifications			■
	6.5	Client provide test riders of various sizes for test runs during Commissioning.			■
	*6.6	Safety Signage is installed as per WWI Operations Manual			■
SK-12	*6.7	All mechanical systems (including flow meters) and structures required to operate the ride will be complete, calibrated, and operable			■
	*6.8	All electrical systems required to power and control the ride will be complete and operable			■
	*6.9	At the purchaser's expense, filtered and treated water will be available in advance of testing			■
		*If, as a result of delays caused by the Purchaser or others, and the Installation Advisor is unable to certify the equipment during the specified duration, then all costs for return trips are reimbursable by the Purchaser.			
	7	**Post-Commissioning**			
	7.1	Final Operations and maintenance manual		■	
	7.2	Structural Inspection (one trip) by Whitewater's Eng. of Record, if required		■	

Appendix 4 **Indicative Preliminary Design included**

Indicative Preliminary Design is a compilation of drawings, specifications and notes intended to provide the Owner with an indication of feasibility of design to the proposed project scope, including a general arrangement of WhiteWater's products (within provided site boundary) and showing an indication of the functional requirements, tower heights, length of rides, slides or interactive structures at a very preliminary and conceptual level.

DryTown Water Park
Palmdale, California, United States

		Length(ft)	Height(ft)	Vehicle
A	Pool Slider	281.9	35.0	Body Slide
B	AquaTube	272.1	35.0	Body Slide
C	Freefall	151.8	35.0	Body Slide



1 Plan View

49506 SK-12

This document is copyright and the proprietary information herein are the sole property of WhiteWater West Industries Ltd. and may not be reproduced or distributed without prior consent of WhiteWater West Industries Ltd. The proposal layout shown is a concept only and may be subject to change.

Model:	47346A1	Drafter:	LZ
Date:	May 02, 2025	Scale:	1"=12'-0"
Designer:	PC	Page:	1 OF 3

SCALE 1"=12'-0"
0 12 24 FEET

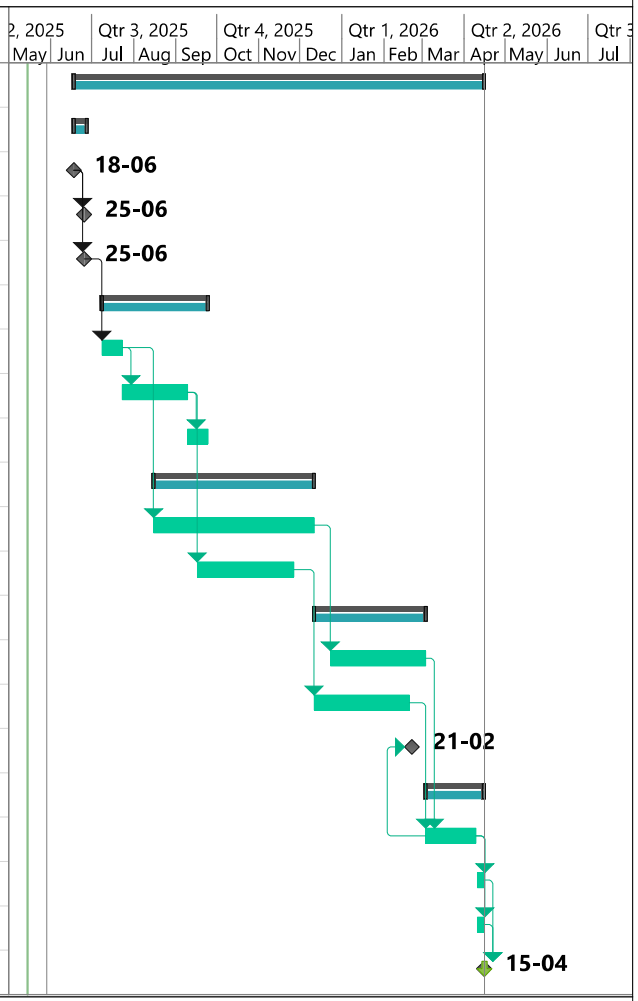
WHITEWATER. EST. 1980

49506 DryTown Water Park - Preliminary Schedule

Valid for initial project planning. Detailed schedule to be developed by Project Manager after contract awarded.
Client milestones (**in Blue**) must be met to validate this schedule.
Schedule expires on Jun. 18, 2025

WHITEWATER®
EST. 1980

ID	Task Name	Duration	Start	Finish
1	**49506 DryTown Water Park, Palmdale, CA**	**195 days**	**Wed 18 Jun '25**	**Wed 15 Apr '26**
2	**Project Initiation**	**7 days**	**Wed 18 Jun '25**	**Fri 27 Jun '25**
3	**Contract Awarded**	**0 days**	**Wed 18 Jun '25**	**Wed 18 Jun '25**
4	**Client Deposit Received**	**0 days**	**Wed 25 Jun '25**	**Wed 25 Jun '25**
5	**Critical Start Up Information Received***	**0 days**	**Wed 25 Jun '25**	**Wed 25 Jun '25**
6	**Engineering**	**50 days**	**Tue 08 Jul '25**	**Wed 24 Sep '25**
7	Slidepath Design	10 days	Tue 08 Jul '25	Wed 23 Jul '25
8	Slide Complex Detailed Engineering	30 days	Wed 23 Jul '25	Tue 09 Sep '25
9	DOSH Design Review	10 days	Tue 09 Sep '25	Wed 24 Sep '25
10	**Manufacturing**	**75 days**	**Fri 15 Aug '25**	**Thu 11 Dec '25**
11	Fiberglass	75 days	Fri 15 Aug '25	Thu 11 Dec '25
12	Slide Support & Tower Steel	45 days	Tue 16 Sep '25	Wed 26 Nov '25
13	**Shipping**	**82 days**	**Thu 11 Dec '25**	**Tue 03 Mar '26**
14	Fiberglass	70 days	Tue 23 Dec '25	Tue 03 Mar '26
15	Slide Support & Tower Steel	70 days	Thu 11 Dec '25	Thu 19 Feb '26
16	**Client Confirms Site Readiness (Foundations & Slabs)**	**0 days**	**Sat 21 Feb '26**	**Sat 21 Feb '26**
17	**Installation**	**43 days**	**Tue 03 Mar '26**	**Wed 15 Apr '26**
18	Installation Duration	37 days	Tue 03 Mar '26	Thu 09 Apr '26
19	Commissioning by WhiteWater	5 days	Fri 10 Apr '26	Wed 15 Apr '26
20	DOSH Site Inspection	5 days	Fri 10 Apr '26	Wed 15 Apr '26
21	Client Handover	0 days	Wed 15 Apr '26	Wed 15 Apr '26



*Critical Start Up Information detailed in attached checklist.

Thu 15 May '25

Project Scope Includes: SK-12

CRITICAL START UP INFORMATION*
(ENGINEERING PREREQUISITE CHECKLIST)

PROJECT NUMBER:	PROJECT NAME:	PROJECT LOCATION:	BELOW INFO REQUIRED BY:	YYYY-MM-DD
49506	***DryTown Water Park***	***Palmdale, CA***		2025-06-25

The purpose of this document is to confirm the information required to start engineering for a given project is available and in the possession of WhiteWater. Project schedules and other documents are to be confirmed separately.

1. GENERAL REQUIREMENTS (all projects)	
Item	**Requirement**
a.	Clearly Defined Scope (some examples of information needed are in bullet point below) • Client-approved Statement of Work (what we are contractually obligated to provide/supply) • Final client approved SK drawings • Defined project design code(s) • Defined 3rd party review (if a review is required, who will conduct it and to what standard) • Defined product interfaces (underground utilities to avoid/slide penetrating wall of building/deck of a cruise ship) • Client specific design requirements • Customization requested by client
b.	CAD site layout with the following: • Defined elevations • Site coordinate system • Site Boundaries and limiting envelopes • Utilities and easements needing to be taken into account
c.	Geotechnical Report (soils report)
d.	Climatic report (seismic/wind/climate)
e.	Approved theming design
f.	Identify and define SOW of all limited release products

Exhibit C, Project Map and Slide Rendering
Agrmt. No. A-9344 with WhiteWater

DryTown Water Park
Palmdale, California, United States

3 Front Elevation View

4 Left Side Elevation View

5 Right Side Elevation View

49506 SK-10A

This document is copyright and the proprietary information herein is the sole property of Whitewater West Industries Ltd. and may not be reproduced or distributed without prior consent of Whitewater West Industries Ltd. The proposal layout shown is a concept only and may be subject to change.

Model:	-47146A1	Drafter:	LZ
Date:	Mar 10, 2025	Scale:	1"=12'-0"
Designer:	PC	Page:	3 OF 3

WHITEWATER

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **1, 2**

SUBJECT: **ADOPT RESOLUTION NO. CC 2025-027, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO CONTINUE ASSESSMENTS FOR FISCAL YEAR 2025-26, PRELIMINARILY APPROVING THE ANNUAL ENGINEER'S REPORT, AND PROVIDING NOTICE OF PUBLIC HEARING FOR THE CITY OF PALMDALE DRAINAGE BENEFIT ASSESSMENT DISTRICTS NO. 1 AND NO. 2006-02**

RECOMMENDATION

Staff recommend that the City Council:

1. Adopt Resolution No. CC 2025-027, a Resolution of the City Council of the City of Palmdale, declaring its intention to continue assessments for Fiscal Year 2025-26;

2. Preliminarily approve the annual Engineer's Report;

3. Authorize the Mayor to execute Resolution No. CC 2025-027, declaring its intention to continue assessments for the Fiscal Year 2025-26; and,

4. Provide notice of public hearing for the City of Palmdale Drainage Benefit Assessment Districts No. 1 and No. 2006-02.

BACKGROUND

The Anaverde, and Ritter Ranch developments required the formation of a Drainage Benefit Assessment District (DBAD) as a condition of approval to provide the funds to maintain the necessary drainage facilities. As a result, the formation of Anaverde DBAD No. 1 was approved by the property owners on May 12, 2004, and the Ritter Ranch DBAD No. 2006-02 was approved by the property owners on January 3, 2007, respectively, pursuant to mailed ballot elections conducted in accordance with Article XIIID of the California Constitution.

The purpose of the DBAD is to fund the installation, construction, or maintenance of any authorized improvements under the Benefit Assessment Act of 1982 (California Government Code Section 54703 et seq.), including, but not limited to, drainage improvements and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

DISCUSSION

On April 15, 2025, the City Council took the first step to continue assessing the levies for Fiscal Year 2025-26 by adopting Resolution No. CC 2025-025, which directed NBS, as the Engineer of Work, to prepare the annual Engineer's Report for DBAD No. 1 and No. 2006-02 for Fiscal Year 2025-26.

Resolution No. CC 2025-027 is the second step in the process. It provides the intention to continue the assessments for Fiscal Year 2025-26, preliminarily approves the annual Engineer's Report prepared by NBS, and establishes the date, time, and place of a public hearing to receive testimony regarding the continued assessments to be placed on LA County tax rolls.

The third and final step will be the public hearing set for July 1, 2025, to obtain the final approval of the annual Engineer's Report and the ordering of the levies for Fiscal Year 2025-26.

The annual Engineer's Report contains information required by the Benefit Assessment Act of 1982 and Article XIIIC and XIIID of the California Constitution (Proposition 218) determining the special benefit to property owners within DBAD No. 1 and No. 2006-02, identifying the methodology for assigning assessments to each parcel and estimating the cost for improvements. The annual Engineer's Report establishes the important foundation and justification for the continued collection of the assessments for Fiscal Year 2025-26.

FISCAL IMPACT

$131,400; Based on the annual CPI increase of 3.11%, the total proposed assessments for both Districts are approximately $131,400. The annual Engineer's Report indicates the proposed assessments for the City of Palmdale Drainage Benefit Assessment Districts No. 1 and No. 2006-02 and is included as an attachment.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

A. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

B. Establish healthy reserves for ongoing replacement and repair of capital assets while stabilizing annual spending.

Prepared by:	Leonardo Torres P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Reso. No. CC 2025-027
Rpt Fiscal Year 2025-26 Engineer's Report: Drainage Benefit Assessment Districts

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-027

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO CONTINUE ASSESSMENTS FOR FISCAL YEAR 2025-26, PRELIMINARILY APPROVING THE ANNUAL ENGINEER'S REPORT, AND PROVIDING NOTICE OF PUBLIC HEARING FOR THE DRAINAGE BENEFIT ASSESSMENT DISTRICTS NO. 1 AND NO. 2006-02

WHEREAS, the City of Palmdale Drainage Benefit Assessment Districts No. 1 and No. 2006-02 (the "Districts") were approved by property owners pursuant to mailed ballot elections conducted in accordance with Article XIIID of the California Constitution, and the Benefit Assessment Act of 1982 (the "Act"), being Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 54703 thereof); and

WHEREAS, NBS has been designated as the Engineer of Work for purposes of these proceedings (the "Engineer of Work") and ordered to prepare an Engineer's Report in accordance with Act and Article XIIID of the California Constitution; and

WHEREAS, the Engineer of Work has filed an Engineer's Report (the "Report") with the City Clerk, copies of which have been submitted to this City Council, which Report contains the following: (a) a calculation of the portion of the improvements to be provided by the Districts that constitute a special benefit to the parcels in the Districts; (b) a methodology for assigning assessments to individual parcels; (c) a listing of each lot or parcel of property that would be subject to the proposed assessment, including public parcels; (d) the estimate of cost for the improvements; and (e) the amount of the proposed assessment for each lot or parcel for the Fiscal Year 2025-26.

NOW, THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. This City Council intends to continue to levy and collect assessments within the Districts for Fiscal Year 2025-26.

SECTION 3. The Report, in the form on file with the City Clerk, is hereby received, filed, and preliminarily approved.

SECTION 4. The proposed improvements to be made in the Districts may be described as follows: the installation, construction or maintenance of any authorized improvements under the Act, including, but not limited to, drainage improvements and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

SECTION 5. The general location and boundaries of the existing Districts are shown on maps on file in the office of the Director of Public Works, are incorporated herein by reference, and are open to public inspection. The Districts are designated as follows: Drainage Benefit Assessment District No. 1 and Drainage Benefit Assessment District No. 2006-02.

SECTION 6. Reference is hereby made to the Report for a full and detailed description of the improvements, the boundaries of the Districts, and the assessments upon assessable lots and parcels of land within the Districts.

SECTION 7. The assessments are subject to an annual adjustment tied to the annual change in the Consumer Price Index for the Los Angeles Area as of February of each succeeding year ("CPI"). The change in the CPI from February 2024 to February 2025 was 3.11%. Therefore, the maximum authorized assessment rates for Fiscal Year 2025-26 are the previous year's maximum authorized assessment rate for each District increased by 3.11%. The amount of the assessments proposed does not exceed the authorized amount.

SECTION 8. A public hearing regarding the proposed assessments for the Districts shall be held by the City Council on July 1, 2025, at 5:00 p.m. or as soon thereafter as the matter may be heard in the City Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California.

SECTION 9. The City Clerk is hereby authorized and directed to cause a notice of the hearing for the continuation of the assessments for the Districts to be given by publishing a notice once, at least fourteen (14) days before the date of the hearing above specified, in a newspaper circulated in the Districts.

SECTION 10. This Resolution shall take effect immediately upon its adoption.

SECTION 11. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 3rd day of June, 2025.

_____
Richard J. Loa, Mayor

APPROVED AS TO FORM:

_____
Alexandra Halfman,
Acting City Attorney

ATTEST:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 3rd day of June, 2025 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

CITY OF PALMDALE

Fiscal Year 2025/26 Engineer's Report For:

Drainage Benefit Assessment Districts

May 2025

Prepared by:

NBS
helping communities fund tomorrow
nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

TABLE OF CONTENTS

1. Engineer's Letter 1

2. Introduction 2

2.1 Background 2

2.2 Process for Annual Assessment 2

2.3 Legislative Context 3

3. Plans and Specifications 6

4. Estimate of Costs 7

5. Method of Apportionment 9

5.1 Special Benefit 9

5.2 General Versus Special Benefit 10

5.3 Quantification General Benefit 10

5.4 Method of Assessment 11

5.5 Cost of Living Inflator 12

5.6 Fiscal Year 2025/26 Maximum Assessment 13

5.7 Duration of Assessment 13

5.8 Appeals and Public Hearing 13

6. Assessment Diagram 14

7. Assessment Roll 15

1. ENGINEER'S LETTER

WHEREAS, the City Council of the City of Palmdale (the "City"), State of California, under the Benefit Assessment Act of 1982 (the "Act"), directed NBS to prepare and file the Annual Engineer's Report for the Drainage Benefit Assessment District No. 1 and No. 2006-02 (the "Districts") for Fiscal Year 2025/26, in accordance with Article 4 of Chapter 6.4 of the Act and Article XIII D of the California Constitution. The report presents the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the administration, maintenance, operations and servicing of the improvements for Fiscal Year 2025/26, the diagram for the Districts, showing the area and properties to be assessed, and assessing the net amount upon the assessable lots and/or parcels within the Districts in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer's Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of said improvements to be paid by the assessable real property within the Districts in proportion to the special benefit received.

District	Parcels	EDUs per District(1)	FY 2025/26 Assessment Amount	Proposed Assessment Rate per EDU	Maximum Assessment Rate Per EDU
DBAD No. 1	1,417	1,417.00	$56,793.36	$40.08	$55.18
DBAD No. 2006-02	32	6,588.85	74,585.62	11.32	58.42
Totals:	**1,449**	**8,005.85**	**$131,378.98**		

(1) Equivalent Dwelling Unit. See "Method of Assessment" for explanation of EDU apportionment.

I, the undersigned, respectfully submit this Engineer's Report and, to the best of my knowledge, information and belief, the Engineer's Report, Assessments, and the Assessment Diagram herein have been prepared, computed and levied in accordance with the assessment methodology adopted, approved and ordered by the City Council of the City of Palmdale at the time of each District formation.

_____

John G. Egan, P. E.
Assessment Engineer

2. INTRODUCTION

2.1 Background

The City provides maintenance and servicing of certain publicly owned stormwater detention and drainage basins throughout the City. In order to fund the maintenance of these projects and improvements, the City has formed two Drainage Benefit Assessment Districts covering an area of approximately 6,600 acres and approximately 1,470 parcels. The Districts have been formed and the levies have been made pursuant to Section 54703 et seq. of the California Government Code, commonly known as the Benefit Assessment Act of 1982, and Article XIII D of the California Constitution (the "Article XIII D").

Drainage Benefit Assessment District No. 1 ("DBAD No. 1") (Anaverde Master Planned Community Avenue S at Approximately 20th Street West) is located within the Anaverde Master Planned Community at Avenue S and approximately 20th Street West. Drainage Benefit Assessment District No. 2006-02 ("DBAD No. 2006-02") (Ritter Ranch Master Planned Community, Phase I through phase V, South of Elizabeth Lake Road at Approximately 40th Street West) is located within the Ritter Ranch Master Planned Community along Elizabeth Lake Road and west of the Anaverde Community.

Drainage Benefit Districts

District	Tract/Parcel Map	Land Use	General Location
DBAD No. 1	Anaverde	Residential	20th Street West and Avenue S
DBAD No. 2006-02	Ritter Ranch	Residential/ Commercial	Elizabeth Lake Road and Ranch Center Drive

The Districts were formed in previous years; DBAD No. 1 was formed in 2004 and DBAD No. 2006-02 was formed in 2007. The developments required the formation of a drainage benefit assessment district as a condition of approval in order to provide the funds to maintain the drainage facilities for the developments. As a result, the formation of the Districts was approved by the property owners (on May 12, 2004 and January 3, 2007, respectively) pursuant to mailed ballot elections conducted in accordance with the Act and Article XIII D.

2.2 Process for Annual Assessment

In each subsequent year for which the assessment will be continued, the City Council may direct an Engineer's Report to be prepared on an annual basis which contains a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the Districts.

The City Council may also annually adopt a resolution of intention which:

- Declares the intention of the City Council to levy and collect assessments within the assessment district for the fiscal year stated therein.
- Generally describes the existing and proposed improvements and any substantial changes proposed to be made in existing improvements.

- Refers to the assessment district by its distinctive designation and indicates the general location of the district.
- Refers to the report of the engineer, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the district.
- Gives notice of the time and place for public hearing by the City Council on the levy of the proposed assessment.
- States whether the assessment is proposed to increase from the previous year.

If the assessments are to be levied in the same or lesser amounts than the maximum assessment allowed, the City Clerk shall give notice of the public hearing by causing the resolution of intention to be published. Any interested person may, prior to the conclusion of the public hearing, file a written protest which shall state all grounds of objection. The protest shall contain a description sufficient to identify the property owned by the property owner filing the protest. During the course or upon conclusion of the hearing, the City Council may order changes in any of the matters provided in the report, including changes in the improvements, any zones within the assessment district, and the proposed diagram or the proposed assessment. If the assessment to be levied exceeds the maximum assessment allowed, the City must comply with the procedures specified in Article XIII D and Proposition 218.

The City Council, upon conclusion of the public hearing must then adopt a resolution confirming the diagram and assessment, either as originally proposed or as changed by it. The adoption of the resolution shall constitute the levy of an assessment for the fiscal year referred to in the assessment.

2.3 Legislative Context

In 1996, California Voters adopted Proposition 218, the "Right to Vote on Taxes Act" which added Articles XIII C and XIII D to the California Constitution. Article XIII D imposes certain substantive and procedural requirements on any agency that wishes to levy special assessments.

Article XIII D imposes four basic substantive requirements on assessments[1]:

- All parcels that will have a special benefit conferred upon them and upon which an assessment will be imposed must be identified;
- The general benefits must be distinguished from the special benefits conferred on the parcels;
- The proportionate special benefit derived by each parcel must be determined in relationship to the entirety of the capital improvement, the maintenance and operation expenses of the public improvement, or the cost of the property related service being provided; and
- The amount assessed to a parcel must not exceed the reasonable cost of the proportional special benefit conferred on that parcel and does not include any costs attributable to the general benefit.

[1] *California Constitution Article XIII D Section 4.*

Since the initial passage of Proposition 218, several court rulings have helped provide context and direction on the practical implementation procedures and requirements for levying assessments. Several of the key concepts from these rulings are summarized below.

GENERAL BENEFIT

Article XIII D requires an agency to separate the general benefits from the special benefits conferred because only special benefits are assessable.

The Court of Appeal in *Golden Hills Neighborhood Assn., Inc. v. City of San Diego* (2011) (*Golden Hills*)[2] clarified this concept by stating, "*Separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits*."

The Court of Appeal in *Beutz v. County of Riverside* (2010) (*Beutz*)[3] quoted from the Legislative Analyst's Office pamphlet titled "Understanding Proposition 218" which states an agency must, "*estimate the amount of special benefit landowners would receive from the project or service, as well as the amount of 'general benefit.' This step is needed because Proposition 218 allows local government to recoup from assessments only the proportionate share of cost to provide the special benefit.*"

The Court in *Beutz* furthered this idea stating, "*Separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits*."

The Court of Appeal in *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority* (2008) (*SVTA*)[4] clarified that general benefits are not restricted to benefits conferred only on persons and property outside the assessment district but can include benefits both conferred on real property located in the district or to the public at large. The "public at large" includes all members of the public, including those who live, work, and shop within the district, and not simply transient visitors.

BENEFIT-BASED NOT COST-BASED

In *Bonander v. Town of Tiburon* (2009) (*Tiburon)*[5], the Court of Appeal clarified the idea that assessments must be apportioned based upon benefit rather than cost. The Court stated, "*Proportionate special benefit is the basis upon which a project's total assessable costs are apportioned among parcels within an assessment district.*"

The assessment on a particular property cannot be based on the relative cost of the improvements, but rather the special benefit conferred on such property. The Court in *Tiburon* also stated, "*an assessment represents the entirety of the cost of the improvement or property-related service, less any amount attributable to general benefits (which may not be assessed), allocated to individual properties in proportion to the relative special benefit conferred on the property*."

---

[2] *Golden Hill Neighborhood Assn. v. City of San Diego CA4/1, D062203 (Cal. Ct. App. 2013)*
[3] *Beutz v. County of Riverside, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)*
[4] *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority, 44 Cal. 4th 431 (2008).*
[5] *Bonander v. Town of Tiburon, 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)*

PUBLIC PROPERTY

Section 4, Subdivision (a) of Article XIII D states, in part, "*Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.*" Historically there had been differing opinions about whether this requirement that publicly owned property should not be exempt actually meant those properties must be assessed.

The Court of Appeal in *Manteca Unified School District v. Reclamation District No. 17 et al* (2017) *(Manteca)*[6] clarified this issue by stating, *"section 4, subdivision (a) of article XIII D of the California Constitution unambiguously conditions any continuing benefit assessment exemption on a showing by clear and convincing evidence of no special benefit.*"

IMPRECISION

The Court in *Tiburon* acknowledged the difficulty of trying to precisely assign and measure special benefit, stating, "*Any attempt to classify special benefits conferred on particular properties and to assign relative weights to those benefits will necessarily involve some degree of imprecision.*"

The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *"may be a legally justifiable approach to measuring and apportioning special benefits,* [but] *it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning special benefits, however, it must be both defensible and consistently applied*."

[6] *Manteca Unified School District v. Reclamation District No. 17 et al, C077906 (Cal. Ct. App. 2017)*

3. PLANS AND SPECIFICATIONS

The work and improvements proposed to be undertaken by the City and the cost thereof paid from the levy of the annual assessment provide special benefit to assessor parcels within the Districts defined in the Method of Assessment herein. Consistent with the Act, the improvements are generally described as follows:

> Article XIII D of the California Constitution defines "maintenance and operation expenses" as, "the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care and supervision necessary to properly operate and maintain a permanent public improvement" (hereafter referred to as the “improvements”). The Districts funding includes, but is not limited to, the removal, repair, replacement and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and operation of the drainage improvements benefiting Districts parcels.
>
> The improvements for DBAD No. 1 consist of five drainage basins (DB) located just outside of DBAD No. 1 along the southern boundary of DBAD No. 1, DB No. 1 (0.5 acres), DB No. 2 (0.5 acres), DB No. 5 (10.0 acres), DB No. 6 (3.0 acres), and DB No. 7 (4.0 acres). There is also one drainage basin located on the northern side of the California Aqueduct, DB No. 9 (15.0 acres).
>
> The improvements for DBAD No. 2006-02 consist of 126,658 cubic feet of drainage basin/storm water improvements which are detailed in the Ritter Ranch Specific Plan on file with the City.
>
> Plans and Specifications for the improvements of the Districts are voluminous and are not bound in this Engineer’s Report but by this reference are incorporated and made a part of this Engineer’s Report. The Plans and Specifications are on file in the office of the Director of Public Works where they are available for public inspection.[7]

[7] *As detailed in the Annual Engineer’s Report, City of Palmdale, Drainage Benefit Assessment Districts, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

4. ESTIMATE OF COSTS

Fiscal Year 2025/26 estimated costs of maintenance and servicing the improvements as described in the Plans and Specifications are summarized below. The full itemized budget for the Districts is voluminous and is not bound in this Engineer's Report but by reference is incorporated and made a part of this Engineer's Report. The itemized budget is on file in the Department of Public Works, where it is available for public inspection. The tables below show the budget summary for each District.

Drainage Benefit Assessment District No. 1 Budget	
Description	**Proposed FY 2025/26 Costs**
Direct Maintenance Costs	$36,300.00
Other Costs	20,493.36
Estimated Expenditures	$56,793.36
Fiscal Year 2025/26 Net Amount to be Assessed	**$56,793.36**
Total Equivalent Dwelling Units (EDUs)	1,417.00
Total Parcels	1,417
Total Cost Per EDU	$40.08
Maximum Rate per EDU	$55.18

Drainage Benefit Assessment District No. 2006-02 Budget	
Description	**Proposed FY 2025/26 Costs**
Direct Maintenance Costs	$54,447.50
Other Costs	20,138.12
Estimated Expenditures	$74,585.62
Fiscal Year 2025/26 Net Amount to be Assessed	**$74,585.62**
Total Equivalent Dwelling Units (EDUs)	6,588.85
Total Parcels	32
Total Cost Per EDU	$11.32
Maximum Rate per EDU	$58.42

The following cost descriptions apply to the budget[8]:

DIRECT COSTS

Maintenance Costs. Labor, Material, and Equipment - Includes all labor, material, and equipment required to properly maintain and service the drainage structures, and appurtenant facilities within the district, including the maintenance and servicing of fencing, and drainage facilities. All improvements within the district will be maintained and serviced on a regular basis. City staff will determine the frequency and specific maintenance operations required.

Utilities. Gas and Electric - The furnishing of electricity and gas required for the operation of the drainage structures, and appurtenant facilities such as pumps.

Renovation. Repairs, which are unforeseen and not normally included in the yearly maintenance cost. This may include repair of damage due to vandalism, storms, and frost. Planned upgrades of the improvements that provide a direct benefit to the district could also be included in renovation costs.

OTHER COSTS

Personnel/Overhead. The cost of City staff for providing the coordination for maintenance and servicing, responding to public concerns, and levying and collecting assessments. This includes reimbursement for time spent by Finance and Accounting, the City Attorney, the City Manager, and the Public Works staff.

Consultants. The cost of contracting with professionals to provide services specific to the levy and annual administration.

Professional Fees. These are the costs of contracting with professionals for annual certification of all irrigation back flow devices, and for professionals to provide any additional administrative or engineering services specific to the district such as the cost to prepare and mail notices of the public meeting and hearing, or preparation of assessment diagrams.

County Administration Fees. The costs charged by the County to place the assessments on the property tax rolls.

[8] *As detailed in the Annual Engineer's Report, City of Palmdale, Drainage Benefit Assessment Districts, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

5. METHOD OF APPORTIONMENT

The following section includes an explanation of the benefits to be derived from the installation, maintenance and servicing of the improvements throughout each District, as well as a description of the assessment methodology used to apportion the total assessment to properties within each District. ***Previous annual Engineer's Reports were prepared by a different engineer of record and specific language from the prior year Engineer's Report[9] has been referenced to describe the Method of Apportionment within the following section of this report.[10]***

The Districts consist of all assessor parcels within the boundaries as defined by the Assessment Diagram included with this report and the parcels identified by the Assessor Parcel Numbers listed with the included levy roll. The parcel list includes all privately and publicly owned parcels with the boundaries. The method used for apportioning the assessment is based on the proportional special benefits to be derived by the properties in the Districts over and above general benefits conferred on real property or to the public at large. The apportionment of special benefit is a two-step process: the first step is to identify the types of special benefit arising from the improvements, and the second step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

5.1 Special Benefit

The improvements are expected to confer certain special benefits to parcels within each District. Pursuant to the Prior Engineer's Report, the special benefit conferred to parcels is more fully described as follows:

> *Each and every parcel within the Districts receives a particular and distinct benefit from the improvements over and above general benefits conferred by the improvements.*
>
> *First, all of the improvements were conditions of approval for the creation or development of the parcels. In order to create or develop the parcels, the City of Palmdale required the developer to install and guarantee the maintenance of storm water control structures and appurtenant facilities to serve the parcels. Therefore, each and every parcel within the Districts could not have been developed in the absence of the installation and promised maintenance of these facilities.*
>
> *In addition, the improvements continue to confer a particular and distinct special benefit upon parcels within the Districts because of the nature of the improvements. The proper maintenance of storm water control and appurtenant facilities specially benefit parcels within the Districts by alleviating excess water during periods of rain. This allows individual parcels to be used to their fullest extent. All of the above- mentioned improvements contribute to a specific enhancement of each of the parcels within the Districts.*

---

[9] *Annual Engineer's Report, City of Palmdale, Drainage Benefit Assessment Districts, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020 ("Prior Engineer's Report").*

[10] *Method of Apportionment and subsections as detailed in the Annual Engineer's Report, City of Palmdale, Drainage Benefit Assessment Districts, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

5.2 General Versus Special Benefit

General benefit is an overall and similar benefit to the public at large resulting from the improvements to be maintained by the assessments levied. Within the Prior Engineer's Report, the Engineer found that while the overwhelming majority of the benefit was special, there was a small amount of general benefit. Specific language describing the relationship and proportion of Special Benefit versus General Benefit from the Prior Engineer's Report has been included below:

> *In addition to the special benefits received by the parcels within the Districts, there are incidental general benefits conferred by the improvements.*
>
> *The total benefits are thus a combination of the special benefits to the parcels within the Districts and the general benefits to the public at large and to adjacent property owners. The portion of the total drainage maintenance costs, which are associated with general benefits, will not be assessed to the parcels in the Districts, but will be paid from other City Funds.*
>
> *Because the drainage facilities are located immediately adjacent to properties within the Districts and are maintained solely for the benefit of the properties within the Districts, any benefit received by properties outside of the Districts is merely incidental. It is estimated that the general benefit portion of the benefit received from the improvements for the Districts are less than one (1) percent of the total benefit. Nonetheless, the City has agreed to ensure that no property is assessed in excess of the reasonable cost of the proportional special benefit conferred on that property.*

5.3 Quantification General Benefit

Although the analysis used to support these assessments concludes that the benefits are solely special, as described above, consideration is made for the suggestion that a portion of the benefits are general. General benefits cannot be funded by these assessments – the funding must come from other sources.

The maintenance and servicing of these improvements is also partially funded, directly and indirectly from other sources including the City of Palmdale, Los Angeles County, and the State of California. This funding comes in the form of grants, development fees, special programs, and general funds, as well as direct maintenance and servicing of facilities (e.g. curbs, gutters, streets, drainage systems, etc.). The funding from other sources more than compensates for general benefits, if any, received by the properties within the Districts.

STEP 1 – CALCULATE GENERAL BENEFIT

The general benefits from this assessment may be quantified as illustrated in the following table.

Calculation of General Benefit(1)

Benefit Factor	Relative Weight	General Benefit Contribution	Relative General Benefit
Increased safety from flood control	10	25%	2.5
Creation of individual lots for development or approval of building permits	90	0%	0
	100		2.5
	Total Calculated General Benefit =		**2.5%**

(1) Per the Prior Engineer's Report.

As a result, the City will contribute at least 2.5% of the total budget from sources other than the assessment. The following contribution offsets any general benefits from the assessment services.

STEP 2 – CALCULATE THE CURRENT GENERAL BENEFIT CONTRIBUTION FROM THE CITY

Pursuant to the Prior Engineer's Report, this general benefit contribution is the sum of the following components:

The City owns, maintains, rehabilitates and replaces curb and gutter along the border of the Districts' improvements. This curb and gutter serves to support, contain, retain, manage irrigation flow and growth, and provide a boundary for the improvements. The contribution from the City towards general benefit from the maintenance, rehabilitation, and replacement of the curb and gutter is conservatively estimated to be 1%.

The City owns and maintains a storm drainage system along the border of the Districts' improvements. This system serves to prevent flooding and associated damage to the improvements and manage urban runoff including local pollutants loading from the improvements. The contribution from the City towards general benefit from the maintenance and operation of the local storm drainage system is conservatively estimated to be 1%.

The City owns and maintains local public streets along the border of the Districts' improvements. These public streets provide access to the improvements for its enjoyment as well as efficient maintenance. The contribution from the City towards general benefit from the maintenance of local public streets is conservatively estimated to be 1%.

The value of the construction of the improvements can be quantified and monetized as an annuity. Since this construction was performed and paid for by non-assessment funds, this "annuity" can be used to offset general benefit costs and is conservatively estimated to contribute 25%.

Therefore, the total general benefit is conservatively quantified at 2.5% which is more than offset by the total non-assessment contribution towards general benefit of 28%.

5.4 Method of Assessment

The development of an assessment methodology requires apportioning benefit to determine the relative special benefit for each property. (As part of the transition between assessment engineers in 2010/2011, the existing methodology was reviewed and confirmed, and fundamentally maintained with some minor updates.) The precise language from the Prior Engineer's Report has been provided below:

> *The Districts assessments are based on land use so that property owners are assessed in proportion to the benefits received. The land uses defined below are descriptive of the parcels expected to exist in the Districts. In the event there is a question regarding the land use designation of any parcel in the Districts the Director of Public Works will be responsible for administratively assigning one of the land uses listed below.*

- *Residential* — *Single family residential parcels*
- *Condo* — *Condominium or town home parcels*
- *Non-Res* — *Non-residential parcels*
- *Exempt* — *Parcels exempt by law from the assessment, or those parcels that do not benefit from the improvements*

For DBAD No.1, in a single-family residential district, all the parcels in the Districts receive the same special benefit from the improvements due to their similarity in size and use and their similar proximity to the improvements. Therefore, each parcel is assessed an equal amount.

Storm drain improvements intercept storm runoff from the properties and convey the runoff through the area in a controlled manner providing flood protection. To properly serve development in the Districts the developers were required to provide storm water retention/detention basins within their projects.

Since storm runoff is a function of area the special benefit shall be apportioned to the respective developed lots or parcels in the Districts on a gross acreage basis net of arterial and collector streets. Within a residential tract, once the improvements have been allocated based on acreage as described above, it will be apportioned further based on the number of similar lots or parcels or multi-family units such that each lot or parcel or unit is assessed an equal amount. Within non-residential developments, the improvement costs shall be apportioned based on net parcel area.

Parcels in the Districts will be assigned a weighting factor known as an equivalent dwelling unit (EDU). This method is used to relate dissimilar land uses such as non-residential and residential. Single family residential parcels are assigned an EDU of 1.0. The total number of EDUs in a District is divided into the total balance to levy for the district. This establishes the levy per EDU (rate). The rate is then multiplied by the parcel's individual number of EDUs to establish the parcel's levy amount.

The following table shows the EDU factors for each parcel type in the Districts.

Property Type	***Factor***	***Basis***
Developed/Vacant Residential	*1.00*	*Parcel*
Developed/Vacant Multi-Family	*1.00*	*Unit*
Developed/Vacant Non-Residential	*6.00*	*Acre*

5.5 Cost of Living Inflator

Annually, the assessment rates for the Districts may be increased, based upon the Consumer Price Index, All Urban Consumers, for the Los Angeles-Long Beach-Anaheim Area ("CPI"), as determined by the United States Department of Labor, Bureau of Labor Statistics, or its successor. The Assessment Engineer shall compute the percentage difference between the CPI for February of each year and the CPI for the previous February and shall then adjust the existing assessment rates by an amount not to exceed such percentage for the following fiscal year. Should the Bureau of Labor Statistics revise such index or discontinue the

preparation of such index, the Assessment Engineer shall use the revised index or a comparable system as approved by the City Council for determining fluctuations in the cost of living. [11]

The annual calendar year percentage change in the CPI applicable to the Fiscal Year 2025/26 assessment is 3.11%, based on the increase of the February 2024 to February 2025 CPI of 3.11%.

5.6 Fiscal Year 2025/26 Maximum Assessment

The maximum authorized assessment rate for Fiscal Year 2025/26 is increased by 3.11% which equates to $55.18 per EDU for DBAD No. 1 and $58.42 per EDU for DBAD No. 2006-02. Each District's budget, provided in the Estimate of Costs section of this Engineer's Report, proposes assessments for Fiscal Year 2025/26 at the rate of $40.08 per EDU for DBAD No. 1, which is less than the maximum authorized assessment rate, and $11.32 per EDU for DBAD No. 2006-02 which is less than the maximum authorized assessment rate.

5.7 Duration of Assessment

DBAD No. 1 was formed in 2004 and DBAD No. 2006-02 was formed in 2007. It is proposed that the assessments be continued every year thereafter, so long as the drainage improvements need to be maintained and improved, and the City requires funding from the assessments for these improvements in each District. As noted previously, the assessment can continue to be levied annually after the City Council approves an annually updated Engineer's Report, budget for the assessment, improvements to be provided, and other specifics of the assessment. In addition, the City Council must hold an annual public hearing to continue the assessment.

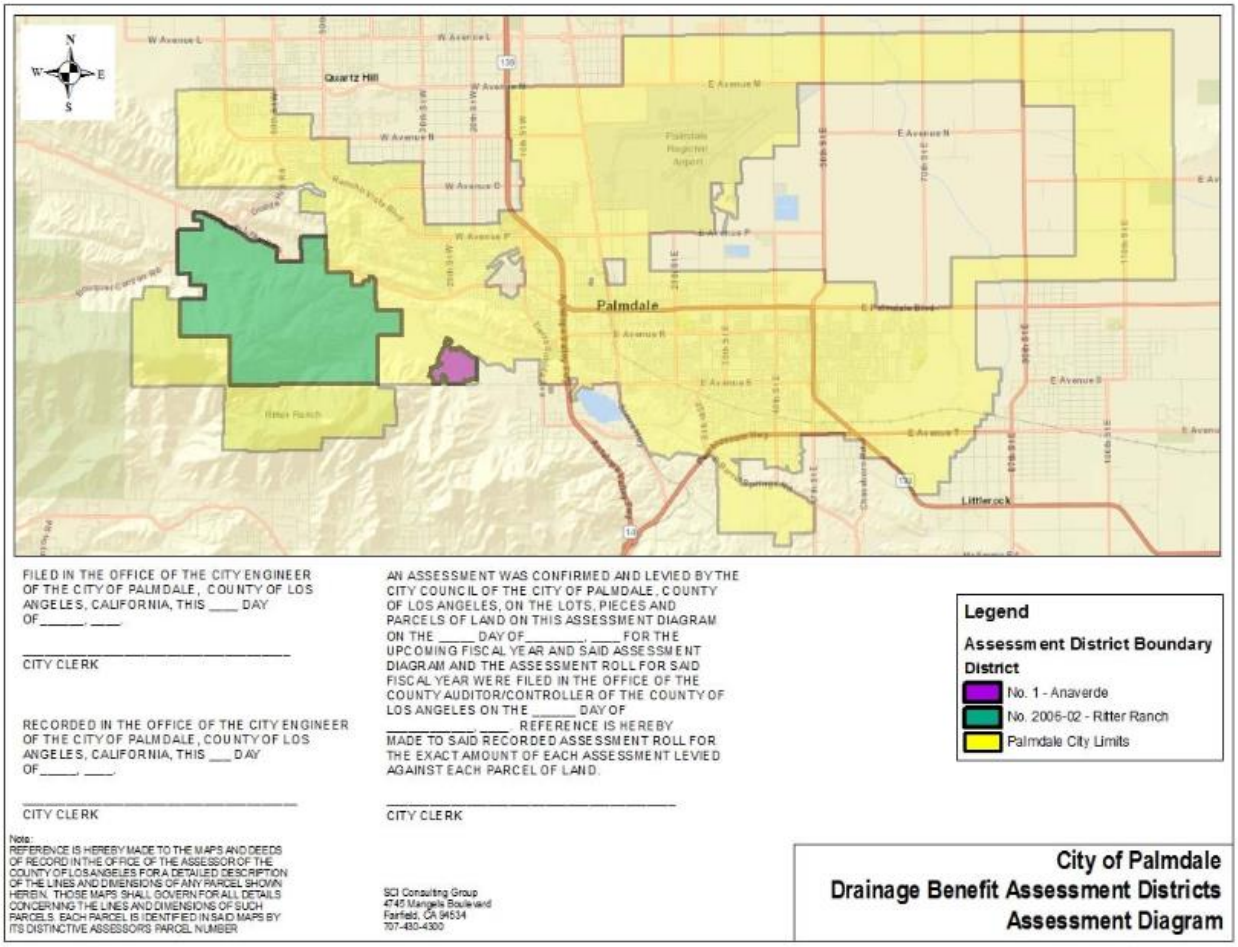
5.8 Appeals and Public Hearing

Any property owner who feels that the assessment levied on the subject property is in error, as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the City of Palmdale Public Works Department. Any such appeal is limited to correction of an assessment during the then current fiscal year or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the City of Palmdale Public Works Engineer or his or her designee will promptly review the appeal and any information provided by the property owner. If the Public Works Engineer of the City of Palmdale or her or his designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the City Engineer or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the City Engineer or her or his designee shall be referred to the Director of Public Works of the City of Palmdale, and the decision of the Director of Public Works of the City of Palmdale shall be final.

[11] *As detailed in the Annual Engineer's Report, City of Palmdale, Drainage Benefit Assessment Districts, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

6. ASSESSMENT DIAGRAM

The boundaries of the Districts are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the County Assessor of the County of Los Angeles, at the time this Engineer's Report was prepared, and are incorporated by reference herein and made part of this Engineer's Report.



7. ASSESSMENT ROLL

Assessor's parcel identification, for each lot or parcel subject to the assessment, shall be based on the County Assessor's secured roll data for the applicable year in which this report is prepared and is incorporated herein by reference.

A listing of assessor's parcels subject to the assessments for Fiscal Year 2025/26, along with the assessment amounts, is on file in the office of the City Clerk and incorporated herein by reference. Based on County Assessor's secured roll data, current assessor's parcels, including corrected and/or new assessor's parcels, will be submitted and/or resubmitted to the County Auditor/Controller. The annual assessment amount to be levied and collected for the resubmitted parcel(s) shall be determined in accordance with the method of apportionment and assessment rate approved in this report. Therefore, if a single assessor's parcel has a status change in development, other land use change, or subdivides into multiple assessor's parcels, the charge amounts applied to each of the new assessor's parcels shall be recalculated and applied according to the approved method outlined in the method of apportionment and assessment rate rather than a proportionate share of the original assessment amount.

The following table summarizes the Fiscal Year 2025/26 assessments for the Districts.

District	Parcels	EDUs per District	FY 2025/26 Maximum Assessment Rate Per EDU	FY 2025/26 Assessment Rate Per EDU	FY 2025/26 Assessment Amount
DBAD No. 1	1,417	1,417.00	$55.18	$40.08	$56,793.36
DBAD No. 2006-02	32	6,588.85	58.42	11.32	74,585.62
Totals:	**1,449**	**8,005.85**			**$131,378.98**

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2025-028, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO CONTINUE ASSESSMENTS FOR FISCAL YEAR 2025-26, PRELIMINARILY APPROVE THE ANNUAL ENGINEER'S REPORTS AND PROVIDING NOTICE OF HEARING FOR THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS, PARK MAINTENANCE AND RECREATION IMPROVEMENT DISTRICT, AND STREETLIGHT MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS**

RECOMMENDATION

Staff recommend that the City Council:

1. Adopt Resolution No. CC 2025-028, a Resolution of the City Council of the City of Palmdale, declaring its intention to continue assessments for Fiscal Year 2025-26;

2. Preliminarily approve the annual Engineer's Reports;

3. Authorize the Mayor to execute Resolution No. CC 2025-028, declaring its intention to continue assessments for Fiscal Year 2025-26; and,

4. Provide notice of public hearing for the City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations.

BACKGROUND

The City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance

Assessment Districts and Annexations (all combined and referred to as the "Districts") were approved by property owners pursuant to mailed ballot elections conducted in accordance with Article XIIID of the California Constitution.

The purpose of the Landscape Maintenance Assessment Districts and Annexations is to fund the installation, maintenance, and servicing of ornamental structures, landscaping, including trees, shrubs, grass and other ornamental vegetation, and appurtenant facilities, including irrigation systems, drainage devices and drywells located in public places within the boundaries of the Landscape Maintenance Assessment Districts and Annexations.

The purpose of the Park Maintenance and Recreation Improvement District is to fund the installation, maintenance, and servicing of public parks and recreational facilities throughout the City.

The purpose of the Streetlight Maintenance Assessment Districts and Annexations is to fund the installation, maintenance, and servicing of any authorized improvements under the Act, including, but not limited to streetlight, traffic signal, and highway safety light improvements, and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

The Landscaping and Lighting Act of 1972 requires that each year, the districts have a detailed annual engineer's report approved by the City Council in order to continue the annual assessment levy.

DISCUSSION

On April 15, 2025, the City Council took the first step to continue assessing the levies for Fiscal Year 2025-26 by adopting Resolution No. CC 2025-026, which directed NBS, the Engineer of Work, to prepare the annual Engineer's Reports for the Districts for Fiscal Year 2025-26.

This Resolution No. CC 2025-028 is the second step in the process which provides intention to continue the assessments for Fiscal Year 2025-26, preliminarily approves the annual Engineer's Reports prepared by NBS, and establishes the date, time, and place of a public hearing to receive testimony regarding the continued assessments to be placed on LA County tax rolls.

The third and final step will be the public hearing regarding the final approval of the annual Engineer's Reports and the ordering of the levies for Fiscal Year 2025-26 that will be held by the City Council on July 1, 2025.

The annual Engineer's Reports contain information required by the Landscaping and Lighting Act of 1972 and Articles XIIIC and XIIID of the California Constitution (Proposition

218), determining the special benefit to property owners within each district, identifying the methodology for assigning assessments to each parcel, and estimating the cost for improvements. The annual Engineer's Reports establish the foundation and justification for the continued collection of the assessments for Fiscal Year 2025-26.

FISCAL IMPACT

The annual Engineer's Reports indicate the proposed assessments for the Districts and are included as attachments.

The Fiscal Year 2025-26 annual assessment inflator for the Landscape Maintenance Assessment Districts and Annexations may be based on February or March CPI, depending on the approved methodology when each district/annexation was formed. For the districts/annexations that are increased based on the February CPI, the maximum assessment rates are increased by 3.11%. For the districts/annexations that are increased based on the March CPI, the maximum assessment rates are increased by 3.02%. The total proposed assessment for all districts combined is approximately $7,628,300.

The Park Maintenance and Recreation Improvement District's Fiscal Year 2025-26 assessment inflator is 3%, and the total proposed assessment for the district is approximately $3,265,400.

For Streetlight Maintenance Assessment Districts and Annexations, the inflator for the Fiscal Year 2025-26 assessment is 3.11%, and the total proposed assessment for all districts is approximately $5,025,000.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

A. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

B. Establish healthy reserves for ongoing replacement and repair of capital assets while stabilizing annual spending.

Prepared by:	Leonardo Torres, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Reso. No. CC 2025-028
Rpt Fiscal Year 2025-26 Combined Engineer's Report for Landscape Maintenance Assessment Districts and Annexations
Rpt Fiscal Year 2025-26 Engineer's Report for Park Maintenance and Recreation Improvement District
Rpt Fiscal Year 2025-26 Engineer's Report for Streetlight Maintenance Assessment Districts and Annexations

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-028

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO CONTINUE ASSESSMENTS FOR FISCAL YEAR 2025-26, PRELIMINARILY APPROVE THE ANNUAL ENGINEER'S REPORTS AND PROVIDING NOTICE OF HEARING FOR THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS, PARK MAINTENANCE AND RECREATION IMPROVEMENT DISTRICT, AND STREETLIGHT MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS

WHEREAS, the City of Palmdale Landscape Maintenance Assessment Districts and Annexations (the "Landscape Assessment Districts"), Park Maintenance and Recreation Improvement District (the "Park District"), and Streetlight Maintenance Assessment Districts and Annexations (the "Streetlight Assessment Districts", or all together, the Landscape Assessment Districts, Park District, and Streetlight Assessment Districts may be referred to as the "Districts") were approved by property owners pursuant to mailed ballot elections conducted in accordance with Article XIIID of the California Constitution, and the Landscaping and Lighting Act of 1972 (the "Act"), Part 2 of Division 15 of the California Streets and Highways Code (commencing with Section 22500 thereof); and

WHEREAS, NBS has been designated as Engineer of Work for purposes of these proceedings (the "Engineer of Work") and ordered to prepare the Engineer's Reports in accordance with the Act and Article XIIID of the California Constitution; and

WHEREAS, the Engineer of Work has filed the Engineer's Reports (the "Reports") with the City Clerk, copies of which have been submitted to this City Council, which Reports contain the information required by the Act, including: (a) a calculation of the portion of the services to be provided by the Districts that constitute a special benefit to the parcels in the Districts; (b) a methodology for assigning assessments to individual parcels; (c) a listing of each lot or parcel of property that would be subject to the proposed assessment, including public parcels; (d) the estimate of cost for the improvements; and (e) the amount of the proposed assessment for each lot or parcel for the Fiscal Year 2025/2026.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. It is the intention of this City Council to continue to levy and collect assessments within the Districts for Fiscal Year 2025-26.

SECTION 3. The Reports, in the form on file with the City Clerk, are hereby received, filed and preliminarily approved.

SECTION 4. The proposed improvements to be made in the Landscape Assessment Districts may be briefly described as follows: the installation, maintenance and servicing of ornamental structures, landscaping, including trees, shrubs, grass and other ornamental vegetation, and appurtenant facilities, including irrigation systems, drainage devices and drywells located in public places within the boundaries of the Districts. Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of the ornamental structures, landscaping and appurtenant facilities, including repair, removal, or replacement of all or part of any of the ornamental structures, landscaping or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, and treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti. Servicing means the furnishing of electricity for the lighting and operation of the ornamental structures, landscaping, and appurtenant facilities, water for the irrigation and control of the landscaping, and the maintenance of any of the ornamental structures, landscaping, and appurtenant facilities.

Within the Park District, the existing and proposed improvements to be undertaken by the Park District are generally described as: installation, maintenance and servicing of public facilities, including but not limited to, landscaping, sprinkler systems, park grounds, park facilities, amphitheaters, landscape corridors, ground cover, shrubs and trees, street frontages, multi-use trails, camp sites and picnic areas, equestrian facilities, playground equipment and hardcourt areas, senior and community centers, drainage systems, lighting, fencing, entry monuments, sport and recreation fields, concession stands, basketball courts, tennis courts, running tracks, aquatic parks, swimming pools and pool enclosures, other recreational facilities, security guards, graffiti removal and repainting, and labor, materials, supplies, utilities and equipment, as applicable, for property owned, operated or maintained by the City of Palmdale. Whereas, installation means the construction of recreational improvements, including, but not limited to, land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks and drainage, lights, playground equipment, play courts, recreational facilities, and public restrooms. Whereas, maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of said improvements, including repair, removal, or replacement of all or part of any improvement; providing for the life, growth, health and beauty of landscaping; and cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti. Whereas, servicing means the furnishing of electric current or energy for the operation or lighting of any improvements, and water for irrigation of any landscaping or the maintenance of any other improvements.

Within the Streetlight Assessment Districts, the existing and proposed improvements to be undertaken may be briefly described as follows: the installation,

maintenance, and servicing of any authorized improvements under the Act, including, but not limited to streetlight, traffic signal, and highway safety light improvements, and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

SECTION 5. The general location and boundaries of the existing Districts are shown on maps on file in the office of the Director of Public Works, are incorporated herein by reference, and are open to public inspection.

The designation of the Landscape Assessment Districts is as follows:

District Nos. 1997-1, 2, 6, 7, 9, 10, 13, 14, 17, 19, 20, 23, 24, 24-1, 24-2, 24-3, 24-5, 25, 26, 28, 29, 31, 33, 35, 36, 41, 43, 46, 48, 49, 51, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 69, 70, 72, 73, 75, 76, 78, 80, 83, 84, 85, 86, 87, 88, 89, 93, 94, 96, 97, 98, 99, 100, 102, 105, 107, 110, 111, 114, 115, 116, 119, 120, 121, 122, 123, 125, 126, 127, 128, 129, 131, 133, 135, 136, 139, 140, 143, 144, 145, 146, 148, 151, 152, 153, 154, 156, 157, 160, 163, 165. 167, 168, 171, 175, 176, 177, 178, 179, 183, 188, 189, 190, 191, 192, 193, 195, 199, 203, 204, 206, 207, 213, 216, 220, 224;

District Nos. 1998-5, 11, 12, 15, 16, 21, 22, 30, 32, 37, 39, 40, 42, 52, 56, 68, 77, 92, 103, 109, 112, 137, 212, 214;

District Nos. 1999-106, 113, 138, 150, 182, 201, 202, 222, 233, 234;

District Nos. 2000-24-6, 44, 82, 219, 235;

District Nos. 2001-236, 237, 238;

District Nos. 2002-141, 239, 240, 242, 243, 244, 251, 252, 253, 254, 255, 256;

District Nos. 2003-197, 245, 246, 259, 260;

District Nos. 2004-180, 221, 241, 247, 248, 257, 261, 262, 264, 265, 266, 267, 268, 271, 272, 274, 276, 277, 900;

District Nos. 2005-159, 184, 217, 256-01, 263, 272-01, 273, 275, 278, 279, 281, 282, 283, 286, 287, 289, 292, 293, 296, 299;

District Nos. 2006-173, 272-02, 292-01, 294, 295, 297, 298, 301, 302, 314, 315, 901;

District Nos. 2007-304, 312, 313, 316, 318, 319, 320;

District Nos. 2014-321 and 322;

The designation of the Park District is as follows: Park Maintenance and Recreation Improvement District;

The designation of the Streetlight Assessment Districts is as follows:

District No. 1, located throughout the City includes Annexation Nos. 001; 003 through 007; 009; 011; 013 through 080; 082 through 092; 095 through 097; 099 through 111; 113 through 117; 119 through 132; 134 through 137; 139 through 141, 144 through 152, 154, 186 and 203.

District No. 2, located in the Anaverde Master Planned Community consists of 2 annexations, 800 and 801.

District No. 3, located in the Master Planned Community of Ritter Ranch consists of one annexation, 900.

District No. 4, located throughout the City includes Annexation Nos. 155 through 170, 172 through 175, 178, 180, 184, and 193.

District No. 5, located throughout the City, includes one district, No. 91616, which was previously covered under the Los Angeles County Lighting Maintenance District No. 1616. LA County administered the streetlights assessments and managed the streetlights improvements up to Fiscal Year 2013-14. Starting in Fiscal Year 2014-15, the City of Palmdale took over these functions from the County.

SECTION 6. Reference is hereby made to the Reports for a full and detailed description of the improvements, the boundaries of the Districts and the assessments upon assessable lots and parcels of land within the Districts.

SECTION 7. The assessments for the Landscape Assessment Districts are subject to an annual adjustment tied to the annual change in the Consumer Price Index ("CPI") for the Los Angeles Area as of February or March of each succeeding year. The change in the CPI from February 2024 to February 2025 was 3.11%. The change in the CPI from March 2024 to March 2025 was 3.02%. Therefore, for Fiscal Year 2025/2026, the maximum authorized assessment rates which are based on the February CPI are the previous year maximum authorized assessment rate for each District increased by 3.11% and the maximum authorized assessment rates which are based on the March CPI, are the previous year maximum authorized assessment rate for each District increased by 3.02%. The amount of the assessment proposed does not exceed the authorized amount.

The assessment for the Park District is subject to an annual adjustment tied to the annual change in the CPI for the Los Angeles Area as of January of each succeeding year, with the maximum annual adjustment not to exceed 3%. Any change in the CPI in excess of 3% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized assessment rate in years in which the CPI is less than

3%. The maximum authorized assessment rate is equal to the maximum assessment rate in the first fiscal year the assessment was levied adjusted annually by the minimum of (a) 3% or (b) the change in the CPI plus any Unused CPI as described above. The change in the CPI from January 2024 to January 2025 was 3.33%. Therefore, the maximum authorized assessment rate for Fiscal Year 2025-26 is increased by 3%. The amount of the assessment proposed does not exceed the authorized amount.

The assessments for the Streetlight Assessment Districts are subject to an annual adjustment tied to the annual change in the CPI for the Los Angeles area as of February of each succeeding year. The change in the CPI from February 2024 to February 2025 was 3.11%; therefore, for Fiscal Year 2025-26, the maximum authorized assessment rates are the previous year's maximum authorized assessment rate for each District increased by 3.11%. District No. 1, Annexation Nos. 186 and 203, include a maximum annual adjustment not to exceed 3%; therefore, the maximum authorized assessment rates for Fiscal Year 2025/2026 are increased by 3%. The amount of the assessment proposed for all Streetlight Assessment Districts does not exceed the authorized amount.

SECTION 8. A public hearing concerning the proposed assessments for the Districts shall be held by the City Council on July 1, 2025, at 5:00 p.m., or as soon thereafter as the matter may be heard, in the City Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California, in accordance with Chapter 3, Section 22626 of the Act.

SECTION 9. The City Clerk is hereby authorized and directed to cause a notice of the hearing for the continuation of the assessments for the Districts to be given by publishing a notice once, at least ten (10) days prior to the date of the hearing above specified, in a newspaper circulated in the Districts.

SECTION 10. This Resolution shall take effect immediately upon its adoption.

SECTION 11. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 3rd day of June, 2025.

_____
Richard J. Loa, Mayor

APPROVED AS TO FORM:

_____
Alexandra Halfman,
Acting City Attorney

ATTEST:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 3rd day of June, 2025, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

CITY OF PALMDALE

Fiscal Year 2025/26 Combined Engineer's Report For:

Landscape Maintenance Assessment Districts and Annexations

May 2025

Prepared by:

NBS
helping communities fund tomorrow

nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

TABLE OF CONTENTS

1. **Engineer's Letter** **1**

2. **Introduction** **2**

2.1 Background 2

2.2 Assessment District Inventory 2

2.3 District Changes 3

2.4 Process for Annual Assessment 5

2.5 Legislative Context 6

3. **Plans and Specifications** **8**

4. **Estimate of Costs** **9**

5. **Method of Apportionment** **11**

5.1 Special Benefit 11

5.2 Quantification of General Benefit 12

5.3 Method of Assessment 14

5.4 Cost of Living Inflator 14

5.5 Fiscal Year 2025/26 Maximum Assessment Rates 18

5.6 Duration of Assessment 18

5.7 Appeals and Interpretation 18

6. **Assessment Diagram** **19**

7. **Landscape Maintenance Districts Area Maintained** **20**

8. **Assessment Roll** **25**

1. ENGINEER'S LETTER

WHEREAS, the City Council of the City of Palmdale (the "City"), State of California, under the Landscaping and Lighting Act of 1972 (the "Act"), directed NBS to prepare and file the Combined Annual Engineer's Report for the Landscape Maintenance Assessment Districts and Annexations (the "Assessment Districts" or "Districts") for Fiscal Year 2025/26, in accordance with Article 4 of Chapter 1 of the Act and Article XIII D of the California Constitution. The report presents the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the administration, maintenance, operations and servicing of the improvements for Fiscal Year 2025/26, the diagram for the Assessment Districts, showing the area and properties to be assessed, and assessing the net amount upon the assessable lots and/or parcels within the Assessment Districts in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer's Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of said improvements to be paid by the assessable real property within the Assessment Districts in proportion to the special benefit received.

District	Parcel Count(1)	Total EDUs(2)	Proposed FY 2025/26 Assessment Amount
Landscape Maintenance Assessment Districts and Annexations(3)	28,790	27,606.10	$7,628,270.66

(1) Includes parcels levied and active parcels not yet subject to the assessment.
(2) Includes only EDUs for districts which are levied in Fiscal Year 2025/26.
(3) A list of the Assessment Districts and annexations containing the total proposed Fiscal Year 2025/26 assessments, the number of parcels assessed and assessment rate are detailed in Section 8 of this Engineer's Report.

I, the undersigned, respectfully submit this Engineer's Report and, to the best of my knowledge, information and belief, the Engineer's Report, Assessments, and the Assessment Diagram herein have been prepared, computed and levied in accordance with the assessment methodology adopted, approved and ordered by the City Council of the City of Palmdale at the time of each District formation.

_____
John G. Egan, P. E.
Assessment Engineer

2. INTRODUCTION

2.1 Background

The City provides maintenance and servicing of certain publicly owned landscaped areas and detention basins throughout the City. In order to fund the maintenance of these landscaping projects and improvements, the City has formed 251 Landscape Maintenance Assessment Districts and Annexations with approximately 29,000 parcels. The Assessment Districts have been formed and the assessment levies have been made pursuant to Part 2 of Division 15 of the California Streets and Highways Code, commonly known as the Landscape and Lighting Act of 1972, and Article XIII D of the California Constitution (the "Article XIII D").

2.2 Assessment District Inventory

Currently there are 246 existing Assessment Districts covering approximately 29,000 parcels. This Engineer's Report covers the 246 existing Assessment Districts. The City currently maintains landscape for only 234 Assessment Districts, encompassing about 27,250 parcels, and over 217 acres of landscaping located throughout the City. Although some Assessment Districts have been formed, the local improvements have not yet been installed and the City has not taken over the maintenance of their landscaping. Most of the Assessment Districts are comprised of residential parcels, both single-family and multi-family, with the exception of a few commercial developments.[1]

A complete list of the Assessment Districts including the number of parcels and the area of landscaping maintained is included in Sections 7 and 8 of this Engineer's Report. In addition to the existing 246 Assessment Districts, there are several developments throughout the City that were covered under the original district, prior to 1996, and are not included within the existing 246 Assessment Districts. The developments and reason for their exclusion are as follows:

- There are 20 developments within the City that were originally maintained by the City. These 20 developments failed to receive voter approval in 1996 and, therefore, are no longer maintained by the City;
- There are 23 developments within the City, which have no landscaping improvements and are, therefore, not maintained by the City; and
- There are 10 developments within the City, which have been combined with other developments when the Assessment Districts were approved.

The designation of the existing Assessment Districts is as follows:

Assessment District Nos. 1997-1, 2, 6, 7, 9, 10, 13, 14, 17, 19, 20, 23, 24, 24-1, 24-2, 24-3, 24-5, 25, 26, 28, 29, 31, 33, 35, 36, 41, 43, 46, 48, 49, 51, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 69, 70, 72, 73, 75, 76, 78, 80, 83, 84, 85, 86, 87, 88, 89, 93, 94, 96, 97, 98, 99, 100, 102, 105, 107, 110, 111, 114, 115, 116, 119, 120, 121, 122, 123, 125, 126, 127, 128, 129, 131, 133, 135, 136, 139, 140, 143, 144, 145, 146, 148, 151, 152, 153,

[1] *As detailed in the Annual Engineer's Report, City of Palmdale, Landscape Maintenance Assessment Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

154, 156, 157, 160, 163, 165. 167, 168, 171, 175, 176, 177, 178, 179, 183, 188, 189, 190, 191, 192, 193, 195, 199, 203, 204, 206, 207, 213, 216, 220, and 224;

Assessment District Nos. 1998-5, 11, 12, 15, 16, 21, 22, 30, 32, 37, 39, 40, 42, 52, 56, 68, 77, 92, 103, 109, 112, 137, 212, and 214;

Assessment District Nos. 1999-106, 113, 138, 150, 182, 201, 202, 222, 233, and 234;

Assessment District Nos. 2000-24-6, 44, 82, 219, and 235;

Assessment District Nos. 2001-236, 237, and 238;

Assessment District Nos. 2002-141, 239, 240, 242, 243, 244, 251, 252, 253, 254, 255, and 256;

Assessment District Nos. 2003-197, 245, 246, 259, and 260;

Assessment District Nos. 2004-180, 221, 241, 247, 248, 257, 261, 262, 264, 265, 266, 267, 268, 271, 272, 274, 276, 277, and 900;

Assessment District Nos. 2005-159, 184, 217, 256-01, 263, 272-01, 273, 275, 278, 279, 281, 282, 283, 286, 287, 289, 292, 293, 296, and 299;

Assessment District Nos. 2006-173, 272-02, 292-01, 294, 295, 297, 298, 301, 302, 314, 315, and 901;

Assessment District Nos. 2007-304, 312, 313, 316, 318, 319, and 320;

Assessment District Nos. 2014-321 and 2014-322; and

Assessment District Nos. 2020-290 and 2020-324. For details of the assessments, refer to the annexation Engineer's Report approved on January 12, 2022 and the amended on May 4, 2022 for Assessment District No. 2020-290. Refer to the annexation Engineer's Report approved on November 3, 2021 for Assessment District No. 2020-324.

2.3 District Changes

The following information highlights certain Assessment Districts that have had modifications from their original formation or require individual budgetary attention.[2]

Annexation 97-24-5B is assessed under Annexation 97-24-5.

Beginning with Fiscal Year 2001/02, the landscaping within Assessment District No. 140, located on the southeast corner of 60th Street West and Avenue N-4, is maintained by Assessment District No. 140's homeowner's association (HOA). For Fiscal Year 2001/02, Assessment District No. 140's assessment was lowered to $40 per parcel. Therefore, Assessment District No. 140's annual assessments only include administrative costs to provide compliance monitoring for maintenance standards and quality.

Beginning with Fiscal Year 2006/07, the landscaping within Assessment District No. 251, located south of Avenue N on the west side of 50th Street West and Assessment District No. 2004-900, will be maintained by each Assessment District's respective HOA. For Fiscal Year 2009/10, Assessment District No. 251's assessment rate was lowered to $47.46 per parcel. Therefore, Assessment District No. 251's annual

[2] *As detailed in the Annual Engineer's Report, City of Palmdale, Landscape Maintenance Assessment Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

assessments only include administrative costs to provide compliance monitoring for maintenance standards and quality.

The following Assessment Districts are commercial development and the assessments are calculated based on acreage (see the Method of Assessment section of this Engineer's Report):

1. Assessment District No. 152, located between Avenue O-8 and Avenue P, east of 15th Street West and west of the Antelope Valley Freeway;
2. Assessment District No. 154, located on the northwest corner of Avenue N and 10th Street West; and
3. Assessment District No. 195, located on the northeast corner of Avenue Q and 5th Street West.

Assessment District No. 80 is a mobile home district that is located on Rancho Vista Boulevard and approximately Avenue N-8. The assessments are calculated based on acreage (see the Method of Assessment section of this Engineer's Report).

Beginning with Fiscal Year 2001/02, Assessment District Nos. 115 and 192 received a decrease in their per parcel assessment. This was due to the removal of drainage facilities and the elimination of the maintenance associated with those facilities.

Beginning Fiscal Year 2006/07, for Assessment District No. 256, Annexation No. 01, there was one additional parcel added to the southeast corner of Tract No. 52490. This parcel was added at the request of the property owner.

Beginning with Fiscal Year 2008/09, in Assessment District No. 268 only developed parcels will be assessed in Phase 1 and 2 and a portion of Phases 3, 4, and 5. Only a portion of the landscape improvements were installed and accepted for maintenance.

All parcels included within Assessment District Nos. 292 and 292-01 are combined and identified under Assessment District No. 292. Beginning with Fiscal Year 2009/10, the assessments for Assessment District Nos. 292 and 292-01 has been amended to $539.88. Assessment District No. 292 is to have no assessment for either the multipurpose trail along 70th Street West or the offsite flood control basin at the southwest corner of 65th Street West and Avenue M.

For Fiscal Year 2009/10 Assessment District No. 297 was credited $20,419.71 and no further assessments were levied. No landscape improvements were constructed and Tentative Tract Map 61610, for which Assessment District No. 297 was formed, has expired and no property entitlement exists on the property anymore.

Beginning with Fiscal Year 2011/12, Assessment District No. 900 shall not be levied an assessment as the City does not maintain the local improvements.

Assessment District No. 2004-277 has been dissolved as of April 6, 2016. The HOA will undertake the maintenance of all improvements and services beginning Fiscal Year 2016/17.

The City does not assess Assessment District Nos. 2005-297, 2006-173, 2006-302, 2007-312, 2007-313, 2007-316, 2007-318, 2007-319, 2007-320, 2014-321, 2014-322, and 2006-901 because the landscaping has not been completed or accepted for maintenance. For Fiscal Year 2025/26, these Assessment Districts will receive a credit towards their assessment resulting in a zero assessment.

The annexation Engineer's Report was approved for Assessment District No. 2020-290 on January 12, 2022 and a reduction of the rate was subsequently approved with the Amended Engineer's Report on May 4, 2022.

Beginning in Fiscal Year 2025/26, the maximum assessment rates for the following districts were adjusted down based on the results of a district wide financial review and evaluation: 1998-11, 1997-24-5, 1998-32, 1997-65, and 2005-217.

2.4 Process for Annual Assessment

As required by the procedures specified in the Act, an Engineer's Report must be prepared on an annual basis which contains a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the assessment district.

The City Council must also annually adopt a resolution of intention which:

- Declares the intention of the City Council to levy and collect assessments within the assessment district for the fiscal year stated therein.
- Generally describes the existing and proposed improvements and any substantial changes proposed to be made in existing improvements.
- Refers to the assessment district by its distinctive designation and indicates the general location of the assessment district.
- Refers to the report of the engineer, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the assessment district.
- Gives notice of the time and place for public hearing by the City Council on the levy of the proposed assessment.
- States whether the assessment is proposed to increase from the previous year.

If the assessments are to be levied in the same or lesser amounts than the maximum assessment allowed, the City Clerk shall give notice of the public hearing by causing the resolution of intention to be published. Any interested person may, prior to the conclusion of the public hearing, file a written protest which shall state all grounds of objection. The protest shall contain a description sufficient to identify the property owned by the property owner filing the protest. During the course or upon conclusion of the hearing, the City Council may order changes in any of the matters provided in the report, including changes in the improvements, any zones within the assessment district, and the proposed diagram or the proposed assessment. If the assessment to be levied exceeds the maximum assessment allowed, the City must comply with the procedures specified in Article XIII D and Proposition 218.

The City Council, upon conclusion of the public hearing must then adopt a resolution confirming the diagram and assessment, either as originally proposed or as changed by it. The adoption of the resolution shall constitute the levy of an assessment for the fiscal year referred to in the assessment. If confirmed, the assessments would be submitted to the County Auditor Controller for inclusion on the property tax roll.

2.5 Legislative Context

In 1996, California Voters adopted Proposition 218, the "Right to Vote on Taxes Act" which added Articles XIII C and XIII D to the California Constitution. Article XIII D imposes certain substantive and procedural requirements on any agency that wishes to levy special assessments.

Article XIII D imposes four basic substantive requirements on assessments[3]:

- All parcels that will have a special benefit conferred upon them and upon which an assessment will be imposed must be identified;
- The general benefits must be distinguished from the special benefits conferred on the parcels;
- The proportionate special benefit derived by each parcel must be determined in relationship to the entirety of the capital improvement, the maintenance and operation expenses of the public improvement, or the cost of the property related service being provided; and
- The amount assessed to a parcel must not exceed the reasonable cost of the proportional special benefit conferred on that parcel and does not include any costs attributable to the general benefit.

Since the initial passage of Proposition 218, several court rulings have helped provide context and direction on the practical implementation procedures and requirements for levying assessments. Several of the key concepts from these rulings are summarized below.

GENERAL BENEFIT

Article XIII D requires an agency to separate the general benefits from the special benefits conferred because only special benefits are assessable.

The Court of Appeal in *Golden Hills Neighborhood Assn., Inc. v. City of San Diego* (2011) (*Golden Hills*)[4] clarified this concept by stating, "*Separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits*."

The Court of Appeal in *Beutz v. County of Riverside* (2010) (*Beutz*)[5] quoted from the Legislative Analyst's Office pamphlet titled "Understanding Proposition 218" which states an agency must, "*estimate the amount of special benefit landowners would receive from the project or service, as well as the amount of 'general benefit.' This step is needed because Proposition 218 allows local government to recoup from assessments only the proportionate share of cost to provide the special benefit.*"

The Court in *Beutz* furthered this idea stating, "*Separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits*."

The Court of Appeal in *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority* (2008) (*SVTA*)[6] clarified that general benefits are not restricted to benefits conferred only on persons and property outside the assessment district but can include benefits both conferred on real

[3] *California Constitution Article XIII D Section 4.*
[4] *Golden Hill Neighborhood Assn. v. City of San Diego CA4/1, D062203 (Cal. Ct. App. 2013)*
[5] *Beutz v. County of Riverside, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)*
[6] *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority, 44 Cal. 4th 431 (2008).*

property located in the district or to the public at large. The "public at large" includes all members of the public, including those who live, work, and shop within the district, and not simply transient visitors.

BENEFIT-BASED NOT COST-BASED

In *Bonander v. Town of Tiburon* (2009) (*Tiburon)*[7], the Court of Appeal clarified the idea that assessments must be apportioned based upon benefit rather than cost. The Court stated, "*Proportionate special benefit is the basis upon which a project's total assessable costs are apportioned among parcels within an assessment district.*"

The assessment on a particular property cannot be based on the relative cost of the improvements, but rather the special benefit conferred on such property. The Court in *Tiburon* also stated, "*an assessment represents the entirety of the cost of the improvement or property-related service, less any amount attributable to general benefits (which may not be assessed), allocated to individual properties in proportion to the relative special benefit conferred on the property*."

PUBLIC PROPERTY

Section 4, Subdivision (a) of Article XIII D states, in part, "*Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.*" Historically there had been differing opinions about whether this requirement that publicly owned property should not be exempt actually meant those properties must be assessed.

The Court of Appeal in *Manteca Unified School District v. Reclamation District No. 17 et al* (2017) *(Manteca)*[8] clarified this issue by stating, *"section 4, subdivision (a) of article XIII D of the California Constitution unambiguously conditions any continuing benefit assessment exemption on a showing by clear and convincing evidence of no special benefit.*"

IMPRECISION

The Court in *Tiburon* acknowledged the difficulty of trying to precisely assign and measure special benefit, stating, "*Any attempt to classify special benefits conferred on particular properties and to assign relative weights to those benefits will necessarily involve some degree of imprecision.*"

The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *"may be a legally justifiable approach to measuring and apportioning special benefits,* [but] *it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning special benefits, however, it must be both defensible and consistently applied*."

[7] *Bonander v. Town of Tiburon, 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)*
[8] *Manteca Unified School District v. Reclamation District No. 17 et al, C077906 (Cal. Ct. App. 2017)*

3. PLANS AND SPECIFICATIONS

The work and improvements proposed to be undertaken by the City and the cost thereof paid from the levy of the annual assessment provide special benefit to assessor parcels within the Assessment Districts defined in the Method of Assessment herein. Consistent with the Act, the improvements are generally described as follows:

The installation, maintenance and servicing of ornamental structures, landscaping, including trees, shrubs, grass, and other ornamental vegetation, and appurtenant facilities, including irrigation systems, drainage devices, and drywells located in public places within the boundaries of the Assessment Districts.

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

“Servicing” means the furnishing of electricity for the lighting and operation of any ornamental structures, landscaping, and appurtenant facilities; water for the irrigation and control of the landscaping, and the maintenance of any of the ornamental structures, landscaping and appurtenant facilities.

Improvements: Article XIII D of the California Constitution defines "maintenance and operation expenses" as "the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care and supervision necessary to properly operate and maintain a permanent public improvement" (hereinafter referred to as the "improvements"). The Assessment District's funding includes, but is not limited to, the removal, repair, replacement and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and operation of the landscape improvements benefiting the Assessment Districts’ parcels.[9]

Plans and Specifications for the improvements for the Assessment Districts are voluminous and are not bound in this report but by this reference are incorporated and made a part of this Engineer’s Report. The Plans and Specifications are on file in the office of the Director of Public Works where they are available for public inspection.

[9] *As detailed in the Annual Engineer’s Report, City of Palmdale, Landscape Maintenance Assessment Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

4. ESTIMATE OF COSTS

Fiscal Year 2025/26 estimated costs of maintenance and servicing the improvements as described in the Plans and Specifications of this Engineer's Report are summarized below. The full itemized budget for the Assessment Districts is voluminous and is not bound in this Engineer's Report but by reference is incorporated and made a part of this Engineer's Report. The itemized budget is on file in the Department of Public Works, where it is available for public inspection. The tables below show the budget summary for the Assessment Districts.

Combined Landscape Maintenance Assessment District Budget Fund and Budget Summary, Fiscal Year 2025/26	
Description	**Proposed FY 2025/26 Costs**
Direct Maintenance Costs	$8,571,410
Utility Costs	1,130,000
Administration Costs	125,600
Capital Expenses	276,580
Estimated Expenditures	**$10,103,590**
Contributions from Other Sources (1)	(2,475,319)
Fiscal Year 2025/26 Net Amount to be Assessed	**$7,628,271**

(1) Includes City general fund contributions, developer contributions, and other sources.

A list of the Assessment Districts containing the Fiscal Year 2025/26 assessment, number of parcels proposed to be assessed, and the assessment rate per EDU is included in Section 8 of this Engineer's Report.

The following cost descriptions apply to the budget:

DIRECT MAINTENANCE COSTS

Maintenance Costs. Labor, Material, and Equipment - Includes labor, material, and equipment required to properly maintain and service the ornamental structures, landscaping, and appurtenant facilities within the Assessment Districts, including the maintenance and servicing of drywells, fencing, entry monuments, and drainage facilities. Improvements within the Assessment Districts will be maintained and serviced on a regular basis. City staff will determine the frequency and specific maintenance operations required; but generally, the operations will occur weekly.

Renovation. Repairs that are unforeseen and not normally included in the yearly maintenance cost. This may include repair of damage due to vandalism, storms, and frost. Planned upgrades of the improvements that provide a direct benefit to the Assessment Districts could also be included in renovation costs. Examples of upgrades are replacing plant materials and/or renovating irrigation systems.[10]

[10] *Costs descriptions from the Annual Engineer's Report, City of Palmdale, Landscape Maintenance Assessments Districts and Annexations, Fiscal year 2020/21 dated April 2020.*

UTILITY COSTS

Water. The furnishing of water required for the irrigation of the landscaping and the maintenance of the ornamental structures and appurtenant facilities.

Gas and Electric. The furnishing of electricity and gas required for the operation of the ornamental structures, landscaping and appurtenant facilities.

OTHER COSTS

Personnel/Overhead. The cost of City staff for providing the coordination for maintenance and servicing, responding to public concerns, and levying and collecting assessments. This includes reimbursement for time spent by Finance and Accounting, the City Attorney, the City Manager, and the Public Works staff.

Consultants. The cost of contracting with professionals to provide services specific to the levy and annual administration.

Professional Fees. These are the costs of contracting with professionals for annual certification of irrigation backflow devices and for professionals to provide any additional administrative or engineering services specific to the Assessment Districts, such as the cost to prepare and mail notices of the public hearing, or preparation of assessment diagrams.

County Administration Fees. The costs charged by the County to place the assessments on the property tax rolls.

5. METHOD OF APPORTIONMENT

The following section of includes an explanation of the benefits to be derived from the installation, maintenance and servicing of the improvements throughout each Assessment District, as well as a description of the assessment methodology used to apportion the total assessment to properties within each Assessment District (with the exception of Assessment District Nos. 2020-290 and 2020-324).

The method of apportionment and description of benefit for Assessment District No. 2020-290 is detailed in the Amended Engineer's Report approved on May 4, 2022 (including the reduction of the rate). The method of apportionment and description of benefit for Assessment District No. 2020-324 is detailed in the annexation Engineer's Report approved on November 3, 2021.

For all other Assessment Districts, previous annual Engineer's Reports were prepared by a different engineer of record and specific language from the prior year's Engineer's Report [11] has been referenced to describe the Method of Apportionment within the following section of this report. [12]

The Assessment Districts consist of all assessor parcels within the boundaries as defined by the Assessment Diagram included with this report. Further, all assessor parcels, including all privately and publicly owned parcels, are identified by Assessor Parcel Numbers listed within the included levy roll. The method used for apportioning the assessment is based on the proportional special benefits to be derived by the properties in the Assessment Districts over and above general benefits conferred on real property or to the public at large.

The apportionment of special benefit is a two-step process: the first step is to identify the types of special benefit arising from the improvements, and the second step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

5.1 Special Benefit

The improvements are expected to confer certain special benefits to the parcels within each Assessment District. Pursuant to the Prior Engineer's Report, the special benefit conferred to parcels is more fully described as follows:

> *Each and every parcel within each Assessment District receives a particular and distinct benefit from the improvements over and above general benefits conferred by the improvements.*
>
> *First, all of the improvements were conditions of approval for the creation or development of the parcels. In order to create or develop the parcels, the City required the original developer to install, and guarantee the maintenance of, landscaping, ornamental structures, and appurtenant facilities to serve the parcels. Therefore, each*

[11] *Method of Apportionment and subsections as detailed in the Annual Engineer's Report, City of Palmdale, Landscape Maintenance Assessment Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020 ("Prior Engineer's Report").*

[12] *Method of Apportionment and subsections as detailed in the Annual Engineer's Report, City of Palmdale, Landscape Maintenance Assessment Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

and every parcel within the Assessment Districts could not have been developed in the absence of the installation and promised maintenance of these facilities.

In addition, the improvements continue to confer a particular and distinct special benefit upon parcels within the Assessment Districts because of the nature of the improvements. The proper maintenance of landscaping and appurtenant facilities specially benefit parcels within the Assessment Districts by moderating temperatures, providing oxygenation, attenuating noise from adjacent streets and controlling dust for those properties in close proximity to the landscaping, thereby enhancing the environmental quality of the parcels and making them more desirable. Properly maintained landscaping also deters erosion of slopes and thereby minimizes the risk of instability and the potential destruction of property within the Assessment Districts. The spraying and treating of landscaping for disease reduces the likelihood of insect infestation and other diseases spreading to landscaping located throughout the properties within the Assessment Districts. The proper maintenance of the landscaping, ornamental structures, and appurtenant facilities reduces property-related crimes (especially vandalism) against properties in the Assessment Districts through the abatement of graffiti and the screening of properties within the Assessment Districts from arterial streets.

Finally, the proper maintenance of landscaping and ornamental structures improves the attractiveness of the properties within the Assessment Districts and provides a positive visual experience each and every time a trip is made to or from the property. The above-mentioned benefits contribute to the specific enhancement of the property values of each of the parcels within the Districts.

The *SVTA* decision provides enhanced clarity to the definitions of special benefits from landscaping and parks to properties in three distinct areas: proximity, expanded or improved access, and views. The *SVTA* decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The *SVTA* decision also provides specific guidance that setback landscaping is a direct advantage and special benefit to property that is proximate to a landscaped area that is improved by an assessment:

> *The characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g. proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g. general enhancement of the district's property values).*

Proximity, improved access and views, in addition to the other special benefits listed herein further strengthen the basis of these assessments.

5.2 Quantification of General Benefit

Although the analysis used to support these assessments concludes that the benefits are solely special, as described above, consideration is made for the suggestion that a portion of the benefits are general. General benefits cannot be funded by these assessments – the funding must come from other sources.

The maintenance and servicing of these improvements is also partially funded, directly and indirectly from other sources including the City, Los Angeles County, and the State of California. This funding comes in the form of grants, development fees, special programs, and general funds, as well as direct maintenance and servicing of facilities (e.g. curbs, gutters, streets, drainage systems, etc.). This funding from other sources more than compensates for general benefits, if any, received by the properties within the Assessment Districts.

STEP 1 – CALCULATION OF GENERAL BENEFIT

The general benefits from this assessment may be quantified as illustrated in the following table.

Calculation of General Benefit[1]

Benefit Factor	Relative Weight	General Benefit Contribution	Relative General Benefit
Extension of landscaped area	2	10%	0.2
Proximity to improved landscaping	2	10%	0.2
Access to improved landscaped areas	2	10%	0.2
Improved views	2	10%	0.2
Creation of individual lots for development or approval of building permits	92	0%	0
	100		0.2
	Total Calculated General Benefit =		**0.8%**

(1) Per the Prior Engineer's Report.

As a result, the City will contribute at least 0.8% of the total budget from sources other than the assessment. The following contribution offsets any general benefits from the assessment services.

STEP 2 – CALCULATE THE CURRENT GENERAL BENEFIT CONTRIBUTION FROM THE CITY

Pursuant to the Prior Engineer's Report, the overall general benefit contribution is the sum of the following components:

The City owns, maintains, rehabilitates and replaces curb and gutter along the border of the Assessment Districts' improvements. This curb and gutter serves to support, contain, retain, manage irrigation flow and growth, and provide a boundary for the improvements. The contribution from the City towards the general benefit from the maintenance, rehabilitation, and replacement of the curb and gutter is conservatively estimated to be 1%.

The City owns and maintains a storm drainage system along the border of the Assessment Districts' improvements. This system serves to prevent flooding and associated damage to the improvements, and manage urban runoff including local pollutants loading from the improvements. The contribution from the City towards general benefit from the maintenance, and operation of the local storm drainage system is conservatively estimated to be 1%.

The City owns and maintains local public streets along the border of the Assessment Districts' improvements. These public streets provide access to the improvements for its enjoyment as well as efficient maintenance. The contribution from the City towards general benefit from the maintenance of local public streets is conservatively estimated to be 1%.

The value of the construction of the improvements can be quantified and monetized as an annuity. Since this construction was performed and paid for by non-assessment funds, this “annuity” can be used to offset general benefit costs and is conservatively estimated to contribute 25%.

Therefore, the total general benefit is conservatively quantified at 0.8% which is more than offset by the total non-assessment contribution towards general benefit of 28%.

5.3 Method of Assessment

The development of an assessment methodology requires apportioning benefit to determine the relative special benefit for each property. The precise language from the Prior Engineer’s Report is included below:

> *In the single-family residential Assessment Districts, the parcels in the Assessment Districts receive the same special benefit from the improvements due to their similarity in size and use and their similar proximity to the improvements. Therefore, each parcel is assessed an equal amount.*
>
> *In the mobile home Assessment Districts, each mobile home unit receives an equal special benefit from the improvements. However, because each parcel within such Assessment District may have a different number of mobile home units, the assessment against each parcel varies depending on the potential number of units, which may be located on the parcel. Since the potential number of units on a parcel depends on the area of the parcel, the estimated cost of the improvements in a mobile home Assessment District has been divided among the parcels within the Assessment District according to the area of each parcel in the Assessment District.*
>
> *In the commercial Assessment Districts, the special benefit to each parcel is derived not only from the benefits to the property described above, but also the enhancement of the property's value through its ability to attract clients, employees and customers to the parcel. This benefit increases according to the size of the business and the number of people using the parcel, which in turn generally correlates to the area of the parcel. Therefore, the estimated cost of the improvements in a commercial District has been divided among the parcels within the District according to the area of each parcel in the District.*
>
> *Publicly owned parcels will be assessed the same as other parcels, except for publicly owned drainage basins. The publicly owned drainage basin parcels are undeveloped and are required to remain undeveloped in order to function as drainage basins. Therefore, the parcels receive none of the special benefits described above.*

5.4 Cost of Living Inflator

Annually, the maximum assessment rates for the Assessments Districts may be increased, based upon the Consumer Price Index, All Urban Consumers, for Los Angeles-Long Beach-Anaheim Area ("CPI"), as

determined by the United States Department of Labor, Bureau of Labor Statistics, or its successor[13]. Annually, the Assessment Engineer shall compute the percentage difference between the CPI for the most recent February or March and the CPI for the previous February or March and shall then adjust the current fiscal year maximum assessment rate by an amount not to exceed such CPI percentage change for the following fiscal year. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the Assessment Engineer shall use the revised index or a comparable system as approved by the City Council for determining fluctuations in the cost of living.[14]

For Fiscal Year 2025/26, the Assessment Districts which are increased based on the increase of the February 2024 to February 2025 CPI, for All Urban Consumers in the Los Angeles-Long Beach- Anaheim Area, the maximum assessment rates are increased by 3.02%. The Assessment Districts which are increased based on the increase of the March 2024 to March 2025 CPI, for All Urban Consumers in the Los Angeles-Long Beach- Anaheim Area, the maximum assessment rates are increased by 3.11%.

The following tables show the applicable month of CPI data applied to calculate the maximum assessment rates for each of the Assessments Districts.

[13] *As detailed in the Annual Engineer's Report, City of Palmdale, Landscape Maintenance Assessment Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

[14] *From the Annual Engineer's Report, City of Palmdale, Landscape Maintenance Assessments Districts and Annexations, Fiscal year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

Assessment District	CPI Month	Assessment District	CPI Month	Assessment District	CPI Month
1	March	42	March	96	March
2	March	43	March	97	March
5	March	44	March	98	March
6	March	46	March	99	March
7	March	48	March	100	March
9	March	49	March	102	March
10	March	51	March	103	March
11	March	52	March	105	March
12	March	56	March	106	March
13	March	58	March	107	March
14	March	59	March	109	March
15	March	60	March	110	March
16	March	61	March	111	March
17	March	62	March	112	March
19	March	63	March	113	March
20	March	64	March	114	March
21	March	65	March	115	March
22	March	66	March	116	March
23	March	67	March	119	March
24	March	68	March	120	March
24-1	March	69	March	121	March
24-2	March	70	March	122	March
24-3	March	72	March	123	March
24-4	March	73	March	125	March
24-5	March	75	March	126	March
24-6	March	76	March	127	March
25	March	77	March	128	March
26	March	78	March	129	March
28	March	80	March	131	March
29	March	82	March	133	March
30	March	83	March	135	March
31	March	84	March	136	March
32	March	85	March	137	March
33	March	86	March	138	March
35	March	87	March	139	March
36	March	88	March	140	March
37	March	89	March	141	February
39	March	92	March	143	March
40	March	93	March	144	March
41	March	94	March	145	March

Assessment District	CPI Month
146	March
148	March
150	March
151	March
152	March
153	March
154	March
156	March
157	March
159	February
160	March
163	March
165	March
167	March
168	March
171	March
175	March
176	March
177	March
178	March
179	March
180	February
182	March
183	March
184	February
188	March
189	March
190	March
191	March
192	March
193	March
195	March
197	February
199	March
201	March
202	March
203	March
204	March
206	March
207	March

Assessment District	CPI Month
212	March
213	March
214	March
216	March
217	February
219	February
220	March
221	February
222	March
224	March
233	March
234	March
235	February
236	February
237	February
238	February
239	February
240	March
241	February
242	February
243	March
244	February
245	February
246	February
247	February
248	February
251	February
252	February
253	February
254	February
255	February
256	February
256-01	February
257	February
259	February
260	February
261	February
262	February
263	February
264	February

Assessment District	CPI Month
265	February
266	February
267	February
268	February
271	February
272	February
272-01	February
272-02	February
273	February
274	February
275	February
276	February
278	February
279	February
281	February
282	February
283	February
286	February
287	February
289	February
290	February
292	February
292-01	February
293	February
294	February
295	February
296	February
298	February
299	February
301	February
304	February
314	February
315	February
322	February
324	February

5.5 Fiscal Year 2025/26 Maximum Assessment Rates

The Fiscal Year 2025/26 maximum assessment rates for the Assessment Districts are included in Section 8 of this Engineer's Report.

5.6 Duration of Assessment

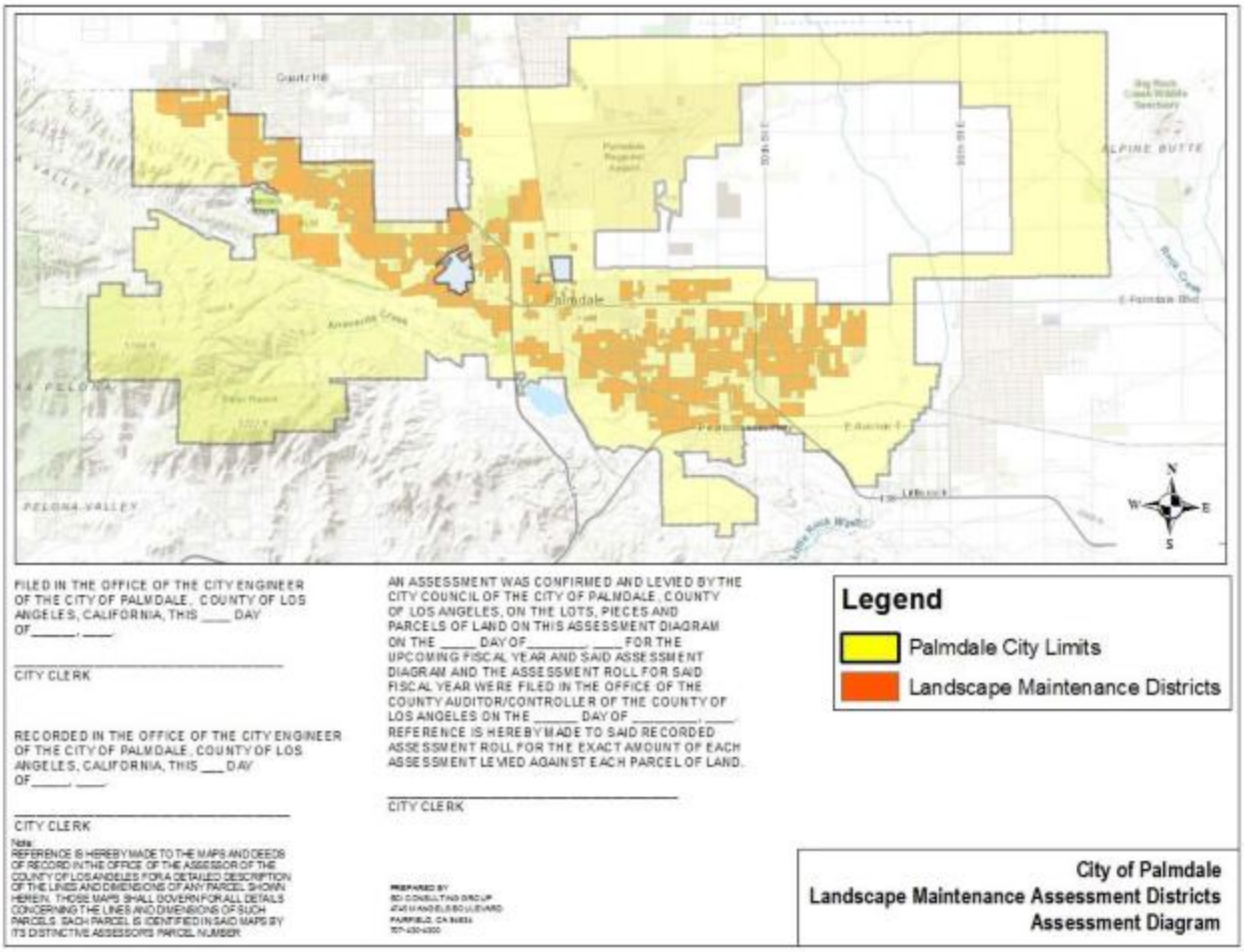
The Assessment Districts were formed or annexed in previous years. It is proposed that the assessments be continued every year after their formation or annexation, so long as the public improvements need to be maintained and improved, and the City requires funding for the improvements in each Assessment District. As noted previously, the assessment can continue to be levied annually after the City Council approves an annually updated Engineer's Report, budget for the assessment, improvements to be provided, and other specifics of the assessment. In addition, the City Council must hold an annual public hearing to continue the assessment.

5.7 Appeals and Interpretation

Any property owner who feels that the assessment levied on the subject property is in error, as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the City of Palmdale Public Works Department. Any such appeal is limited to correction of an assessment during the then current fiscal year or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the City of Palmdale Public Works Engineer or his or her designee will promptly review the appeal and any information provided by the property owner. If the Public Works Engineer of the City of Palmdale or her or his designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the City of Palmdale Public Works Engineer or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the City of Palmdale Public Works Engineer or her or his designee shall be referred to the Director of Public Works of the City of Palmdale, and the decision of the Director of Public Works of the City of Palmdale shall be final.

6. ASSESSMENT DIAGRAM

The boundaries of the Assessment Districts are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Assessment Districts are those lines and dimensions shown on the maps of the County Assessor of the County of Los Angeles, at the time this Engineer's Report was prepared, and are incorporated by reference herein and made part of this report.



7. LANDSCAPE MAINTENANCE DISTRICTS AREA MAINTAINED

The area of landscape maintained for each Assessment District is shown in the table below.

District[1]	FY Formed	Tract/ Parcel Map	Land Use	General Location	Total Streetscape (SF)	Total On-Site Basin LS (SF)	Total Area (SF)
1	97/98	33574	Res	Ave R-8 and 20th St East	831	2,907	3,738
2	97/98	35571	Res	Ave S and 35th St East	60,228	0	60,228
5	98/99	31585	Res	Tierra Subida	34,959	3,850	38,809
6	97/98	42989	Res	Ave R and 30th St East	4,224	0	4,224
7	97/98	42880	Res	Ave S and 15th St East	18,762	30,270	49,032
9	97/98	42405	Res	Ave S and 30th St East	30,217	0	30,217
10	97/98	36905	Res	Ave R-8 and 35th St East	2,204	11,901	14,105
11	98/99	37748	Res	Ave S and 15th St East	125,260	44,240	169,500
12	98/99	31130	Res	Ave S and 15th St East	44,199	13,095	57,294
13	97/98	43241	Res	Ave R-8 and 20th St East	640	0	640
14	97/98	44014	Res	Ave R-8 and 50th St West	1,590	0	1,590
15	98/99	42971	Res	Ave S and 25th St East	4,770	10,961	15,731
16	98/99	43325	Res	Ave S and 35th St East	21,109	44,240	65,349
17	97/98	43665	Res	Ave S and 30th St East	635	118,412	119,047
19	97/98	42956	Res	Ave R-8 and 20th St East	11,817	11,245	23,062
20	97/98	43687	Res	Rancho Vista Blvd and 15th St West	18,019	9,738	27,757
21	98/99	43306	Res	Ave R-8 and 25th St East	9,788	0	9,788
22	98/99	43065	Res	Ave R and 50th St East	3,185	60,000	63,185
23	97/98	43826	Res	Ave S and 20th St East	22,635	21,460	44,095
24	97/98	34296	Res	Rancho Vista Bl	228,509	221,499	450,008
24-1	97/98	46139	Res	Rancho Vista Bl	54,067	0	54,067
24-2	97/98	47932	Res	Rancho Vista Bl	41,975	19,680	61,655
24-3	97/98	46138	Res	Rancho Vista Bl	53,235	0	53,235
24-4					10,343	0	10,343
24-5	97/98-00/01	46136	Res	Rancho Vista Bl	18,475	6,844	25,319
24-5B	01/02	46136	Res	Rancho Vista Bl	0	0	See 24-5
24-6	00/01	52848	Res	Rancho Vista Bl	37,767	0	37,767
25	97/98	43324	Res	Ave R-8 and 20th St East	2,000	0	2,000
26	97/98	43031	Res	Ave R-8 and 25th St East	6,418	23,840	30,258
28	97/98	44244	Res	Rancho Vista Blvd and 15th St West	2,108	10,881	12,989
29	97/98	43892	Res	Ave S and 40th St East	4,761	0	4,761
30	98/99	44045	Res	Ave R-8 and 25th St East	8,594	7,888	16,482
31	97/98	43514	Res	Ave S and 40th St East	4,848	12,685	17,533
32	98/99	43312	Res	Ave R and Division	10,124	10,410	20,534
33	97/98	44528	Res	Ave S and 15th St East	30,157	6,270	36,427
35	97/98	43887	Res	Ave S and 25th St East	959	0	959
36	97/98	43024	Res	Ave R-8 and 25th St East	1,914	3,272	5,186
37	98/99	44165	Res	Ave R-8 and 20th St East	7,963	0	7,963
39	98/99	44256	Res	Ave R and 30th East	3,257	4,320	7,577
40	98/99	44221	Res	Tierra Subida	39,065	0	39,065
41	97/98	44713	Res	Rancho Vista Blvd and 20th St West	48,694	15,105	63,799
42	98/99	43356	Res	Ave R-8 and 20th St East	11,394	0	11,394
43	97/98	44184	Res	Ave S and 30th East	26,974	13,314	40,288
44	00/01	43814/43815	Res	Tierra Subida	17,604	7,166	24,770
46	97/98	29800	Res	Ave S and 25th St East	10,680	0	10,680
48	97/98	38007	Res	Ave R and 15th St East	0	13,962	13,962
49	97/98	44220	Res	Ave S and 15th St East	4,087	7,546	11,633
51	97/98	44140	Res	Ave R and 50th St East	7,785	0	7,785
52	98/99	32702	Res	Ave S and 15th St East	24,581	43,338	67,919
56	98/99	42884	Res	Ave R-8 and 45th St East	2,587	12,600	15,187
58	97/98	44909	Res	Ave R-8 and 45th St East	1,262	6,958	8,220
59	97/98	43310	Res	Ave R and 40th St East	13,146	15,072	28,218
60	97/98	45381	Res	Ave R-8 and 45th St East	13,384	8,000	21,384

District[1]	FY Formed	Tract/ Parcel Map	Land Use	General Location	Total Streetscape (SF)	Total On-Site Basin LS (SF)	Total Area (SF)
61	97/98	43692	Res	Rancho Vista Blvd and 15th St West	19,722	26,878	46,600
62	97/98	44101	Res	Ave M-8 and 55th St West	7,794	7,050	14,844
63	97/98	42338	Res	Ave N and 60th St West	42,430	34,016	76,446
64	97/98	32799	Res	Ave S and 35th St East	0	35,900	35,900
65	97/98	44251	Res	Ave R-8 and 50th St West	19,087	36,004	55,091
66	97/98	31495	Res	Ave S and 45th St East	127,413	0	127,413
67	97/98	44892	Res	Ave R-8 and 20th St East	7,305	10,606	17,911
68	98/99	44556	Res	Ave S and 40th St East	13,471	9,600	23,071
69	97/98	44915	Res	Ave S and 40th St East	6,442	6,078	12,520
70	97/98	45143	Res	Ave O and 30th St West	13,222	69,755	82,977
72	97/98	43536	Res	Ave R-8 and 50th St East	39,410	19,714	59,124
73	97/98	43719	Res	Ave M-8 and 70th St West	39,635	13,284	52,919
75	97/98	43564	Res	Ave S and 35th St East	17,494	6,440	23,934
76	97/98	43637	Res	Ave R-8 and 45th St East	1,123	16,771	17,894
77	98/99	43636	Res	Ave R-8 and 25th St East	1,492	7,995	9,487
78	97/98	44876	Res	Ave R-8 and 5th St East	33,418	42,054	75,472
80	97/98	PM 17435	MH	Rancho Vista Blvd	18,212	22,140	40,352
82	00/01	45045	Res	Ave R-8 and 25th St East	4,254	0	4,254
83	97/98	35564	Res	Ave R and 30th East	1,802	0	1,802
84	97/98	45263	Res	Ave R and 27th St East	4,484	9,663	14,147
85	97/98	45003	Res	Rancho Vista Blvd and 30th St West	60,997	104,174	165,171
86	97/98	45073	Res	Ave R and 50th St East	1,445	4,950	6,395
87	97/98	45273	Res	Pear Blossom Hwy and 30th East	62,590	37,934	100,524
88	97/98	45069	Res	Rancho Vista Blvd and 25th St West	17,723	6,630	24,353
89	97/98	45324	Res	Ave R and 40th St East	31,065	0	31,065
92	98/99	45507	Res	Ave S and 45th St East	6,011	3,500	9,511
93	97/98	43321	Res	Ave S and 35th East	867	3,600	4,467
94	97/98	45220	Res	Ave S and 40th St East	11,899	4,800	16,699
96	97/98	44897	Res	Ave R-8 and 50th St East	4,582	4,608	9,190
97	97/98	42886	Res	Ave M-8 and 55th St West	5,473	0	5,473
98	97/98	45125	Res	Ave R and 50th St East	22,619	14,668	37,287
99	97/98	44879	Res	Rancho Vista Blvd and 30th St West	16,322	10,580	26,902
100	97/98	45716	Res	Elizabeth Lake Rd and 20th St West	5,912	8,720	14,632
102	97/98	45460	Res	Tierra Subida	6,976	15,600	22,576
103	98/99	44402	Res	SE Corner of Ave R-8 and 55 St East	28,799	31,260	60,059
105	97/98	45216	Res	Ave S and 35th St East	9,760	18,846	28,606
106	99/00	45689	Res	Ave M-8 and 60th St West	8,719	3,885	12,604
107	97/98	25429	Res	Ave M and 60th St West	19,485	0	19,485
109	98/99	44701	Res	Ave R-8 and 60th St East	4,636	11,868	16,504
110	97/98	45574	Res	Rancho Vista Blvd and 20th St West	8,804	5,700	14,504
111	97/98	32793	Res	Ave O and 40th St East	16,795	0	16,795
112	98/99	44136	Res	Ave R-8 and 60th St East	7,414	6,365	13,779
113	99/00	45276	Res	Ave R and 50th St East	8,443	7,200	15,643
114	97/98	44898	Res	Ave R and 50th St East	6,786	6,720	13,506
115	97/98	46312	Res	Ave O and 30th St West	23,488	28,710	52,198
116	97/98	45196	Res	Elizabeth Lake Rd and 15th St West	4,063	8,925	12,988
119	97/98	46077	Res	Ave N and 45th St West	47,034	67,524	114,558
120	97/98	45705	Res	Ave R-8 and 60th St East	25,312	37,015	62,327
121	97/98	45750	Res	Ave R and 50th St East	10,521	12,870	23,391
122	97/98	45382	Res	Pear Blossom Hwy and 40th East	61,466	63,691	125,157
123	97/98	44791	Res	Ave O and 30th St West	10,555	25,960	36,515
125	97/98	45497	Res	Ave R-8 and 65th St East	24,682	6,650	31,332
126	97/98	45754	Res	Ave O and 30th St West	30,159	25,520	55,679
127	97/98	46409	Res	Ave O and 30th St West	8,572	0	8,572
128	97/98	43581	Res	Ave S and 15th St East	50,584	76,640	127,224
129	97/98	46784	Res	Ave O and 30th St West	82,568	63,915	146,483
131	97/98	46430	Res	Rancho Vista Blvd and 20th St West	8,575	23,129	31,704
133	97/98	45802	Res	Ave R and 30th St East	34,977	53,300	88,277
135	97/98	46279	Res	Ave R and 45th St East	0	29,500	29,500
136	97/98	45777	Res	Ave S and 40th St East	6,732	0	6,732
137	98/99	45672	Res	Ave S and 15th St East	15,248	39,648	54,896
138	99/00	Not Available	Res	Ave R and 50th St East	8,085	21,527	29,612

District[1]	FY Formed	Tract/ Parcel Map	Land Use	General Location	Total Streetscape (SF)	Total On-Site Basin LS (SF)	Total Area (SF)
139	97/98	46089	Res	Ave S and 55th St East	30,669	31,500	62,169
140	97/98	43883	Res	Ave N and 55th St West	29,200	8,360	37,560
141	02/03	47115, 47116,47117, 44544	Res	SW Corner of Ave R-8 and 65th St East	57,336	6,160	63,496
143	97/98	45657	Res	Ave O and 30th St West	9,114	0	9,114
144	97/98	45911	Res	Ave R and 35th St East	8,794	7,169	15,963
145	97/98	45548	Res	Pear Blossom Hwy and 30th St East	65,816	55,590	121,406
146	97/98	46436	Res	Ave M and 60th St West	60,421	17,484	77,905
148	97/98	36720	Res	Ave S and 30th St East	1,000	0	1,000
150	99/00	42999	Res	Ave M and 60th St West	4,561	16,103	20,664
151	97/98	44476	Res	Ave R-8 and 60th St East	9,319	19,673	28,992
152	97/98	46735	Comm	Rancho Vista Blvd and 10th St West	129,149	66,360	195,509
153	97/98	45092	Res	Ave R-8 and 60th St East	23,700	13,604	37,304
154	97/98	45282	Comm	Ave N and 10th St West	24,486	22,032	46,518
156	97/98	46032	Res	Ave O and 40th St East	10,011	20,449	30,460
157	97/98	44702	Res	Ave M-8 and 55th St West	1,430	4,720	6,150
159	05/06	44543	Res	SE Corner of Russ Pl and 55 St East	4,973	5,456	10,429
160	97/98	45071	Res	Ave O and 30th St West	25,808	19,140	44,948
163	97/98	45277	Res	Ave R and 50th St East	18,460	15,750	34,210
165	97/98	45743	Res	Rancho Vista Blvd and 25th St West	5,848	10,140	15,988
167	97/98	46036	Res	Fairway Dr and Rancho Vista Blvd	3,250	0	3,250
168	97/98	46355	Res	Ave S-8 and 45th St East	6,059	23,100	29,159
171	97/98	45493	Res	Ave R-8 and 60th St East	2,935	15,991	18,926
173	06/07	47510	Res	S of Ave R, W of 55th St East	1,395	0	1,395
175	97/98	33587	Res	Rancho Vista Blvd and 20th St West	9,806	0	9,806
176	97/98	45742	Res	Rancho Vista Blvd and 25th St West	8,616	14,210	22,826
177	97/98	45364	Res	Rancho Vista Blvd and 25th St West	19,847	8,430	28,277
178	97/98	44803	Res	Ave M and 70th St West	85,202	96,276	181,478
179	97/98	46536	Res	Ave P-12 and 25th St West	98,694	46,000	144,694
180	04/05	48846/48847	Res	SW Corner of Ave S-12 and 37th St East	10,242	61,000	71,242
182	99/00	47630	Res	Ave S and 25th St East	12,232	0	12,232
183	97/98	48665	Res	Ave S and 40th St East	11,403	0	11,403
184	05/06	46454	Res	SW Corner of Elizabeth Lake Road and 15th St West	24,873	23,140	48,013
188	97/98	45411	Res	Ave S-8 and 45th St East	6,808	24,598	31,406
189	97/98	47548	Res	Ave S and 40th St East	25,013	0	25,013
190	97/98	45219	Res	Ave S and 40th St East	9,054	19,110	28,164
191	97/98	46044	Res	Ave R and 40th St East	7,977	14,620	22,597
192	97/98	47466	Res	Ave O and Division	13,440	0	13,440
193	97/98	44526	Res	Elizabeth Lake Rd and 20th St West	44,483	34,508	78,991
195	97/98	46586	Comm	Ave P-8 and 5th St West	42,924	0	42,924
197	03/04	46710	Res	Ave R-12 and 25th St East	7,886	15,840	23,726
199	97/98	46123	Res	Elizabeth Lake Rd and 15th St West	1,071	34,155	35,226
201	99/00	25842	Res	Ave R-8 and 40th St East	7,900	24,750	32,650
202	99/00	46157	Res	Ave M-8 and 60th St West	8,454	12,733	21,187
203	97/98	48254	Res	Ave S and 40th St East	13,220	13,770	26,990
204	97/98	45506	Res	Ave R-4 and 65th St East	7,499	22,880	30,379
206	97/98	46333	Res	Ave R-8 and 60th St East	17,945	24,198	42,143
207	97/98	45038	Res	Ave S and 55th St East	19,926	0	19,926
212	98/99	47629	Res	Ave S and 50th St East	15,127	4,294	19,421
213	97/98	46934	Res	Ave S-8 and 45th St East	34,700	46,212	80,912
214	98/99	49058	Res	Ave S and 45th St East	31,179	0	31,179
216	00/01	46925	Res	Division and Ave O-8	32,152	0	32,152
217	05/06	46757	Res	Palmdale Blvd, Ave R, and 65th St East	48,416	50,953	99,369
217-01		Trailer Park	Res	NW Corner of Ave R and 65th St East	0	0	0
217B	05/06	46757	Res	Palmdale Blvd, Ave R, and 65th St East	27,455	16,267	43,722
219	00/01	46910/46911/ 45291	Res	Tierra Subida	15,591	0	15,591
220	97/98	45412	Res	Pear Blossom Hwy and 45th St East	8,014	10,736	18,750
221	04/05	45218-01	Res	Railroad and 30th St East	3,522	122,306	125,828

District[1]	FY Formed	Tract/ Parcel Map	Land Use	General Location	Total Streetscape (SF)	Total On-Site Basin LS (SF)	Total Area (SF)
222	99/00	45217/46193/ 46194	Res	Fairfield and 35th St East	10,838	86,190	97,028
224	97/98	48672	Res	Ave S-8 and 55th St East	2,592	41,695	44,287
233	99/00	52646	Res	Division and Ave O	12,696	0	12,696
234	99/00	44826	Res	Ave R-8 and 55th St East	8,588	19,594	28,182
235	00/01	45057	Res	Ave Q and 40th St East	14,266	34,030	48,296
236	01/02	51505	Res	SE Corner of Ave P-8 and 20th St West	9,612	0	9,612
237	01/02	53069	Res	Ave N and 45th St West	12,948	12,075	25,023
238	01/02	47933	Res	Rancho Vista Blvd	20,855	0	20,855
239	02/03	47934	Res	Rancho Vista Blvd	12,051	0	12,051
240	01/02	47935	Res	Rancho Vista Blvd and Ave O-8	46,154	28,455	74,609
241	04/05	53221	Res	NW Corner of 40th St East 300 feet N of R-6	7,981	16,892	24,873
242	02/03	45573	Res	Ave P-4 and 20th St West	3,792	0	3,792
243	01/02	51980	Res	SE Corner of Avenue N and 50th St West	30,949	0	30,949
244	02/03	49016-02, 03	Res	Club Rancho Dr. and 30th St West	4,972	0	4,972
245	02/03	49016-04, 05	Res	SW Corner of Ave N-8 and 30th St West	94,926	0	94,926
246	02/03	49016-08, 09	Res	SE Corner of Ave N-8 and Bolz Ranch Rd	109,486	0	109,486
247	04/05	49016-06	Res	Rancho Vista Golf Course	20,039	0	20,039
248	04/05	49016-07	Res	Bolz Ranch Rd (golf course)	2,970	0	2,970
251	02/03	51989	Res	Ave N and 50th St West	5,536	0	5,536
252	02/03	52142-03	Res	Ave P-8 and 30th St West	24,579	0	24,579
253	02/03	52142-01, -02	Res	NW Corner of Ave P-8 and 25th St West	17,718	0	17,718
254	02/03	46394-01	Res	Rancho Vista Blvd and Ave O-8	34,997	0	34,997
255	02/03	53522	Res	NE Corner of Ave N and 55th St West	42,194	8,030	50,224
256	02/03	46602	Res	SW Corner of Ave N-8 and 55th St West	13,939	37,398	51,337
256-01	05/06	52489/52490/ 54075/53921	Res	NE Corner Ave N-8 and 55th St West	20,011	34,825	54,836
257	04/05	53608	Res	NW Corner of Ave S-12 and 30th St East	24,560	0	24,560
259	03/04	53855, 54806	Res	Ave P-8 and 20th St West	11,182	0	11,182
260	03/04	48014	Res	Ave P-8 and Summerwind	45,876	0	45,876
261	04/05	43689, 43690, 43691	Res	Rancho Vista Blvd and 11th St West	6,965	0	6,965
262	04/05	44893	Res	SE Corner of Ave S and 52nd St East	11,419	0	11,419
263	05/06	46597	Res	SW Corner of Ave S-8 and 40th St East	15,297	17,250	32,547
264	04/05	60053	Res	NW Corner of Ave R and 40th St East	20,872	21,840	42,712
265	04/05	53857	Res	NW Corner of Bolz Ranch Rd and Sawgrass Dr	16,342	0	16,342
266	04/05	54399	Res	NE Corner of Ave P-6 and 25th St West	24,844	15,900	40,744
267	04/05	53199, 54226, & 60745	Res	Avenue R, 60th East to Palmdale Blvd	70,634	51,220	121,854
268	04/05	54058-01, 02, 03, 04, & 05	Res	SE Corner of Ave P-8 and 25th St West	40,129	0	40,129
271	05/06	53869	Res	NE Corner of Ave Q-8 and Tierra Subida	12,129	26,924	39,053
272	04/05	49147-01, 02, & 03	Res	NW Corner of Ave R and 70th St East	19,558	45,797	65,355
272-01	05/06	49147-04, 05, & 06	Res	NW Corner of Ave R and 70th St East	0	0	0
272-02	06/07	63008	Res	NW Corner of Ave R and 70th St East	3,042	3,042	6,084
273	05/06	54339	Res	SE Corner of Ave M and 70th St West	38,624	0	38,624
274	04/05	54383	Res	Turner Dr and 25th St East	40,451	18,700	59,151
275	05/06	060162,46755	Res	Meridith Avenue and Rockie Lane	2,886	5,271	8,157
276	04/05	60128	Res	Rockie Lane, Ave R-8 to Ave S	3,057	12,103	15,160
277	04/05	52200 01 & 02	Res	W of Ave P-12 and 30th St West	394,956	167,158	562,114
278	05/06	060028, 01, & 02	Res	SE corner of Ave R and 70th St East	69,760	52,140	121,900
279	05/06	60462	Res	Bolz Ranch Rd and Homeridge Dr	6,965	0	6,965
280		53920	Res	Fort Tejon Road N of SP RailRoad (50th East)	0	0	0
281	05/06	52921	Res	SW Corner of Ave S and 60th St East	48,080	12,838	60,918
282	05/06	61699	Res	Ave S-2 and Julian Lane	3,220	0	3,220
283	05/06	61770	Res	SE Corner of Avenue S and Hillcrest Drive	8,106	0	8,106

District[1]	FY Formed	Tract/ Parcel Map	Land Use	General Location	Total Streetscape (SF)	Total On-Site Basin LS (SF)	Total Area (SF)
286	05/06	60954	Res	SE Corner of Palmdale Blvd and 50th St East	10,726	22,344	33,070
287	05/06	46356, 52029	Res	NE Corner of Pearblossom and 47th East	30,840	303,660	334,500
288		060008 Ph 1 & 2	Res	SW Corner of Ave S and 62nd St East	0	0	0
289	05/06	61660	Res	NE Corner of Ave Q-13 and 12th St East	3,655	10,664	14,319
290	22/23	54209	Res	NE Corner of Ave R and 35th St East	0	0	0
292	05/06	54301	Res	North Side of Ave M-8 between 65th and 70th West	82,547	0	82,547
292-01	06/07	60209	Res	70th and M	34,204	19,494	53,698
292-02		60431			0	0	0
293	05/06	62695	Res	South Side of Ave N-8 west of Entrar Drive	24,490	0	24,490
294	06/07	60789	Res	W side of 40th St East and both sides of Hollowglen DR	3,042	0	3,042
295	06/07	62068	Res	N of Ave S and E or Rockie Lane	10,157	41,628	51,785
296	05/06	62020	Res	North of Ave S and West of Downing Street	16,751	30,337	47,088
297	06/07	61610	Res	South of Palmdale Bl, West of 58th St East	0	0	0
298	06/07	61611/61981	Res	N of Ave S, E of 65th St E	35,987	24,175	60,162
299	05/06	52806	Res	Between 25th St E and 27th St E 500 ' S of Palmdale Bl	16,128	0	16,128
301	06/07	62974	Res	E of 40th St East and S of Ave Q	19,505	13,290	32,795
302	06/07	60926	Res	N or Ave R and W of 40th St East	14,372	0	14,372
304	07/08	53067	Res	S of Palmdale Blvd, W of 55th St E	14,307	14,384	28,691
305		62371			0	0	0
306		53342			0	0	0
309		61941			0	0	0
312	07/08	61045	Res	South of Palmdale Blvd and West of 52nd St East	12,934	12,181	25,115
313	07/08	62213	Res	N of Ave S-4 and W of 42nd St E	7,802	8,673	16,475
314	06/07	51224	Res	South of Spanish Broom Dr between Firethorn Ave and Waltham	17,990	72,836	90,826
315	06/07	60511	Res	S of Avenue R, E of 40th St E	12,128	0	12,128
316	06/07	49215	Res	S of Avenue S-8, W of 42nd St East	1,772	0	1,772
317		61443	Res		0	0	0
318	07/08	51451	Res	Fort Tejon RD and 47th St E south of Ave S and N of the UPRR	38,800	29,000	67,800
319	07/08	62490/66868	Res	Corner of Rancho Vista Blvd & Extension of Tilbury Dr	26,398	48,987	75,385
320	07/08	60431	Res	N of Ave M-8, W of 70th St W	85,614	99,056	184,670
321	14/15	66204	Res	North side of E Ave R-8, bw 57th St E & Segovia Way	1,917	0	1,917
322	14/15	47510	Res	SE corner of Tackstem & Ave R	1,545	0	1,545
324	22/23	73740	Res	SE corner Taintor Road & Division St	7,868	0	7,868
900	04/05	54438, 53888	Res/Comm	Ave S and Bridge Road	614,466	0	614,466
901	06/07	Ritter Ranch	Res	Elizabeth Lake Road	2,560,000	0	2,560,000

(1) The City is not currently maintaining landscaping improvements of Assessment District Nos. 173, 277, 280, 288, 900 and 901. See section 3.2 for additional information.

8. ASSESSMENT ROLL

Assessor's parcel identification, for each lot or parcel subject to the assessment, shall be based on the County Assessor's secured roll data for the applicable year in which this report is prepared and is incorporated herein by reference.

A listing of assessor's parcels subject to the assessments for Fiscal Year 2025/26, along with the assessment amounts, is on file in the office of the City Engineer and incorporated herein by reference. Based on County Assessor's secured roll data, current assessor's parcels, including corrected and/or new assessor's parcels, will be submitted and/or resubmitted to the County Auditor/Controller. The annual assessment amount to be levied and collected for the resubmitted parcel(s) shall be determined in accordance with the method of apportionment and assessment rate approved in this report. Therefore, if a single assessor's parcel has a status change in development, other land use change, or subdivides into multiple assessor's parcels, the charge amounts applied to each of the new assessor's parcels shall be recalculated and applied according to the approved method outlined in the method of apportionment and assessment rate rather than a proportionate share of the original assessment amount.

The following table summarizes the Fiscal Year 2025/26 assessment for the Assessment Districts.

City of Palmdale
Landscape Maintenance Assessment Districts and Annexations
Assessment Roll Summary

Assessment District	Parcel Count (1)	EDUs per Assessment District	FY 2025/26 Assessment Amount	FY 2025/26 Proposed Assessment Rate Per EDU	FY 2025/26 Maximum Assessment Rate Per EDU (2)
1	75	75.00	$2,397.75	$31.97	$31.97
2	223	223.00	31,846.63	142.81	142.81
5	110	110.00	40,859.50	371.45	371.45
6	19	19.00	4,480.77	235.83	235.83
7	167	167.00	24,265.10	145.30	145.30
9	289	289.00	43,503.17	150.53	150.53
10	176	176.00	8,252.64	46.89	46.89
11	208	208.00	106,236.00	510.75	510.75
12	205	205.00	77,879.50	379.90	379.90
13	130	130.00	3,324.10	25.57	25.57
14	67	67.00	3,855.18	57.54	57.54
15	60	60.00	20,007.60	333.46	333.46
16	45	45.00	24,408.45	542.41	542.41
17	92	92.00	17,427.56	189.43	189.43
19	44	44.00	18,439.08	419.07	419.07
20	136	136.00	29,210.08	214.78	214.78
21	40	40.00	13,254.00	331.35	331.35
22	78	78.00	49,716.42	637.39	637.39
23	142	142.00	26,333.90	185.45	185.45
24	884	884.00	226,144.88	255.82	255.82
24-1	165	165.00	40,877.10	247.74	247.74
24-2	95	95.00	23,535.30	247.74	247.74
24-3	100	100.00	43,740.00	437.40	437.40
24-4	19	19.00	4,814.22	253.38	253.38
24-5	170	170.00	13,567.70	79.81	79.81
24-6	238	238.00	33,243.84	139.68	139.68
25	43	43.00	5,794.25	134.75	134.75
26	87	87.00	10,569.63	121.49	121.49
28	78	78.00	7,225.92	92.64	92.64
29	71	71.00	9,080.19	127.89	127.89
30	36	36.00	13,144.32	365.12	365.12
31	86	86.00	8,981.84	104.44	104.44
32	107	107.00	24,388.51	227.93	227.93
33	167	167.00	38,445.07	230.21	230.21
35	14	14.00	1,149.82	82.13	82.13
36	61	61.00	7,410.89	121.49	121.49
37	47	47.00	4,265.25	90.75	90.75
39	45	45.00	6,409.80	142.44	142.44
40	127	127.00	49,319.18	388.34	388.34
41	299	299.00	43,295.20	144.80	144.80
42	39	39.00	14,157.39	363.01	363.01

City of Palmdale
Landscape Maintenance Assessment Districts and Annexations
Assessment Roll Summary

Assessment District	Parcel Count (1)	EDUs per Assessment District	FY 2025/26 Assessment Amount	FY 2025/26 Proposed Assessment Rate Per EDU	FY 2025/26 Maximum Assessment Rate Per EDU (2)
43	172	172.00	33,687.92	195.86	195.86
44	143	143.00	34,528.78	241.46	241.46
46	45	45.00	15,257.25	339.05	339.05
48	39	39.00	2,742.87	70.33	70.33
49	55	55.00	8,323.70	151.34	151.34
51	59	59.00	7,455.24	126.36	126.36
52	127	127.00	30,286.96	238.48	238.48
56	178	178.00	6,384.86	35.87	35.87
58	41	41.00	4,749.03	115.83	115.83
59	179	179.00	17,550.95	98.05	98.05
60	81	81.00	17,739.00	219.00	219.00
61	178	178.00	47,974.56	269.52	269.52
62	16	16.00	9,652.16	603.26	603.26
63	240	240.00	47,503.20	197.93	197.93
64	120	120.00	7,929.60	66.08	66.08
65	320	320.00	33,424.00	104.45	104.45
66	327	327.00	55,763.31	170.53	170.53
67	173	173.00	11,291.71	65.27	65.27
68	100	100.00	24,904.00	249.04	249.04
69	89	89.00	9,106.48	102.32	102.32
70	137	137.00	23,366.72	170.56	170.56
72	219	219.00	43,806.57	200.03	200.03
73	160	160.00	25,920.00	162.00	162.00
75	111	111.00	32,960.34	296.94	296.94
76	84	84.00	9,130.80	108.70	108.70
77	40	40.00	12,578.80	314.47	314.47
78	174	174.00	42,979.74	247.01	247.01
80	6	101.43	17,717.62	174.67	174.67
82	19	19.00	5,443.88	286.52	286.52
83	25	25.00	2,211.50	88.46	88.46
84	69	69.00	20,885.61	302.69	302.69
85	581	581.00	127,239.00	219.00	219.00
86	86	86.00	6,700.26	77.91	77.91
87	318	318.00	51,547.80	162.10	162.10
88	72	72.00	22,134.24	307.42	307.42
89	406	406.00	52,142.58	128.43	128.43
92	40	40.00	9,961.60	249.04	249.04
93	21	21.00	1,969.38	93.78	93.78
94	78	78.00	15,795.78	202.51	202.51
96	88	88.00	5,190.24	58.98	58.98
97	46	46.00	5,011.24	108.94	108.94

City of Palmdale
Landscape Maintenance Assessment Districts and Annexations
Assessment Roll Summary

Assessment District	Parcel Count (1)	EDUs per Assessment District	FY 2025/26 Assessment Amount	FY 2025/26 Proposed Assessment Rate Per EDU	FY 2025/26 Maximum Assessment Rate Per EDU (2)
98	225	225.00	26,536.50	117.94	117.94
99	164	164.00	17,265.92	105.28	105.28
100	233	233.00	5,957.81	25.57	25.57
102	168	168.00	11,459.28	68.21	68.21
103	229	229.00	20,781.75	90.75	90.75
105	260	260.00	19,396.00	74.60	74.60
106	14	14.00	7,746.06	553.29	553.29
107	32	32.00	9,140.48	285.64	285.64
109	109	109.00	8,510.72	78.08	78.08
110	121	121.00	10,954.13	90.53	90.53
111	77	77.00	16,375.59	212.67	212.67
112	103	103.00	13,042.89	126.63	126.63
113	83	83.00	9,081.03	109.41	109.41
114	42	42.00	9,817.50	233.75	233.75
115	159	159.00	13,494.33	84.87	84.87
116	33	33.00	4,572.15	138.55	138.55
119	80	80.00	39,420.00	492.75	492.75
120	154	154.00	28,212.80	183.20	183.20
121	48	48.00	13,847.04	288.48	288.48
122	178	178.00	55,843.94	313.73	313.73
123	192	192.00	10,108.80	52.65	52.65
125	113	113.00	11,184.74	98.98	98.98
126	107	107.00	22,755.69	212.67	212.67
127	117	117.00	7,636.59	65.27	65.27
128	413	413.00	122,933.58	297.66	297.66
129	255	255.00	102,563.55	402.21	402.21
131	80	80.00	14,990.40	187.38	187.38
133	285	285.00	43,815.90	153.74	153.74
135	58	58.00	3,785.66	65.27	65.27
136	84	84.00	11,537.40	137.35	137.35
137	207	207.00	26,647.11	128.73	128.73
138	93	93.00	13,246.92	142.44	142.44
139	161	161.00	46,108.79	286.39	286.39
140	121	121.00	9,355.72	77.32	77.32
141	159	159.00	70,810.65	445.35	445.35
143	81	81.00	9,552.33	117.93	117.93
144	90	90.00	9,665.10	107.39	107.39
145	402	402.00	68,536.98	170.49	170.49
146	64	64.00	31,805.44	496.96	496.96
148	115	115.00	3,921.50	34.10	34.10
150	33	33.00	12,331.11	373.67	373.67

City of Palmdale
Landscape Maintenance Assessment Districts and Annexations
Assessment Roll Summary

Assessment District	Parcel Count (1)	EDUs per Assessment District	FY 2025/26 Assessment Amount	FY 2025/26 Proposed Assessment Rate Per EDU	FY 2025/26 Maximum Assessment Rate Per EDU (2)
151	91	91.00	11,880.96	130.56	130.56
152	39	115.71	123,941.98	1,071.14	1,071.14
153	100	100.00	24,005.00	240.05	240.05
154	38	25.18	31,803.93	1,263.27	1,263.27
156	81	81.00	12,792.33	157.93	157.93
157	16	16.00	3,274.24	204.64	204.64
159	46	46.00	23,580.52	512.62	512.62
160	112	112.00	29,953.28	267.44	267.44
163	75	75.00	24,321.75	324.29	324.29
165	85	85.00	7,519.10	88.46	88.46
167	21	21.00	752.01	35.81	35.81
168	87	87.00	8,976.66	103.18	103.18
171	36	36.00	4,851.36	134.76	134.76
173	0	0.00	0.00	0.00	N/A
175	32	32.00	8,894.08	277.94	277.94
176	38	38.00	8,721.38	229.51	229.51
177	56	56.00	22,169.84	395.89	395.89
178	150	150.00	57,802.50	385.35	385.35
179	394	394.00	87,944.74	223.21	223.21
180	74	74.00	34,779.26	469.99	469.99
182	60	60.00	20,066.40	334.44	334.44
183	42	42.00	14,150.22	336.91	336.91
184	174	174.00	47,554.20	273.30	273.30
188	82	82.00	10,531.26	128.43	128.43
189	38	38.00	9,601.84	252.68	252.68
190	68	68.00	9,736.92	143.19	143.19
191	84	84.00	8,488.20	101.05	101.05
192	71	71.00	7,304.48	102.88	102.88
193	151	151.00	38,154.68	252.68	252.68
195	141	179.78	39,622.07	220.39	220.39
197	43	43.00	28,068.25	652.75	652.75
199	118	118.00	4,437.98	37.61	37.61
201	82	82.00	13,203.64	161.02	161.02
202	21	21.00	8,323.98	396.38	396.38
203	56	56.00	12,145.28	216.88	216.88
204	83	83.00	10,659.69	128.43	128.43
206	80	80.00	15,668.80	195.86	195.86
207	194	194.00	17,972.16	92.64	92.64
212	69	69.00	23,445.51	339.79	339.79
213	228	228.00	37,446.72	164.24	164.24
214	49	49.00	14,270.76	291.24	291.24

City of Palmdale
Landscape Maintenance Assessment Districts and Annexations
Assessment Roll Summary

Assessment District	Parcel Count (1)	EDUs per Assessment District	FY 2025/26 Assessment Amount	FY 2025/26 Proposed Assessment Rate Per EDU	FY 2025/26 Maximum Assessment Rate Per EDU (2)
216	223	223.00	39,221.24	175.88	175.88
217	388	388.00	123,046.44	317.13	317.13
217-01	0	0.00	0.00	0.00	N/A
219	91	91.00	14,369.81	157.91	157.91
220	126	126.00	10,876.32	86.32	86.32
221	92	92.00	81,401.60	884.80	884.80
222	197	197.00	84,390.86	428.38	428.38
224	78	78.00	5,420.22	69.49	69.49
233	31	31.00	5,695.63	183.73	183.73
234	48	48.00	4,345.44	90.53	90.53
235	148	148.00	37,578.68	253.91	253.91
236	72	72.00	7,945.92	110.36	110.36
237	23	23.00	21,005.67	913.29	913.29
238	84	84.00	29,459.64	350.71	350.71
239	95	95.00	17,419.20	183.36	183.36
240	132	132.00	68,390.52	518.11	518.11
241	85	85.00	68,096.05	801.13	801.13
242	45	45.00	2,082.15	46.27	46.27
243	40	40.00	43,305.60	1,082.64	1,082.64
244	104	104.00	70,878.08	681.52	681.52
245	118	118.00	80,419.36	681.52	681.52
246	158	158.00	107,680.16	681.52	681.52
247	51	51.00	34,774.35	681.85	681.85
248	49	49.00	33,410.65	681.85	681.85
251	19	19.00	1,470.60	77.40	77.40
252	156	156.00	24,715.08	158.43	158.43
253	161	161.00	22,689.73	140.93	140.93
254	49	49.00	26,780.46	546.54	546.54
255	41	41.00	43,350.53	1,057.33	1,057.33
256	99	99.00	44,563.86	450.14	450.14
256-01	103	103.00	49,662.48	482.16	482.16
257	78	78.00	54,259.92	695.64	695.64
259	72	72.00	13,065.12	181.46	181.46
260	86	86.00	57,232.14	665.49	665.49
261	144	144.00	11,790.72	81.88	81.88
262	122	122.00	23,890.04	195.82	195.82
263	64	64.00	38,074.24	594.91	594.91
264	108	108.00	59,218.56	548.32	548.32
265	64	64.00	40,334.08	630.22	630.22
266	79	79.00	60,740.73	768.87	768.87
267	255	255.00	175,687.35	688.97	688.97

City of Palmdale
Landscape Maintenance Assessment Districts and Annexations
Assessment Roll Summary

Assessment District	Parcel Count (1)	EDUs per Assessment District	FY 2025/26 Assessment Amount	FY 2025/26 Proposed Assessment Rate Per EDU	FY 2025/26 Maximum Assessment Rate Per EDU (2)
268	390	389.00	148,197.33	380.97	380.97
271	67	67.00	37,096.56	553.68	553.68
272	170	170.00	87,390.20	514.06	514.06
272-01	170	170.00	87,436.10	514.33	514.33
272-02	41	41.00	21,078.51	514.11	514.11
273	83	83.00	73,089.80	880.60	880.60
274	62	62.00	59,579.52	960.96	960.96
275	18	33.00	27,539.31	834.52	834.52
276	38	38.00	25,504.08	671.16	671.16
277	0	0.00	0.00	0.00	N/A
278	372	372.00	271,909.68	730.94	730.94
279	41	41.00	20,736.16	505.76	505.76
280	0	0.00	0.00	0.00	N/A
281	168	168.00	75,541.20	449.65	449.65
282	38	38.00	8,273.36	217.72	217.72
283	33	33.00	7,411.14	224.58	224.58
286	78	78.00	52,287.30	670.35	670.35
287	198	198.00	92,671.92	468.04	468.04
288	0	0.00	0.00	0.00	N/A
289	23	23.00	12,001.63	521.81	521.81
290	95	190.00	93,531.30	492.27	492.27
292	180	180.00	148,519.80	825.11	825.11
292-01	40	40.00	33,004.40	825.11	825.11
292-02	0	0.00	0.00	0.00	N/A
293	42	42.00	30,376.50	723.25	723.25
294	16	16.00	8,921.76	557.61	557.61
295	50	50.00	37,767.00	755.34	755.34
296	66	66.00	48,176.70	729.95	729.95
297	5	0.00	0.00	0.00	N/A
298	60	60.00	74,276.40	1,237.94	1,368.30
299	204	204.00	46,236.60	226.65	226.65
301	62	62.00	52,775.64	851.22	851.22
302	1	0.00	0.00	0.00	N/A
304	66	66.00	36,354.12	550.82	550.82
305	0	0.00	0.00	0.00	N/A
306	0	0.00	0.00	0.00	N/A
309	0	0.00	0.00	0.00	N/A
312	1	0.00	0.00	0.00	N/A
313	2	0.00	0.00	0.00	N/A
314	117	117.00	85,873.32	733.96	733.96
315	28	28.00	22,328.04	797.43	797.43

City of Palmdale
Landscape Maintenance Assessment Districts and Annexations
Assessment Roll Summary

Assessment District	Parcel Count (1)	EDUs per Assessment District	FY 2025/26 Assessment Amount	FY 2025/26 Proposed Assessment Rate Per EDU	FY 2025/26 Maximum Assessment Rate Per EDU (2)
316	8	0.00	0.00	0.00	N/A
317	0	0.00	0.00	0.00	N/A
318	12	0.00	0.00	0.00	N/A
319	12	0.00	0.00	0.00	N/A
320	52	0.00	0.00	0.00	N/A
321	2	0.00	0.00	0.00	N/A
322	0	0.00	0.00	0.00	N/A
323	0	0.00	0.00	0.00	N/A
324	56	112.00	13,871.20	123.85	123.85
325	0	0.00	0.00	0.00	N/A
326	0	0.00	0.00	0.00	N/A
900	1,417	0.00	0.00	0.00	N/A
901	35	0.00	0.00	0.00	N/A
Totals	**28,790**	**27,606.10**	**$7,628,270.66**		

(1) Includes parcels levied and active parcels not yet subject to the assessment.

(2) Rate for Assessment District Nos. 290 & 324 is per Benefit Unit, as defined in the annexation Engineer's Report for each district.

CITY OF PALMDALE

Fiscal Year 2025/26 Engineer's Report For:

Park Maintenance and Recreation Improvement District

May 2025

Prepared by:

NBS
helping communities fund tomorrow
nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

TABLE OF CONTENTS

1. Engineer's Letter 1

2. Introduction 2

2.1 Background 2

2.2 Process for Annual Assessment 3

2.3 Legislative Context 4

3. Plans and Specifications 6

3.1 Description of Improvements and Services 7

4. Estimate of Costs 9

5. Method of Apportionment 11

5.1 Discussion of Benefit 11

5.2 Benefit Factors 12

5.3 Benefit Finding 13

5.4 General Versus Special Benefit 13

5.5 Calculating General Benefit 14

5.6 Zones of Benefit 17

5.7 Method of Assessment 18

5.8 Cost of Living Inflator 23

5.9 Fiscal Year 2025/26 Maximum Assessment 23

5.10 Duration of Assessment 23

5.11 Appeals and Public Hearing 23

6. Assessment Diagram 25

7. Assessment Roll 27

1. ENGINEER'S LETTER

WHEREAS, the City Council of the City of Palmdale (the "City"), State of California, under the Landscaping and Lighting Act of 1972 (the "Act"), directed NBS to prepare and file the Annual Engineer's Report for the Park Maintenance and Recreation Improvement District (the "District") for Fiscal Year 2025/26, in accordance with Article 4 of Chapter 1 of the Act and Article XIII D of the California Constitution. The Engineer's Report presents the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the administration, maintenance, operations and servicing of the improvements for Fiscal Year 2025/26, the diagram for the District, showing the area and properties to be assessed, and assessing the net amount upon the assessable lots and/or parcels within the District in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer's Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of said improvements to be paid by the assessable real property within the District in proportion to the special benefit received.

Zone of Benefit	Parcels(1)	SFE Units(2)	FY 2025/26 Proposed Assessment Amount	FY 2025/26 Proposed Assessment Rate Per SFE	FY 2025/26 Maximum Assessment Rate Per SFE
Zone A	43,030	49,299.14	$3,135,891.33	$63.61	$63.61
Zone B	360	132.59	4,216.36	31.80	31.80
Zone C	2,238	1,970.41	125,336.49	63.61	63.61
Totals:	**45,628**	**51,402.14**	**$3,265,444.18**		

(1) Includes only parcels levied.
(2) Single Family Equivalent Unit. See "Method of Assessment" for explanation of SFE apportionment.

I, the undersigned, respectfully submit this Engineer's Report and, to the best of my knowledge, information and belief, the Engineer's Report, Assessments, and the Assessment Diagram herein have been prepared, computed and levied in accordance with the assessment methodology adopted, approved and ordered by the City Council of the City of Palmdale at the time of District formation.

_____
John G. Egan, P. E.
Assessment Engineer

2. INTRODUCTION

2.1 Background

In June and July of 2002, the City conducted a city-wide assessment ballot proceeding pursuant to the requirements of Article XIII D of the California Constitution ("The Taxpayer's Right to Vote on Taxes Act") and the Landscape and Lighting Act of 1972 for a proposed City of Palmdale Park Maintenance and Recreation Improvement Assessment District to fund improvements to parks and recreational facilities in the City. During this ballot proceeding, property owners in the City were provided with a notice and ballot for a proposed benefit assessment and a 45-day period was provided for balloting. A public hearing to conclude the balloting period was conducted on July 24, 2002.

After the ballots were tabulated, it was determined that 55.9% of the weighted ballots returned were in support of the assessment. Since the assessment ballots submitted in opposition to the proposed assessments did not exceed the assessment ballots submitted in favor of the assessments (with each ballot weighted by the proportional financial obligation of the property for which ballot was submitted), the City gained the authority to approve the levy of the assessments for Fiscal Year 2002/03 and to continue to levy them in future years. The authority granted by the ballot proceeding includes an annual increase in the maximum authorized assessment rate equal to the annual change in the Consumer Price Index (CPI) for the Los Angeles Area, not to exceed 3% per year. In the event the annual change in the CPI exceeds 3%, any percentage change in excess of 3% can be cumulatively reserved for years in which the CPI change is less than 3%. The initial assessment rate approved in 2002 was $36.00 per single family equivalent benefit unit, plus an annual increase not to exceed 3% according to the CPI for the Los Angeles area.

Due to their greater distance from the public facilities and the new parks and recreation facilities to be installed, maintained, and serviced by the District, areas in the City farthest east and west were deemed to receive less benefit relative to other areas in the City (Zone A) and were assigned 50% of the assessment rate. These areas of reduced proximity were named Zone of Benefit B or Zone B.

As the City has grown and built additional parks, public and recreational facilities, the western area of the City, generally described as the City incorporated areas west of the California Aqueduct, is benefiting from additional parks and recreation areas that can be funded and maintained in part by the District. For Fiscal Year 2006/07 assessments, properties in this western area were classified as being within Zone of Benefit C or Zone C. Since the proximity to parks and recreation facilities in Zone C is generally equivalent to properties within Zone A, the assessments per single family equivalent unit for properties in Zone C were proposed to increase, matching that rate assessed to parcels in Zone A.

In order to allow property owners in Zone C to ultimately decide whether they were in support of the increased assessments in their Zone of Benefit, in 2006, an assessment ballot proceeding was conducted for property owners in Zone C. After the ballots were mailed to property owners in Zone C, a minimum 45-day time period was provided for the return of the assessment ballots. Following this 45-day time period, a public hearing was held on July 5, 2006 for the purpose of allowing public testimony regarding the proposed increased assessments.

At the public hearing the ballots were tabulated and it was determined that 86.18% of the returned ballots from Zone C (weighted by the proportional financial obligation of the property for which ballots are

submitted) were in favor of the proposed increased assessments to match the assessment rate of Zone A. Therefore, the City Council took action, by resolution number CC 2006-191, to approve the levy of the increased assessments in Zone C for Fiscal Year 2006/07.

2.2 Process for Annual Assessment

In each subsequent year for which the assessment will be continued, and as required by the procedures specified in the 1972 Act, an Engineer's Report must be prepared on an annual basis which contains a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the District.

The City Council must also annually adopt a resolution of intention which:

- Declares the intention of the City Council to levy and collect assessments within the assessment district for the fiscal year stated therein.
- Generally describes the existing and proposed improvements and any substantial changes proposed to be made in existing improvements.
- Refers to the assessment district by its distinctive designation and indicate the general location of the district.
- Refers to the report of the engineer, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the district.
- Gives notice of the time and place for public hearing by the City Council on the levy of the proposed assessment.
- States whether the assessment is proposed to increase from the previous year.

If the assessments are to be levied in the same or lesser amounts than the maximum assessment allowed, the City Clerk shall give notice of the public hearing by causing the resolution of intention to be published. Any interested person may, prior to the conclusion of the public hearing, file a written protest which shall state all grounds of objection. The protest shall contain a description sufficient to identify the property owned by the property owner filing the protest. During the course or upon conclusion of the hearing, the City Council may order changes in any of the matters provided in the report, including changes in the improvements, any zones within the assessment district, and the proposed diagram or the proposed assessment. If the assessment to be levied exceeds the maximum assessment allowed, the City must comply with the procedures specified in Article XIII D and Proposition 218.

The City Council, upon conclusion of the public hearing must then adopt a resolution confirming the diagram and assessment, either as originally proposed or as changed by it. The adoption of the resolution shall constitute the levy of an assessment for the fiscal year referred to in the assessment. If confirmed, the assessments would be submitted to the County Auditor Controller for inclusion on the property tax roll.

2.3 Legislative Context

In 1996, California Voters adopted Proposition 218, the "Right to Vote on Taxes Act" which added Articles XIII C and XIII D to the California Constitution. Article XIII D imposes certain substantive and procedural requirements on any agency that wishes to levy special assessments.

Article XIII D imposes four basic substantive requirements on assessments[1]:

- All parcels that will have a special benefit conferred upon them and upon which an assessment will be imposed must be identified;
- The general benefits must be distinguished from the special benefits conferred on the parcels;
- The proportionate special benefit derived by each parcel must be determined in relationship to the entirety of the capital improvement, the maintenance and operation expenses of the public improvement, or the cost of the property related service being provided; and
- The amount assessed to a parcel must not exceed the reasonable cost of the proportional special benefit conferred on that parcel and does not include any costs attributable to the general benefit.

Since the initial passage of Proposition 218, several court rulings have helped provide context and direction on the practical implementation procedures and requirements for levying assessments. Several of the key concepts from these rulings are summarized below.

GENERAL BENEFIT

Article XIII D requires an agency to separate the general benefits from the special benefits conferred because only special benefits are assessable.

The Court of Appeal in *Golden Hills Neighborhood Assn., Inc. v. City of San Diego* (2011) (*Golden Hills*)[2] clarified this concept by stating, "*Separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits*."

The Court of Appeal in *Beutz v. County of Riverside* (2010) (*Beutz*)[3] quoted from the Legislative Analyst's Office pamphlet titled "Understanding Proposition 218" which states an agency must, "*estimate the amount of special benefit landowners would receive from the project or service, as well as the amount of 'general benefit.' This step is needed because Proposition 218 allows local government to recoup from assessments only the proportionate share of cost to provide the special benefit.*"

The Court in *Beutz* furthered this idea stating, "*Separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits*."

The Court of Appeal in *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority* (2008) (*SVTA*)[4] clarified that general benefits are not restricted to benefits conferred only on persons and property outside the assessment district but can include benefits both conferred on real

[1] *California Constitution Article XIII D Section 4.*
[2] *Golden Hill Neighborhood Assn. v. City of San Diego CA4/1, D062203 (Cal. Ct. App. 2013)*
[3] *Beutz v. County of Riverside, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)*
[4] *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority, 44 Cal. 4th 431 (2008).*

property located in the district or to the public at large. The "public at large" includes all members of the public, including those who live, work, and shop within the district, and not simply transient visitors.

BENEFIT-BASED NOT COST-BASED

In *Bonander v. Town of Tiburon* (2009) (*Tiburon)*[5], the Court of Appeal clarified the idea that assessments must be apportioned based upon benefit rather than cost. The Court stated, "*Proportionate special benefit is the basis upon which a project's total assessable costs are apportioned among parcels within an assessment district.*"

The assessment on a particular property cannot be based on the relative cost of the improvements, but rather the special benefit conferred on such property. The Court in *Tiburon* also stated, "*an assessment represents the entirety of the cost of the improvement or property-related service, less any amount attributable to general benefits (which may not be assessed), allocated to individual properties in proportion to the relative special benefit conferred on the property*."

PUBLIC PROPERTY

Section 4, Subdivision (a) of Article XIII D states, in part, "*Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.*" Historically there had been differing opinions about whether this requirement that publicly owned property should not be exempt actually meant those properties must be assessed.

The Court of Appeal in *Manteca Unified School District v. Reclamation District No. 17 et al* (2017) *(Manteca)*[6] clarified this issue by stating, *"section 4, subdivision (a) of article XIII D of the California Constitution unambiguously conditions any continuing benefit assessment exemption on a showing by clear and convincing evidence of no special benefit.*"

IMPRECISION

The Court in *Tiburon* acknowledged the difficulty of trying to precisely assign and measure special benefit, stating, "*Any attempt to classify special benefits conferred on particular properties and to assign relative weights to those benefits will necessarily involve some degree of imprecision.*"

The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *"may be a legally justifiable approach to measuring and apportioning special benefits,* [but] *it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning special benefits, however, it must be both defensible and consistently applied*."

[5] *Bonander v. Town of Tiburon, 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)*
[6] *Manteca Unified School District v. Reclamation District No. 17 et al, C077906 (Cal. Ct. App. 2017)*

3. PLANS AND SPECIFICATIONS

The City maintains park and recreational facilities in locations throughout its boundaries, which contain over 48,000 parcels. The District provides funding for the installation, maintenance, and servicing of parks and recreation facilities within the City, including, but not limited to the City's current parks and recreation facilities:

- Poncitlán Square (4.00 Acres), 38315 9th St. East
- Tejon Park Barrel Springs Equestrian Arena (20.00 Acres), East of Sierra Highway / South of Barrel Springs Road
- Pelona Vista Park (73.00 Acres), 37800 Tierra Subida Avenue
- Manzanita Heights Park (5.00 Acres), 431 Mesa Verde Street
- Arnie Quinones Park (2.50 Acres), 41003 50th Street West
- Desert Sands Park (20.00 Acres), 39117 3rd Street East
- Joe Davies Heritage Airpark at Palmdale Plant 42 (20.00 Acres), 2001 East Avenue P
- William J. McAdam Park & Pool (20.00 Acres), 38115 30th Street East
- Domenic Massari Park (40.00 Acres), 37716 55th Street East
- Sam Yellen Park (24.93 acres), Phase 1 completed (12.00 acres), Avenue S between 47th East and 55th Street East
- Joshua Hills Park (3.64 Acres), 3110 Fairfield Avenue
- Palmdale Playhouse (2,700 square feet), 38334 10th Street East
- Melville J. Courson Park (7.50 Acres), 38226 10th Street East (under construction by developer)
- Legacy Commons (new Palmdale Senior Center opened 2010) (14,000 square feet), 930 East Avenue Q-9
- Palmdale Senior Center Park (1.00 acre) park site between 9th Street East & 10th Street East and Q-9 & Q-10
- Dry Town Waterpark (7.00 acres), at Palmdale Oasis Park, 3850-B East Avenue S
- Palmdale Oasis Recreation Center (17,500 square feet), 3850-A East Avenue S
- Palmdale Oasis Park (33.00 acres), southwest corner of Avenue S and 40th Street East, 3850-A E. Avenue S
- Competition Swimming Pool at Palmdale Oasis Park, 3850-C East Avenue S
- Marie Kerr Park (57.00 Acres), 39700 30th Street West & 2723 Rancho Vista Boulevard
- Palmdale Amphitheater at Marie Kerr Park, 2723 Rancho Vista Boulevard
- Best of the West Softball Complex, at Marie Kerr Park, 2723-F Rancho Vista Boulevard
- Competition Swimming Pool at Marie Kerr Park, 2723 Rancho Vista Boulevard
- Marie Kerr Recreation Center, 2723-A Rancho Vista Boulevard
- Lot adjacent to Amphitheatre/Marie Kerr Park (20.00 Acres), (not developed, currently used for overflow parking), 2723 Rancho Vista Boulevard
- Dr. Robert C. St. Clair Parkway (8.72 Acres), Sierra Highway
- Demonstration Garden (0.76 Acres), NEC of Palmdale Boulevard & Sierra Highway
- Foothill Park (12.33 Acres), 2525 The Groves
- Anaverde Hills Park (6.42 Acres), 2820 Greenbrier Street

- Larry Chimbole Cultural Center (19,300 square feet), 38350 Sierra Highway
- Hammack Activity Center/ Roller Hockey Rinks (29,000 square feet), 815 East Avenue Q-6 (Boys & Girls Club)
- Rancho Vista Neighborhood Park (5.00 Acres), Bolz Ranch / Town Center Road (not developed)
- Palmenthol History Park (16.30 Acres), Avenue S & 20th Street East (not developed)
- A.C. Warnack Nature Park (131.27 Acres), East of Godde Hill & South of the California Aqueduct (not developed)

3.1 Description of Improvements and Services

The assessments shall also provide funding for the installation, maintenance, and servicing of new parks and recreation facilities, including, but not limited to new neighborhood and community parks, family aquatics facility, covered swimming pools, additional recreation centers, public amphitheater, additional sports fields, improvements to park safety including enhanced lighting, replacement of antiquated playground equipment, additional park maintenance services, acquisition of lands for parks and recreation uses, and expansion of existing parks and recreation areas.

The work and improvements (the "improvements") proposed to be undertaken by the District, and the cost thereof paid from the levy of the annual assessment, provide special benefit to assessor parcels within the District as defined in the Method of Assessment herein. In addition to the definitions provided by the Act the improvements are generally described as follows:

Installation, maintenance and servicing of public recreational facilities and improvements, including, but not limited to, turf and play areas, park grounds and facilities, playground equipment, hard court surfaces, amphitheaters, tennis courts, gymnasiums, senior centers, recreation centers, aquatic parks, running tracks, walking paths, sports fields, basketball courts, swimming pools, landscape corridors, open space, trails, other recreational facilities, ground cover, shrubs and trees, irrigation and sprinkler systems, landscaping, drainage systems, lighting, fencing, entry monuments, graffiti removal and repainting, and labor, materials, supplies, utilities, equipment, and any debt service on bonds or other indebtedness issued for the improvements as applicable, at each of the locations owned, operated or maintained by the City. Plans and specifications for these improvements are filed with the Director of Parks and Recreation of the City and are incorporated herein by reference.

As applied herein, "Installation" means the construction of recreational improvements, including, but not limited to, land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks and drainage, lights, and/or the construction of playground equipment, play courts, recreational facilities and public restrooms.

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

"Servicing" means the furnishing of electric current or energy for the operation or lighting of any improvements, and the furnishing of water for irrigation of any landscaping or the maintenance of any other improvements.

Incidental expenses include all of the following: (a) The costs of preparation of the report, including plans, specifications, estimates, diagram, and assessment; (b) the costs of printing, advertising, and the giving of published, posted, and mailed notices; (c) compensation payable to the County for collection of assessments; (d) compensation of any engineer or attorney employed to render services in proceedings pursuant to this part; (e) any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements; (f) any expenses incidental to the issuance of bonds or notes pursuant to Streets & Highways Code Section 22662.5; and (g) costs associated with any elections held for the approval of a new or increased assessment (Streets & Highways Code Section 22526). The assessment proceeds will be exclusively used for improvements within the District plus incidental expenses. Reference is made to the plans and specifications, including specific expenditure and improvement plans by park/recreation site, which are on file with the City.

4. ESTIMATE OF COSTS

The estimate of costs provided in this Engineer's Report is for Fiscal Year 2025/26 and is derived from a multi-year, City-wide parks and recreation improvement plan that includes significant new recreation facilities such as neighborhood and community parks, a family aquatics center, two covered year-round swimming pools, two recreation centers, a public amphitheater, a multi-field softball complex, improvements to park safety including enhanced lighting, additional walkways and trails, replacement of antiquated playground equipment, and enhanced park maintenance services.

The estimated costs of maintenance and servicing the improvements as described in the Plans and Specifications are summarized below.

Park Maintenance and Recreation Improvement District Budget	
Description	**Proposed FY 2025/26 Costs**
Beginning Fund Balance	($667,096.24)
Installation, Maintenance & Servicing Costs [1]	
Maintenance & Operation of Vision Facilities	$2,650,100.00
Maintenance of Parks & Recreation Facilities [2]	4,441,988.30
Totals for Installation, Maintenance & Servicing	**$7,092,088.30**
Less: City Contribution [3]	**($2,836,835.32)**
Net Cost of Installation, Maintenance & Operation	**$4,255,252.98**
Incidental Costs	
Collection and Administration	$0.00
Totals for Incidentals	**$0.00**
Less: Fund Balance Contribution	**($989,808.80)**
Fiscal Year 2025/26 Net Amount to be Assessed [4]	**$3,265,444.18**
Estimated Ending Fund Balance	($1,656,905.04)

Budget Allocation to Property [5]				
Zone of Benefit	**Parcels** [6]	**SFE Units** [7]	**FY 2025/26 Maximum Assessment Rate Per SFE**	**FY 2025/26 Amount to be Assessed**
Zone A	43,030	49,299.14	$63.61	$3,135,891.33
Zone B	360	132.59	31.80	4,216.36
Zone C	2,238	1,970.41	63.61	125,336.49
Totals:	**45,628**	**51,402.14**		**$3,265,444.18**

Notes to Estimate of Costs:

(1) Additional details regarding budgeted improvements and future projects are as follows:
    - Rancho Vista Park – park site with open space, restrooms, playground, and parking lot.
    - Vacant lot next to Amphitheater – design for park and ride.
    - Arnie Quinones Park – design of future additional features including restroom, paved parking lot, lighting, tot lot, and pathways.
    - Marie Kerr Park Upgrades – tot lot upgrades.
    - Dry Town Water Park Upgrades – refurbishment of three existing slides, tower, and Little Miner's camp.
    - Dry Town Lazy River Replastering – replastering of lazy river, construction was expected to begin April 2020.
    - Palmdale Oasis Park Upgrades – design and possible construction of play area, playground equipment, restroom facility, landscaping and irrigation of fields, additional parking.
    - Domenic Massari Upgrades – sidewalk improvements throughout the park construction was expected to begin summer 2020, three new basketball courts with covers and upgrades to existing basketball court.
    - Sam Yellen Park – design of Phase 2 upgrades.
    - McAdam Park Renovations – upgrades to existing restroom facility.
    - Sports Field Renovation – field upgrades and renovations as needed at various park sites.

(2) The item, “Maintenance of Park and Recreation Facilities,” would provide funding for enhanced maintenance of all parks and recreation facilities on a daily basis, seven days per week. Services would include mowing turf, trimming and caring for landscaping, fertilization and aeration of grounds and playfields, routine maintenance and safety inspections, painting, replacing/repairing broken or damaged equipment, trash removal and cleanup, irrigation and irrigation system maintenance, and other services as needed.

(3) As determined in the following section, at least 40% of the $7,092,088.30 total cost of Park Improvements, Installation, Maintenance and Servicing, must be funded from sources other than the assessments, to cover any general benefits from the improvements. Therefore, $2,836,835.32 or 40% of the total for Installation, Maintenance and Servicing is for general benefits that cannot be assessed to property owners in the District. The additional amount contributed is the City’s contribution in excess of the estimated general benefits.

(4) Includes installment rounding for Los Angeles County tax roll purposes.

(5) The Act stipulates that proceeds from the assessments must be deposited into a special fund that has been set up for the revenues and expenditures of the District. Moreover, funds raised by the assessment shall be used only for the purposes stated within this Engineer’s Report. Any balance remaining at the end of the fiscal year, July 1, must be carried over to the next fiscal year. The City may also establish a reserve fund for contingencies and special projects as well as a capital improvement fund for accumulating funds for larger capital improvement projects or capital renovation needs. Any remaining unexpended balance would either be placed in the reserve fund, the capital improvement fund, or would be used to reduce future years' Assessments.

(6) Includes only parcels levied.

(7) Single Family Equivalent Unit. See "Method of Assessment" for explanation of SFE apportionment.

5. METHOD OF APPORTIONMENT

The following section includes an explanation of the benefits derived from the improvements to park and recreation facilities and improvements throughout the City, as well as a description of the assessment methodology used to apportion the total assessment to properties within the District. ***Previous annual Engineer's Reports were prepared by a different engineer of record and specific language from the prior year Engineer's Report[7] has been referenced to describe the Method of Apportionment within the following section of this report.*** [8]

The District consists of all assessor parcels within the boundaries of the City. The method used for apportioning the assessment is based upon the proportional special benefits conferred to the properties over and above the general benefits conferred to real property in the District or to the public at large. Special benefit is calculated for each parcel in the District using the following process:

1. Identification of all benefit factors derived from the improvements;
2. Calculation of the proportion of these benefits that are general;
3. Determination of the relative special benefit within different areas within the District;
4. Determination of the relative special benefit per property type; and
5. Calculation of the specific assessment for each individual parcel based upon special vs. general benefit; location, property type, property characteristics, improvements on property and other supporting attributes.

5.1 Discussion of Benefit

In summary, the assessments can only be levied based on the special benefit to property. Any and all general benefit, including benefit that is indirect or derivative, must be funded from another source. This special benefit is received by property over and above any general benefits from the improvements. With reference to the requirements for assessments, Section 22573 of the Act states:

> *"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

Proposition 218, as codified in Article XIII D of the California Constitution, has confirmed that assessments must be based on the special benefit to property and that the value of the special benefits must reasonably exceed the cost of the assessment:

> *"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

---

[7] *Annual Engineer's Report, City of Palmdale, Park Maintenance and Recreation Improvement District, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020 ("Prior Engineer's Report").*

[8] *Method of Apportionment and subsections as detailed in the Annual Engineer's Report, City of Palmdale, Park Maintenance and Recreation Improvement District, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

Since assessments are levied on the basis of special benefit, they are not a tax and are not governed by Article XIII A of the California Constitution.

The *SVTA* decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel, and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The *SVTA* decision also provides specific guidance that park improvements are a direct advantage and special benefit to property that is proximate to a park that is improved by an assessment:

> *The characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g. proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g. general enhancement of the district's property values).*

Finally, Proposition 218 twice uses the phrase "over and above" general benefits in describing special benefit (Art. XIIID, sections 2(i) & 4(f)). The *SVTA* decision further clarifies that special benefits must provide a direct advantage to benefiting property and that proximity to a park is an example of a special benefit.

5.2 Benefit Factors

The improvements are expected to confer certain special benefits to parcels within the District. Pursuant to the Prior Engineer's Report, the special benefit conferred to parcels is more fully described below:

EXTENSION OF A PROPERTY'S OUTDOOR AREAS AND GREEN SPACES FOR PROPERTIES WITHIN CLOSE PROXIMITY TO THE IMPROVEMENTS

In large part, because it is cost prohibitive to provide large open land areas on property in the District, the residential, commercial and other benefiting properties in the District do not have large outdoor areas and green spaces. The parks in the District provide these larger outdoor areas that serve as an effective extension of the land area for proximate properties because the improvements are uniquely proximate and accessible to property in close proximity to the improvements. The improvements, therefore, provide an important, valuable and desirable extension of usable land area for the direct advantage and special benefit of properties with good and close proximity to the improvements.

According to the industry-standard guidelines established by the National Park and Recreation Association (the "NPRA"), neighborhood parks in urban areas have a service area radius of generally one-half mile and community parks have a service area radius of approximately two miles. The service radii for neighborhood parks and neighborhood green spaces were specifically established to give all properties within these service radii close proximity and easy walking access to such public land areas. Likewise, community parks, with their large size, have a somewhat larger service area. Since proximate and accessible parks serve as an extension of the usable land area for property in the service radii and since the service radii was specifically designed to provide close proximity and access, the parcels within this service area clearly receive a direct advantage and special benefit from the improvements - and this advantage is not received by other properties or the public at large.

An analysis of the service radii for the improvements finds that all properties in the District enjoy the distinct and direct advantage of being close and proximate to parks within the District. The benefiting properties in the District therefore uniquely and specially benefit from the improvements.

PROXIMITY TO IMPROVED PARKS AND RECREATIONAL FACILITIES

Only the specific properties within close proximity to the improvements are included in the District. Therefore, property in the District enjoys unique and valuable proximity and access to the improvements that the public at large and property outside the District do not share.

In absence of the assessments, the improvements would not be provided and the parks and recreation areas in the District would be degraded due to insufficient funding for maintenance, upkeep and repair. Therefore, the assessments provide improvements that are over and above what otherwise would be provided. Improvements that are over and above what otherwise would be provided do not by themselves translate into special benefits but when combined with the unique proximity and access enjoyed by parcels in the District, they provide a direct advantage and special benefit to property in the District.

ACCESS TO IMPROVED PARKS, OPEN SPACE AND RECREATIONAL AREAS

Since the parcels in the District are nearly the only parcels that enjoy close access to the improvements, they directly benefit from the unique close access to improved parks, open space and recreation areas that are provided by the assessments. This is a direct advantage and special benefit to property in the District.

IMPROVED VIEWS

The District, by maintaining the landscaping at its park, recreation and open space facilities provides improved views to properties with direct line-of-sight as well as other local properties which benefit from improved views when property is accessed. Therefore, the improved and protected views provided by the assessments are another direct and tangible advantage that is uniquely conferred upon property in the District.

5.3 Benefit Finding

In summary, real property located within the boundaries of the District distinctly and directly benefits from closer proximity, access and views of improved parks, recreation facilities, open space, landscaped corridors, greenbelts, trail systems and other public resources funded by the assessments. The improvements are specifically designed to serve local properties in the District, not other properties or the public at large. The public at large and other properties outside the District receive only limited benefits from the improvements because they do not have proximity, good access or views of the improvements. These are special benefits to property in the District in much the same way that sewer and water facilities, sidewalks and paved streets enhance the utility and desirability of property and make them more functional to use, safer and easier to access.

5.4 General Versus Special Benefit

Article XIII C of the California Constitution requires any local agency proposing to increase or impose a benefit assessment to “separate the general benefits from the special benefits conferred on a parcel.” The rationale for separating special and general benefits is to ensure that property owners subject to the benefit assessment are not paying for general benefits. The assessment can fund special benefits but

cannot fund general benefits. Accordingly, a separate estimate of the special and general benefit is given in this section. In other words:

Total Benefit	=	General Benefit	+	Special Benefit

There is no widely-accepted or statutory formula for general benefit. General benefits are benefits from improvements or services that are not special in nature, are not "particular and distinct" and are not "over and above" benefits received by other properties. *SVTA* provides some clarification by indicating that general benefits provide "an indirect, derivative advantage" and are not necessarily proximate to the improvements.

The starting point for evaluating general and special benefits is the current, baseline level of service. The assessment will fund Improvements "over and above" this general, baseline level and the general benefits estimated in this section are over and above the baseline. A formula to estimate the general benefit is listed below:

General Benefit	=	Benefit to Real Property Outside the District	+	Benefit to Real Property Inside the District that is Indirect and Derivative	+	Benefit to the Public at Large

Special benefit, on the other hand, is defined in the California Constitution as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large." The *SVTA* decision indicates that a special benefit is conferred to a property if it "receives a direct advantage from the improvement (e.g., proximity to a park)." In this assessment, as noted, properties in the District have close and unique proximity, views and access to the improvements and uniquely improved desirability from the improvements and other properties and the public at large do not receive significant benefits because they do not have proximity, access or views of the improvements. Therefore, the overwhelming proportion of the benefits conferred to property is special and is only minimally received by property outside the District or the public at large.

5.5 Calculating General Benefit

Pursuant to information detailed in the Prior Engineer's Report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

BENEFIT TO PROPERTY OUTSIDE THE IMPROVEMENT DISTRICT

Properties within the District receive almost all of the benefits from the improvements because properties in the District enjoy unique close proximity and access to the improvements that is not enjoyed by other properties or the public at large. However, certain properties within the proximity/access radius of the improvements, but outside of the boundaries of the District, may receive some benefit from the improvements. Since this benefit is conferred to properties outside the District boundaries, it contributes to the overall general benefit calculation and will not be funded by the assessments.

The properties outside the District and within the proximity radii for neighborhood parks in the District receive benefits from the improvements. Since these properties are not assessed for their benefits because they are outside of the area that can be assessed by the District, this is a form of general benefit to the public at large and other property. A 50% reduction factor is applied to these properties because they are all on only one side of the improvements while properties in the District enjoy the advantage of over twice the average proximity to the improvements. Per the Prior Engineer's Report, the general benefit to property outside of the District is calculated as follows:

Assumptions:

5,190	parcels outside the District but within 0.5 miles of a park within the District
47,684	parcels in the District
50%	relative benefit compared to property within the District

Calculation of General Benefit to Property Outside the District

= 5,190 / (47,684 + 5,190) * 50% = **4.9%**

Although it can reasonably be argued that the improvements inside, but near the District boundaries are offset by similar park and recreational improvements provided outside, but near the District boundaries, we use the more conservative approach of finding that 4.9% of the improvements may be of general benefit to property outside the District.

BENEFIT TO PROPERTY INSIDE THE DISTRICT THAT IS INDIRECT AND DERIVATIVE

The "indirect and derivative" benefit to property within the District is particularly difficult to calculate. A solid argument can be presented that all benefit within the District is special, because the improvements are clearly "over and above" and "particular and distinct" when compared with the baseline level of service and the unique proximity, access and views of the Improvements enjoyed by benefiting properties in the District. Nevertheless, the *SVTA* decision indicates that there may be general benefit "conferred on real property located in the district". A measure of the general benefits to property within the assessment area is the percentage of land area within the District that is publicly owned and used for regional purposes such as major roads, rail lines and other regional facilities because such properties used for regional purposes could provide indirect benefits to the public at large. Approximately 3% of the land area in the District is used for such regional purposes, so this is a measure of the general benefits to property within the District.

BENEFIT TO THE PUBLIC AT LARGE

The general benefit to the public at large can be estimated by the proportionate amount of time that the District's parks and recreational facilities are used and enjoyed by individuals who do not contribute to the assessment in any way (i.e. do not pay the assessment or local taxes or fees that support the City.[9] A

[9] *Per the formation engineer, when District facilities are used by those individuals, the facilities are not providing benefit to property within the City. Use under these circumstances is a measure of general benefit. For example, a non-resident who is drawn to utilize the City facilities and shops at local businesses while in the area would provide special benefit to business properties as a result of his or her use of the Improvements. Conversely, one who uses City facilities but does not reside, work, shop or own property within the City boundaries does not provide special benefits to any property and is considered to be a measure of the general benefits.*

survey of park and recreation facility usage conducted by the formation engineer found that less than 8% of the City's park and recreation facility usage is by those who do not live or work within City boundaries. [10]

Several of the improvements such as the family aquatics center, amphitheater and sports complex are the type of public resources that draw residents from throughout the community. Therefore, they are deemed to be of benefit to all properties within the City. Due to their "draw" these types of facilities may also serve to bring in somewhat higher numbers of people who do not contribute to the assessment in any way. Of the proposed facilities, the Family Aquatics Center warrants further analysis to estimate potential resident/non-resident use. Resident/non-resident use statistics vary depending on the specifics of the community such as proximity to other communities and location of other similar aquatics centers. The City is largely separated by distance from other urbanized areas, which should serve to reduce the percentage of non-resident use. Data from other communities deemed to be similar in amenities and location finds that the percentage of non-resident use can vary from 15% up to approximately 50%. A non-resident use percentage of 50% will be used as a conservative estimate for this facility.

Although many of the non-resident users of the City's aquatics facility will shop or work in the community, this unadjusted data will be used as a conservative measure of general benefits. This measure of the general benefits from family aquatics facilities is combined with the findings of the park and recreation facility usage survey to conservatively estimate the overall level of general benefits. Using an equal weighting of both measures of general benefits, 29% of the benefits conferred by the proposed maintenance and improvements are determined to be general benefits to the public at large.

TOTAL GENERAL BENEFITS

Using a sum of these three measures of general benefit, the Prior Engineer's Report found that approximately 37% of the benefits conferred by the improvements may be general in nature and should be funded by sources other than the assessment.

General Benefit Calculation:

4.9%	Outside the District
+ 3.0%	Property within the District
+ 29.0%	Public at Large
= 36.9%	**Total General Benefit**

Although the analysis finds that 36.9% of the assessment may provide general benefits, the Prior Engineer's Report established a requirement for a minimum contribution from sources other than the assessments of 40%. This minimum contribution above the measure of general benefits will serve to provide additional coverage for any other general benefits. The City's total budget for maintenance and operation of its parks and recreational facilities is $7,092,088.30. Of this total budget amount, the City will contribute at least $2,836,835.32(or 40%) from sources other than the assessments, to cover any general benefits that cannot be assessed to property owners in the District.

[10] *A total of 534 park users were surveyed at different parks and recreation facilities on different days and times between the months of July 2001 and March 2002. 41 respondents (7.7%) indicated that they did not reside or work within the City.*

5.6 Zones of Benefit

As detailed in the Prior Engineer's report, the boundaries of the District have been carefully drawn to include the properties in the City that are proximate to the proposed improvements and that would materially benefit from the improvements. In other words, the boundaries of the District have been narrowly drawn to include only properties that will specially benefit from the proposed improvements and would receive a declining level of service if the assessments were not approved.

The *SVTA* decision indicates:

> *In a well-drawn district — limited to only parcels receiving special benefits from the improvement — every parcel within that district receives a shared special benefit. Under section 2, subdivision (i), these benefits can be construed as being general benefits since they are not "particular and distinct" and are not "over and above" the benefits received by other properties "located in the district."*
>
> *We do not believe that the voters intended to invalidate an assessment district that is narrowly drawn to include only properties directly benefiting from an improvement. Indeed, the ballot materials reflect otherwise. Thus, if an assessment district is narrowly drawn, the fact that a benefit is conferred throughout the district does not make it general rather than special. In that circumstance, the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g., proximity to park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g., general enhancement of the district's property values).*

In the District, the advantage that each parcel receives from the improvements is direct, and the boundaries are narrowly drawn to include only parcels that benefit from the assessment.

Due to their greater distance and reduced proximity from the improvements, one area of the City is deemed to receive lesser benefit from the improvements than other urbanized areas of the City. The area of reduced relative benefit is generally described as all parcels east of 90th Street East on the south and east of US Air Force Plant 42, and all parcels east of 50th Street East on the north and east of US Air Force Plant 42. This area is hereinafter referred to as Zone of Benefit B or Zone B and is depicted on the Assessment Diagram included with this report.

In Fiscal Year 2006/07 a new zone of benefit, Zone of Benefit C or Zone C, was created for parcels previously designated as being also within Zone B and located in the western areas of the District. Zone C covers all contiguous parcels within the boundaries of the City, generally west and south of the California Aqueduct, including all the parcels in Assessor's Parcel Books 3205, 3206, 3216 and 3217, within the boundaries of the City. The special benefit received by parcels in Zone C was revised as public parks and recreation facilities are installed, maintained and serviced by the District closer to property in Zone C, making the special benefit to be received in this area similar to that of areas in Zone A. As a result of the additional special benefits, an increased rate of assessment was proposed for parcels in Zone C, and after receiving the support of the property owners in Zone C, the increased assessment rate was first applied for Fiscal Year 2006/07.

All other properties within the District are classified into Zone of Benefit A or Zone A. All three Zones of Benefit, Zones A, B and C, are depicted on the Assessment Diagram included with this report and are listed on the Assessment Roll.

Zone A and Zone C improvements are similarly accessible to all properties within each Zone of Benefit. Therefore, benefits from the improvements do not further vary based on proximity of the parcels to the improvements within Zone A and Zone C because the increased benefits of greater proximity to the improvements are generally offset by a parallel increase in negative factors such as higher levels of traffic, noise, etc. that comes with increased proximity.

Since properties in Zone B (east) are generally twice the distance from the improvements funded by the assessments, it is estimated that the relative level of benefit to properties in Zone B is 50% the benefit received by properties in Zone A and Zone C. The proposed assessments for properties in Zone B will therefore be 50% of the amount of assessment for similar properties in Zone A and Zone C. The relative proximity to improvements is generally equivalent in Zone A and Zone C so the assessment rates for Zones A and C are equal.

5.7 Method of Assessment

As previously discussed, the assessments provide specific improvements that confer direct and tangible special benefits to properties in the District. These benefits can partially be measured by the occupants on property in the District because such parcel population density is a measure of the relative benefit a parcel receives from the improvements. Therefore, the apportionment of benefit is partially based the population density of parcels.[11]

It should be noted that many other types of "traditional" assessments also use parcel population densities to apportion the assessments. For example, the assessments for sewer systems, roads and water systems are typically allocated based on the population density of the parcels assessed. Moreover, assessments have a long history of use in California and are in large part based on the principle that benefits from a service or improvement funded by assessments that is enjoyed by tenants and other non-property owners ultimately is conferred directly to the underlying property. [12]

The next step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a single family home, or, in other words, on the basis of Single Family Equivalents (SFE). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this report, all properties are designated a SFE value, which is each property's relative benefit in relation

---

[11] *As detailed in the Annual Engineer's Report, City of Palmdale, Park Maintenance and Recreation Improvement District, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

[12] *For example, in Federal Construction Co. v. Ensign (1922) 59 Cal.App. 200 at 211, the appellate court determined that a sewer system specially benefited property even though the direct benefit was to the people who used the sewers: "Practically every inhabitant of a city either is the owner of the land on which he resides or on which he pursues his vocation, or he is the tenant of the owner, or is the agent or servant of such owner or of such tenant. And since it is the inhabitants who make by far the greater use of a city's sewer system, it is to them, as lot owners or as tenants, or as the servants or agents of such lot owners or tenants, that the advantages of actual use will redound. But this advantage of use means that, in the final analysis, it is the lot owners themselves who will be especially benefited in a financial sense."*

to a single family home on one parcel. In this case, the "benchmark" property is the single family detached dwelling which is one Single Family Equivalent or one SFE.

In the process of determining the appropriate method of assessment, alternatives were considered. For example, an assessment only for all residential improved property was considered but was determined to be inappropriate because commercial, industrial, and other properties also receive direct benefits from the improvements.

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger properties receive a higher degree of benefit than other similarly used properties that are significantly smaller. For two properties used for commercial purposes, there is clearly a higher benefit provided to the larger property in comparison to a smaller commercial property because the larger property generally supports a larger building and has higher numbers of employees, customers and guests that would benefit from proximity and improved access to well maintained and improved parks and recreational facilities. So, the potential population of employees or residents is a measure of the special benefits received by the property. Larger parcels, therefore, receive an increased benefit from the improvements.

Finally, the special benefits derived from the improvements are conferred on property and are not based on a specific property owner's use of the improvements, or a specific property owner's occupancy of property or the property owner's demographic status such as age or number of dependents. However, it is ultimately people who value the special benefits described above and use and enjoy the City's park and recreational facilities. In other words, the benefits derived to property are related to the average number of people who could potentially live on, work at, or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is one indicator of the relative level of benefit received by a property.

In conclusion, the information from the Prior Engineer's Report determined that the appropriate method of assessment apportionment should be based on the type and use of property, the relative size of the property, its relative population and usage potential and its proximity to parks and recreational facilities. This method is further described below.

RESIDENTIAL PROPERTIES

Certain residential properties in the District that contain a single residential dwelling unit are assigned one Single Family Equivalent or 1.0 SFE. Traditional houses, zero-lot line houses and townhomes are included in this category of single family residential property.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the improvements in proportion to the number of dwelling units that occupy each property, the average number of people who reside in multi-family residential units versus the average number of people who reside in a single family home and the average size of multi-family residential units versus the average size of single family homes. The population density factors for the City, as depicted below, provide a partial basis for determining the SFE factors for residential properties. Using the total population in a certain property type in the City from the 1990 Census (the most recent data available when the District was established) and dividing it by the total number of such households, finds that approximately 3.32 persons occupy each single family residence, whereas an average of 2.69 persons

occupy each multi-family residence. Using the ratio of one Population Factor for each single-family residence, which equates to one Population Factor for every 3.32 persons, a 0.81 Population Factor would equate to one multi-family unit or a 0.81 Population Factor for every 2.69 residents. Likewise, each condominium unit receives a 0.81 Population Factor and each mobile home receives a 0.86 Population Factor.

Residential Density and Population Factors

	Total Population	Occupied Households	Persons per Household	Population Factor
Single Family Residential	49,488	14,905	3.32	1.00
Condominium	1,194	442	2.70	0.81
Multi-Family Residential	12,560	4,667	2.69	0.81
Mobile Home on Separate Lot	5,292	1,854	2.85	0.86

Source: 1990 Census, City of Palmdale.

Once established, Population Factors are adjusted to reflect the average structure size of different residential properties. This adjustment is needed because the special benefits are deemed to be relative to the potential population density and building area per dwelling unit. The average structure size of a single family residence in the City is 1,715 square feet, whereas the average multi-family residence is 920 square feet per unit, or 54% of the size of a single family residence. Likewise, the average condominium unit is 73% of the size of a single family residence and the average mobile home is 50% of the size of a single family residence. These building area percentages are applied to the Population Factors to determine the SFE benefit factors for residential properties. Therefore, multi-family properties with a 0.81 Population Factor and a 54% building area percentage will receive a 0.43 SFE.[13] Likewise, condominium units receive a 0.59 SFE and mobile homes on separate parcels receive a 0.43 SFE.

Residential Assessment Benefit Factors

	Average Square Feet	% of SFR	Population Factor	SFE Factor
Single Family Residential	1,715	100%	1.00	1.00
Condominium	1,250	73%	0.81	0.59
Multi-Family Residential	920	54%	0.81	0.43
Mobile Home on Separate Lot	855	50%	0.86	0.43

The SFE factor of 0.43 per dwelling unit for multi-family residential properties applies to such properties with 20 or fewer units. Properties in excess of 20 units typically offer on-site recreational amenities and other facilities that tend to offset some of the benefits provided by the improvements. Therefore, the benefit for properties in excess of 20 units is determined to be 0.43 SFE per unit for the first 20 units and 0.10 SFE per each additional unit in excess of 20 dwelling units.

[13] *(0.81 * 54% = 0.43)*

COMMERCIAL/INDUSTRIAL PROPERTIES

SFE values for commercial and industrial land uses are based on the equivalence of special benefit on a land area basis between single family residential property and the average commercial/industrial property. The SFE values for various commercial and industrial land uses are further defined by using average employee densities because the special benefit factors described previously can be measured by the average number of people who work at commercial/industrial properties. In order to determine employee density factors, the findings from the San Diego Association of Governments Traffic Generators Study (the "SANDAG Study") are used because these findings were approved by the State Legislature as being a good representation of the average number of employees per acre of land area for commercial and industrial properties. As determined by the SANDAG Study, the average number of employees per acre for commercial and industrial property is 24.

In comparison, the average number of people residing in a single family home in the area is 3.32. Since the average lot size for a single family home in the City is approximately 0.20 acres, the average number of residents per acre of residential property is 16.60.

The employee density per acre is generally 1.45 times the population density of single family residential property per acre (24 employees per acre / 16.60 residents per acre). Therefore, the average employee density can be used as the basis for allocating benefit to commercial or industrial property since a commercial/industrial property with 1.45 employees receives generally similar special benefit to a residential property with 1 resident. This factor of equivalence of benefit between 1 resident to 1.45 employees is the basis for allocating commercial/industrial benefit.

The table below shows the average employees per acre of land area or portion thereof for commercial and industrial properties and lists the relative SFE factors per fifth of an acre for properties in each land use category.

Commercial and industrial properties in excess of 5 acres generally involve uses that are more land intensive relative to building areas and number of employees (lower coverage ratios). As a result, the benefit factors for commercial and industrial property land area in excess of 5 acres is determined to be the SFE rate per fifth of an acre for the first 5 acres and the relevant SFE rate per each additional acre over 5 acres. Institutional properties that are used for residential, commercial or industrial purposes are also assessed at the appropriate residential, commercial or industrial rate.

Commercial/Industrial Density and Assessment Factors

Type of Commercial/Industrial Land Use	Average Employees per Acre [1]	SFE Units per 1/5 Acre [2]
Commercial	24	1.00
Office	68	2.84
Shopping Center	24	1.00
Industrial	24	1.00
Self Storage or Parking Lot	1	0.05

(1) Source: San Diego Association of Governments Traffic Generators Study.
(2) The SFE factors for commercial and industrial parcels are applied by the fifth of an acre of land area or portion thereof. Therefore, the minimum assessment for any assessable parcel in these categories is the SFR units listed herein.

VACANT PROPERTIES

The benefit to vacant properties is determined to be proportional to the corresponding benefits for similar type developed properties; however, at a lower rate due to the lack of improvements on the property. A measure of the benefits accruing to the underlying land is the average value of land in relation to improvements for developed property. An analysis of the Fiscal Year 2002/03 assessed valuation data for the City from the County of Los Angeles, found that approximately 35% of the assessed value of improved properties is classified as the land value. It is reasonable to assume, therefore, that approximately 35% of the benefits are related to the underlying land and 65% are related to the improvements and the day-to-day use of the property. Using this ratio, the SFE factor for vacant parcels is 0.35 per parcel.

The value of properties increases as properties are approved for parcel division and development. Likewise, the special benefits received by vacant property increases as the property is approved for parcel division and development. When property is approved for parcel division and development with a final map, the property has passed the final significant hurdle to development and can shortly undergo construction. Since the property is nearing the point of development, its special benefits increase. In addition, these properties are generally sold soon after completion of improvements, so the properties receive the additional benefit of desirability from prospective buyers due to the special benefits provided by proximity to the improvements in the City. It is therefore determined that property with tentative or final map approval receives 25% of the relative benefit per mapped dwelling unit or mapped parcel acreage compared to improved property of similar use-type.

OTHER PROPERTIES

Article XIII D stipulates that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the improvements.

All properties that are specially benefited are assessed. Other publicly owned property that is used for purposes similar to private residential, commercial, industrial or institutional uses is benefited and assessed at the same rate as such privately owned property.

Miscellaneous, small and other parcels such as roads, right-of-way parcels, reservoir or other water rights parcels that cannot be developed into other improved uses, limited access open space parcels, watershed parcels and common areas typically do not generate significant numbers of employees, residents, customers or guests and have limited economic value. These miscellaneous parcels receive minimal benefit from the improvements and are assessed an SFE benefit factor of 0.

As detailed by the formation engineer, church parcels and property used for educational purposes typically generate employees on a less consistent basis than other non-residential parcels. Many of these parcels also provide some degree of on-site amenities that serve to offset some of the benefits from the District. In addition, the City maintains reciprocal use arrangements with many educational properties that allow for the public, recreational use of these properties. Such public use tends to reduce the use and wear of City facilities. Therefore, these parcels receive minimal benefit and are assessed an SFE factor of 1.[14]

[14] *As detailed in the Engineer's Report, City of Palmdale, Park Maintenance and Recreation Improvement District, Fiscal Year 2002/03 dated April 2002.*

5.8 Cost of Living Inflator

Property owners in the District approved in an assessment ballot proceeding in 2002 the initial fiscal year benefit assessment for special benefits to their property including a Consumer Price Index ("CPI") increase schedule. As a result, the assessment may continue to be levied annually and may be increased up to the maximum annual CPI without any additional assessment ballot proceeding. In the event that in future years the assessments are levied at a rate less than the maximum authorized assessment rate, the assessment rate in a subsequent year may be increased up to the maximum authorized assessment rate without any additional assessment ballot proceeding.

The assessment rate is subject to an annual increase tied to the annual change in the Consumer Price Index for the Los Angeles Area as of January of each succeeding year, with the maximum annual increase not to exceed 3%. Any change in the CPI in excess of 3% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized assessment rate in years in which the CPI is less than 3%. The maximum authorized assessment rate is equal to the maximum assessment rate in the first fiscal year the assessment was levied, increased annually by the maximum of: 1) 3% or 2) the change in the CPI plus any Unused CPI as described above.

The annual percentage change in the CPI from January 2024 to January 2025 was 3.327%, and there was 6.80% of the Unused CPI carried over (as described above). Therefore, the cost of living inflator for Fiscal Year 2025/26 is 3%.

5.9 Fiscal Year 2025/26 Maximum Assessment

The maximum authorized assessment rate for Fiscal Year 2025/26 is increased by 3% which equates to $63.61 per SFE for Zones A and C, and $31.80 per SFE for Zone B. The District's budget, provided in the Estimate of Costs section of this Engineer's Report, proposes assessments for Fiscal Year 2025/26 at the rate of $63.61 per SFE for Zones A and C and $31.80 for Zone B, which is equal to the maximum authorized assessment rate.

5.10 Duration of Assessment

It is proposed that the assessment be levied for Fiscal Year 2004/05 and continued every year thereafter, so long as the parks and recreational areas need to be improved and maintained and the City requires funding from the assessments for District improvements. As noted previously, the assessment can continue to be levied annually after the City Council approves an annually updated Engineer's Report, budget for the assessment, improvements to be provided, and other specifics of the assessment. In addition, the City Council must hold an annual public hearing to continue the assessment.

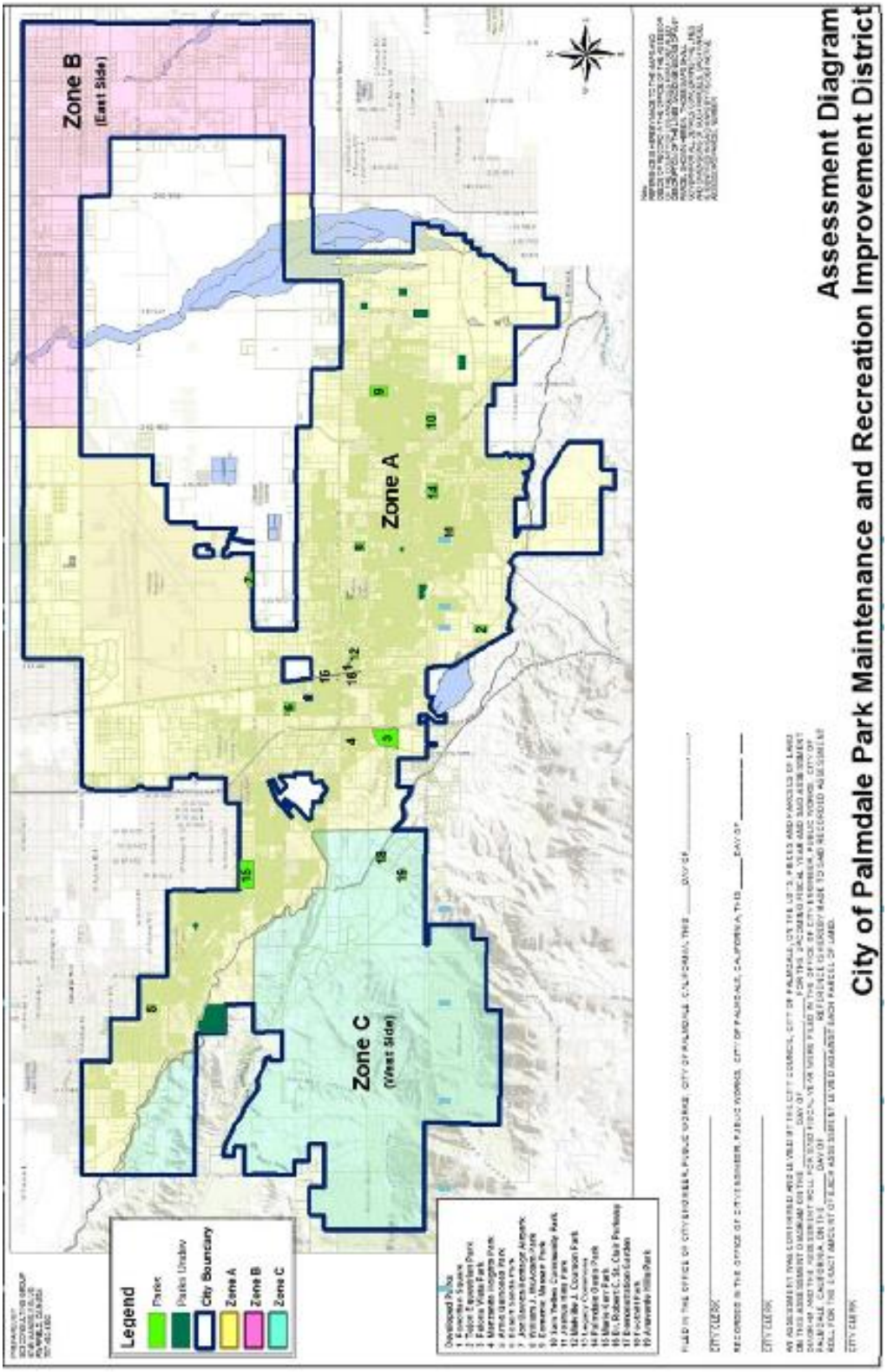
5.11 Appeals and Public Hearing

Any property owner who feels that the assessment levied on the subject property is in error, as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the City of Palmdale Public Works department. Any such appeal is limited to correction of an assessment during the then current fiscal year or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the City of Palmdale Public Works Engineer or his or her designee will promptly review the appeal and any information provided by the property owner. If the Public Works Engineer of the City of

Palmdale or her or his designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the City Engineer or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the City Engineer or her or his designee shall be referred to the Director of Public Works of the City of Palmdale, and the decision of the Director of Public Works of the City of Palmdale shall be final.

6. ASSESSMENT DIAGRAM

The District includes all properties within the boundaries of the City. The boundaries of the District are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the County Assessor of the County of Los Angeles, at the time this Engineer's Report was prepared, and are incorporated by reference herein and made part of this Engineer's Report.


Zone B
(East Side)
Zone A
Zone C
(West Side)
Legend
Parks
Parks Undev
City Boundary
Zone A
Zone B
Zone C
Assessment Diagram
City of Palmdale Park Maintenance and Recreation Improvement District

7. ASSESSMENT ROLL

Assessor's parcel identification, for each lot or parcel subject to the assessment, shall be based on the County Assessor's secured roll data for the applicable year in which this report is prepared and is incorporated herein by reference.

A listing of assessor's parcels subject to the assessments for Fiscal Year 2025/26, along with the assessment amounts, is on file in the office of the City Engineer and incorporated herein by reference. Based on County Assessor's secured roll data, current assessor's parcels, including corrected and/or new assessor's parcels, will be submitted and/or resubmitted to the County Auditor/Controller. The annual assessment amount to be levied and collected for the resubmitted parcel(s) shall be determined in accordance with the method of apportionment and assessment rate approved in this report. Therefore, if a single assessor's parcel has a status change in development, other land use change, or subdivides into multiple assessor's parcels, the charge amounts applied to each of the new assessor's parcels shall be recalculated and applied according to the approved method outlined in the method of apportionment and assessment rate rather than a proportionate share of the original assessment amount.

The following table summarizes the Fiscal Year 2025/26 assessment for the District.

Zone of Benefit	Parcels (1)	SFE Units	FY 2025/26 Rate Per SFE	FY 2025/26 Assessment Amount
Zone A	43,030	49,299.14	$63.61	$3,135,891.33
Zone B	360	132.59	31.80	4,216.36
Zone C	2,238	1,970.41	63.61	125,336.49
Totals:	**45,628**	**51,402.14**		**$3,265,444.18**

(1) Includes only parcels levied.

CITY OF PALMDALE

Fiscal Year 2025/26 Engineer's Report For:

Streetlight Maintenance Assessment Districts and Annexations

May 2025

Prepared by:

NBS
helping communities fund tomorrow

nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

TABLE OF CONTENTS

1. Engineer's Letter 1

2. Introduction 2

2.1 Background 2

2.2 Assessment District Inventory 2

2.3 Annexation Exceptions and Other District Information 3

2.4 Process for Annual Assessment 4

2.5 Legislative Context 5

3. Plans and Specifications 7

4. Estimate of Costs 9

5. Method of Apportionment 11

5.1 Special Benefit 11

5.2 General Versus Special Benefit 12

5.3 Quantification of General Benefit 13

5.4 Method of Assessment 14

5.5 Assessment District No. 5 Benefit Factors 17

5.6 Cost of Living Inflator 19

5.7 Fiscal Year 2025/26 Maximum Assessment 20

5.8 Duration of Assessment 20

5.9 Appeals and Interpretation 20

6. Assessment Diagram 21

7. Streetlight Maintenance Districts 22

8. Assessment Roll 27

1. ENGINEER'S LETTER

WHEREAS, the City Council of the City of Palmdale (the "City"), State of California, under the Landscaping and Lighting Act of 1972 (the "Act"), directed NBS to prepare and file the Annual Engineer's Report for the Streetlight Maintenance Assessment Districts and Annexations (the "Districts") for Fiscal Year 2025/26, in accordance with Article 4 of Chapter 1 of the Act and Article XIII D of the California Constitution. The report presents the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the administration, maintenance, operations and servicing of the improvements for Fiscal Year 2025/26, the diagram for the Districts, showing the area and properties to be assessed, and assessing the net amount upon the assessable lots and/or parcels within the Districts in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer's Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of said improvements to be paid by the assessable real property within the Districts in proportion to the special benefit received.

District(1)	Parcels(2)	EDUs(3)	Proposed FY 2025/26 Assessment Amount(4)
District No. 1 and No. 4	6,711	10,101.536	$1,325,529.30
District No. 2	1,419	1,480.918	191,822.12
District No. 3	32	32.000	54,195.84
District No. 5	31,611	34,954.000	3,453,455.20
Totals:	**39,773**	**46,568.454**	**$5,025,002.46**

(1) Includes District and Annexations. District No. 1 and No. 4 are combined for County tax roll purposes.
(2) Includes only parcels levied.
(3) Equivalent Dwelling Unit.
(4) A list of the Districts and Annexations containing the total proposed Fiscal Year 2025/26 assessments, the number of parcels assessed and assessment rate are detailed in Section 8 of this Engineer's Report.

I, the undersigned, respectfully submit this Engineer's Report and, to the best of my knowledge, information and belief, the Engineer's Report, Assessments, and the Assessment Diagram herein have been prepared, computed and levied in accordance with the assessment methodology adopted, approved and ordered by the City Council of the City of Palmdale at the time of each District formation.

_____
John G. Egan, P. E.
Assessment Engineer

2. INTRODUCTION

2.1 Background

The City provides maintenance and servicing of certain publicly owned streetlights throughout the City. In order to fund the maintenance and operation (the "Services") of these projects and improvements, the City has formed five Streetlight Maintenance Assessment Districts, including subsequent Annexations, covering over 40,880 parcels (which includes parcels that are active, but not yet subject to the assessment). The Districts have been formed and the levies have been made pursuant to Part 2 of Division 15 of the California Streets and Highways Code, commonly known as the Landscape and Lighting Act of 1972, and Article XIII D of the California Constitution (the "Article XIII D").

2.2 Assessment District Inventory

Currently, there are five Streetlight Maintenance Assessment Districts with 172 Annexation Districts overall, although some Annexations are not assessed (see the following section for annexation exceptions):

District No. 1 consists of residential and non-residential developments located throughout the City and that are not included within a Los Angeles County Lighting Maintenance District. District No. 1 has 144 individual annexations encompassing approximately 6,840 parcels.

District No. 2 includes the Anaverde Master Planned Community. District No. 2 includes two annexations and approximately 1,460 parcels.

District No. 3 includes the Ritter Ranch Master Planned Community. The number of parcels at build out is expected to be approximately 6,500 parcels, although this number will likely be subject to revision once development resumes in this area.

District No. 4, similar to District No. 1, consists of residential and non-residential developments located throughout the City, that are not included within a Los Angeles County Lighting Maintenance District, and that were annexed on or after 2010. District No. 4 has 24 individual annexations including approximately 70 parcels.

District No. 5 also consists of residential and non-residential developments located throughout the City. The designation of "District No. 5" was used for the first time in Fiscal Year 2014/15 to identify the approximately 32,900 parcels within the City that were previously covered under the Los Angeles County Lighting Maintenance District No. 1616 (CLMD 1616). LA County administered the streetlights assessments and managed the streetlights improvements up to Fiscal Year 2013/14. Starting Fiscal Year 2014/15 the City took over these functions from the County.

The designation of the existing Districts is as follows:

District No. 1, located throughout the City includes Annexation Nos. 001; 003 through 007; 009; 011; 013 through 080; 082 through 092; 095 through 097; 099 through 111; 113 through 117; 119 through 132; 134 through 137; 139 through 141, 144 through 152, 154, 186, and 203.

District No. 2, located in the Anaverde Master Planned Community consists of two districts, 800 and 801. Starting in Fiscal Year 2012/13 the numbers assigned to the districts in Anaverde will be in the 800 series.

District No. 3, located in the Master Planned Community of Ritter Ranch consists of one district. Starting in Fiscal Year 2012/13 the numbers assigned to the districts in Ritter Ranch will be in the 900 series.

District No. 4, located throughout the City includes Annexation Nos. 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 172, 173, 174, 175, 178, 180, 184 and 193.

District No. 5, located throughout the City and includes only one district, No. 91616.

For a detailed description of the above-mentioned Districts and Annexations, see Section 7 of this Engineer's Report.

2.3 Annexation Exceptions and Other District Information

Per City Policy, the projects within the Districts and Annexations that have been issued construction permits and have begun construction will be assessed.

Annexation Nos. 002, 008, 010, and 012 have overlapping LA County lighting districts and are not assessed by the City.

Annexation Nos. 058, 077, 116, 119, 124, 130, 131, 132, 145, 147, 148, 150 and 151 will not be assessed for Fiscal Year 2010/11 and future years.

Annexation Nos. 146, 149 and 152 were assessed for the first time in Fiscal Year 2009/10.

Annexation Nos. 154 and 155 were assessed for the first time in Fiscal Year 2010/11.

Annexation No. 156 was assessed for the first time in Fiscal Year 2011/12.

Annexation Nos. 801 was assessed for the first time in Fiscal Year 2012/13.

Annexation Nos. 161 and 163 were assessed for the first time in Fiscal Year 2013/14.

Annexation Nos. 162 and 166 were assessed for the first time in Fiscal Year 2014/15.

Annexation Nos. 159, 164, and 167 were assessed for the first time in Fiscal Year 2015/16.

Annexation Nos. 144, 173 and 175 were assessed for the first time in Fiscal Year 2019/20.

Annexation Nos. 180 and 184 were be assessed for the first time in Fiscal Year 2020/21.

Annexation Nos. 070, 072, 121, 128, 139, 157, 158, 160, 165, and 169 will not be assessed until development starts.

Annexation Nos. 168 and 193 were assessed for the first time in Fiscal Year 2021/22.

Annexation Nos. 091, 095, 111, 129, 186 were assessed for the first time in Fiscal Year 2022/23.

Annexation 060 has been dissolved as of April 6, 2016. The homeowner's association will undertake the maintenance of all improvements and services beginning Fiscal Year 2016/17.

2.4 Process for Annual Assessment

In each subsequent year for which the assessment will be continued and as required by the procedures specified in the 1972 Act, an Engineer's Report must be prepared on an annual basis which contains a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the assessment district.

The City Council must also annually adopt a resolution of intention which:

- Declares the intention of the City Council to levy and collect assessments within the assessment district for the fiscal year stated therein.
- Generally describes the existing and proposed improvements and any substantial changes proposed to be made in existing improvements.
- Refers to the assessment district by its distinctive designation and indicates the general location of the assessment district.
- Refers to the report of the engineer, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the assessment district.
- Gives notice of the time and place for public hearing by the City Council on the levy of the proposed assessment.
- States whether the assessment is proposed to increase from the previous year.

If the assessments are to be levied in the same or lesser amounts than the maximum assessment allowed, the City Clerk shall give notice of the public hearing by causing the resolution of intention to be published. Any interested person may, prior to the conclusion of the public hearing, file a written protest which shall state all grounds of objection. The protest shall contain a description sufficient to identify the property owned by the property owner filing the protest. During the course or upon conclusion of the hearing, the City Council may order changes in any of the matters provided in the report, including changes in the improvements, any zones within the assessment district, and the proposed diagram or the proposed assessment. If the assessment to be levied exceeds the maximum assessment allowed, the City must comply with the procedures specified in Article XIII D and Proposition 218.

The City Council, upon conclusion of the public hearing must then adopt a resolution confirming the diagram and assessment, either as originally proposed or as changed by it. The adoption of the resolution shall constitute the levy of an assessment for the fiscal year referred to in the assessment. If confirmed, the assessments would be submitted to the County Auditor Controller for inclusion on the property tax roll.

2.5 Legislative Context

In 1996, California Voters adopted Proposition 218, the "Right to Vote on Taxes Act" which added Articles XIII C and XIII D to the California Constitution. Article XIII D imposes certain substantive and procedural requirements on any agency that wishes to levy special assessments.

Article XIII D imposes four basic substantive requirements on assessments[1]:

- All parcels that will have a special benefit conferred upon them and upon which an assessment will be imposed must be identified;
- The general benefits must be distinguished from the special benefits conferred on the parcels;
- The proportionate special benefit derived by each parcel must be determined in relationship to the entirety of the capital improvement, the maintenance and operation expenses of the public improvement, or the cost of the property related service being provided; and
- The amount assessed to a parcel must not exceed the reasonable cost of the proportional special benefit conferred on that parcel and does not include any costs attributable to the general benefit.

Since the initial passage of Proposition 218, several court rulings have helped provide context and direction on the practical implementation procedures and requirements for levying assessments. Several of the key concepts from these rulings are summarized below.

GENERAL BENEFIT

Article XIII D requires an agency to separate the general benefits from the special benefits conferred because only special benefits are assessable.

The Court of Appeal in *Golden Hills Neighborhood Assn., Inc. v. City of San Diego* (2011) (*Golden Hills*)[2] clarified this concept by stating, "*Separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits*."

The Court of Appeal in *Beutz v. County of Riverside* (2010) (*Beutz*)[3] quoted from the Legislative Analyst's Office pamphlet titled "Understanding Proposition 218" which states an agency must, "*estimate the amount of special benefit landowners would receive from the project or service, as well as the amount of 'general benefit.' This step is needed because Proposition 218 allows local government to recoup from assessments only the proportionate share of cost to provide the special benefit.*"

The Court in *Beutz* furthered this idea stating, "*Separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits*."

The Court of Appeal in *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority* (2008) (*SVTA*)[4] clarified that general benefits are not restricted to benefits conferred only on persons and property outside the assessment district but can include benefits both conferred on real

[1] *California Constitution Article XIII D Section 4.*
[2] *Golden Hill Neighborhood Assn. v. City of San Diego CA4/1, D062203 (Cal. Ct. App. 2013)*
[3] *Beutz v. County of Riverside, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)*
[4] *Silicon Valley Taxpayers' Association Incorporated v. Santa Clara County Open Space Authority, 44 Cal. 4th 431 (2008).*

property located in the district or to the public at large. The "public at large" includes all members of the public, including those who live, work, and shop within the district, and not simply transient visitors.

BENEFIT-BASED NOT COST-BASED

In *Bonander v. Town of Tiburon* (2009) (*Tiburon)*[5], the Court of Appeal clarified the idea that assessments must be apportioned based upon benefit rather than cost. The Court stated, "*Proportionate special benefit is the basis upon which a project's total assessable costs are apportioned among parcels within an assessment district.*"

The assessment on a particular property cannot be based on the relative cost of the improvements, but rather the special benefit conferred on such property. The Court in *Tiburon* also stated, "*an assessment represents the entirety of the cost of the improvement or property-related service, less any amount attributable to general benefits (which may not be assessed), allocated to individual properties in proportion to the relative special benefit conferred on the property*."

PUBLIC PROPERTY

Section 4, Subdivision (a) of Article XIII D states, in part, "*Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.*" Historically there had been differing opinions about whether this requirement that publicly owned property should not be exempt actually meant those properties must be assessed.

The Court of Appeal in *Manteca Unified School District v. Reclamation District No. 17 et al* (2017) *(Manteca)*[6] clarified this issue by stating, *"section 4, subdivision (a) of article XIII D of the California Constitution unambiguously conditions any continuing benefit assessment exemption on a showing by clear and convincing evidence of no special benefit.*"

IMPRECISION

The Court in *Tiburon* acknowledged the difficulty of trying to precisely assign and measure special benefit, stating, "*Any attempt to classify special benefits conferred on particular properties and to assign relative weights to those benefits will necessarily involve some degree of imprecision.*"

The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *"may be a legally justifiable approach to measuring and apportioning special benefits,* [but] *it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning special benefits, however, it must be both defensible and consistently applied*."

[5] *Bonander v. Town of Tiburon, 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)*
[6] *Manteca Unified School District v. Reclamation District No. 17 et al, C077906 (Cal. Ct. App. 2017)*

3. PLANS AND SPECIFICATIONS

The work and improvements proposed to be undertaken by the City and the cost thereof paid from the levy of the annual assessment provide special benefit to assessor parcels within the Districts defined in the Method of Assessment herein. Consistent with the Act, the improvements are generally described as follows:

1. The installation, maintenance, and servicing of local streetlight and traffic signal structures in close proximity, within approximately 90 feet, to certain lots and parcels which provide a direct special benefit to such lots or parcels.
2. The installation, maintenance, and servicing of peripheral streetlight and traffic signal structures which provide a special benefit to all the assessable parcels within the Districts and Annexations whether or not such parcels are in close proximity to such lighting.
3. The installation or construction of public lighting facilities, or the acquisition of any existing improvements.

Plans and Specifications for the improvements for the Districts are voluminous and are not bound in this Engineer's Report but by this reference are incorporated and made a part of this report. The Plans and Specifications are on file in the office of the Director of Public Works where they are available for public inspection.

Article XIII D of the California Constitution defines "maintenance and servicing expenses" as, "the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care and supervision necessary to properly operate and maintain a permanent public improvement". The improvement funding includes, but is not limited to, the removal, repair, replacement or relocation of light standards, poles, bulbs, fixtures and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and servicing of the local and peripheral lighting and traffic signal improvements benefiting the parcels within the Districts.

The improvements to be maintained and serviced within the Districts are to be part of the local and peripheral streetlight and traffic signal system of the City that confers special benefit to the Districts' parcels. The specific location of both local and peripheral streetlight and traffic signal improvements within the City can be found on the Streetlight Inventory Maps maintained by the City and on file in the office of the Director of Public Works where they are available for inspection. The City also maintains a lamp location list that is a tabulated listing of every street in the Districts by alphabetical order. Included in the items listed for each lamp are the exact location by street address number and lamp size.

Also included within the City streetlight system are traffic signals and highway safety lights (lights mounted on traffic signal poles). Traffic signal improvements may include both local and peripheral traffic signals. Local traffic signals are signals or portions thereof installed within the Districts. Peripheral traffic signals are portions of traffic signals installed outside of the Districts.

The improvements to be maintained and serviced within the Districts include Southern California Edison-owned streetlights within the right of way of the local public streets located within the boundaries of the Districts. These lights are all within close proximity to the parcels within the Districts and have been

identified as receiving local lighting benefit in the Method of Assessment, and as such, provide special benefit to these parcels.

Peripheral streetlight improvements are located outside of the Districts; however, they do benefit parcels within the Districts to some degree.

Specifications for streetlights, traffic signals, and their installation within the Districts are included within a previously executed contract by and between the City and Southern California Edison, a copy of which is available in the Engineering Services Division of the Public Works Department.

The local lighting and peripheral lighting costs assessed in the existing Los Angeles County Streetlight District are not assessed as a part of the Districts identified in this Engineer's Report. Only costs outside the existing Los Angeles County Streetlight District boundaries will be assessed as a part of the Districts.

All streetlight maintenance will be performed by Southern California Edison.[7]

[7] *As detailed in the Annual Engineer's Report, City of Palmdale, Streetlight Maintenance Assessments Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

4. ESTIMATE OF COSTS

Fiscal Year 2025/26 estimated costs of maintenance and servicing the improvements as described in the Plans and Specifications are summarized below. The full itemized budget for the Districts is voluminous and is not bound in this Engineer's Report but by reference is incorporated and made a part of this Engineer's Report. The itemized budget is on file in the Department of Public Works, where it is available for public inspection. The tables below show the budget summary for the Districts.

Streetlight Maintenance Assessment Districts and Annexations Budget Budget Summary, Fiscal Year 2025/26	
Description	**Proposed FY 2025/26 Costs**
Streetlight Maintenance District No. 1 and No. 4	
Direct Maintenance Costs	$620,700
Utility Costs	409,050
Other Costs	245,280
Contribution To/From Reserves	50,499
Fiscal Year 2025/26 Amount to be Assessed	**$1,325,529**
Streetlight Maintenance District No. 2	
Direct Maintenance Costs	$78,620
Utility Costs	92,400
Other Costs	55,750
Contribution To/From Reserves	(34,948)
Fiscal Year 2025/26 Amount to be Assessed	**$191,822**
Streetlight Maintenance District No. 3	
Direct Maintenance Costs	$77,690
Utility Costs	0
Other Costs	38,490
Contribution To/From Reserves	(61,984)
Fiscal Year 2025/26 Amount to be Assessed	**$54,196**
Streetlight Maintenance District No. 5	
Direct Maintenance Costs	$2,022,550
Utility Costs	1,632,000
Other Costs	883,300
Contribution To/From Reserves	(1,084,395)
Fiscal Year 2025/26 Amount to be Assessed	**$3,453,455**
Total Fiscal Year 2025/26 Amount to be Assessed – All Districts	**$5,025,002**

A listing of the Districts containing the total Fiscal Year 2025/26 assessments, number of parcels to be assessed parcels, and the assessment rate per EDU is included in Section 8 of this Engineer's Report.

The following cost descriptions apply to the budget:

DIRECT COSTS

Maintenance Costs/Edison Costs. Labor, Material, and Equipment - Includes all labor, material, and equipment including electricity required to properly maintain and service the streetlight structures and appurtenant facilities within each District. All improvements within the Districts will be maintained and serviced on a regular basis.

Renovation. Repairs that are unforeseen and not normally included in the yearly maintenance cost. This may include repair of damage due to vandalism and traffic accidents. Planned upgrades of the improvements that provide a direct benefit to the Districts may also be included in renovation costs. [8]

UTILITY COSTS

Electricity. The furnishing of electricity required for the operation of the street lighting, applicable to service for the lighting of streets and highways of the lighting equipment and associated facilities.

OTHER COSTS

Personnel/Overhead. The cost of City staff for providing the coordination for Southern California Edison maintenance and servicing, responding to public concerns, and levying and collecting assessments. This includes reimbursement for time spent by Finance and Accounting, the City Attorney, the City Manager, and the Public Works staff.

Consultants. The cost of contracting with professionals to provide services specific to the levy and annual administration.

Professional Fees. These are the costs of contracting with professionals to provide any additional administrative or engineering services specific to the annexation such as the cost to prepare and mail notices of the public meeting and hearing, or preparation of assessment diagrams.

County Administration Fees. The costs charged by the County to place the assessments on the property tax rolls.

[8] *Costs descriptions as detailed in the Annual Engineer's Report, City of Palmdale, Streetlight Maintenance Assessments Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

5. METHOD OF APPORTIONMENT

The following section includes an explanation of the benefits to be derived from the installation, maintenance and servicing of the improvements throughout each District, as well as a description of the assessment methodology used to apportion the total assessment to properties within each District. ***Previous annual Engineer's Reports were prepared by a different engineer of record and language from the prior year Engineer's Report[9] has been referenced to describe the Method of Apportionment within the following section of this report.[10]***

The Districts consist of all assessor parcels within the boundaries as defined by the Assessment Diagram included with this report and the parcels identified by the Assessor Parcel Numbers listed with the included levy roll. The parcel list includes all privately and publicly owned parcels with the boundaries. The method used for apportioning the assessment is based on the proportional special benefits to be derived by the properties in the Districts over and above general benefits conferred on real property or to the public at large. The apportionment of special benefit is a two-step process: the first step is to identify the types of special benefit arising from the improvements, and the second step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

5.1 Special Benefit

The improvements are expected to confer certain special benefits to parcels within each District. Pursuant to the Prior Engineer's Report, the special benefit conferred to parcel is more fully described as follows:

> *In the Districts, the streetlight and traffic signal improvements are installed by the developers/owners, subdividers of the land. The continued maintenance is guaranteed through the inclusion of the land into a streetlight maintenance district. If the installation of the improvements and the guaranteed maintenance did not occur, the individual lots would not have originated and could not have been sold to any distinct and separate owner. The origination of each distinct and separate lot is a special benefit, which permits the construction of a building or structure on the property and the ownership and sale of the distinct lot in perpetuity.*
>
> *All the lots are established at the same time once the conditions regarding the improvements and the continued maintenance are met. As a result, each lot within the Districts receives a special and distinct benefit from the improvements and to the same degree.*
>
> *Over time, the improvements continue to confer a particular and distinct special benefit upon parcels within the Districts because of the nature of the improvements. The proper maintenance of the streetlights and appurtenant facilities reduces property-related*

[9] *Method of Apportionment and subsections as detailed in the Annual Engineer's Report, City of Palmdale, Streetlight Maintenance Assessments Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020 ("Prior Engineer's Report").*

[10] *Method of Apportionment and subsections as detailed in the Annual Engineer's Report, City of Palmdale, Streetlight Maintenance Assessments Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

crimes, especially vandalism, against properties in the Districts. All of the above-mentioned items also contribute to a specific enhancement to each of the parcels within the Districts.

The *SVTA* decision clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits.

In addition to the special benefits described above (i.e., the origination of each parcel and reduction of crime) the proximate streetlights clearly make each parcel safer, more visible, more accessible, more useful, more valuable and more desirable; and this further strengthens the basis of these assessments.[11]

5.2 General Versus Special Benefit

General benefit is an overall and similar benefit to the public at large resulting from the improvements to be maintained by the assessments levied. Specific language describing the relationship and proportion of Special Benefit versus General Benefit from the Prior Engineer's Report has been included below:

The proceeds from the Districts are used to fund increased levels of maintenance to the Districts' improvements that serve and benefit the properties in the Districts. In the absence of the Districts, such improvements would not be properly maintained. Therefore, the Districts' purpose is to ensure that the necessary and beneficial public facilities for property in the Districts are properly maintained and repaired over time. The assessments will ensure that street lighting and associated improvements within and adjacent to the Districts are functional, well maintained and safe. These public resources directly benefit the property in the Districts and will confer distinct and special benefits to the properties within the Districts. Moreover, the absence of the improvements, a condition of development would not be met and future construction in the Districts could be denied. The creation of individual lots, if any, and the approval for construction in the Districts, is the overriding clear and distinct special benefit conferred exclusively on property in the Districts and not enjoyed by other properties outside the Districts. Therefore, the improvements provide special benefit to property in the Districts over and above the general benefits conferred to the public at large or properties outside the Districts.

Although the improvements maintained by the services may be available to the general public at large, the improvements and services are specifically designed, located and created to provide additional and improved resources for property inside the Districts, and not the public at large. Other properties that are outside the Districts do not enjoy the unique proximity and other special benefit factors described previously. These improvements and services are of special benefit to properties located within the Districts because they provide a direct advantage to properties in the Districts that would not be provided in the absence of the improvements. Any general benefits to surrounding properties outside of the Districts, if any there were, are collateral and conferred concomitantly. [12]

---

[11] *As detailed in the Annual Engineer's Report, City of Palmdale, Streetlight Maintenance Assessments Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020*

[12] *As detailed in the Annual Engineer's Report, City of Palmdale, Streetlight Maintenance Assessments Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

5.3 Quantification of General Benefit

Although the Prior Engineer's Report analysis used to support these assessments concludes that the benefits are solely special, as described above, consideration is made for the suggestion that a portion of the benefits are general. General benefits cannot be funded by these assessments – the funding must come from other sources.

The maintenance and servicing of these improvements is also partially funded, directly and indirectly from other sources including the City, Los Angeles County, and the State of California. This funding comes in the form of grants, development fees, special programs, and general funds, as well as direct maintenance and servicing of facilities (e.g. curbs, gutters, streets, drainage systems, etc.). This funding from other sources more than compensates for general benefits, if any, received by the properties within the Districts.

STEP 1 – CALCULATION OF GENERAL BENEFIT

The general benefits from this assessment may be quantified as illustrated in the following table.

Calculation of General Benefit(1)

Benefit Factor	Relative Weight	General Benefit Contribution	Relative General Benefit
Improved safety and security lighting for property	5	25%	1.25
Improved ingress and egress to property for vehicular traffic and pedestrians	5	25%	1.25
Creation of individual lots for development or approval of building improvements	90	0%	0
	100		2.5
	Total Calculated General Benefit =		**2.5%**

(1) Per the Prior Engineer's Report.

As a result, the City will contribute at least 2.5% of the total budget from sources other than the assessment. This contribution offsets any general benefits from the improvements and services.

STEP 2 – CALCULATE THE CURRENT GENERAL BENEFIT CONTRIBUTION FROM THE CITY

Pursuant to the Prior Engineer's Report, the overall general benefit contribution is the sum of the following components:

The City owns and maintains local public streets along the border of the Districts' improvements. These public streets provide access to the improvements as well as efficient maintenance. The contribution from the City towards general benefit from the maintenance of local public streets is conservatively estimated to be 1%.

The value of the construction of the improvements can be quantified and monetized as an annuity. Since this construction was performed and paid for by non-assessment funds, this "annuity" can be used to offset general benefit costs and is conservatively estimated to contribute 25%.

Therefore, the total General Benefit is conservatively quantified at 2.5% which is more than offset by the total non-assessment contribution towards general benefit of 26%.

5.4 Method of Assessment

The development of an assessment methodology requires apportioning benefit based upon the relative special benefit for each property. The precise language from the Prior Engineer's Report has been provided below:

> *The Districts' assessments are based on land use so that property owners are assessed in proportion to the benefits received. The land uses defined below are descriptive of all parcels in existence within Districts in Fiscal Year 2009/10. In the event there is a question regarding the land use designation of any parcel in the Districts, the Department of Public Works will be responsible for administratively assigning one of the land uses listed below.*

Land Use Definitions

Land Use Code	***Land Use Description***
RES	*Single family residential parcels that benefit from local lighting*
RES-X	*Single family residential parcels that do not benefit from local lighting*
CONDO	*Condominium or town home parcels that benefit from local lighting*
APT	*Multiple family residential parcels that benefit from local lighting*
APT-X	*Multiple family residential parcels that do not benefit from local lighting*
MH	*Mobile homes that benefit from local lighting*
MH-X	*Mobile homes that do not benefit from local lighting*
NONRES	*Non-residential parcels that benefit from local lighting*
NONRES-X	*Non-residential parcels that do not benefit from local lighting*
VACANT	*Parcels without a building or similar structure that benefit from local lighting*
VACANT-X	*Parcels without a building or similar structure that do not benefit from local lighting*
EXEMPT	*Parcels exempt by law from the assessment, or those parcels that do not benefit for the Districts and Annexations*

Properties that do not benefit from local streetlights are designated with an "X" in the Land Use Code, and are not assessed for local lighting, but are assessed for their share of the costs for peripheral lighting and engineering and incidentals.

Local Lighting Apportionment. *The special benefit from the maintenance, operation, and servicing of local streetlights within the Districts only accrues to those parcels within the Districts located in areas where such lighting is provided. Therefore, parcels outside the Districts and/or without local streetlights are not assessed for the cost of providing such maintenance. Generally, a parcel is determined to have local lighting provided if a streetlight is within approximately 90 feet of the parcel. However, parcels within the Districts, regardless of location, are considered to benefit from such improvements installed within the Districts.*

Regarding local lighting, there exists the core benefit of available lighting for every parcel in the Districts near a streetlight. This "Availability" benefit is apportioned to parcels in the Districts on a per parcel basis. In addition to this benefit, parcels in the Districts benefit from improved safety related to the parcel itself ("Safety to Property").

Safety to Property. *The Safety to Property benefit results in a special benefit to both residential and vacant non-developable parcels because local lighting maintenance, operation, and servicing provides for the protection of buildings and personal property against crime such as theft and vandalism. The Safety to Property benefit is apportioned to properties in the Districts based on relative property size as available from the City of Palmdale Planning Department.*

Local Traffic Signal Apportionment*. The special benefit from the maintenance, operation, and servicing of local traffic signals, including highway safety lights mounted on the traffic signals within the Districts is similar to the streetlights. However, traffic signals are typically installed outside of the development and therefore benefit the general public.*

Traffic signals are installed as a result of the increased traffic generated by the development. There is no safety to property benefit as a result of the traffic signals. Therefore, the determination of benefit for traffic signals will use the same table as streetlights without the safety to property component.

The following Table - Local Lighting Benefit Factors shows the breakdown of the benefit points assigned to each land use for those properties located in District Nos. 1 through 4.

Local Lighting Benefit Factors

Land Use Description	***Safety Benefit***	***Availability Benefit***	***Total Equivalent Dwelling Units (EDUs)***
Single Family Residential (SFR)	*0.75/unit*	*0.25/parcel*	*1.00 EDU/parcel*
Condominium	*0.55/unit*	*0.25/parcel*	*0.80 EDU/parcel*
Multi-family up to 20 units	*0.54/unit*	*0.25/parcel*	*0.54 EDU/unit + 0.25 EDU/parcel*
Multi-family more than 20 units	*0.45/unit + 1.80/parcel*	*0.25/parcel*	*0.45 EDU/unit + 2.05 EDU/parcel*
Mobile Home up to 20 units	*0.33/unit*	*0.25/parcel*	*0.33 EDU/unit + 0.25 EDU/parcel*
Mobile Home more than 20 units	*0.20/unit + 2.60/parcel*	*0.25/parcel*	*0.20 EDU/unit + 2.85 EDU/parcel*
Nonresidential	*2.50/acre*	*1.50/acre*	*4.00 EDU/net acre*
Vacant	*0.25/parcel*	*0.25/parcel*	*0.50 EDU/parcel*

An EDU (Equivalent Dwelling Unit) is used as a way to relate dissimilar land uses such as commercial and residential. As an example, one acre of commercial is approximately equal to 4 residential parcels.

Peripheral Streetlights/Traffic Signals Apportionment. *All parcels in the Districts receive a special benefit from the installation, maintenance, operation, and servicing of safety lighting and streetlights, and traffic signals on peripheral streets located outside of the Districts. The peripheral lighting, traffic signals, safety lighting and capital improvements (Arterial Lighting) are provided throughout the City and all properties in the Districts may easily access these improvements. In contrast to the Local Lighting, Peripheral Lighting benefits properties primarily because the properties are provided safe peripheral street access. Therefore, Peripheral Lighting benefits will be apportioned to parcels in the Districts on a per unit basis taking into account demographic population information.*

Vacant properties, which have no people residing on the property, also benefit from Peripheral Lighting because of the convenience associated with emergency vehicle access and other traffic that must use the arterial streets to service the vacant properties in the Districts. Therefore, vacant parcels are assigned a per parcel benefit point. Vacant parcels are assigned benefit points based on the core benefit attributable to every assessable parcel in the Districts from Peripheral Lighting of 0.25 benefit points per parcel.

The following Table - Peripheral Lighting Benefit Factors shows the breakdown of the benefit points assigned to each land use for all assessable property in the Districts.

Peripheral Lighting Benefit Factors

Land Use Description	***Total Benefit Points***
Single Family Residential (SFR)	*1.00 EDU/parcel*
Condominium	*0.85 EDU/parcel*
Multiple Family	*0.95 EDU/parcel*
Mobile Home	*0.40 EDU/unit*
Nonresidential	*1.00 EDU/7,200 square feet (parcel size)*
Vacant	*0.25 EDU/parcel*

The following Table – Local Traffic Signal Benefit Factors shows the breakdown of the benefit points assigned to each land use for all assessable property in the Districts.

Local Traffic Signal Benefit Factors

Land Use Description	***Total Benefit Points***
Single Family Residential (SFR)	*0.75 EDU/parcel*
Condominium	*0.68 EDU/parcel*
Multiple Family	*0.45 EDU/parcel + 0.25 per parcel*
Mobile Home	*0.20 EDU/unit + 0.25 per parcel*
Nonresidential	*2.50 EDU/acre*
Vacant	*0.25 EDU/parcel*

Peripheral streetlights and traffic signals will remain peripheral until such time as they fall within the Districts. At such time, the streetlight or traffic signal will be removed from the peripheral inventory and placed within the Districts local lighting inventory. The total assessment for a parcel is thus a combination of the local lighting, traffic signals, and peripheral lighting benefit factors. Each element (local streetlights, local traffic signals, and peripheral improvements) will be determined individually.

Local Streetlights. *Assessments for local street lighting will be determined using factors from the Table - Local Lighting Benefit Factors and the current EDU assessment rate to maintain local streetlights within each individual District.*

Peripheral Improvements. *Assessments for peripheral improvements will be determined using factors from the Table - Peripheral Lighting Benefit Factors and the current EDU assessment rate to maintain these peripheral improvements throughout the Districts.*

Local Traffic Signals. *Assessments for local traffic signals will be determined using factors from the Table - Local Traffic Signal Benefit Factors and the current EDU assessment rate to maintain traffic signals within each individual District.*

5.5 Assessment District No. 5 Benefit Factors

Starting with Fiscal Year 2014/15, the City took over the administration of the streetlight assessments and the maintenance of the streetlight improvements within Streetlight Assessment District No. 5 consisting of approximately 32,800 parcels of residential and non-residential developments located throughout the City that were previously covered under the Los Angeles County Lighting Maintenance District No. 1616 (CLMD 1616). Los Angeles County administered the streetlights assessments and managed the streetlights improvements up to Fiscal Year 2013/14.

District No. 5 was formed to provide for the financing of streets lights within District No. 5 boundaries after receiving approval by property owners in 2003. District No. 5 method of assessment assigns benefit units according to the Los Angeles County land use codes, as shown in the following table.

District No. 5 Benefit Factors

Use Code	Use Code Description	Benefit Units
01XX	SINGLE RESIDENCE	1.00
02XX	DOUBLE, DUPLEX, OR TWO UNITS	2.00
03XX	THREE UNIT SINGLE RESIDENCES	2.50
04XX	FOUR UNIT SINGLE RESIDENCE	3.50
05XX	FIVE UNITS OR MORE SINGLE RESIDENCES	4.00
06XX	MODULAR HOMES	1.00
07XX	MOBILE HOMES	1.00
08XX	ROOMING HOUSES	4.50
09XX	MOBILE HOME PARKS	8.00
10XX	COMMERCIAL	0.00
11XX	STORES	4.00
12XX	STORE AND OFFICE COMBINATIONS	4.00
13XX	DEPARTMENT STORES	8.00
14XX	SUPERMARKETS	8.00
15XX	SHOPPING CENTERS (NEIGHBORHOOD, COMMUNITY)	6.50
16XX	SHOPPING CENTERS (REGIONAL)	6.50
17XX	OFFICE BUILDINGS	3.00
18XX	HOTEL AND MOTELS	8.00

District No. 5 Benefit Factors

Use Code	Use Code Description	Benefit Units
19XX	PROFESSIONAL BUILDINGS	3.00
20XX	COMMERCIAL	0.00
21XX	RESTAURANTS, COCKTAIL LOUNGES, TAVERNS	5.00
22XX	WHOLESALE AND MANUFACTURING OUTLETS	6.50
23XX	BANKS, SAVINGS AND LOANS	3.00
24XX	SERVICE SHOPS (ELECTRIC REPAIR, PAINT SHOP, LAUNDRY)	3.00
25XX	SERVICE STATIONS - FULL SERVICE	4.00
26XX	AUTO SERVICE SHOPS (BODY & FENDER COMMERCIAL GARAGE)	6.00
27XX	PATRON OR EMPLOYEE PARKING LOTS (COMMERCIAL USE PROPERTIES)	2.50
28XX	ANIMAL KENNELS	2.00
29XX	NURSERIES OR GREENHOUSES	2.00
30XX	INDUSTRIAL	0.00
31XX	LIGHT MANUFACTURING PLANTS/SHOPS	5.00
32XX	HEAVY MANUFACTURING PLANTS	6.50
33XX	WAREHOUSING, DISTRIBUTION, STORAGE (UNDER 10,000 SQ FT)	5.00
34XX	FOOD PROCESSING PLANTS	5.00
35XX	MOTION PICTURE, RADIO, AND TELEVISION INDUSTRIES	6.50
36XX	LUMBER YARDS	3.00
37XX	MINERAL PROCESSING PLANTS	5.50
38XX	PARKING LOTS (INDUSTRIAL USE PROPERTIES)	2.00
39XX	OPEN STORAGE	5.50
40XX	IRRIGATED FARMS	0.00
41XX	IRRIGATED FRUITS AND NUTS ORCHARDS	1.00
42XX	IRRIGATED VINEYARDS	1.00
43XX	IRRIGATED VINE AND BUSH FRUIT FARMS	1.00
44XX	IRRIGATED TRUCK CROPS	1.00
45XX	IRRIGATED FIELD CROPS	1.00
46XX	IRRIGATED PASTURE	1.00
47XX	IRRIGATED DAIRY FARM	1.00
48XX	POULTRY FARMS	1.00
49XX	FEED LOTS	1.00
50XX	DRY FARMS	0.00
51XX	DRY FRUITS AND NUTS ORCHARDS	1.00
52XX	DRY VINEYARDS	1.00
53XX	DRY FIELD CROPS	1.00
54XX	DRY PASTURE	1.00
55XX	DRY TIMBERLANDS - PINE	1.00
56XX	DRY TIMBERLANDS - FIR	1.00
57XX	DRY TIMBERLANDS - REDWOOD	1.00
58XX	DESERT LANDS	1.00
59XX	WASTE LANDS	1.00
60XX	RECREATIONAL	0.00
61XX	INDOOR MOVIE THEATRES	5.00
62XX	WATER RECREATION	0.00
63XX	BOWLING ALLEYS	8.00
64XX	CLUBS, LODGES, FRATERNAL ORGANIZATIONS	4.00
65XX	ATHLETIC AND AMUSEMENT FACILITIES	6.50
66XX	GOLF COURSES	3.00
67XX	RACE TRACKS	3.00
68XX	CAMPS	3.00
69XX	ICE SKATING RINK	8.00
70XX	INSTITUTIONAL	0.00
71XX	CHURCHES	2.00
72XX	SCHOOLS (PRIVATE)	2.00
73XX	COLLEGES, UNIVERSITIES (PRIVATE)	6.50

District No. 5 Benefit Factors

Use Code	Use Code Description	Benefit Units
74XX	HOSPITALS	6.50
75XX	HOMES FOR AGED AND OTHERS	3.00
76XX	SENIOR DAY CAE	0.00
77XX	CEMETERIES, MAUSOLEUMS, MORTUARIES	1.00
78XX	INSTITUTIONAL – OPEN	0.00
79XX	INSTITUTIONAL – OPEN	0.00
80XX	MISCELLANEOUS	0.00
81XX	COMMERCIAL & MUTUAL UTILITY: PUMPING PLANTS, STATE ASSESSED	2.00
82XX	MINING	0.00
83XX	PETROLEUM AND GAS	2.00
84XX	PIPELINES AND CANALS	0.00
85XX	RIGHTS-OF-WAY	0.00
86XX	WATER RIGHTS	0.00
87XX	RIVERS AND LAKES	0.00
88XX	GOVT OWNED PROPERTY - OPEN	0.00
89XX	DUMP SITES	1.00

5.6 Cost of Living Inflator

Annually, the amount of assessments for the Districts may be increased, based upon the Consumer Price Index, All Urban Consumers, for Los Angeles-Long Beach-Anaheim Area ("CPI"), as determined by the United States Department of Labor, Bureau of Labor Statistics, or its successor. The Assessment Engineer shall compute the percentage difference between the CPI for February of the current year and the CPI for the previous February and shall then adjust the existing assessment by an amount not to exceed such percentage for the following fiscal year. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the Assessment Engineer shall use the revised index or a comparable system as approved by the City Council for determining fluctuations in the cost of living.

The increase of the assessment for Annexation Nos. 186 & 203 may not exceed 3%.

Alternatively, Assessment Districts Nos. 1, 2, 3, and 4 may use the Southern California Edison and California Public Utilities Commission (CPUC) approved rates for each light fixture adjustment schedule as the basis for adjustment of the annual rates. As a result, the assessment may be continued to be levied annually and may be increased by up to the maximum annual CPI adjustment (or CPUC adjustment for Assessment Districts Nos. 1, 2, 3, and 4), without any additional assessment ballot proceeding. Further, in the event that in future years the assessments are levied at a rate less than the maximum authorized assessment rate, the assessment rate in a subsequent year may be increased up to the maximum authorized assessment rate without any additional assessment ballot proceeding. [13]

For Fiscal Year 2025/26, the maximum authorized assessment rates for the Districts (except Annexation Nos. 186 & 203) are increased by 3.11%, based on the increase of the February 2024 to February 2025 CPI, for All Urban Consumers in the Los Angeles-Long Beach- Anaheim Area, of 3.11%. The maximum authorized assessment rates for Annexation Nos. 186 & 203 for Fiscal Year 2025/26 is 3.00%.

[13] *As detailed in the Annual Engineer's Report, City of Palmdale, Streetlight Maintenance Assessments Districts and Annexations, Fiscal Year 2020/21 dated April 2020 and approved by City Council on June 2, 2020.*

5.7 Fiscal Year 2025/26 Maximum Assessment

The Fiscal Year 2025/26 maximum authorized assessment rates for the Districts are included in Section 8 of this Engineer's Report.

5.8 Duration of Assessment

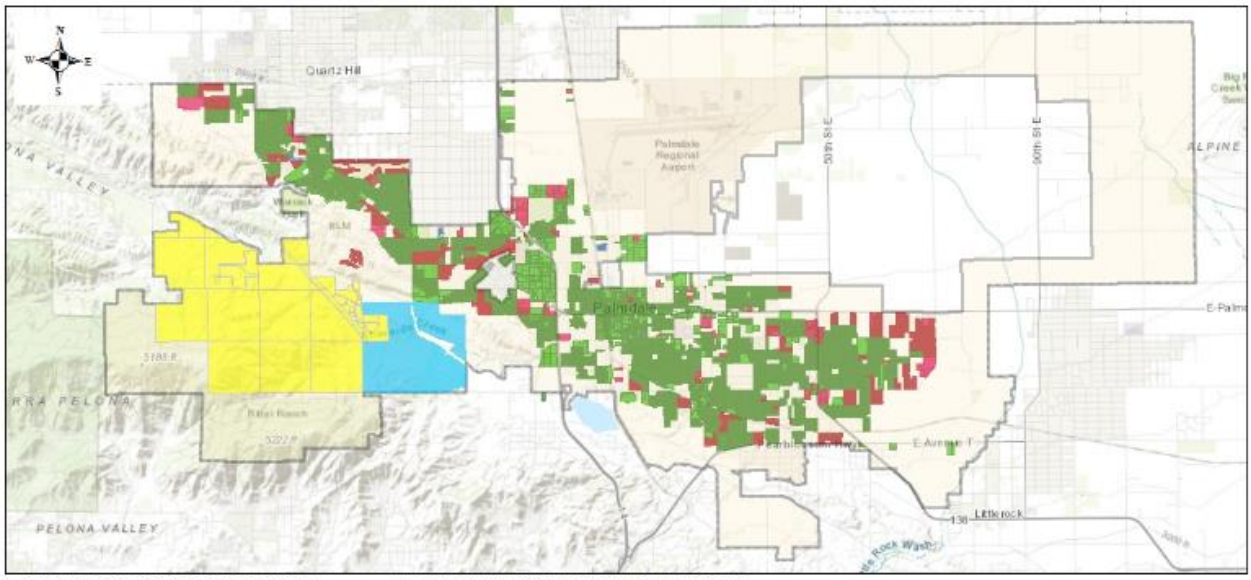
The Districts were formed or annexed in previous years. It is proposed that the assessments be continued every year after their formation or annexation, so long as the public improvements need to be maintained and improved, and the City requires funding from the assessments for these improvements in each District. As noted previously, the assessment can continue to be levied annually after the City Council approves an annually updated Engineer's Report, budget for the assessment, improvements to be provided, and other specifics of the assessment. In addition, the City Council must hold an annual public hearing to continue the assessment.

5.9 Appeals and Interpretation

Any property owner who feels that the assessment levied on the subject property is in error, as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the City of Palmdale Public Works department. Any such appeal is limited to correction of an assessment during the then current fiscal year or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the City of Palmdale Public Works Engineer or his or her designee will promptly review the appeal and any information provided by the property owner. If the City of Palmdale Public Works Engineer, or her or his designee, finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the City of Palmdale Public Works Engineer or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the City of Palmdale Public Works Engineer or her or his designee shall be referred to the Director of Public Works of the City of Palmdale, and the decision of the Director of Public Works of the City of Palmdale shall be final.

6. ASSESSMENT DIAGRAM

The boundaries of the Districts are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Districts and Annexations are those lines and dimensions shown on the maps of the County Assessor of the County of Los Angeles, at the time this Engineer's Report was prepared, and are incorporated by reference herein and made part of this report.



FILED IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, CALIFORNIA, THIS ___ DAY OF_____, ____

_____
CITY CLERK

RECORDED IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, CALIFORNIA, THIS ___ DAY OF_____, ____

_____
CITY CLERK

Note:
REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF LOS ANGELES FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCEL SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER

AN ASSESSMENT WAS CONFIRMED AND LEVIED BY THE CITY COUNCIL OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE _____ DAY OF_____, ____ FOR THE UPCOMING FISCAL YEAR AND SAID ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL FOR SAID FISCAL YEAR WERE FILED IN THE OFFICE OF THE COUNTY AUDITOR/CONTROLLER OF THE COUNTY OF LOS ANGELES ON THE _____ DAY OF _____, ____. REFERENCE IS HEREBY MADE TO SAID RECORDED ASSESSMENT ROLL FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND.

_____
CITY CLERK

SCI Consulting Group
4745 Mangels Boulevard
Fairfield, CA 94534
707-430-4300

Legend
STREETLIGHT DISTRICTS
- District 1
- District 2
- District 3
- District 4
- District 5
- Palmdale City Limits

Assessment Diagram
City of Palmdale
Streetlight Maintenance Assessment Districts

7. STREETLIGHT MAINTENANCE DISTRICTS

The lights maintained for each District are shown in the table below.

District	Tract/ Parcel Map	Land Use	General Location	Net Commercial Acreage	Total Light Count	Traffic Signals Hwy Lights	Peripheral Lights
District No. 1							
2002-001	PM 25755	Com	Ave S and 47th St East	32.44	10	0	0
2002-002	45217, 46193, 46194	Res	35th St East & Fairfield	0.00	0	0	0
2002-003	49016-02 & 03	Res	30th St West & Club Rancho Dr.	0.00	42	0	0
2002-004	47935	Res	Rancho Vista Blvd & Ave O-8	0.00	67	0	0
2002-005	47115, 47116, 47117, 44544	Res	SW Corner of Ave R-8 & 65th St East	0.00	78	0	0
2002-006	52142-03	Res	Ave P-8 and 30th St West	0.00	68	0	0
2002-007	45573	Res	Ave P-4 and 20th St West	0.00	13	0	0
2002-008	46602	Res	SW Corner of Ave N-8 and 55th St West	0.00	0	0	0
2002-009	51989	Res	Ave N and 50th St West	0.00	4	0	0
2002-010	45566	Res	55th St West	0.00	0	0	0
2002-011	46394-01	Res	Rancho Vista Blvd and Ave O-8	0.00	27	0	0
2002-012	53522	Res	SW Corner of Ave M-12 and 55th St West	0.00	0	0	0
2002-013	49016-04	Res	Ave N-8 and 30th St West	0.00	20	0	0
2002-014	44402	Res	Ave R-11 and 57th St East	0.00	19	0	0
2002-015	52142-1 & 2	Res	NW Corner of Ave P-8 and 25th St West	0.00	80	0	0
2003-016	48014-01 & 02	Res	Ave P-8 and Summerwind	0.00	53	0	0
2003-017	43689, 43690 & 43691	Res	Rancho Vista Blvd and 11th St West	0.00	86	0	0
2002-018	51505	Res	SE Corner of Ave P-8 and 20th St West	0.00	41	0	0
2002-019	PM 26593	Com	SW Corner of Ave O-8 and 10th St West	38.77	10	0	0
2003-020	Albertson's/PM 26612	Com	Ave N and 50th St West	18.25	10	0	0
2002-021	49016-05	Res	SW Corner of Ave N-8 and 30th St West	0.00	25	0	0
2002-022	49016-08, 09	Res	SE Corner of Ave N-8 and Bolz Ranch Rd	0.00	49	0	0
2003-023	AVUHSD	N-Res	N of Ave S and W of 70th St East	51.62	23	0	0
2003-024	Palmdale School District	N-Res	S of Ave Q and E of 22nd St East	4.62	3	0	0
2002-025	53855, 54806	Res	Ave P-8 and 20th St West	0.00	36	0	0
2003-026	Kaiser Medical	Com	Ave S and 45th St East	15.16	11	0	0
2003-027	52490	Res	55th St West	0.00	13	0	0
2003-028	37560 Sierra Hwy/ Secure Mini-Storage	Comm	37560 Sierra Hwy	3.95	4	0	0
2003-029	49016-07	Res	Bolz Ranch Rd (golf course)	0.00	18	0	0
2003-030	44893	Res	SE Corner of Ave S and 52nd St East	0.00	52	0	0
2003-031	46036	Res	Fairway Dr and Hook St	0.00	6	0	0
2003-032	PM 26721	Comm	SW Corner of Ave O-8 and 10th St West	6.81	8	0	0
2003-033	48847	Res	SW Corner of Ave S-12 and 37th St East	0.00	34	0	0
2003-034	7672/ 17th St. E. & Ave. Q	Comm	NW Corner of Ave Q and 17th St East	4.48	5	0	0
2003-035	PM 26990/ Amargosa Commons	Comm	SW Corner of Rancho Vista Blvd and 10th St West	17.40	9	0	0
2003-036	Ana Verde School	N-Res	Ave R and Division	15.34	9	0	0
2003-037	45218-01	Res	30th St East and Railroad	0.00	54	0	0
2003-038	53608	Res	NW Corner of Ave S-12 and 30th St East	0.00	26	0	0
2003-039	46710	Res	Ave R-12 and 25th St East	0.00	19	0	0
2003-040	Esperanza School	N-Res	35th St West and Town Center Dr	10.51	5	0	0
2003-041	49016-06	Res	Club Rancho Drive and Champion	0.00	10	0	0
2003-042	46597	Res	SW Corner of Ave S-8 and 40th St East	0.00	30	0	0
2004-043	53869	Res	NE Corner of Ave Q-8 and Tierra Subida	0.00	36	0	0
2003-044	CUP 03-30/ Iglesia de Cristo Miel	N-Res	West side of 17th St East between Aves Q-14 and Q-15	1.05	5	0	0

District	Tract/ Parcel Map	Land Use	General Location	Net Commercial Acreage	Total Light Count	Traffic Signals Hwy Lights	Peripheral Lights
2003-044	CUP 03-30/ Iglesia de Cristo Miel	Comm	1675 E Avenue Q15	3.42	6	0	0
2004-045	Ponderosa School	N-Res	NW Corner of Pearblossom Hwy and 37th St East	12.80	10	0	0
2004-046	53857	Res	NW Corner of Bolz Ranch Rd and Sawgrass Dr	0.00	36	0	0
2004-047	53199	Res	NW Corner of Ave R and 60th St East	0.00	71	0	0
2004-048	60053	Res	NW Corner of Ave R and 40th St East	0.00	48	0	0
2004-049	Fairway BP	Comm	SW Corner of Ave O and Division St	55.18	61	0	0
2004-050	60070	Comm	Sierra Hwy between Ave R-8 and Ave S	7.14	6	0	0
2004-051	Granite Hills School	N-Res	SW Corner of Ave R-8 and 67th St East	9.29	5	0	0
2004-052	54058-01 & 02	Res	SE Corner Ave P-8 and 25th St West	0.00	101	1	0
2004-053	54075	Res	NW Corner Ave N-8 and 55th St West	0.00	11	0	0
2004-054	52489	Res	NE Corner Ave N-8 and 55th St West	0.00	16	0	0
2004-055	54399	Res	NE Corner Ave P-6 and 25th St West	0.00	42	0	0
2004-056	PM 60501	Comm	NE Corner Ave Q-8 and 5th St West	13.65	0	0	0
2004-057	60462	Res	Bolz Ranch Rd and Homeridge Dr	0.00	18	1	12
2004-058	53990	Res	Paradise Dr from Aves M-8 to M-12	0.00	12	0	0
2004-059	54383	Res	25th St East and Turner Dr	0.00	34	0	0
2004-060	52200 01 & 02	Res	W of Ave P-12 and 30th St West	0.00	125	0	0
2004-061	PM 27019	Comm	SE Corner of Ave O-4 and 10th St West	38.64	25	2	0
2004-062	54226	Res	SW Corner of Palmdale Bl and 60th St East	0.00	34	0	0
2004-063	60745	Res	SW Corner of Palmdale Bl and 58th St East	0.00	14	0	0
2004-064	53221	Res	NW Corner of 40th St East 300 feet N of R-6	0.00	36	0	0
2004-065	49147-01	Res	NW Corner of Ave R and 70th St East	0.00	59	0	0
2004-066	49147-02	Res	NW Corner of Ave R and 70th St East	0.00	10	0	0
2004-067	49147-03	Res	NW Corner of Ave R and 70th St East	0.00	22	0	0
2004-068	53067	Res	SW Corner of Palmdale Blvd and 55th St East	0.00	35	0	0
2004-069	60954	Res	SE Corner of Palmdale Blvd and 50th St East	0.00	42	0	13
2004-070	60926	Res	NW Corner of Ave R and 40th St East	0.00	20	0	11
2004-071	53921	Res	Whitecliff Street and Crane Court	0.00	20	0	0
2004-072	46755	Res	NE Corner Ave R-8 and 60th St E	0.00	10	0	0
2004-073	60128	Res	Rockie Lane Ave R-8 to Ave S	0.00	2	0	0
2004-074	060028 01 & 02	Res	SE corner of Ave R and 70th st East	0.00	2	0	0
2004-075	46757	Res	Palmdale Blvd, 65th St East, Ave R	0.00	160	0	0
2004-076	54339	Res	SE Corner of Ave M and 70th St West	0.00	62	0	0
2004-077	53920	Res	Fort Tejon Road N of SP RailRoad (50th East)	0.00	89	0	0
2005-078	National Storage	Com	NW Corner of Palmdale Bl and 35th St East	4.30	3	0	0
2005-079	44543	Res	SE Corner of Russ Place and 55th St East	0.00	22	0	0
2005-080	60588	Res	37th St E and San Antonio Dr	0.00	6	0	0
2005-082	52921	Res	SW Corner of Ave S and 60th St East	0.00	73	0	0
2005-083	61699	Res	Ave S2 and Julian Lane	0.00	15	0	0
2005-084	17042/ P-14 @ 6th Street E	Res	Ave P14 and 6th St East	0.00	8	0	0
2005-085	54301-01	Res	NE Corner of Ave M-8 and 70th St West	0.00	66	0	0
2006-086	60209	Res	70th and M	0.00	41	0	0
2005-087	61770	Res	SE Corner of Avenue S and Hillcrest Drive	0.00	22	0	0
2005-088	PM 23981/ Tommy's Burger	Com	Rancho Vista at Hwy 14	0.42	2	0	0
2005-089	54301	Res	NW Corner of Ave M-8 and 67th St West	0.00	72	0	0
2005-090	Palmdale Hospital	Com	Tierra Subida and Palmdale Blvd	29.66	16	0	0
2005-091	54209	Res	NE Corner of Ave R and 35th St East	0.00	51	0	0
2005-092	CUP 00-01/ Highland Church	Com	NW Corner of Rancho Vista Blvd and 20th St west	9.04	14	0	0
2005-095	60789	Res	SW Corner of Ave S-4 and 40th St East	0.00	7	0	0
2005-096	52029	Res	NW Corner of Pearblossom Hwy and 50th St East	0.00	45	0	0
2005-097	46356	Res	NW Corner of Pealblossom Hwy and 47th St East	0.00	56	0	0
2005-098	46394	Res	South of Rancho Vista between Cricket Lane and Ave O8	0.00	0	0	0
2005-099	46454	Res	SW Corner of 15th St West and Elizabeth Lake Road	0.00	79	0	0

District	Tract/ Parcel Map	Land Use	General Location	Net Commercial Acreage	Total Light Count	Traffic Signals Hwy Lights	Peripheral Lights
2005-100	CUP 03-02/ Tom's #27	Comm	S of Ave R, W of 47th St East	4.03	6	0	0
2005-101	62020	Res	Ave S and Downing Street	0.00	30	0	0
2005-102	49147-04	Res	Aver R, 65th St E to 70th St E	0.00	21	0	0
2005-103	49147-05	Res	Aver R, 65th St E to 70th St E	0.00	20	0	0
2005-104	49147-06	Res	Aver R, 65th St E to 70th St E	0.00	31	0	0
2005-105	62695	Res	Ave N-8 and Entar Drive	0.00	26	0	0
2005-106	52806	Condo	25th and 27th East approx 600 feet south of Palmdale Bl	0.00	24	0	0
2006-107	PM 62432	N-Res	South side of Rancho vista Blvd, West of Delson Drive	4.80	6	0	0
2006-108	SPR 5-04-1/ Vlm 145 Twin Palms Apt.	M-Fam	N of Ave Q4, E of 11th St East	0.00	11	0	0
2006-109	61488	Res	North of Ave R-6, West of 30th St East	0.00	13	0	0
2006-110	61610	Res	south of Palmdale Bl, west of 58th St East	0.00	16	0	0
2006-111	61611/61981	Res	north of Ave S, east of 65th East	0.00	40	0	0
2006-113	CUP 05-10/PM 62693	Comm	NE corner of Rancho Vista Blvd and Fairway Dr	3.64	6	0	0
2006-114	60511	Res	S of Avenue R, E of 40th St E	0.00	19	0	0
2006-115	62068	Res	North of Ave S and East of Rockie Lane	0.00	27	0	0
2006-116	54058-03	Res	SE Corner Ave P-8 and 25th St West	0.00	46	0	0
2006-117	60408	Res	south of Avenue M-12; west of 52nd St West	0.00	35	0	0
2006-119	Desert Willow School	N-Res	South of Ave S-8; east of 60th St East	18.00	16	0	0
2006-120	United Fellowship Church	Church	North of Ave R-12; west of 25th St East	9.87	5	0	0
2006-121	60431	Res	South of Columbia Way; west of 70 St West	0.00	130	0	0
2006-122	62974	Res	South of Ave Q and East of 40th St East	0.00	44	0	0
2006-123	51224	Res	So uth of Spanish Broom Dr between Firethorn Ave & Waltham Pl	0.00	60	0	0
2007-124	51451, & 51451-01	Res	N of Union Pacific rof W of Fort Tejon, E of 47th S E	43.16	94	0	0
2006-125	SPR 10-04-1	Comm	West side of 10th West 150 N. of Ave O8	5.75	9	0	0
2006-126	CUP 05-19	Comm	N Side of Ave S 300 ft wesdt of 47th St East	5.55	2	0	0
2006-127	53342	Res	West of Tilbury Dr and NW or Rancho Vista Blvd	0.00	36	0	0
2006-128	47510	Res	S of Ave R, E of Tackstem St	0.00	4	0	0
2006-129	63008	Res	636' s of Palmdale Bl, E of Chapelle St	0.00	12	0	0
2006-130	62213	Res	N of Ave S-4, W of 42nd Street East	0.00	21	0	0
2006-131	School	N-Res	26Th St E and 29th St E Ave R-10 and Ave R-12	12.52	13	0	0
2006-132	61045	Res	S of Palmdale Blvd West of 52nd Street East	0.00	47	0	0
2006-133	61941	Res		0.00	0	0	0
2006-134	61443	Res	N of Q4, East of 22nd Street East	0.00	9	0	0
2006-135	SPR 12-05-1/ Jonan Property Rancho Vista&12E	Comm	S of Rancho Vista Bl, E of 12th St E	9.57	10	0	0
2006-136	Professional Center	Comm	NW corner 10th St West and Avenue O-8	1.60	3	0	0
2006-137	SPR 4-06-6 Cielo Azul Senior Apts.	M-Fam	N or Avenue R, E of 27th st E	0.00	3	0	0
2006-139	49215	Res	S of Ave S-8, W od 42nd St E	0.00	2	0	0
2006-140	62490/66868	Condo	Corner of Rancho Vista Blvd & Extension of Tilbuty Dr	0.00	27	0	0
2007-141	PM 66322	Comm	N of Avenue R, W of 47th Street E	46.68	31	0	0
2007-143	62371	Res		0.00	0	0	0
2007-144	54058-4	Res	S of Ave P-8, W of 20th St. W	0.00	36	0	0
2007-145	50871	Res	NW Corner, Union Pacific and 60th St E	0.00	57	0	0
2007-146	CUP 05-30/Rite Aide	Comm	E of 47th St E, S of Ave R	4.69	6	0	0
2007-147	60162	Res	east of 60th St E, south of Tr 45705, W of Rockie Lane	0.00	7	0	0
2007-148	SPR 7-06-2	Comm	northeast corner of 30th St East and Ave R	0.00	8	0	0
2007-149	SPR 11-06-2	Comm	south of Palmdale Blvd 300ft E of 5th St E	1.94	4	0	0
2008-150	63412	Res	NE Corner of Ave. R and 60th St East	0.00	25	0	0
2008-151	PM 65044	Comm	NEC of Avenue S and 40th St. East	12.63	10	0	0

District	Tract/ Parcel Map	Land Use	General Location	Net Commercial Acreage	Total Light Count	Traffic Signals Hwy Lights	Peripheral Lights
2008-152	GD 07-66/ Northrop Grumman Federal CU	Comm	41943 Sierra Highway	5.11	4	0	0
2008-153	51451-02	Comm		0.00	0	0	0
2009-154	PM 69766/CUP 07-18	Comm	NEC of Avenue R and 47th St. East	12.54	10	0	0
2019-186	TR. 73740 Homes 4Famlies	Res	SEC of Division Street & Taintor Road	0.00	11	0	0
District No. 4							
2010-155	PM 070794/Gregg Anderson School	Comm/ Sch	Avenue N-8 / Rancho Vista Blvd	18.15	20	0	0
2010-156	18659/ AutoZone	Comm	North of Palmdale Blvd, South of Ave Q-7 & 31ST ST E	0.98	2	0	0
2012-157	7670-All Parts Auto Recycling	Comm	between 8th Street East & Sierra Hwy	18.49	6	0	0
2011-158	Vulcan Materials	Light Ind	along E Ave T, east of 70th St E	160.70	14	0	0
2013-159	David G.Millen Interm School	Comm/ Sch	N side of W Ave P-8, bw 23rd St W & 22nd St W	16.39	16	0	0
2012-160	1st United Methodist Church	Comm/ Chu	NE corner of Rancho Vista Blvd & 25th St W	11.56	10	0	0
2012-161	69008/ Palmdale TOD Apts	M-Fam	N of Ave Q bw 3rd St E & 6th St E	0.00	13	0	0
2012-162	Cruz Thru Carwash	Comm	39315 10th St W	1.32	1	0	0
2013-163	O'Reilly Automotive Stores	Comm	SE corner of E Palmdale Blvd & 12th St E	0.90	3	0	0
2013-164	AV Recycling	Light Ind	along Ave R-5 west of Tierra Subida	184.94	19	0	0
2013-165	66204-ALTA Community	Res	N side of AveR-8 bw 57th St E & Segovia Way	0.00	5	0	0
2013-166	Rancho Vista Market	Comm	3875 W. Rancho Vista Blvd.	9.31	10	0	0
2014-167	Family Dollar	Comm	3157 E Palmdale Blvd	0.97	1	0	0
2014-168	72222--Arco AM/PM	Comm	41155 10th St W	1.94	2	0	0
2015-169	68181	Res	north side of Ave S-4, bw Sylvam St & 45th St E	0.00	3	0	0
2015-170	APN 3008-037-063 (38461 10th St E)/ Congregation of Jehovah's Witnesses	Comm/ Chu	38461 10th St E	2.66	3	0	0
2016-172	APNs 3204-022-901,-903,-908,-909/ AVEK	Light Ind	6500 W Avenue N	21.48	2	0	0
2019-173	APN 3020-004-095/ Aerospace Academy	Comm	3300 East Palmdale Blvd	15.36	14	0	0
2017-174	APNs 3009-024-935,-936 / Courson Arts Colony	MFR	Ave Q-2, bw 9th St E and 10th St E	0.00	1	0	0
2017-175	APNs 3020-001-036 & -037/ Guidance Charter School	Comm	East Avenue R & 40th Street East	30.46	16	0	0
2017-178	portion of APN 3021-030-007/ Tractor Supply	Comm	3747 East Palmdale Blvd	3.83	7	0	0
2017-180	APN 3021-030-036	Comm	3851 E Palmdale Blvd NE corner of E Palmdale Blvd & 40th St	1.72	8	0	0
2019-184	Tract 73401 (APN 3015-011-035)	MFR	SE corner of E Ave Q, north of E Ave Q3, E of Orchird View Pla	0.00	13	0	0
2020-193	Edwards Federal Credit Union	Comm	39963 10th Street West	1.61	1	0	0

District No. 2							
2004-800	Anaverde	Res/ Comm	Avenue S	40.00	0	0	0
2012-801	61895-01	School/ Res	South of Avenue S and Greenbrier Street	10.54	10	0	0
District No. 3							
2006-900	Ritter Ranch	Res/ Comm	Elizabeth Lake Road	57.00	0	0	0
District No. 5							
91616	throughout the City	all types	throughout the City	951.51	14,299	0	0
Totals:				**2,167.87**	**18,592**	**4**	**36**

8. ASSESSMENT ROLL

Assessor's parcel identification, for each lot or parcel subject to the assessment, shall be based on the County Assessor's secured roll data for the applicable year in which this report is prepared and is incorporated herein by reference.

A listing of assessor's parcels subject to the assessments for Fiscal Year 2025/26, along with the assessment amounts, is on file in the office of the City Engineer and incorporated herein by reference. Based on County Assessor's secured roll data, current assessor's parcels, including corrected and/or new assessor's parcels, will be submitted and/or resubmitted to the County Auditor/Controller. The annual assessment amount to be levied and collected for the resubmitted parcel(s) shall be determined in accordance with the method of apportionment and assessment rate approved in this report. Therefore, if a single assessor's parcel has a status change in development, other land use change, or subdivides into multiple assessor's parcels, the charge amounts applied to each of the new assessor's parcels shall be recalculated and applied according to the approved method outlined in the method of apportionment and assessment rate rather than a proportionate share of the original assessment amount.

The following pages summarize the Fiscal Year 2025/26 assessments for the Districts and Annexations.

City of Palmdale
Streetlight Maintenance Assessment Districts and Annexations
Assessment Roll Summary

District / Annexation	Parcel Count [1]	2025/26 EDUs per District	2025/26 Assessment Amount	2025/26 Actual Assessment Rate per EDU	2025/26 Maximum Assessment Rate per EDU
1	10	146.280	$19,304.52	$131.97	$131.97
2	0	0.00	0.00	0.00	0.00
3	104	104.000	13,724.88	131.97	131.97
4	132	132.000	17,420.04	131.97	131.97
5	159	159.000	20,983.23	131.97	131.97
6	156	156.000	20,587.32	131.97	131.97
7	45	45.000	5,938.65	131.97	131.97
8	0	0.00	0.00	0.00	0.00
9	19	19.000	2,507.43	131.97	131.97
10	0	0.00	0.00	0.00	0.00
11	49	49.000	6,466.53	131.97	131.97
12	0	0.00	0.00	0.00	0.00
13	49	49.000	6,466.53	131.97	131.97
14	53	53.000	6,994.41	131.97	131.97
15	161	161.000	21,247.17	131.97	131.97
16	86	86.000	11,349.42	131.97	131.97
17	144	144.000	19,003.68	131.97	131.97
18	72	72.000	9,501.84	131.97	131.97
19	8	137.120	18,095.70	131.97	131.97
20	8	73.000	9,633.78	131.97	131.97
21	70	70.000	9,237.90	131.97	131.97
22	158	158.000	20,851.26	131.97	131.97
23	1	206.480	27,249.16	131.97	131.97
24	1	18.480	2,438.80	131.97	131.97
25	72	72.000	9,501.84	131.97	131.97
26	5	60.640	8,002.65	131.97	131.97
27	21	21.000	2,771.37	131.97	131.97
28	1	15.800	2,085.12	131.97	131.97
29	49	49.000	6,466.53	131.97	131.97
30	122	122.000	16,100.34	131.97	131.97
31	13	13.000	1,715.61	131.97	131.97
32	3	25.880	3,415.36	131.97	131.97
33	74	74.000	9,765.78	131.97	131.97
34	1	17.920	2,364.90	131.97	131.97
35	6	64.600	8,525.25	131.97	131.97
36	2	61.360	8,097.67	131.97	131.97
37	92	91.500	12,075.25	131.97	131.97
38	78	78.000	10,293.66	131.97	131.97
39	43	43.000	5,674.71	131.97	131.97
40	1	42.040	5,548.01	131.97	131.97
41	51	51.000	6,730.47	131.97	131.97
42	64	64.000	8,446.08	131.97	131.97
43	67	67.000	8,841.99	131.97	131.97
44	1	16.560	2,185.42	131.97	131.97
45	1	51.200	6,756.86	131.97	131.97
46	64	64.000	8,446.08	131.97	131.97

City of Palmdale
Streetlight Maintenance Assessment Districts and Annexations
Assessment Roll Summary

District / Annexation	Parcel Count [1]	2025/26 EDUs per District	2025/26 Assessment Amount	2025/26 Actual Assessment Rate per EDU	2025/26 Maximum Assessment Rate per EDU
47	153	153.000	20,191.41	131.97	131.97
48	108	108.000	14,252.76	131.97	131.97
49	16	217.800	28,742.99	131.97	131.97
50	1	28.560	3,769.06	131.97	131.97
51	2	37.560	4,956.78	131.97	131.97
52	185	185.000	24,414.45	131.97	131.97
53	25	25.000	3,299.25	131.97	131.97
54	21	21.000	2,771.37	131.97	131.97
55	79	79.000	10,425.63	131.97	131.97
56	8	50.760	6,698.76	131.97	131.97
57	41	41.000	5,410.77	131.97	131.97
58	0	0.00	0.00	0.00	0.00
59	62	62.000	8,182.14	131.97	131.97
61	11	140.360	18,523.25	131.97	131.97
62	70	70.000	9,237.90	131.97	131.97
63	32	32.000	4,223.04	131.97	131.97
64	85	85.000	11,217.45	131.97	131.97
65	78	78.000	10,293.66	131.97	131.97
66	34	34.000	4,486.98	131.97	131.97
67	59	61.000	8,050.17	131.97	131.97
68	66	66.000	8,710.02	131.97	131.97
69	78	78.000	10,293.66	131.97	131.97
70	0	0.00	0.00	0.00	132.28
71	38	39.000	5,146.83	131.97	131.97
72	0	0.00	0.00	0.00	132.28
73	38	38.000	5,014.86	131.97	131.97
74	372	372.000	49,092.84	131.97	131.97
75	388	388.000	51,204.36	131.97	131.97
76	83	83.000	10,953.51	131.97	131.97
77	0	0.00	0.00	0.00	0.00
78	1	22.840	3,014.19	131.97	131.97
79	46	46.000	6,070.62	131.97	131.97
80	15	15.000	1,979.55	131.97	131.97
82	168	168.000	22,170.96	131.97	131.97
83	38	38.000	5,014.86	131.97	131.97
84	40	40.000	5,278.80	131.97	131.97
85	90	90.000	11,877.30	131.97	131.97
86	40	40.000	5,278.80	131.97	131.97
87	33	33.000	4,355.01	131.97	131.97
88	1	0.830	109.53	131.97	131.97
89	90	90.000	11,877.30	131.97	131.97
90	3	118.640	15,656.91	131.97	131.97
91	93	93.000	11,810.07	126.99	126.99
92	1	35.600	4,698.13	131.97	131.97
95	16	16.000	2,111.52	131.97	131.97
96	106	106.000	13,988.82	131.97	131.97

City of Palmdale
Streetlight Maintenance Assessment Districts and Annexations
Assessment Roll Summary

District / Annexation	Parcel Count [1]	2025/26 EDUs per District	2025/26 Assessment Amount	2025/26 Actual Assessment Rate per EDU	2025/26 Maximum Assessment Rate per EDU
97	92	92.000	12,141.24	131.97	131.97
99	174	174.000	22,962.78	131.97	131.97
100	2	4.030	531.83	131.97	131.97
101	66	66.000	8,710.02	131.97	131.97
102	60	60.000	7,918.20	131.97	131.97
103	52	52.000	6,862.44	131.97	131.97
104	58	58.000	7,654.26	131.97	131.97
105	42	42.000	5,542.74	131.97	131.97
106	204	163.200	21,536.28	131.97	131.97
107	3	53.380	7,044.54	131.97	131.97
108	1	16.000	2,111.52	131.97	131.97
109	1	16.000	2,111.52	131.97	131.97
110	5	32.000	4,223.01	131.97	131.97
111	59	29.500	3,892.82	131.97	131.97
113	1	14.560	1,921.48	131.97	131.97
114	28	28.000	3,695.16	131.97	131.97
115	50	50.000	6,598.50	131.97	131.97
116	111	111.000	14,652.00	132.00	132.00
117	2	45.000	5,938.64	131.97	131.97
119	0	0.00	0.00	0.00	0.00
120	3	39.480	5,210.16	131.97	131.97
121	0	0.00	0.00	0.00	132.28
122	62	62.000	8,182.14	131.97	131.97
123	117	117.000	15,440.49	131.97	131.97
124	0	0.00	0.00	0.00	0.00
125	1	23.000	3,035.31	131.97	131.97
126	2	22.000	2,903.34	131.97	131.97
127	1	96.000	12,669.12	131.97	131.97
128	0	0.00	0.00	0.00	132.28
129	41	41.000	5,410.77	131.97	131.97
130	0	0.00	0.00	0.00	0.00
131	0	0.00	0.00	0.00	0.00
132	0	0.00	0.00	0.00	0.00
134	2	17.000	2,243.48	131.97	131.97
135	1	38.280	5,051.81	131.97	131.97
136	1	6.400	844.60	131.97	131.97
137	1	18.600	2,454.64	131.97	131.97
139	8	8.000	1,056.00	132.00	132.00
140	11	343.200	41,685.03	121.46	121.46
141	16	186.720	24,641.36	131.97	131.97
144	93	93.000	12,273.21	131.97	131.97
145	0	0.00	0.00	0.00	0.00
146	3	16.520	2,180.13	131.97	131.97
147	0	0.00	0.00	0.00	0.00
148	0	0.00	0.00	0.00	0.00
149	1	7.760	1,024.08	131.97	131.97

City of Palmdale
Streetlight Maintenance Assessment Districts and Annexations
Assessment Roll Summary

District / Annexation	Parcel Count [1]	2025/26 EDUs per District	2025/26 Assessment Amount	2025/26 Actual Assessment Rate per EDU	2025/26 Maximum Assessment Rate per EDU
150	0	0.00	0.00	0.00	0.00
151	0	0.00	0.00	0.00	0.00
152	1	20.440	2,697.46	131.97	131.97
154	8	43.800	5,780.25	131.97	131.97
186	56	112.000	3,609.76	32.23	32.23
203	1	26.200	12,225.44	466.62	466.62
TOTAL SLMD #1	**6,671**	**9,174.880**	**$1,204,337.03**		
155	1	73.600	9,712.99	$131.97	$131.97
156	1	3.920	505.87	129.05	129.05
157	0	0.000	0.00	0.00	126.73
158	0	0.000	0.00	0.00	131.59
159	2	72.280	9,488.19	131.27	131.27
160	0	0.000	0.00	0.00	132.28
161	3	171.100	22,097.55	129.15	129.15
162	1	5.280	696.85	131.98	131.98
163	1	3.760	496.24	131.98	131.98
164	2	186.700	24,508.10	131.27	131.27
165	0	0.000	0.00	0.00	131.59
166	4	37.280	4,893.72	131.27	131.27
167	1	3.880	512.08	131.98	131.98
168	1	5.916	776.59	131.27	131.27
169	0	0.000	0.00	0.00	132.19
170	1	6.960	918.58	131.98	131.98
172	4	21.080	2,782.11	131.98	131.98
173	1	61.440	8,109.46	131.99	131.99
174	2	76.550	10,103.06	131.98	131.98
175	2	121.820	15,687.97	128.78	128.78
178	1	14.720	1,942.74	131.98	131.98
180	1	6.880	908.09	131.99	131.99
184	10	47.050	6,210.12	131.99	131.99
193	1	6.440	841.96	130.74	130.74
TOTAL SLMD #4	**40**	**926.656**	**$121,192.27**		
800	1,417	1,417.000	183,558.18	$129.54	$129.54
801	2	63.918	8,263.94	129.29	129.29
TOTAL SLMD #2	**1,419**	**1,480.918**	**$191,822.12**		
900	32	32.000	54,195.84	$1,693.62	$1,693.62
TOTAL SLMD #3	**32**	**32.000**	**$54,195.84**		
91616	31,611	34,954.000	3,453,455.20	$98.80	$98.80
TOTAL SLMD #5	**31,611**	**34,954.000**	**$3,453,455.20**		
TOTAL ALL SLMDs	**39,773**	**46,568.454**	**$5,025,002.46**		

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
MAINTENANCE DIVISION

DISTRICT: **2, 4**

SUBJECT: **APPROVE AGREEMENT WITH ECOFERT, INC., FOR INSTALLATION OF NEW FERTIGATION SYSTEMS AND MONTHLY FERTIGATION SYSTEM SERVICE AT VARIOUS PARK SITES FOR A TOTAL NOT TO EXCEED AMOUNT OF $528,640 FOR A TERM OF ONE YEAR FROM THE NOTICE TO PROCEED, WITH TWO ADDITIONAL ONE-YEAR OPTIONS TO EXTEND**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve Agreement No. A-9326 with EcoFert, Inc., for installation of new fertigation systems and monthly fertigation system service at various park sites for a total not to exceed amount of $528,640 for a term of one year from the Notice to Proceed, with two additional one-year options to extend; and,

2. Authorize the City Manager Pro Tem or his designee to execute Agreement No. A-9326 with EcoFert, Inc., including minimal and/or non-substantial changes.

BACKGROUND

City Park Maintenance staff manages 140 acres of irrigated turf, with 60% located at high-use sports complexes–Domenic Massari, Pelona Vista, and Marie Kerr parks. These fields support frequent soccer, softball, and multi-purpose activities.

As part of the Parks & Recreation Master Plan, staff conducted a citywide sports turf assessment, which revealed inadequate past maintenance, turf thinning, high soil sodium levels, and shallow root systems. These conditions impact turf durability and player safety.

The assessment recommended installing fertigation systems to improve turf health. Fertigation delivers nutrients through the irrigation system, allowing for consistent,

efficient application, especially critical for heavily used sports fields. Staff agree that fertigation is necessary to maintain healthy, safe playing surfaces.

DISCUSSION

On February 25, 2025, the City released Request for Proposal (RFP) No. 25-004-3500 for service of fertigation systems at Domenic Massari, Pelona Vista, and Marie Kerr Parks. The RFP was shared via PlanetBids and published in the Antelope Valley Press. A pre-bid walk was held on March 5, 2025, with three vendors attending. EcoFert, Inc. submitted the only responsive proposal by the March 31, 2025, deadline.

This project includes installing seven app-controlled fertigation systems integrated at the three parks. EcoFert will also provide monthly service and reporting at these parks and Sam Yellen Park, with an annual summary on system performance and turf health supported by soil testing.

EcoFert, Inc. successfully installed the fertigation system at Sam Yellen Park in 2024, demonstrating reliability and effectiveness. Staff recommends awarding the agreement to EcoFert, Inc. to expand these services.

FISCAL IMPACT

$528,640; Sufficient funds for fertigation services are budgeted using Measure AV.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Leonardo Torres, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Agrmt No. A-9326 with EcoFert, Inc.

AGREEMENT NO. A-9326
CONTRACT FOR SERVICES
BETWEEN THE CITY OF PALMDALE AND ECOFERT, INC.

This CONTRACT for services ("Contract" herein) is made and entered into by and between the City of Palmdale, a public body corporate and politic, (hereinafter called "CITY"), and ECOFERT, INC., a Corporation, (hereinafter called "CONTRACTOR"). This Contract shall become effective on the date of the last signatory.

RECITALS

WHEREAS, CONTRACTOR represents that CONTRACTOR has the expertise and is qualified to perform the services described in this Contract.

NOW THEREFORE, CITY and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

1 CITY PROJECT MANAGER

To provide the services required by this Contract, CONTRACTOR shall act under the authority and approval of Public Works Director/designee, who shall oversee this Contract, the work performed by CONTRACTOR, assist CONTRACTOR with any necessary information, audit billings, and approve payments. The CONTRACTOR shall channel all contacts and requests through the City project manager.

2 DESCRIPTION OF WORK

2.1 CONTRACTOR shall provide the following services in a manner satisfactory to CITY:

Installation of fertigation systems at Domenic Massari, Pelona Vista, and Marie Kerr parks and monthly service programs for these systems as well as the existing fertigation system at Same Yellen Park, per the scope of work below and set forth in Exhibit C System Service Specifications attached hereto and made part herein by reference.

Sevices shall include installation of precise, direct injection, metering fertigation systems at designated points of connection (POCs) designed to integrate into the existing irrigation infrastructure, along with secure, insulated enclosures for the equipment and tanks. Installation shall include all preinstallation work, equipment delivery, installation, testing, and launch of service.

Monthly service program shall provide consultation with and reporting to CITY staff, servicing of systems, amendment delivery into system tanks as prescribed by authorized CITY advisors, according to agronomic soil testing, and annual reporting..

LOCATIONS (Exhibit D Park Site Maps):

1. Domenic Massari Park - 37716 55th St E, Palmdale, CA 93550
2. Pelona Vista Park - 37720 Tierra Subida Ave, Palmdale, CA 93551
3. Marie Kerr Park - 39700 30th St W, Palmdale, CA 93551
4. Sam Yellen Park - 5100 E Avenue S, Palmdale, CA 93552

SCOPE OF WORK AND SERVICES
Mandatory Site Visits:
1. CONTRACTORS shall visit each property with City staff and conduct a thorough assessment of each park, the points of connection, irrigation systems and irrigated green spaces including turf, shrubs and trees, water quality, soil health, micro-climate, and park usage to design the fertigation systems. Appendix A - Fertigation System Installation Site Survey Form must be submitted for each POC.

Design:
1. CONTRACTOR shall design and construct fertigation systems at each point of connection capable of independent injection rates for primary and secondary nutrients, wetting agents, other specialty products and isolating fertigation according to programmable irrigation flow rates. Fertigation systems that offer simple, accurate calibration, are intuitive, and app-based are preferred.

2. CONTRACTOR shall specify all applicable federal, state, and local codes, regulations, industry standards and best practices in their proposals. Fertigation systems shall be designed and installed in full compliance with all applicable codes and regulations.

3. CONTRACTOR shall submit fertigation system technical drawings, specifications, product data sheets, material submittals, itemized cost projections, and sample reports to the City with a proposal for review and evaluation.

Installation:
1. CONTRACTOR shall contact Underground Service Alert (USA - Dig Alert) and obtain a valid Dig Alert ticket for each point of connection prior to any excavation. CONTRACTOR shall ensure that all underground utilities are properly marked and identified in compliance with state and local regulations, and excavation shall not proceed until all clearances have been received and confirmed.

2. CONTRACTOR shall coordinate on-site, pre-construction meeting with City staff, provide project schedule with weekly updates, obtain written authorization to proceed and proactively coordinate required inspections and tapping of mainlines with City staff.

3. CONTRACTOR shall provide and install all necessary equipment, including but not limited to:

a) Secure and lockable, marine-grade aluminum insulated enclosures anchored onto 4-inch thick, rebar-reinforced concrete slabs that extend 24” beyond the enclosure.

b) Ergonomically accessible chemical metering injection pumps with programmable controllers in lockable control boxes. Fertigation systems that offer simple, accurate calibration, are intuitive, and app-based are preferred.

c) 2 cross-linked polyethylene (XLPE) tanks, appropriately sized for intended acreage, set on elevated cradles with spill control provisions for each system to optimize nutrient delivery, improve efficiency, and prevent clogging, scaling, chemical interactions, and spills.

d) Injector quills, check valves, master valve relay assemblies, mainline saddles, flow sensors, isolation ball valves, FEP tubing, FEP fittings, horizontal floats, manway covers, cooling fans, steel controller pedestals, electrical fittings, conduit, and any other necessary hardware.

4. CONTRACTOR shall install schedule 80 pvc conduit and wiring from the nearest available power source, routed underground and through the concrete slab into fertigation system enclosures in accordance with all applicable codes, regulations, and standards to ensure proper electrical supply and connections for each fertigation system. All electrical work must be permitted, performed by licensed professionals, and inspected as required by municipal code, National Electrical Code (NEC), and Green Book standard specifications for public works construction, latest edition.

5. CONTRACTOR shall install separate schedule 80 pvc conduits for flow sensor wiring and injection tubing from inside the fertigation system enclosures, routed underground through the concrete slab to the irrigation system mainlines at a minimum depth of 18 inches and comply with all applicable codes and standards. The conduit shall terminate in reinforced, lockable vaults designed to securely house the mainline saddles and isolation ball valves while providing ample space for servicing and maintenance.

6. CONTRACTOR shall install a vandal proof, solar-power supply & deep cell battery backup for fertigation system at the 30th Street West point of connection at Marie Kerr Park, where electrical power is not available.

7. CONTRACTOR shall submit itemized invoices per fertigation system installed. The city may retain 20% of the cost of each installation until punch list items are corrected.

8. Any private or public improvements damaged by the CONTRACTOR while conducting scheduled work shall be replaced in kind at the CONTRACTOR’S expense within 5 working days from the date of damage unless otherwise authorized

by City staff.

MONTHLY SERVICE PROGRAM

1. CONTRACTOR shall implement a monthly service program for fertigation systems at Domenic Massari Park, Sam Yellen Park, Pelona Vista Park and Marie Kerr Park that include:

a) Firm and consistent monthly service schedule.
b) On-site consultation with city staff to review system operation, monitor site response and address any concerns.
c) Servicing and calibration of fertigation systems to ensure optimal functionality, including 24/7 emergency response, with crew mobilization within 4 hours of work request.
d) Delivery and loading of amendments and specialty products into system tanks, as prescribed by authorized city advisors, according to periodic agronomic soil testing, to correct nutrient imbalances and improve soil health and fertility.

2. CONTRACTOR shall submit monthly service invoices for each site with detailed service reports to the Parks Superintendent, documenting:

a) Amendments and specialty products added to system tanks each month.
b) Comprehensive fertigation system inspection checklists and findings.
c) All maintenance activities performed, including repairs, calibration and adjustments.

3. CONTRACTOR shall submit annual executive summary to the City, on a date determined by the Parks Superintendent, evaluating improvements in agronomic soil conditions, turf root zone development, canopy health and vitality, supported by data from agronomic soil and leaf tissue testing and site monitoring. All reports shall be submitted in a clear and organized format, ensuring transparency and accountability for ongoing fertigation system management.

4. CONTRACTOR shall warranty all labor and fertigation system components, providing optimized fertigation system operation as designed for the term of the monthly service agreement, and any extensions or renewals thereof.

5. Any private or public improvements damaged by the CONTRACTOR while conducting scheduled work shall be replaced in kind at the CONTRACTOR’S expense within 5 working days from the date of damage unless otherwise authorized by City staff.

MATERIAL SUBMITTALS

Feritigation systems and equipment shall be installed per item specifications provided

by CONTRACTOR.

PAYMENT AND PERFORMANCE BONDS, GUARANTY
Unless otherwise expressly provided in the bid documents, prior to commencing work, CONTRACTOR shall provide a payment bond and performance bond, each in an amount equal to 100% of the Contract price (as outlined per year below). CONTRACTOR shall submit all bonds electronically through Surety 2000. Pursuant to the bid documents for this Project, the CONTRACTOR is required to provide a written guaranty of CONTRACTOR's work. In furtherance thereof, CONTRACTOR shall execute the written form of Guaranty attached hereto and incorporated by reference herein.

Year 1: Installation + Service Program + Administrative Fees = 357,382.00
Year 2: Service Program (Option to Extend Year) = 85,629.00
Year 3: Service Program (Option to Extend Year) = 85,629.00

2.2 CONTRACTOR shall have no claim for compensation for any services or work, which has not been authorized by CITY's Authorization to Proceed.

2.3 CONTRACTOR shall not accept any change of scope, or change in contract provisions, to this Contract unless issued in writing, as a contract change order or amendment and signed by CITY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

2.4 CONTRACTOR shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by the CONTRACTOR as applicable to this contract.

2.5 All work supplied under this Contract shall be fully guaranteed by CONTRACTOR for a minimum period of 365 days from the date of acceptance by CITY. Any defects of design, workmanship, or materials that would result in non-compliance with the Contract specifications shall be fully corrected by CONTRACTOR (including parts and labor) without cost to CITY. The written warranty shall be included with the delivered products to the using Department.

2.6 CITY shall provide to CONTRACTOR, without charge, all data, program information, including reports, records, maps, and other information, now in CITY's possession, which may facilitate the timely performance of the work.

2.7 At all times during the term Contract, CONTRACTOR shall possess and maintain all required Federal, State, and local licenses and permits. CONTRACTOR shall possess a valid and current C-27 Landscaping Contractor's License with the Contractor's State License Board (CSLB) and City of Palmdale Business License to perform the required work.

CONTRACTOR's CSLB license number is 970578. CONTRACTOR's DIR registration number is PWCR 2000009569. CONTRACTOR's Business License number is 11624541. CONTRACTOR hereby certifies that it holds the required license(s).

2.8 This Contract calls for work to be performed constituting public works. All labor is to be paid at prevailing wage rates. CONTRACTOR to determine proper wage classification. CONTRACTOR and all subcontractors must be registered with the State of California Department of Industrial Relations (DIR) as a public works contractor for the duration of the agreement and is responsible for any and all registration and/or renewal fees. CITY may request certified payroll records for any work performed under the term of the agreement. CONTRACTOR acknowledges and understands it must comply with the prevailing wage requirements as set for in Exhibit A.

2.9 CONTRACTOR shall comply with the requirements of Section 1776 of the Labor Code, of the State of California. Failure of the CONTRACTOR to comply with the Labor Code requirements to pay prevailing wages and to maintain certified payroll records may result in withholding from progress payments amounts for unpaid wages and penalties as authorized by the Labor Code. CONTRACTOR shall submit certified payroll records (CPRs) to the Labor Commissioner using DIR's electronic certified payroll reporting system if project exceeds $25,000 for new construction, alteration, installation, demolition, or repair or $15,000 for maintenance. If project is applicable, CITY shall verify CONTRACTOR's eCPRs are submitted before processing invoices for payment.

3 CONTRACTOR’S KEY PERSONNEL

3.1 **Key Staff.** CITY reserves the right to review and approve CONTRACTOR’S staff including all subcontractors to be assigned to any project by CONTRACTOR during the term of this Contract.

This Contract has been awarded to CONTRACTOR based partially on the key personnel proposed to perform the services required herein. CONTRACTOR shall not change nor substitute any of these key staff for work on this Contract without prior written approval by CITY.

CONTRACTOR’s Team and Key Personnel are as follows:

EcoFert
Field Operations Team
- Ron Walde, Director of Field Ops
- Brandon Caperton, Systems Manager
- Cameron Black, Field Ops Technician

Administrative Team

- Steve Hagy, Director of Product Development and Testing
- Lou Franson, President
- Chuck Barsam, CEO

CONTRACTOR shall use the following subcontractors for the project.
1. Rockhard Concrete - CSLB license number: 906568
Cement contractor to pour and finish the seven (7) pads for the installations.

2. Electro Systems Electric Inc. - CSLB license number: 522049
Electrical contractor to work on all final electrical connections.

This Services Contract has been awarded to CONTRACTOR based on its representation that those personnel and subcontractors submitted as part of its bid and listed above will perform the portions of the work listed above.

CONTRACTOR shall not deviate nor substitute any of these team members without prior written approval by CITY.

3.2 **Subcontractors.** During the performance of the Agreement, CONTRACTOR may engage such additional SUBCONTRACTORS as may be required for the timely completion of this Agreement. In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Agreement rests with CONTRACTOR.

CONTRACTOR shall not enter into any Subcontract under this Contract for the performance of this Contract without the advance written approval of CITY. The subcontract shall incorporate by reference the terms and conditions of this Contract.

3.3 **Direct Responsibility.** All services required under this Contract shall be performed by CONTRACTOR, or under CONTRACTOR's direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

3.3.1 CONTRACTOR shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this Contract, and compliance with all reasonable performance standards established by CITY.

3.3.2 CONTRACTOR shall be responsible for payment of all CONTRACTOR's employees' and subcontractor's wages and benefits and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

3.3.3 CONTRACTOR shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONTRACTOR's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

4 CONTRACT TERM

The term of this Contract is One (1) Year, commencing on the effective date, with CITY reserving the option to extend the agreement for 2 additional terms of one year each.

5 ACCEPTANCE AND DOCUMENTATION

Each task shall be reviewed and approved by the Contract Project Manager to determine acceptable completion.

5.1 **Records**. The CONTRACTOR shall retain and shall contractually require each SUBCONTRACTOR to retain all data and other “records” relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract.

5.2 **Property of CITY.** All materials, including reports, computer programs and other deliverables, supplied or created under this Contract are the sole property of CITY. CONTRACTOR is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. CONTRACTOR shall not use or release these materials without the prior written consent of CITY.

5.3 **Products.** All equipment, materials, parts, and other components incorporated in the work or services performed pursuant to this Contract shall be new, or the latest model and of the most suitable grade for the purpose intended. All work shall be performed in a skilled and workmanlike manner.

6 PRICE

CITY shall pay to CONTRACTOR an amount not to exceed Five Hundred Twenty-Eight Thousand Six Hundred Forty dollars ($528640.00) for the completion of all the work and services described in Section 2, which sum shall include all costs or expenses incurred by CONTRACTOR, payable as follows:

As set forth in Exhibit E Fee Schedule attached hereto and made part herein by reference.

1. Fertigation System Installation
A. Domenic Massari Park.....$68,700.00
B. Pelona Vista Park.....$65,100.00
C. Marie Kerr Park.....$103,250.00
Installation Total = $237,050.00

2. Monthly Service Program ($85.00 per acre)
A. Domenic Massari Park.....$23,001.00
B. Pelona Vista Park.....$27,714.60

C. Marie Kerr Park.....$31,385.40
D. Sam Yellen Park.....$6,528.00
Service Program Total =$85,629.00 annually

3. Administrative/Contingency Fees = $34,703.00

6.1 An application for payment form must be submitted to CITY which shall include the following: a clear, detailed invoice reflecting work being billed for, a summary sheet showing percentage of work completed to date, amount/percent billed to date and current status of all tasks within a project; any/all backup documentation supporting the above items. Work schedule updates must also be included with the payment requests.

6.2 CONTRACTOR shall maintain adequate records and shall permit inspection and audit by CITY of CONTRACTOR's charges under this Contract. CONTRACTOR shall make such records available to CITY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to CITY and any specified public agencies. Such records shall be maintained by CONTRACTOR for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event CONTRACTOR shall retain its records for the time required by such laws.

6.3 **Payment.** A separate invoice shall be issued for each shipment of material or service performed, and no payment will be issued prior to receipt of material and/or completion of specified services and receipt of a correct invoice.

7 TAXES

7.1 CONTRACTOR shall pay all sales, consumer, use, and other similar taxes required to be paid by CONTRACTOR in accordance with state and local laws.

7.2 CONTRACTOR is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of CITY. No person employed by CONTRACTOR or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

7.3 CONTRACTOR shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

7.4 When equipment, materials or supplies generally taxable to CONTRACTOR are eligible for a tax exemption due to the nature of the work, CONTRACTOR shall assist the City in applying for and obtaining such tax credits and exemptions, which shall be paid or credited to the City.

8 PATENT FEES AND ROYALTIES

CONTRACTOR shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, program, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, program, product or device is specified in the contract documents for use in the performance of the work and if, to the actual knowledge of CITY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by CITY in the contract documents. CONTRACTOR shall indemnify and hold harmless CITY and anyone directly or indirectly employed by CITY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, program, product or device not specified in the contract documents, and shall defend all such claims in connection with any alleged infringement of such rights.

9 INDEMNIFICATION

To the fullest extent permitted by law, CONTRACTOR and any subcontractors working on its behalf agree to indemnify CITY, its officers, employees, agents and elected and appointed boards (hereinafter “Indemnified Parties”) for any loss, claim, demand, cause of action, cost, expense, damage, obligation or liability which arises out of or is in any way connected with the performance of any work under this agreement, including any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of CONTRACTOR, or its subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, CONTRACTOR and, as applicable, any subcontractors working on its behalf, shall defend any suit, claim or action against the Indemnified Parties founded upon such loss, claim, demand, cause of action, cost, expense, damage, obligation or liability. CONTRACTOR shall ensure that the contract of any subcontractor working under this agreement contain an indemnity agreement, requiring the subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONTRACTOR shall indemnify the Indemnified Parties, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any breach of the aforesaid obligations and covenants, and any other provision or covenant of this agreement.

10 INSURANCE

10.1 CONTRACTOR, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed “A” or better in the Best’s Insurance Guide and authorized to do business in the State of California.

Proof of Insurance, as identified in Section 10.8, must be reviewed and accepted by the City Attorney.

10.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability
  $1,000,000 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

10.1.2 Commercial General Liability

- $2,000,000.00 limit on a per occurrence basis
- $4,000,000.00 general aggregate limit

10.1.3 Commercial Automobile Liability

- $2,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

10.1.4 Pollution/Environmental Liability*

- $1,000,000 limit on a per occurrence basis

10.1.5 Professional Liability (Errors & Omissions) Insurance*

- $1,000,0000 limit on a per occurrence basis

10.2 All of CONTRACTOR's policies shall contain an endorsement providing that written notice shall be given to CITY at least thirty (30) calendar days prior to termination, cancellation, or reduction of coverage in the policy.

10.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificates shall state: "The City of Palmdale, Successor Agency to the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are named as additional insured".

B. "Severability of Interest" Clause.

10.4 Promptly upon execution of this Contract, and prior to commencement of any work, CONTRACTOR shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONTRACTOR has the required coverage and showing the required named insured. Within five (5) days of

written request from CITY, CONTRACTOR shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

10.5 The requirements as to the types and limits of insurance to be maintained by CONTRACTOR are not intended to and shall not in any manner limit or qualify CONTRACTOR's liabilities and obligations under this Contract.

10.6 Any policy or policies of insurance that CONTRACTOR elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

10.7 All insurance coverage must be maintained throughout the duration of this Contract.

10.8 Acceptable Proof of Insurance:

10.8.1 ACORD Certificate of Insurance listing all coverage, limits, deductibles and insured; and endorsements for all applicable coverage if agent has authority to issue it; or additional insured Form CG20100704 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

10.8.2 Binders of insurance for all coverage. Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements and a corresponding Certificate of Insurance listing all insurers and coverage must be submitted to the City Attorney.

10.8.3 *When professional (E&O) liability or pollution/enviornmental liability coverage is provided on a "claims made basis", CONSULTANT will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONSULTANT, or its officers, employees, or agents during the time this Agreement was in effect.

10.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time CONTRACTOR fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

10.10 CONTRACTOR shall require any and all subcontractors working on its behalf to provide insurance coverages and limits that are based on the scope of work and nature of risk being performed by the subcontractor. Any and all subcontractors working on behalf of CONTRACTOR shall be subject to all other insurance requirements that are stated herein.

Any deviation in this requirement will be CONTRACTOR's sole risk. CONTRACTOR's insurance requirements in Section 10 will not be impacted and/or limited by such deviation.

11 TERMINATION WITHOUT CAUSE

City reserves the right to terminate this Contract or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, CONTRACTOR shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. CONTRACTOR shall also surrender to CITY all finished or unfinished documents, processes, programs and other supplies and materials, which shall be City's property. As compensation in full for services performed to the date of such termination, the CONTRACTOR shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

12 TERMINATION FOR CAUSE

If CITY determines that CONTRACTOR has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any other respect to satisfactorily perform the services specified in this Contract, CITY shall give written notice to CONTRACTOR specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for CITY's dissatisfaction and suggest corrective measures. If, after thirty days, CONTRACTOR has failed to implement appropriate corrective measures, CITY may elect to terminate this Contract in whole or in part.

12.1 In the event CITY terminates this Contract, in whole or in part, for cause, CITY may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

12.2 CONTRACTOR shall provide all finished or unfinished documents, data, studies, software, drawings, programs, processes, maps, photographs, reports, etc., prepared by CONTRACTOR within fifteen (15) working days after notice of termination. Upon such termination, CONTRACTOR shall be paid an amount equal to the value of the services provided and work performed as of the date of termination, taking into consideration the costs associated with hiring another CONTRACTOR to complete the services. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress, to complete and incomplete documents when such are delivered to CITY, and to authorized reimbursement expenses. The above is in addition to any other remedies available by law or equity to CITY.

12.3 If, after notice of termination of the Contract under the provisions of this Section 12, it is determined, for any reason, that CONTRACTOR was not in default,

or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 11.

13 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and CONTRACTOR arising out of or relating to this Contract or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

14 OWNERSHIP OF PRODUCT

All product, data, documents, programs and software including, but not limited to, research, field notes, investigations, analysis, studies, processes, software, instructions for use and other manuals, whether complete or incomplete, which are prepared or produced in the performance of this Contract are to be, and remain the property of CITY and shall be delivered to or left with CITY upon the completion or termination of this Agreement. CONTRACTOR shall furnish CITY, upon its request, originals and reproducible and electronic copies of product, data reports, studies and of all other documents listed above. Electronic copies shall be provided in an unprotected format which allows CITY to copy, reproduce and makes changes as CITY deems necessary.

15 DELEGATION AND ASSIGNMENT

15.1 CONTRACTOR shall not delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY; provided, however, that claims for money due or to become due to CONTRACTOR from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval.

15.2 Any assignment, delegation or subcontract shall be made in the name of CONTRACTOR and shall not bind or purport to bind CITY and shall not release CONTRACTOR from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegates and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to CONTRACTOR under this Contract.

16 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

16.1 In performance of this Contract, CONTRACTOR shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status. CONTRACTOR will take affirmative action to ensure that applicants are employed,

and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status . Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

16.2 The provisions of subsection 16.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONTRACTOR for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONTRACTOR and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

17 FINANCIAL INTEREST CERTIFICATION

17.1 CONTRACTOR warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in CONTRACTOR's firm.

17.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

18 CONFLICT OF INTEREST

18.1 CONTRACTOR stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause CONTRACTOR to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

18.2 CONTRACTOR shall not employ any City official or employee to perform any work required pursuant to this Contract.

18.3 To the extent required by the City Manager or his designee, CONTRACTOR shall complete and file with the City Clerk a Form 700 Statement of Economic

Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

19 COMPLIANCE WITH LAW

19.1 CONTRACTOR shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal law to work in the United States. If CONTRACTOR uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONTRACTOR.

19.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

19.3 If applicable, CONTRACTOR acknowledges and understands it must comply with the prevailing wage requirements as set forth in Exhibit “A” attached hereto and incorporated herein by reference, as well as the execution of a Worker’s Compensation Certificate attached hereto as Exhibit “B” and incorporated herein by reference.

20 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

21 ENTIRE AGREEMENT AND AMENDMENTS

21.1 This Contract is the complete Agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

21.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by CONTRACTOR hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

21.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party’s right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

22 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

SIGNATURE AREA

Salvador Mendez
City Manager Pro Tem

SIGNATURE AREA

ADDRESS FOR NOTICE:
CITY OF PALMDALE
39110 3rd Street East, Suite C
Palmdale, CA 93550

APPROVE AS TO FORM:

SIGNATURE AREA

Alexandra Halfman
Acting City Attorney

ATTEST:

SIGNATURE AREA

Roxanne Faber
City Clerk

ECOFERT, INC.:

SIGNATURE AREA

Louis Franson
President

ADDRESS FOR NOTICE:
ECOFERT, INC.
1237 S. Wright Street
Santa Ana, CA 92705

---------- INTERNAL USE ONLY ----------

□Certificate(s) and Endorsement(s) attached
□Confirmed business name on contract with certificate(s)
□Attached Agreement Checklist and met all requirements

EXHIBIT A

Prevailing Wage Requirements

1. This Contract calls for work to be performed constituting public works. Contractor and all subcontractors shall pay the general prevailing rate of per diem wages as determined and as published by the State Director of the Department of Industrial Relations pursuant to Article 2 of Chapter 1 of Part 7, of Division 2 of the State Labor Code, including, but not limited to, Sections 1770, 1771, 1773, 1773.2 and 1774.

2. This is a public work and requires the payment of prevailing wages for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by any subcontractor pursuant to Section 1771 of the Labor Code. Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the City has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed to execute this contract from the Director of the Department of Industrial Relations. These rates are on file with the City or may be obtained at http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm.

Contractor shall post a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates as a minimum. Contractor shall comply with the provisions of Sections 1775, 1776, 1777.5, 1777.6, and 1813 of the Labor Code. Pursuant to the provisions of 1775 of the Labor Code, Contractor shall forfeit to the City, as a penalty, not more than $200.00 for each calendar day, or portion thereof, for each laborer, worker, or mechanic employed, paid less than the stipulated prevailing rates for any work done under this Contract, by him or by any subcontractor under him, in violation of the provisions of this Agreement.

3. Contractors and subcontractors who are ineligible to bid for work on, or be awarded, a public works project pursuant to Labor Code Sections 1777.1 and 1777.7 are prohibited from bidding on, being awarded, or performing work as a subcontractor, on this Project pursuant to Public Contract Code Section 6109.

4. Contractor's attention is directed to the provisions in Sections 1774, 1775, 1776, 1777.5 and 1777.6 of the Labor Code. Contractor shall comply with the provisions in these Sections. The statutory provisions for penalties for failure to comply with the State's wage and hours laws will be enforced. Pursuant to Section 1775 of the Labor Code, the Contractor and any subcontractors, shall, as a penalty to the City forfeit the prescribed amounts per calendar day, or portion thereof, for each worker paid less than the prevailing wage rates.

5. Pursuant to Labor Code Section 1771.4, the Project is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

6. Each Contractor and subcontractor shall furnish the records specified in Labor Code Section 1776 directly to the State Labor Commissioner at least monthly in the format prescribed by the State Labor Commissioner.

7. Sections 1774 and 1775 require the Contractor and all subcontractors to pay not less than the prevailing wage rates to all workmen employed in the execution of the Contract and specify forfeitures and penalties for failure to do so. The minimum wages to be paid are those determined by the State Director of the Department of Industrial Relations. Section 1776 requires the Contractor and all subcontractors to keep accurate payroll records, specifies the contents thereof, their inspection and duplication procedures and certain notices required of the Contractor pertaining to their location.

8. Section 1777.5 of the Labor Code requires Contractor or subcontractor employing workers in any apprenticeable occupation to apply to the Joint Apprenticeship Committee nearest the site of the public works project, which administers the apprenticeship program in that trade for a certificate of approval. The certificate will also fix the ratio of apprentices to journeymen to be used in the performance of the Contract. The Contractor is required to make contributions to funds established for the administration of apprenticeship programs if he employs registered apprentices or journeymen in any apprenticeable trade and if other contractors on the public works site are making such contributions. Information relative to apprenticeship standards, contributions, wage schedules and other requirements may be obtained from the State Director of Industrial Relations or from the Division of Apprenticeship Standards. Section 1777.6 of the Labor Code provides that it shall be unlawful to refuse to accept otherwise qualified employees as registered apprentices solely on the grounds of race, religious creed, color, national origin, ancestry, sex, or age.

9. Eight hours labor constitutes a legal day's work, as set forth in Labor Code Section 1810. The statutory provisions for penalties for failure to comply with the State's wage and hour laws will be enforced as set forth in Labor Code Section 1813.

WORKERS' COMPENSATION INSURANCE CERTIFICATE

Pursuant to Section 1861 of the State Labor Code, and all amendments thereto, each contractor to whom a public works contract has been awarded shall sign the following certificate and shall submit same to the City of Palmdale prior to performing any work on the contract:

> "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of work of this contract."

_____
Contractor

By _____
Print Name

_____
Signature

_____
Title

_____
Date

Section 3700 of the State Labor Code reads as follows:

> "Every employer except the State shall secure the payment of compensation in one or more of the following ways:
>
> (a) By being insured against liability to pay compensation in one or more insurers duly authorized to write compensation insurance in this state.
>
> (b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his employee."

EXHIBIT C
SYSTEM SERVICE SPECIFICATIONS

SYSTEM INSTALLATION AND PROGRAM SERVICE SPECIFICATIONS

Initial Site Analysis

CONTRACTOR shall thoroughly walk a site and obtain client information regarding maintenance, type of usage and watering schedules. Pictures are taken of the landscapes, and notes made of all property conditions needing special attention.

Soil Test

Soil samples are taken from the landscapes and sent to an independent lab for testing. The soil test results help CONTRACTOR to develop the most effective solution for treating the site.

Property Review

CONTRACTOR shall inspect the property to determine water source, type of system, irrigation system components, irrigation controller information and general site conditions. CONTRACTOR shall make notes of any conditions or issues that will potentially affect the operation of the fertigation system to be installed.

System Install Preparation

Using the information gained from the property analysis, CONTRACTOR shall design and fully assemble an injection system specifically for the site.

Locate point of connection

The injection system shall be installed at the points of connection.

Determine Power Source

110-volt power should be available within 5 feet of the injection site. If power isn't available, CONTRACTOR can obtain a proposal from a licensed contractor to run power from the closest source or install a solar powered system.

Type of Injection System

The proper injector and related hardware is based on a number of factors, including the condition of the irrigation system, type of water, and the size and use of the property.

Size of Holding Tanks

The size of the holding tanks are determined by the type and amount of the amendments planned to be applied through the injection system on to the site.

Injection System Installation

CONTRACTOR shall provide all injection system equipment, materials, labor and hardware. The installation is coordinated with the CITY to assure the most effective start of the Program. Depending on the complexity of the connection and the type of equipment needed, the installation can take anywhere from a few hours to several days to complete.

Equipment
CONTRACTOR shall provide all the specialized equipment necessary for the installation. This typically includes an injector, tank, and hardware needed to connect with the irrigation system.

Labor
CONTRACTOR shall utilize specially trained personnel, who can install a properly operating fertigation injection system.

Electrical
There are a wide variety of electrical needs associated with the proper operation of the injector system. If there is 110-volt electrical power within 5 feet of the point of connection, CONTRACTOR shall provide all the necessary electrical hookup. Otherwise, CONTRACTOR shall advise CITY as to necessary steps to bring sufficient power to the point of connection or install a solar powered system.

Test at Conclusion
CONTRACTOR shall test the injection system at the conclusion of the installation to ensure proper operation.

Clean Up
CONTRACTOR shall clean up the installation site to the prior condition.

Life of Program Warranty
CONTRACTOR shall warrant the proper operation of the injector system during the entire time that the Program is in place for the subject site. This warranty includes repair or replacement of all hardware, as well as associated labor costs.

Soil Amendments
The choice of soil amendments is primarily based upon the test results, the type of water and type of use of the property.

Soil Needs
Based on soil test results, the CONTRACTOR shall prescribe a specialized blend of organic based amendments to achieve healthy, sustainable soils.

Type of Landscape
The types of grass and mix of grass to plants/shrubs will have a large effect on what types of soil amendments will be applied.

Property Use
A high-use sports field, most particularly for football, soccer, lacrosse and other cleated sports activities, will require a higher amount and different blend of soil amendments than a casual use park.

Type of Water
There are three types of water typically used for landscapes - potable, reclaimed and well. Reclaimed water is tested to determine what negative effects to landscape and what soil amendments will be needed for healthy soils.

Water Savings
CONTRACTOR's Program includes organic amendments that reduce the need for irrigation water. It is expected to see between 10% to 20% of water savings dependent on the CITY's historical water usage.

Property Service
CONTRACTOR's trained personnel shall service the property at least once a month while the irrigation system is operating.

Monthly Amendment Supply
CONTRACTOR shall provide the appropriate amount of soil amendments based upon the soil analysis.

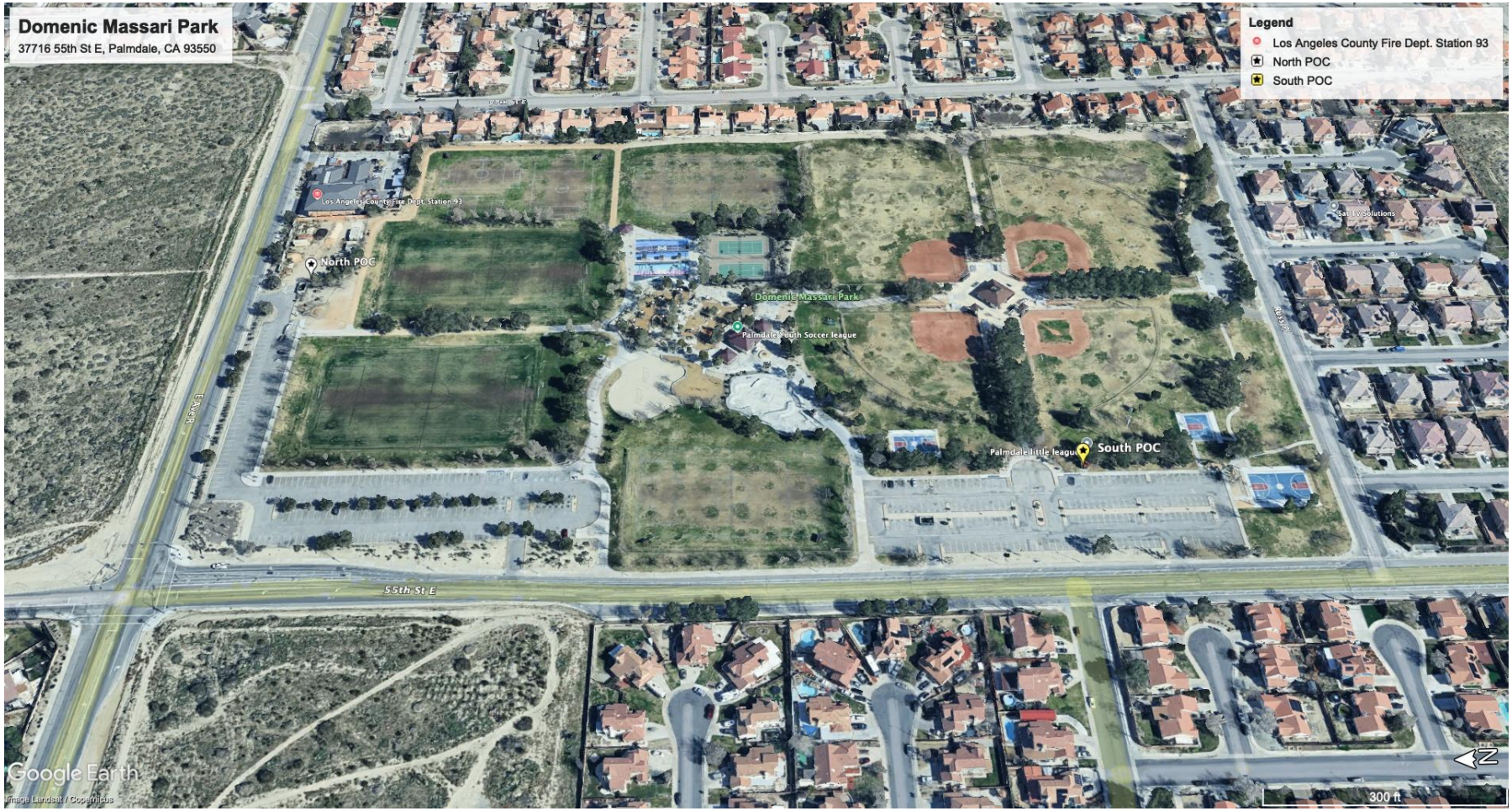
Monthly System Review
CONTRACTOR shall visually inspect the injector system to determine whether there are any malfunctions or irregularities.

Annual Soil Test
At least once a year, CONTRACTOR shall take soil samples for testing by a qualified third-party lab. The results of the soil test are shared with the client and used to establish the protocol of soil amendments for the following 12 months.

Annual Property Report
CONTRACTOR shall prepare an Annual Report for each property serviced with the CONTRACTOR Program. The Annual Report shall include the soil test results, a summary of both site observations and system operation, as well as the CONTRACTOR's landscape care recommendations to enhance the health of the property.

EXHIBIT X
PARK SITE MAPS

Domenic Massari Park



Pelona Vista Park

Marie Kerr Park

Sam Yellen Park

EXHIBIT E
FEE SCHEDULE

			System Installation	Service Program ($85.00/acre)	
I.	**Fertigation Systems**	**Acres**	**Cost**	**Monthly Cost**	**Annual Cost**
A.	**Domenic Massari Park**				
1	North POC	12.61	$ 34,350.00	$ 1,071.85	$ 12,862.20
2	South POC	9.94	$ 34,350.00	$ 844.90	$ 10,138.80
		22.55	**$ 68,700.00**	**$ 1,916.75**	**$ 23,001.00**
B.	**Pelona Vista Park**				
3	North POC	14.15	$ 31,050.00	$ 1,202.75	$ 14,433.00
4	South POC	10.08	$ 34,050.00	$ 856.80	$ 10,281.60
		24.23	**$ 65,100.00**	**$ 2,059.55**	**$ 24,714.60**
C.	**Marie Kerr Park**				
5	POC 1 Amphitheater/Women's Fields	9.00	$ 31,375.00	$ 765.00	$ 9,180.00
6	POC 2 Rec Center/ Men's Fields	12.06	$ 31,375.00	$ 1,025.10	$ 12,301.20
7	POC 3 Old Kerr	9.71	$ 40,500.00	$ 825.35	$ 9,904.20
		30.77	**$ 103,250.00**	**$ 2,615.45**	**$ 31,385.40**
D.	**Sam Yellen Park**				
8	POC 1	6.40	$ -	$ 544.00	$ 6,528.00
		6.40	**$ -**	**$ 544.00**	**$ 6,528.00**
	Totals:	**83.95**	**$ 237,050.00**	**$ 7,135.75**	**$ 85,629.00**
				3-Year Service Program:	**$ 256,887.00**

II.	**Other/Miscellaneous Fees**	**Cost**
9	Additional Administrative Fees	$ 10,000.00

III.	**Labor Rates - C-27 Landscaping Contractor**	**UOM**	**Rate**
10	Supervisor	Hourly	$ 85.00
11	Journeyman	Hourly	$ 65.00
12	Apprentice Journeyman	Hourly	n/a

GUARANTY

In accordance with the terms of the Contract between City of Palmdale, ("City") and the undersigned, under which contract the undersigned shall complete work as described in the Contract documents, the following guarantee of said work is hereby made.

Should any of the items installed pursuant to said Contract, prove defective or should the item as a whole prove defective, due to faulty workmanship, material furnished or methods of installation, or should the said item or any part thereof fail to operate properly, as planned, due to any of the above causes, all within one (1) year after date on which the work is accepted by the City, the undersigned agrees that the repairs shall be made and such materials as are necessary shall be furnished and installed within thirty (30) days after the receipt of demand from the City. In the event repairs are not made within thirty (30) days, the City shall have the unqualified option to make any needed repairs or replacements itself or by any other Contractor. The undersigned agrees to reimburse the City, upon demand, of its expenses incurred in restoring said items to the condition contemplated in said contract, including the cost of any equipment or materials replaced, or upon demand by the City, to replace any such equipment and repair said items completely without cost to the City so that they will operate successfully as originally contemplated.

Emergency repairs must necessarily be made by the City; therefore, when defective material or workmanship results in emergency repairs, the undersigned agrees to reimburse the City, upon demand, expenses incurred.

Said items will be deemed defective within the meaning of this Guaranty in the event that they fail to operate as originally intended thereof and in accordance with the plans and specifications included in said contract. The Faithful Performance Bond for this project shall remain in full force and effect for the entire guarantee period as required in the specifications and contract documents.

_____

Signature Date

Appendix E
City of Palmdale
Fertigation System POC Survey Form

For Use by Respondents

*This form must be completed for **each POC** surveyed and submitted as part of the respondent's proposal package. Signature required at end of document.*

Date of Site Visit: _____
Respondent/Contractor: _____
Representative Name: _____
Contact Information: Phone: _____ Email: _____

1. GENERAL SITE INFORMATION

Park Name: _____
POC Location Description: _____
POC Type: ☐ Irrigation Mainline ☐ Booster Pump ☐ Other: _____

2. WATER SUPPLY DETAILS

Water Source: ☐ Potable ☐ Reclaimed ☐ Well ☐ Other: _____
Water Pressure at POC (PSI): _____
Pipe Material: ☐ PVC ☐ Ductile Iron ☐ HDPE ☐ Other: _____
Pipe Size (inches): ☐ 2" ☐ 3" ☐ 4" ☐ 6" ☐ Other: _____
Irrigation Booster Pump Present? ☐ Yes ☐ No
If yes, **Pump Manufacturer & Model:** _____
Pump Capacity (GPM): _____
Pump Horsepower (HP): _____
Pump Voltage: ☐ 110V ☐ 220V ☐ 480V ☐ Other: _____
Pump Condition: ☐ Very Good ☐ Good ☐ Poor

3. IRRIGATION CONTROL TYPE: _____

Master Valve: ☐ Yes ☐ No If yes, size: ☐ 2" ☐ 3" ☐ 4" ☐ 6"
Flow Sensor Type: ☐ Paddlewheel ☐ Magnetic ☐ Ultrasonic ☐ Other ☐ None
Communication to Central: ☐ Hardwired ☐ Wireless ☐ Radio ☐ None
Irrigation Controllers:

☐ **A**	Stations:	_____	☐ Turf	☐ Shrubs	☐ Trees	Irrigated Acreage: _____
☐ **B**	Stations:	_____	☐ Turf	☐ Shrubs	☐ Trees	Irrigated Acreage: _____
☐ **C**	Stations:	_____	☐ Turf	☐ Shrubs	☐ Trees	Irrigated Acreage: _____
☐ **D**	Stations:	_____	☐ Turf	☐ Shrubs	☐ Trees	Irrigated Acreage: _____
☐ **E**	Stations:	_____	☐ Turf	☐ Shrubs	☐ Trees	Irrigated Acreage: _____
☐ **F**	Stations:	_____	☐ Turf	☐ Shrubs	☐ Trees	Irrigated Acreage: _____

4. SITE CONDITIONS, SECURITY & ACCESS

POC Enclosure Type: ☐ Pump House ☐ Enclosure ☐ Above-Ground Cabinet ☐ None
Space Available for Equipment? ☐ Sufficient ☐ Limited ☐ Other: _____
Security Considerations: ☐ High-Risk Area ☐ Moderate ☐ Low
Service Access: ☐ Sufficient ☐ Limited ☐ Other: _____

5. ELECTRICAL

Existing Electrical Supply? ☐ Yes ☐ No
If yes, **Voltage Available:** ☐ 110V ☐ 220V ☐ Other: _____
If no, **Solar Power Required?** ☐ Yes ☐ No
Distance to Nearest Power Source (Feet): _____

6. OTHER OBSERVATIONS & REQUIREMENTS

Any Special Site Conditions Noted? _____
Potential Obstacles for Installation? ☐ Utility Conflicts ☐ Restricted Access ☐ Other
If Other (specify): _____
Additional Comments: _____

_____
_____
_____
_____
_____
_____

POC-Fertigation System Layout:

Bidder's Signature: _____ **Date:** _____

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2025-042, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE APPLICATION FOR LOCAL STREETS AND ROADS FUNDS AUTHORIZED UNDER ARTICLE 8 OF THE TRANSPORTATION DEVELOPMENT ACT**

RECOMMENDATION

Staff recommend that the City Council:

1. Adopt Resolution No. CC 2025-042, a Resolution of the City Council of the City of Palmdale, approving the application for Local Streets and Roads Funds authorized under Article 8 of the Transportation Development; and,

2. Authorize the City Manager Pro Tem as the City's authorized signer and designated contact person for allocation of Transportation Development Act (TDA) funds for street and road improvements.

BACKGROUND

Transportation Development Act (TDA) Article 8 funds are intended to fund unmet transit needs in areas outside the Los Angeles County Metropolitan Transportation Authority (Metro) service area, i.e., North Los Angeles County and Santa Catalina Island. However, if there are no unmet transit needs in these areas that are reasonable to meet, the Article 8 funds can be used for street and road expenditures.

DISCUSSION

Each year, a public hearing is required to determine if unmet transit needs can be addressed using Article 8 Transportation Development Act (TDA) funds. The City of Palmdale meets its transit needs through an agreement with the Antelope Valley Transit

Authority (AVTA). Therefore, TDA funds will be used for minor street and road improvements.

Article 8 claims are submitted by Palmdale, other North L.A. County cities, and the County for areas outside the Metro service area. When using Article 8 funds for streets and roads, the State Controller's Gas Tax Guidelines (Sections 100–400) apply.

Metro adopted the FY 2024–25 TDA Article 8 allocations on June 20, 2024. To receive the funds, the City must submit claim forms and an approved resolution by June 30, 2025. Staff recommend that the City Council approve Resolution No. CC 2025-042 to apply for the funds.

FISCAL IMPACT

$10,039,029; Annual allocation of TDA Article 8 revenue for FY 2024-25 is budgeted and will be used for Street Maintenance and Traffic Signal Operations, GIS Operations, and local streets and roads projects. The total expenditures/encumbered amounts for FY 24-25 are $8,647,054 and the remaining funds of $1,391,975 will be placed on reserve to be used for future streets and roads projects. To ensure that TDA funds are spent in a timely manner and that interest earned on these funds are accrued, allocated, and expended consistently with the original allocations, local jurisdictions can claim, each year, only the funds needed for expenditures charged within the fiscal year.

Los Angeles County Metropolitan Authority (LACMTA) has a policy that all allocation funds claimed and received must be spent or encumbered through August each year. Any unencumbered funds remaining in local jurisdictions' accounts on June 30 of the fiscal year must be returned to Metro for placement on reserve and future drawdown by the jurisdiction.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Leonardo Torres, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Reso. No. CC 2025-042
Atch 1 TDA Claim Forms FY 2025

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-042

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, APPROVING THE APPLICATION FOR LOCAL STREETS AND ROADS FUNDS AUTHORIZED UNDER ARTICLE 8 OF THE TRANSPORTATION DEVELOPMENT ACT

WHEREAS, Article 8 of the Transportation Development Act provides that cities can use eligible funds of the County's Local Transportation Fund for local streets and road expenditures when the City's unmet transportation needs have been satisfied; and

WHEREAS*,* the City of Palmdale has met its unmet public transportation needs through an agreement with Antelope Valley Transit Authority to provide public transportation in the City of Palmdale; and

WHEREAS*,* the City of Palmdale desires to use its portion of its allocation of Transportation Development Act funds for street and road improvements.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. To authorize the Director of Public Works as the City's authorized signer and designated contact person.

SECTION 2. To apply for all funds available to the City of Palmdale allocated for street and road improvements.

SECTION 3. The City Clerk shall certify the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 3rd day of June , 2025 .

_____
Richard J. Loa, Mayor

APPROVED AS TO FORM:

_____
Alexandra Halfman,
Acting City Attorney

ATTEST:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 3rd^{t} day of June , 2025 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

FY 2024-25 TDA ARTICLE 8 (PUC 99400) CLAIM FORM

PART I

Joyce Workman — 661-267-5423

CONTACT PERSON — PHONE

City of Palmdale

CLAIMANT/PAYMENT RECIPIENT

ADDRESS

38250 Sierra Highway

Palmdale, CA 93551

Finance Department — Janelle Samson — Director of Operations

SEND CHECK ATTENTION TO — (NAME AND TITLE)

PART II

REQUEST FOR DISBURSEMENT AND RESERVES:	AMOUNT
Disbursement from FY 2024-25 Allocation	$ 2,274,745
Disbursement from Prior-Year Reserves	$ 1,141,136
TOTAL DISBURSEMENT REQUESTED	$ 3,415,881
Reserve for Future Disbursement	$ 7,764,284

CONDITION OF APPROVAL: Approval of this claim and payment by the County Auditor to this claimant are subject to monies being available and to the provisions that such monies will be used only in accordance with the terms and conditions set forth by this claim and Metro allocation instructions.

AUTHORIZED SIGNATURE

Lee Torres, P.E.

Print Name and Title

5/19/2025

Date

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

TDA ARTICLE 8

PART III

FY 2024-25 STATEMENT OF REVENUE AND EXPENSES

CLAIMANT: City of Palmdale

TDA ARTICLE 8 REVENUES & EXPENSES OF CLAIMANT

		FY 2023-24 Estimated	FY 2024-25 Proposed
Beginning Year Balance	1)	2,720,834	6,372,309
Revenue:			
Disbursements: Allocations and Draw-downs	2)	11,536,136	10,039,029
Interest	3)	-0-	-0-
TOTAL REVENUE (sum of lines 2 & 3)	4)	11,536,136	10,039,029
Expenditures:			
Funds returned to County Auditor	5)	-0-	-0-
Expenditures: Construction, Maintenance, and Operations expenditures	6)	7,884,661	8,647,054
TOTAL EXPENDITURES (sum of lines 5,6)	7)	7,884,661	8,647,054
End of Year Balance: (Line 1 plus line 4, minus line 7)	8)	6,372,309	7,764,284

I certify that the information on this financial reporting form accurately and to the best of my knowledge reflects revenues, expenditures, and balances of TDA Article 8 funds held by the city I represent.

Signature of Chief Administrative Officer, Chief Financial Officer, or approved designee:

5/19/2025
Date

By: Title Director of Public Works

Name Lee Torres, P.E.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

TDA ARTICLE 8

PART IV

PROJECT INFORMATION FORM

(For **current year** streets and roads and transit capital projects)

Claimant: City of Palmdale

PROJECT NUMBER	ACCOUNT NUMBER	DESCRIPTION	FY 24-25 ACTUAL	ENCUMBERED	TOTAL TDA AMOUNT	COMPLETION
24-001	2071500	Yr-End Transfer to GF	0.00	0.00	**0.00**	6/30/25
24-002	20716001	GIS Information Technology	114,214.63	14,929.91	**129,144.54**	6/30/25
24-003	20732003	Traffic Signal Maintenance	1,130,203.07	140,139.72	**1,270,342.79**	6/30/25
24-004	20732004	Traffic Engineering	337,883.21	51,179.04	**389,062.25**	6/30/25
24-005	20733001	Street Maintenance	3,518,927.48	237,933.11	**3,756,860.59**	6/30/25
24-006	G0007207	Pavement Management	139,131.00	55,821.80	**194,952.80**	6/30/25
24-007	S0025207	Street Resurfacing Program	2,381,930.95	200,270.05	**2,582,201.00**	6/30/25
24-008	S0058207	Ave R Complete Streets	183,706.60	140,783.40	**324,490.00**	6/30/25
24-009	S0062207	County Pavement Projects	0.00	0.00	**0.00**	6/30/25
		TOTAL	**7,805,997**	**841,057**	**8,647,054**	

* Note with an asterisk any projects that are being carried over from a prior year allocation.

PART V

RESERVE PROJECT INFORMATION

(For **future year** streets and roads or transit capital projects only)

PROJECT DESCRIPTION	ANTICIPATED YEAR OF USE	TDA AMOUNT
VARIOUS CIP PROJECTS	FY 26-27	$7,764,284

TOTAL $7,764,284

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

PART VI TRANSIT ASSURANCES
(For current year transit operations only)

Claimant: City of Palmdale Fiscal Year: FY 2024-25

PLEASE INITIAL ALL APPLICABLE PARAGRAPHS PURSUANT TO WHICH THE CLAIM IS BEING SUBMITTED.

Initial

1. **90-DAY ANNUAL REPORT (STATE CONTROLLER'S REPORT)** _____

Claimant certifies that is has submitted a State Controller's Report in conformance with the Uniform System of Accounts and Records, to SCAG, METRO, and the State Controller, pursuant to PUC Section 99243, for the prior year (project year minus two). Claimant assures that this report will be completed for the current fiscal year (Project year minus one), and submitted no later than 90 days after the close of the fiscal year.

2. **REVENUE RATIOS FOR NEWER URBANIZED AREA OPERATORS** _____

Claimant filing a claim pursuant to PUC Section 99268.3 certifies that it will maintain for the project year at least that ration of fare revenues and local support to operating cost which was maintained during FY 1978-79 if that ratio was greater than 20 percent; claimant further assures, for the project year, that is reasonably anticipates achieving a ratio of fare revenues to operating cost equal to or greater than 20 percent for the project year.

3. **REVENUE RATIOS FOR NEWER NON-URBANIZED AREA OPERATORS** _____

Claimant filing a claim pursuant to PUC Section 99268.4 certifies that it will maintain for the project year at least that ration of fare revenues and local support to operating cost which was maintained during FY 1978-79 if that ratio was greater than 10 percent; claimant further assures, for the project year, that is reasonably anticipates achieving a ratio of fare revenues to operating cost equal to or greater than 10 percent.

4. **REVENUE RATIOS FOR EXCLUSIVE SERVICES TO ELDERLY AND HANDICAPPED** _____

Claimant filing a claim pursuant to PUC Section 99268.5 certifies that, for the purpose of the claim, it provides services using vehicles for the exclusive use of elderly and handicapped persons.

Initial

5. **CHP CERTIFICATION** _____

Claimant filing a claim for Local Transportation Funds has included in the claim a certification completed within the last 13 months by the California Highway Patrol indicating compliance with Vehicle Code Section 1808.1, indicating that the operator has participated in a "pull notice system" to examine driver's records, as specified in PUC Sec. 99251.

6. **REDUCED TRANSIT FARES** _____

Claimants of TDA funds who offer reduced fares to senior citizens certify that: (a) The Federal Medicare Identification Card is sufficient identification to receive senior citizen reduced fares is such fares are available; and (b) A disabled person or disabled veteran identification card issued pursuant to subdivision (d) of Vehicle Code Sections 22511.5 or 2511.9 (whichever is applicable) is sufficient identification to receive disabled person reduced fares if such reduced fares are available.

City of Palmdale
(Legal name of Applicant/Claimant)

(Authorizing Signature/Date)

Lee Torres, P.E.
Director of Public Works
(Print Name & Title)

AMENDMENT REQUEST AND YEAR-END RESERVE FORM *

CONTACT PERSON: Joyce Workman, Sr. Management Analyst

PHONE: 661-267-5423

CLAIMANT/DISBURSEMENT RECIPIENT: _____

ADDRESS: 38250 Sierra Highway

Palmdale, CA 93550

AMENDMENT REQUEST:

The (agency's name) _____ wishes to amend its Transportation Development Act, Article 8 Program in the following manner:

___ Reallocate $_____ of FY _____ TDA Article 8 funds from the ___ project(s) to the _____project(s). Project information form is attached for the new project(s).

___ Reallocate $____ of unexpended carryover funds from all previous project(s) to the _____ project(s). Project information form is attached for the new project(s).

___ Revise the _____ project description, cost, or limits as shown on the attached project information form.

X Other: request $7,764,284 of FY 24-25 allocation be put on reserve. Funds will be expended in future FY 25-26

* Use this form: 1) to amend a claim submitted earlier in the current fiscal year, and/or 2) to return unused funds at the end of the fiscal year.

MINUTES
CITY COUNCIL
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
MAY 22, 2025
5:00 PM

1) CALL MEETING TO ORDER

Mayor Loa called the meeting to order at 5:00 pm.

Note: All City Council memberships are reflected in their City Council titles.

2) ROLL CALL MAYOR LOA, MAYOR PRO TEM BETTENCOURT, COUNCILMEMBERS BISHOP, OHLSEN, ALARCÓN

PRESENT: Richard J. Loa, Laura Bettencourt, Austin Bishop, Eric Ohlsen, Andrea Alarcón.
ABSENT: None.

3) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

Mayor Pro Tern Bettencourt led the Pledge of Allegiance.

4) PUBLIC COMMENTS

Mayor Loa requested that the public comment period be waived as no one was in attendance. Council agreed unanimously.

5) PRESENTATION BY CITY ATTORNEY

5.1) Public Employee Contract Review, Govt. Code§ 54957(b)(1)
City Manager's Employment Agreement

5.2) Conference with Legal Counsel - Existing Litigation
Andrea Alarcón v. City of Palmdale
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

Acting City Attorney Halfman confirmed Items 5.1 and 5.2 would be heard as listed and informed Councilmember Alarcón that she would be required to recuse herself from Item 5.2.

Councilmember Alarcón stated for the record that she would be recusing herself from Item 5.2.

6) ANNOUNCEMENT BY CITY ATTORNEY

Closed Session was held from 5:02 pm - 6:57 pm.

Acting City Attorney Halfman announced the following.

5.1 City Manager's Employment Agreement

1) Council unanimously voted that there would be no extension of the City Manager's Contract beyond its expiration date of January 18, 2026.

2) Council directed the Deputy Director of Human Resources to provide notice that the City mutually agreed not to extend the City Manager's Contract.

3) Council directed the Deputy Director of Human Resources to finalize the transition and severance agreement.

4) There will be a subcommittee consisting of Councilmember Bishop and Councilmember Alarcón to approve the final agreement.

The City will issue its formal comment on Friday, May 23, 2025.

5.2 Andrea Alarcón v. City of Palmdale

There was no reportable action.

Mayor Loa thanked the negotiating team regarding Item 5.1.

7) ADJOURNMENT

Mayor Loa adjourned the meeting at 7:00 pm.

PASSED, APPROVED, and ADOPTED this 3rd day of June 2025.

_____
Richard J. Loa, Mayor

ATTEST:

_____
Rochelle Scott, City Clerk

MINUTES
CITY COUNCIL/SA/HA/IDA/PAA/PCA/PFA
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
MAY 21, 2025
5:00 PM

1) CALL MEETING TO ORDER

Mayor Loa called the meeting to order at 5:02 pm.

Note: All City Council memberships are reflected in their City Council titles.

2) ROLL CALL MAYOR LOA, MAYOR PRO TEM BETTENCOURT, COUNCILMEMBERS BISHOP, OHLSEN, ALARCÓN, COMMISSIONERS FRAGA- SAENZ, BETTS

PRESENT: Richard J. Loa, Laura Bettencourt, Austin Bishop, Eric Ohlsen, Andrea Alarcón, Christina Fraga-Saenz, Dianne Betts.
ABSENT: None.

Mayor Pro Tern Bettencourt participated via Zoom from Holiday Inn Express, 2300 West Coast Highway, Newport Beach, CA 92663.

3) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

Councilmember Alarcón led the Pledge of Allegiance. Mayor Loa announced the meeting would be adjourned in honor of Allison Gatlan and Tom Lapworth.

4) PRESENTATIONS

4.1) Announcement of the 2025 Tom Hilzendeger Veteran of the Year.

Mayor Loa announced Jeff Collins as the 2025 Tom Hilzendeger Veteran of the Year. Mr. Collins was presented with a commendation and a sash.

Representatives from Congressman Whitesides', Senator Valladares', Assemblyman Carrillo's, Assemblyman Lackey's, and Supervisor Barger's offices made presentations to Mr. Collins.

Mr. Collins delivered a speech to the audience and expressed his gratitude to the representatives for their acknowledgment.

5) PUBLIC COMMENTS

None.

Mayor Loa pulled item 6.3 and requested to continue it to the June 3 meeting.

Motion: Continue item 6.3 to the June 3, 2025, meeting.
Moved by Richard J. Loa, seconded by Eric Ohlsen

Vote: Motion carried (5-0)
Yes: Richard J. Loa, Laura Bettencourt, Austin Bishop, Eric Ohlsen, Andrea Alarcón.

6) CONSENT CALENDAR

6.1) Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This allows for reading the title only in lieu of reciting the entire text.)

6.2) Adopt Resolution No. CC 2025-040, a Resolution of the City Council of the City of Palmdale to accept the Los Angeles County Affordable Housing Solutions Agency (LACAHSA) Measure A Funds.

6.3) Award and approve agreement with Hathaway-Sycamores Child and Family Services for transitional mental health services in an amount not to exceed $2,175,000 for a term of 24 months for the period of July 1, 2025, through June 30, 2027.

6.4) Approve the minutes from the previous meeting.

Motion: Approve all items listed under the Consent Calendar except for item 6.3.
Moved by Andrea Alarcón, seconded by Eric Ohlsen.

Vote: Motion carried (5-0)
Yes: Richard J. Loa, Laura Bettencourt, Austin Bishop, Eric Ohlsen, Andrea Alarcón.

7) NEW BUSINESS JOINT BUDGET PRESENTATION CC/SA/HA/IDA/PAA/PCA/PFA

7.1) Presentation of City of Palmdale Draft Budget for Fiscal Year 2025-26.

Operations Director Samson provided a detailed presentation on the draft budget for Fiscal Year 2025-26.

The following individuals provided public comments: David Harris and Chuck Murphy spoke in support of the draft budget.

Councilmember Alarcón spoke in support of the draft budget. She also discussed the investment in McAdam Park, growing the community program over time to incorporate an additional type of community program to offset the Safe and Sane fireworks money that the community organizations benefit from. Additionally, she requested line-item detail for what is included in Measure AV, and, in the future, Measure PD.

Councilmember Ohlsen thanked staff for the budget presentation and the video on sales tax. He discussed the $1M allocated to community groups and

suggested providing more funding to the veterans. He also expressed excitement for the newly approved positions for the Community Preservation team.

Councilmember Bishop thanked the Finance Division for their work. He discussed the expenses related to the DryTown Water Park slide and requested that funding be allocated to rebuild the Chimbole Cultural Center.

Commissioner Fraga-Saenz and Betts noted they were glad to see some of the housing projects coming into fruition.

Mayor Loa thanked the Finance Division and acknowledged the national recognition year after year.

Councilmember Alarcón asked Director of Operations Samson to outline the process for adopting the budget and the various opportunities for the public to participate. Director of Operations Samson outlined the process. Councilmember Alarcón recommended a media post.

Mayor Loa discussed the public support for Measure AV and Measure PD and agreed that public participation is important for the budget.

8) CITY MANAGER'S REPORT

City Manager Pro Tern Mendez provided an update on several upcoming events, including the Field of Honor opening ceremony to honor veterans, the Memorial Day Ceremony on May 26, the opening of DryTown Water Park on May 24, the weekly Farmer's Market held on Fridays, and the West Coast Classical performances scheduled for May 30th and 31st at the Palmdale Playhouse.

9) SHERIFF'S REPORT

Captain Bardon provided an update on response times for routine calls, service calls, the Public Safety partnership, Part 1 crimes, arrests, graffiti-related arrests, traffic enforcement and collision prevention efforts, and traffic citations. He also reported that the Interfaith Prayer Breakfast held on May 9 was a success and noted plans to hold quarterly meetings with faith-based organizations to enhance information sharing. Additionally, Captain Bardon presented a report to the Council detailing the number of fireworks-related incidents in 2024.

Councilmember Alarcón thanked Captain Bardon for the updates and inquired about fentanyl-related deaths. Captain Bardon provided an update.

Councilmember Bishop expressed appreciation to the deputies for their efforts in keeping the community safe

Councilmember Ohlsen extended condolences to the Sheriff's Department on the passing of the 21-year-old deputy, Daniel V. Chavira. Captain Bardon spoke about the impact the loss has had on the family members serving at the Palmdale and Lancaster stations.

Mayor Loa inquired about the breakdown of fires caused by fireworks, specifically distinguishing between illegal fireworks and Safe and Sane fireworks. Assistant Fire Chief Ghorbani responded that he would provide a detailed report on fireworks-related fires. Mayor Loa requested that this information be presented at the next City Council meeting.

10) NON-AGENDA PUBLIC COMMENTS:

The following individuals provided public comments: Eugene Hernandez spoke about attending the Sheriff's Department meetings that clarified the roles of Immigration and Customs Enforcement agents versus Sheriff's deputies, suicides within the Sheriff's department, Los Angeles County Supervisor settling the contract with the Department of Public Social Services, and the incentives available to filmmakers through the film incentive program; Yule Gevargis spoke on matters related to low-income housing on the west side, concerns at Cheseboro Road and Avenue T-8, the Palmdale Water District and access to potable water, and expressed support for Oscar Martinez as a candidate for Los Angeles County Sheriff.

Mayor Pro Tem Bettencourt disconnected from the Zoom meeting at 6:35 pm

11) COUNCIL REPORTS, ANNOUNCEMENTS, AND REQUESTS FOR FUTURE AGENDA ITEMS

Councilmember Ohlsen expressed concerns about permitting Safe and Sane fireworks in Palmdale and requested that the matter be brought back to the City Council for discussion.

Mayor Loa requested that the discussion for the elected mayor be brought back to the City Council.

12) ADJOURNMENT

Mayor Loa adjourned the meeting at 6:44 pm, in honor of Allison Gatlan and Tom Lapworth, to June 3, 2025, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 3rd day of June 2025.

_____
Richard J. Loa, Mayor

ATTEST:

_____
Rochelle Scott, City Clerk

City Council Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER DEPARTMENT**
CITY CLERK DIVISION

DISTRICT: **ALL**

SUBJECT: **APPOINT ONE (1) MEMBER TO THE BOARD OF LIBRARY TRUSTEES**

RECOMMENDATION

Staff recommend that the City Council:

Appoint one (1) member to the Board of Library Trustees for a term to expire on April 30, 2028.

District 2	District 5
John Cariaga	Elizabeth Henriquez
David Gee	

BACKGROUND

The Board of Library Trustees is comprised of five (5) members who are nominated and appointed according to Palmdale Municipal Code (PMC) Section 2.32.020. The Mayor appoints the Trustees with the majority approval of the City Council. Trustees serve a three-year term and must reside in the City of Palmdale.

DISCUSSION

Trustee Henkin's term expires on June 30, 2025. Recruitment was open from April 3, 2025, through April 24, 2025, and was advertised on the City's social media platforms and website.

Three applications were received that met the following qualifications: applicants must be Palmdale residents, demonstrate an interest in the City Library, and be able to attend regular meetings.

FISCAL IMPACT

$3,000; Board Trustees receive $100 per meeting, and the Chair receives $150. Funds are budgeted in Account No. 10118001. Board meetings are held monthly on the second Wednesday.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

C. Involve and expand engagement to enhance public oversight and transparency.

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

B. Provide inclusive access to a variety of supportive services that build a resilient and healthy community.

Prepared by:	Rochelle Scott, City Clerk
Certified as to availability of Funds	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Apps Redacted

From: noreply@civicplus.com
To: City Clerk
Subject: [EXTERNAL] Online Form Submittal: Library Board of Trustees Application
Date: Tuesday, April 29, 2025 2:29:22 AM

CAUTION: This email originated from outside of the organization.

Library Board of Trustees Application

Library Board of Trustees Application
The City of Palmdale is an equal opportunity employer and does not discriminate in hiring or employment upon any basis prohibited by law, including race, color, creed, religion, age, sex (including pregnancy, childbirth and related medical conditions), cancer, national origin, genetic characteristics, genetic information, ancestry, sexual orientation, gender, gender identity, gender expression, marital status, veteran status, disability, or any other basis protected by applicable law. None of the questions or information sought in this application are intended to discriminate based upon any status protected by law. If you need reasonable accommodation in completing this application, or in any other part of the application process, please contact the City Clerk's Office at 661-267-5151.

Library Board Information:

Name	John Cariaga	District 2
Email Address	[redacted]	
Address	[redacted]	
City	Palmdale	
Zip Code	[redacted]	
Home Number	[redacted]	
Occupation	n/a	
Business Phone	*Field not completed.*	
Why are you interested in this position?	I've been involved in student leadership and advocacy for a few years now, and I've seen how access to resources like libraries can really shape a community. I'm interested in serving on the board because I care about making sure everyone in Palmdale has a place to learn, connect, and grow.	
	Yes.	

How have you used libraries in the past?	
Considering your previous experience and activities in business, labor, professional, social or other organizations, indicate what you feel are the most important experiences and abilities that qualify you for this position.	I've served in student government roles at both the local and state levels, including work with the Student Senate for California Community Colleges. My experience includes public outreach, communications, and working closely with campus administrators and community leaders. These roles have helped me develop a strong understanding of governance, public service, and how to make programs more inclusive and accessible—skills I believe would benefit the Library Board.
Have you had previous public service experience on a commission or public body?	Yes
Indicate the public agency, title of position, and duties.	Student Senate for California Community College, Communications Officer VI. Duties included managing regional communications, creating newsletters and outreach content, promoting student events, coordinating with local college leaders, and amplifying student voices through digital platforms. Also responsible for maintaining transparency, supporting advocacy efforts, and strengthening student engagement across California's community colleges.
What do you hope to accomplish as a Library Trustee?	I hope to help expand library programming, support youth and underserved communities, and make sure the library continues to grow as a welcoming, inclusive space. I want to bring fresh ideas and advocate for better access to resources that meet the evolving needs of our city.
In your opinion, what is the goal of the Library Board of Trustees and what benefit does it provide to the City of Palmdale?	The Board of Trustees helps guide the library's mission, budget, and services to reflect the needs of the community. It ensures accountability, promotes transparency, and helps the library stay responsive to the city's educational, cultural, and informational needs. Their work keeps the library a trusted public space for everyone in Palmdale.
List your education, highest year completed, and degrees, if any?	AA-T Psychology, Antelope Valley College.
Volunteer Information:	

REASONABLE ACCOMMODATIONS:	No
Please list all other languages you know.	
Language	Filipino
Language Skills	Speak, Read, Write
Language	*Field not completed.*
Language Skills	*Field not completed.*
Specialized training/skills:	The Brown Act, Parliamentary Procedure.
Computer Skills:	Word , Excel, PowerPoint
Is any or all of your volunteer time to be credited toward a project, certification or degree program for a school, community organization or religious program?	No
Please list	*Field not completed.*
Previous Volunteer/ Work Experience as it relates to your volunteer interests:	*Field not completed.*
In Case of Emergency:	
Whom should we notify?	
Name	Vilma Gresham
Relationship to Applicant	Mother
Work Phone	[redacted]
Physician's Name:	n/a
Phone:	*Field not completed.*
Do you have any	n/a

medical history that we should be aware of in the event of an emergency? (Allergies, medications, etc.)

AUTHORIZATION AND RELEASE

knowledge. I hereby authorize the City of Palmdale to investigate any information contained in this application. I understand that as part of the final selection process I will be required to pass a Livescan fingerprint scan submission via the California Department of Justice. I understand that information collected during this background check will be limited to that appropriate to determining my suitability for particular types of volunteer work and that such information collected during the check will be kept confidential. I understand that false or misleading statements shall be sufficient grounds for disqualification from the City's Volunteer Program. Further, I understand that as a volunteer, I am offering my services of my own free will without any expectation of compensation, benefits, or insurance of any kind (unless otherwise noted).

I voluntarily agree to participate in this program. I hereby waive, release, and hold harmless from any liability or claims for damages for personal injury, including death, as well as from claims for property damage which may arise in connection with the above-named activity, against the supervisor, the City of Palmdale and its elected and appointed officials, agents, and employees.

I hereby agree to the Authorization and Release set forth on this day.	4/29/2025
Signature	John Cariaga
If you wish, you may attach a copy of your resume to this application.	[redacted]

Interested individuals may apply online at https://www.cityofpalmdaleca.gov/363/Board-ofLibrary-Trustees. A hard copy may be e-mailed to cityclerkdepartment@cityofpalmdaleca.gov,

hand delivered or mailed directly to the Office of the City Clerk at 38300 Sierra Hwy., Ste. C, Palmdale, CA 93550.

Email not displaying correctly? View it in your browser.

John L. Cariaga

[redacted]

KEY STRENGTHS:

- Public Speaking.
- Social Media Management.
- Marketing.
- Conflict Resolution.
- Strategic Planning.

EDUCATION:

High School Graduate, **AIRTOP Computer School**
Ilocos Sur, Philippines

Associate in Art for Transfer in Psychology, **Antelope Valley College**
Lancaster, California

AWARDS:

- High Honors Certificate.
- Gold Medal, Best In Research.
- Gold Medal, Filipino & English Writing.
- ASB Student Trustee Certificate.
- ASB Junior Vice President Certificate.
- ASB Senior President Certificate.
- Student Leadership Institute Certificate 2x.
- ASO Executive Board Certificate.

CAREER OBJECTIVE

A solutions-oriented leader with demonstrated experience in student-advocacy, communications, and academic affairs, seeking a dynamic role to leverage expertise in leadership, collaboration, and public relations to drive organizational success. Dedicated to contributing to impactful initiatives, fostering innovation, and promoting continuous growth while maintaining a strong commitment to integrity and excellence.

EXPERIENCE

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES - Sacramento, CA.

Communications Officer VI, June 2024 - Present

The role focuses on facilitating effective communication across the 10 regions that encompasses 116 community colleges throughout California.
Key responsibilities and accomplishments include:

- **Managing Strategic Communication Initiatives:** As Vice Chair of the SSCCC Communications Committee, ensuring timely completion of tasks across regions.
- **Enhancing Digital Presence:** Increased engagement on SSCCC's social media throughout targeted campaigns and consistent updates.
- **Facilitating Information Dissemination:** Organized tabling events to provide clear information about SSCCC to students.

AVC ASSOCIATED STUDENT ORGANIZATION - Lancaster, CA.

Vice President of Academic Affairs, May 2024 - Present

In this role, the focus is on representing the student body, addressing concerns, and overseeing academic affairs.
Key responsibilities and accomplishments include:

- **Student Representation:** Collaborating with AVC Faculties to engage in governance processes and advocate for student in decision-making.
- **Parliamentary Leadership:** Ensuring adherence to rules and providing procedural guidance to maintain order in meetings.
- **Student Liaison:** Serving as a liaison between students and the administration, offering support and resolving student issues.
- **Committee Leadership:** Leading a committee to review and refine organization rules and by-laws for efficiency and alignment with institutional goals.

PUBLICATIONS

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES - Sacramento, CA.

- https://ssccc.org/file_download/inline/b5158419-ce22-49b1-a1cd-90be6139b77c
- https://ssccc.org/file_download/inline/7b80f31a-00b3-4244-98de-036261541902
- https://ssccc.org/file_download/inline/65459683-7f4f-4e35-84be-39c3f325e289

AVC ASSOCIATED STUDENT ORGANIZATION - Lancaster, CA.

- https://www.avc.edu/students/student-life/student-life-home/associated-student-organization-aso/meet-your-aso-officers

From: noreply@civicplus.com
To: City Clerk
Subject: [EXTERNAL] Online Form Submittal: Library Board of Trustees Application
Date: Wednesday, April 23, 2025 12:47:22 PM

CAUTION: This email originated from outside of the organization.

Library Board of Trustees Application

Library Board of Trustees Application
The City of Palmdale is an equal opportunity employer and does not discriminate in hiring or employment upon any basis prohibited by law, including race, color, creed, religion, age, sex (including pregnancy, childbirth and related medical conditions), cancer, national origin, genetic characteristics, genetic information, ancestry, sexual orientation, gender, gender identity, gender expression, marital status, veteran status, disability, or any other basis protected by applicable law. None of the questions or information sought in this application are intended to discriminate based upon any status protected by law. If you need reasonable accommodation in completing this application, or in any other part of the application process, please contact the City Clerk's Office at 661-267-5151.

Library Board Information:

Name	David Gee	District 2
Email Address	[redacted]	
Address	[redacted]	
City	Palmdale	
Zip Code	[redacted]	
Home Number	[redacted]	
Occupation	semi-retired/freelance writer	
Business Phone	*Field not completed.*	
Why are you interested in this position?	to serve the community and advance the ideas of education via reading and access to books and other worthy materials	
How have you used libraries in the past?	I started at an early age by borrowing and reading hundreds of books at local public libraries. As an adult I've given public presentations at the library on local history and aviation topics, as	

	well as installing display-case exhibits at library foyers.
Considering your previous experience and activities in business, labor, professional, social or other organizations, indicate what you feel are the most important experiences and abilities that qualify you for this position.	During my career at SoCalGasCo I was involved in numerous committee-run programs and training classes, so I am able to work within that structure and help produce good results. Currently serving as president of Black Sheep Squadron model airplane club. Also, I am a notorious bookworm with a fairly substantial library of my own.
Have you had previous public service experience on a commission or public body?	No
What do you hope to accomplish as a Library Trustee?	I would strive to insure that tax money is spent efficiently and effectively to further the public interest in a useful and accessible library system.
In your opinion, what is the goal of the Library Board of Trustees and what benefit does it provide to the City of Palmdale?	I've read that this board establishes all library policies and fees, within Education code guidelines. This means that the board is responsible for making Palmdale libraries an inviting and useful resource for residents, and I'd be pleased to assist with that goal.
List your education, highest year completed, and degrees, if any?	High school plus various college-level English, Marketing, and History courses to further my writing career.
Volunteer Information:	
REASONABLE ACCOMMODATIONS:	No
Please list all other languages you know.	
Language	*Field not completed.*
Language Skills	*Field not completed.*
Language	*Field not completed.*
Language Skills	*Field not completed.*

Specialized training/skills:	Tuning high-capacity gas-fired boilers for efficient and reliable operation? None pertinent to this opportunity though.
Computer Skills:	Word , Photoshop, Excel, PowerPoint, Publisher
Is any or all of your volunteer time to be credited toward a project, certification or degree program for a school, community organization or religious program?	No
Please list	*Field not completed.*
Previous Volunteer/ Work Experience as it relates to your volunteer interests:	Various positions within church, school, and hobby areas, none directly relevant to this opportunity.
In Case of Emergency:	
Whom should we notify?	
Name	Diedra Gee
Relationship to Applicant	spouse
Work Phone	[redacted]
Physician's Name:	none
Phone:	*Field not completed.*
Do you have any medical history that we should be aware of in the event of an emergency? (Allergies, medications, etc.)	none
AUTHORIZATION AND RELEASE	

knowledge. I hereby authorize the City of Palmdale to investigate any information contained in this application. I understand that as part of the final selection process I will be required to pass a Livescan fingerprint scan submission via the

California Department of Justice. I understand that information collected during this background check will be limited to that appropriate to determining my suitability for particular types of volunteer work and that such information collected during the check will be kept confidential. I understand that false or misleading statements shall be sufficient grounds for disqualification from the City's Volunteer Program. Further, I understand that as a volunteer, I am offering my services of my own free will without any expectation of compensation, benefits, or insurance of any kind (unless otherwise noted).

I voluntarily agree to participate in this program. I hereby waive, release, and hold harmless from any liability or claims for damages for personal injury, including death, as well as from claims for property damage which may arise in connection with the above-named activity, against the supervisor, the City of Palmdale and its elected and appointed officials, agents, and employees.

I hereby agree to the Authorization and Release set forth on this day.	4/23/2025
Signature	David Gee
If you wish, you may attach a copy of your resume to this application.	*Field not completed.*

Interested individuals may apply online at https://www.cityofpalmdaleca.gov/363/Board-ofLibrary-Trustees. A hard copy may be e-mailed to cityclerkdepartment@cityofpalmdaleca.gov, hand delivered or mailed directly to the Office of the City Clerk at 38300 Sierra Hwy., Ste. C, Palmdale, CA 93550.

Email not displaying correctly? View it in your browser.

From: noreply@civicplus.com
To: City Clerk
Subject: [EXTERNAL] Online Form Submittal: Library Board of Trustees Application
Date: Thursday, April 3, 2025 6:11:44 PM

CAUTION: This email originated from outside of the organization.

Library Board of Trustees Application

Library Board of Trustees Application
The City of Palmdale is an equal opportunity employer and does not discriminate in hiring or employment upon any basis prohibited by law, including race, color, creed, religion, age, sex (including pregnancy, childbirth and related medical conditions), cancer, national origin, genetic characteristics, genetic information, ancestry, sexual orientation, gender, gender identity, gender expression, marital status, veteran status, disability, or any other basis protected by applicable law. None of the questions or information sought in this application are intended to discriminate based upon any status protected by law. If you need reasonable accommodation in completing this application, or in any other part of the application process, please contact the City Clerk's Office at 661-267-5151.

Library Board Information:

Name	Elizabeth Henriquez	District 5
Email Address	[redacted]	
Address	[redacted]	
City	Palmdale	
Zip Code	[redacted]	
Home Number	[redacted]	
Occupation	Senior admin clerk	
Business Phone	[redacted]	
Why are you interested in this position?	I would like to participate	
How have you used libraries in the past?	I've checked out books in person and online	

Considering your previous experience and activities in business, labor, professional, social or other organizations, indicate what you feel are the most important experiences and abilities that qualify you for this position.	*Field not completed.*
Have you had previous public service experience on a commission or public body?	Yes
Indicate the public agency, title of position, and duties.	Human advisory committee city of Palmdale
What do you hope to accomplish as a Library Trustee?	I am passionate about supporting the growth, accessibility, and impact of our local library system. I believe libraries are not just places for books—they are community hubs that foster lifelong learning, equity, and connection.
In your opinion, what is the goal of the Library Board of Trustees and what benefit does it provide to the City of Palmdale?	As a Trustee, one is committed to protecting and promoting the public's right to free access to information, fostering literacy and learning at all stages of life, and supporting the library's role as a safe, welcoming space for dialogue, creativity, and community engagement.
List your education, highest year completed, and degrees, if any?	Some college
Volunteer Information:	
REASONABLE ACCOMMODATIONS:	No
Please list all other languages you know.	
Language	Spanish
Language Skills	Speak, Read, Write

Language	*Field not completed.*
Language Skills	*Field not completed.*
Specialized training/skills:	*Field not completed.*
Computer Skills:	Word , Photoshop, Excel, Adobe Creator, PowerPoint
Is any or all of your volunteer time to be credited toward a project, certification or degree program for a school, community organization or religious program?	No
Please list	*Field not completed.*
Previous Volunteer/ Work Experience as it relates to your volunteer interests:	*Field not completed.*
In Case of Emergency:	
Whom should we notify?	
Name	Felipe Henriquez
Relationship to Applicant	Husband
Work Phone	[redacted]
Physician's Name:	[redacted]
Phone:	[redacted]
Do you have any medical history that we should be aware of in the event of an emergency? (Allergies, medications, etc.)	Na
AUTHORIZATION AND RELEASE	

knowledge. I hereby authorize the City of Palmdale to investigate any information contained in this application. I understand that as part of the final selection process I will be required to pass a Livescan fingerprint scan submission via the California Department of Justice. I understand that information collected during this background check will be limited to that appropriate to determining my suitability for particular types of volunteer work and that such information collected during the check will be kept confidential. I understand that false or misleading statements shall be sufficient grounds for disqualification from the City's Volunteer Program. Further, I understand that as a volunteer, I am offering my services of my own free will without any expectation of compensation, benefits, or insurance of any kind (unless otherwise noted).

I voluntarily agree to participate in this program. I hereby waive, release, and hold harmless from any liability or claims for damages for personal injury, including death, as well as from claims for property damage which may arise in connection with the above-named activity, against the supervisor, the City of Palmdale and its elected and appointed officials, agents, and employees.

I hereby agree to the Authorization and Release set forth on this day.	4/3/2025
Signature	Elizabeth Henriquez
If you wish, you may attach a copy of your resume to this application.	*Field not completed.*

Interested individuals may apply online at https://www.cityofpalmdaleca.gov/363/Board-ofLibrary-Trustees. A hard copy may be e-mailed to cityclerkdepartment@cityofpalmdaleca.gov, hand delivered or mailed directly to the Office of the City Clerk at 38300 Sierra Hwy., Ste. C, Palmdale, CA 93550.

Email not displaying correctly? View it in your browser.

Joint Staff Report

DATE: **JUNE 3, 2025**

TO: **HONORABLE MAYOR, CITY COUNCIL, CHAIR AND COMMISSIONERS**

FROM: **HOUSING DEPARTMENT**

DISTRICT: **1**

SUBJECT: **PUBLIC HEARING TO RECEIVE PUBLIC COMMENTS, ADOPT RESOLUTION NO. HA 2025-001 OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE, APPROVING AFFORDABLE HOUSING AGREEMENT NO. A-9241 WITH VICTORY OUTREACH – PALMDALE, HOUSING AUTHORITY GROUND LEASE, AND HOUSING AUTHORITY LOAN OF $580,000 FOR PROPERTY LOCATED AT 513 EAST AVENUE Q4 (APN 3008-013-902); ADOPT RESOLUTION NO. CC 2025-041 OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING AFFORDABLE HOUSING AGREEMENT NO. A-9241 BETWEEN THE HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH – PALMDALE, APPROVING AND AUTHORIZING THE CONVEYANCE OF PROPERTY LOCATED AT 513 EAST AVENUE Q4 (APN 3008-013-902) FROM THE HOUSING AUTHORITY OF THE CITY OF PALMDALE TO VICTORY OUTREACH – PALMDALE, AND MAKING CERTAIN FINDINGS; AND APPROVE MEASURE H LOAN AGREEMENT A-9242 BETWEEN THE CITY OF PALMDALE AND VICTORY OUTREACH – PALMDALE FOR A REHABILITATION LOAN OF $361,145 FOR PROPERTY LOCATED AT 513 EAST AVENUE Q4 (APN 3008-013-902)**

RECOMMENDATION

Staff recommend that the City Council:

1. Adopt Resolution No. CC 2025–041 of the City Council of the City of Palmdale Approving Affordable Housing Agreement between the Housing Authority of the City of Palmdale and Victory Outreach – Palmdale, approving and authorizing the conveyance of property located at 513 East Avenue Q4 (APN 3008-013-902) from the Housing Authority of the City of Palmdale to Victory Outreach – Palmdale, and making certain findings;

2. Approve the Measure H Loan Agreement No. A-9242 with Victory Outreach – Palmdale for the rehabilitation loan of $361,145; and,

3. Authorize the City Manager Pro Tem or his designee to execute Agreement No. A-9242 with Victory Outreach – Palmdale, execute all necessary documents, including non-substantial changes, and take all necessary actions to implement the approved agreement.

Staff recommend that the Housing Authority:

1. Adopt Resolution No. HA 2025-001 Approving Affordable Housing Agreement No. A-9241 with Victory Outreach – Palmdale, Housing Authority Ground Lease, and Housing Authority Loan of $580,000 for property located at 513 East Avenue Q4 (APN 3008-013-902); and,

2. Authorize the City Manager Pro Tem or his designee to execute Agreement No. A-9241 with Victory Outreach – Palmdale, execute all necessary documents, including non-substantial changes, and take all necessary actions to implement the approved agreement.

BACKGROUND

On November 5, 2018, the Housing Authority acquired the property located at 513 E. Avenue Q-4, APN 3008-013-902 (Property), in Focus Neighborhood No. 3, for the balance of the former Redevelopment Agency loans for the Property. At that time, the Housing Authority contracted with Newport Pacific Capital Corporation to manage the Property. The four-unit apartment complex consists of four two-bedroom units, with carport parking for one space per unit. The Property has been vacant since June 2023.

The Property was acquired in accordance with the Housing Authority's mission to increase, improve, and preserve affordable housing in Palmdale. In February 2021, Victory Outreach - Palmdale expressed interest in leasing, rehabilitating, and operating the Property due to having shared driveway access, shared trash enclosures, and facing the 507 Q4 property that Victory Outreach - Palmdale had received approval to lease and operate.

DISCUSSION

Victory Outreach – Palmdale will lease the property at 513 East Avenue Q4 from the Housing Authority in its current condition to rehabilitate and manage it as affordable housing. The four housing units will be rented to very low-income residents who are either homeless or at risk of becoming homeless, in accordance with California Health & Safety Code. The property manager who resides at the 507 East Avenue Q4 property will manage both the 507 and 513 Q4 properties.

The City of Palmdale (City) receives Measure H Local Solutions Funds (LSF) from Los Angeles County. Through Resolution No. CC 2024-025, approved March 20, 2024, the City accepted these funds to support programs and solutions resulting in permanent housing for households at risk, experiencing, or formerly homeless. One of the approved programs under the LSF grant is the allocation of $361,145 for affordable housing expansion, to rehabilitate and operate the 513 East Avenue Q4 property to serve extremely low to low-income families. Victory Outreach -Palmdale has been identified to rehabilitate and operate the property under the Measure H LSF Agreement.

As required by state law (Health and Safety Code Section 33433(c)), a public hearing was properly noticed and must be held before the Housing Authority and City Council adopt a resolution allowing the lease of the property.

FISCAL IMPACT

$941,145; funds are appropriated in accounts 29364005 and 29364011 for the capital ground lease of $580,000 and 24225001-721960 $361,145 for the City Rehabilitation Loan for these costs.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Sophia Reyes, Director of Housing
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, City Manager Pro Tem
Approved as to form:	Alexandra Halfman, Acting City Attorney

ATTACHMENTS

Reso. No. CC 2025-041
Reso. No. HA 2025-001
Agrmt No. A-9241 Affordable Housing Agreement with Victory Outreach-Palmdale
Agrmt No. A-9242 Measure H Loan Agreement with Victory Outreach-Palmdale

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-041

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING AFFORDABLE HOUSING AGREEMENT NO. A-9241 BETWEEN THE HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH – PALMDALE; APPROVING AND AUTHORIZING THE CONVEYANCE OF PROPERTY LOCATED AT 513 EAST AVENUE Q4 (APN 3008-013-902) FROM THE HOUSING AUTHORITY OF THE CITY OF PALMDALE TO VICTORY OUTREACH – PALMDALE; AND MAKING CERTAIN FINDINGS

WHEREAS, The City Council of the City of Palmdale ("City Council") adopted the Redevelopment Plans for the Merged Redevelopment Projects ("Project Area") on March 24, 1994, by Ordinances Nos 1042, 1043, and 1044, which resulted in the allocation of property taxes from the Project Area to the former Community Redevelopment Agency of the City of Palmdale ("Redevelopment Agency") for purposes of redevelopment. On May 4, 2011, the City Council adopted the Expansion Area Amendment by Ordinance No. 1418, adding additional territory to the Merged Project Area and amending and restating the redevelopment plans into a single Amended and Restated Redevelopment Plan for the Merged Project Area ("Redevelopment Plan"). Project Area No. 2, Project Area No. 3, Project Area No. 4, and the Expansion Area collectively are referred to as the "Merged Project Area".

WHEREAS*,* The Housing Authority of the City of Palmdale ("Authority") is implementing certain proposed uses in the Merged Project Area, including low-income housing, which use will aid in carrying out the Redevelopment Plan, pursuant to its obligations under Assembly Bill No. 26 (2011-2012 1st Ex. Sess.), as amended by Assembly Bill No. 1484 (2011-2012 Regular Session), and as further amended from time to time (collectively, the "Dissolution Bills") wherein the Authority, as the designated entity, will perform the housing functions previously performed by the former Redevelopment Agency, including to carry out the purposes of the Dissolution Bills.

WHEREAS*,* In accordance with its obligations under the Dissolution Bills, the Authority wishes to enter into a proposed Affordable Housing Agreement ("Housing Agreement") with Victory Outreach – Palmdale ("Developer") , wherein the Authority will ground lease to Developer certain real property located at 513 East Avenue Q4 in the City of Palmdale, California, APN 3008-013-902 ("Property") for Developer's rehabilitation of a four-unit apartment building and its use as affordable rental housing for Very Low Income households ("Project"), a "small housing project" within the meaning of Health and Safety Code Section 33013.

WHEREAS, The Housing Agreement is subject to the environmental review requirements of the California Environmental Quality Act ("CEQA"). The rehabilitation of the Property in accordance with the Housing Agreement is an exempt project pursuant to State CEQA Guidelines Section 15301 in that the Project is categorically exempt as rehabilitation of an existing facility.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City has duly considered the terms and conditions of the proposed Housing Agreement and all comments received at the public hearing pursuant to California Health and Safety Code Section 33433(c)(1), duly noticed in accordance with California Health and Safety Code Section 33431, and determines that the proposed Housing Agreement is in the best interests of the Merged Project Area and the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements.

SECTION 2. The City hereby approves the proposed Housing Agreement in a form approved by the Executive Director with approval by Authority Legal Counsel. The City hereby approves of and authorizes the Authority to sell the Property to Victory Outreach - Palmdale pursuant to the Housing Agreement and authorizes the Authority Executive Director, or designee, to execute the Housing Agreement and to execute all documents and take all actions necessary and convenient to carry out and implement the Housing Agreement and to administer the Authority's obligations, responsibilities, and duties to be performed thereunder.

SECTION 3. The Housing Agreement is subject to the environmental review requirements of the California Environmental Quality Act ("CEQA"). The rehabilitation of the Property in accordance with the Housing Agreement is an exempt project pursuant to State CEQA Guidelines Section 15301 in that the Project is categorically exempt as rehabilitation of an existing facility. Accordingly, pursuant to CEQA, the State CEQA Guidelines and the City's local CEQA Guidelines, the Notice of Exemption for the Project was submitted to the County Clerk of the County of Los Angeles and uploaded to Ceqanet.

SECTION 4. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 3rd day of June, 2025.

_____
Richard J. Loa, Mayor

APPROVED AS TO FORM:

_____
Alexandra Halfman
Acting City Attorney

ATTEST:

_____
Rochelle Scott,
City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a special meeting of said City Council held on the 3rd day of June, 2025 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

HOUSING AUTHORITY
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. HA 2025-001

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE APPROVING AFFORDABLE HOUSING AGREEMENT NO. A-9241 BETWEEN THE HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH – PALMDALE, HOUSING AUTHORITY GROUND LEASE, AND HOUSING AUTHORITY LOAN OF $580,000 FOR PROPERTY LOCATED AT 513 EAST AVENUE Q4 (APN 3008-013-902).

WHEREAS, the City Council of the City of Palmdale ("City Council") adopted the Redevelopment Plans for the Merged Redevelopment Projects ("Project Area") on March 24, 1994, by Ordinances Nos. 1042, 1043, and 1044, which resulted in the allocation of property taxes from the Project Area to the former Community Redevelopment Agency of the City of Palmdale ("Redevelopment Agency") for purposes of redevelopment. On May 4, 2011, the City Council adopted the Expansion Area Amendment by Ordinance No. 1418, adding additional territory to the Merged Project Area, and amending and restating the redevelopment plans into a single Amended and Restated Redevelopment Plan for the Merged Project Area ("Redevelopment Plan"). Project Area No. 2, Project Area No. 3, Project Area No. 4, and the Expansion Area collectively are referred to as the "Merged Project Area".

WHEREAS, The Housing Authority of the City of Palmdale ("Authority"), in its capacity as housing successor to the Redevelopment Agency, is implementing certain proposed uses in the Merged Project Area including low-income housing, which use will aid in carrying out the Redevelopment Plan, pursuant to its obligations under Assembly Bill No. 26 (2011-2012 1st Ex. Sess.), as amended by Assembly Bill No. 1484 (2011-2012 Regular Session) and as further amended from time to time (collectively, the "Dissolution Bills") wherein the Authority, as the designated entity, will perform the housing functions previously performed by the former Redevelopment Agency to carry out the purposes of the Redevelopment Plan and the Dissolution Bills.

WHEREAS*,* In accordance with its obligations under the Dissolution Bills, the Authority wishes to enter into a proposed Affordable Housing Agreement ("Housing Agreement") with Victory Outreach – Palmdale ("Developer"), wherein the Authority will ground lease to Developer certain real property located at 513 East Avenue Q4 in the City of Palmdale, California, APN 3008-013-902 ("Property") for Developer's rehabilitation of a four-unit apartment building and its use as affordable rental housing for Very Low Income households ("Project"), a "small housing project" within the meaning of Health and Safety Code Section 33013.

WHEREAS, The Housing Agreement requires the recording of covenants against the Developer's interest in the Property restricting the use of the Property for a term of not less than 55 years.

WHEREAS, The Authority desires to assist the Developer's acquisition of the Property by carrying back the estimated $580,000 capitalized value of the ground lease.

WHEREAS, The Housing Agreement is subject to the environmental review requirements of the California Environmental Quality Act ("CEQA"). The rehabilitation of the Property in accordance with the Housing Agreement is an exempt project pursuant to State CEQA Guidelines Section 15301 in that the Project is categorically exempt as rehabilitation of an existing facility.

NOW THEREFORE, BE IT RESOLVED, THE HOUSING AUTHORITY OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The Housing Agreement is subject to the environmental review requirements of the California Environmental Quality Act ("CEQA"). The rehabilitation of the Property in accordance with the Housing Agreement is an exempt project pursuant to State CEQA Guidelines Section 15301 in that the Project is categorically exempt as rehabilitation of an existing facility. Accordingly, pursuant to CEQA, the State CEQA Guidelines and the City's local CEQA Guidelines, the Notice of Exemption for the Project was submitted to the County Clerk of the County of Los Angeles and uploaded to Ceqanet.

SECTION 2. The Project is a "small housing project" within the meaning of Health and Safety Code Section 33013 and the Authority has duly considered the terms and conditions of the proposed transaction and all comments received at the public hearing pursuant to California Health and Safety Code Section 33433(c)(1), duly noticed in accordance with California Health and Safety Code Section 33431, and directs Authority staff to file with the City Council the report required by California Health and Safety Code Section 33433(c)(1).

SECTION 3. The Authority has duly considered the terms and conditions of the proposed transaction and all comments received at the public hearing, and determines that the proposed Affordable Housing Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law and requirements.

SECTION 4. The Authority hereby approves the proposed Housing Agreement on the terms set forth in this Resolution and in a form approved by the Executive Director with approval by Authority Legal Counsel.

SECTION 5. The Authority hereby authorizes its Executive Director, or designee, to execute the Housing Agreement and to execute all documents and take all actions necessary and convenient to carry out and implement the Housing Agreement and to administer the Authority's obligations, responsibilities and duties to be performed thereunder.

SECTION 6. The Authority Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 3rd day of June, 2025.

_____
Richard J. Loa, Chair

APPROVED AS TO FORM:

_____
Alexandra Halfman
Acting Authority Attorney

ATTEST:

_____
Rochelle Scott,
Authority Secretary

I, Rochelle Scott, Authority Secretary of the Housing Authority of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Housing Authority of the City of Palmdale at a special meeting of said Authority held on the 3rd day of June, 2025 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, Authority Secretary

AFFORDABLE HOUSING AGREEMENT

BY AND BETWEEN

HOUSING AUTHORITY
OF THE CITY OF PALMDALE

AND

VICTORY OUTREACH

(A-9241)

513 East Avenue Q4

June 3, 2025

TABLE OF CONTENTS

Page

Article I SUBJECT OF AGREEMENT 1
Section 101 Definitions 1
Section 102 Purpose of Agreement 7
Section 103 Authority 8
Section 104 Developer 8
Section 105 Prohibition Against Transfers 8
Article II AUTHORITY'S LEASE OF PROPERTY TO DEVELOPER 10
Section 201 Condition of Property 10
Section 202 Ground Lease 10
Article III REHABILITATION OF IMPROVEMENTS 11
Section 301 Scope of Work 11
Section 302 Land Use Approvals 11
Section 303 Construction Drawings and Related Documents 11
Section 304 Project Costs 12
Section 305 Authority Loan 12
Section 306 Schedule of Performance 12
Section 307 Local, State and Federal Laws 12
Section 308 Nondiscrimination During Construction 15
Section 309 Indemnification and Insurance 15
Section 310 Disclaimer of Responsibility by Authority 20
Section 311 Rights of Access 20
Section 312 Taxes, Assessments, Encumbrances and Liens 20
Section 313 Rights to Plans 21
Section 314 Release of Construction Covenants 21
Article IV USE OF PROPERTY 22
Section 401 Uses 22
Section 402 Maintenance of Property 24
Section 403 Obligation to Refrain from Discrimination 25
Section 404 Effect and Duration of Covenants 26
Section 405 Effect of Violation of Terms and Provisions of Agreement 27
Article V DEFAULTS, REMEDIES AND TERMINATION 27
Section 501 Defaults – General 27
Section 502 Institution of Legal Actions 28
Section 503 Applicable Law 28
Section 504 Acceptance of Service of Process 28
Section 505 Rights and Remedies Cumulative 28
Section 506 Damages 29

Section 507 Specific Performance 29
Section 508 Termination by Authority Before Closing 29
Section 509 Termination by Authority After Closing 30
Section 510 Termination by Either Party 30
Article VI GENERAL PROVISIONS 30
Section 601 Notices, Demands and Communications between Parties 30
Section 602 Conflicts of Interest 31
Section 603 Nonliability of Authority Officials and Employees 31
Section 604 Force Majeure 31
Section 605 Inspection of Books and Records 31
Section 606 Real Estate Commissions 31
Section 607 Approvals 31
Section 608 No Partnership 32
Section 609 Compliance With Law 32
Section 610 Incorporation by Reference 32
Section 611 Interpretation 32
Section 612 No Third Party Beneficiaries 33
Section 613 Authority to Sign 33
Section 614 Time of Essence 34
Article VII ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS 34

ATTACHMENTS

ATTACHMENT NO. 1	LEGAL DESCRIPTION
ATTACHMENT NO. 2	SITE MAP
ATTACHMENT NO. 3	FORM OF AGREEMENT CONTAINING COVENANTS
ATTACHMENT NO. 4	FORM OF ASSIGNMENT OF AGREEMENTS
ATTACHMENT NO. 5	FORM OF ASSIGNMENT OF RENTS AND LEASES
ATTACHMENT NO. 6	FORM OF AUTHORITY DEED OF TRUST
ATTACHMENT NO. 7	FORM OF AUTHORITY NOTE
ATTACHMENT NO. 8	FORM OF ENVIRONMENTAL INDEMNITY
ATTACHMENT NO. 9	FORM OF GROUND LEASE
ATTACHMENT NO. 10	FORM OF MEMORANDUM OF LEASE
ATTACHMENT NO. 11	METHOD OF FINANCING
ATTACHMENT NO. 12	FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS
ATTACHMENT NO. 13	PROJECT BUDGET
ATTACHMENT NO. 14	SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 15	SCOPE OF WORK
ATTACHMENT NO. 16	FORM OF ASSIGNMENT OF LURA

AFFORDABLE HOUSING AGREEMENT BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH (A-9241)

This AFFORDABLE HOUSING AGREEMENT (this "**Agreement**") is entered into as of June 3, 2025 by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"). Authority and Developer (individually, a "**Party**" and collectively, the "**Parties**") hereby agree as follows:

RECITALS

A. Developer desires to lease from Authority certain real property, including all Improvements thereon, located at 513 East Avenue Q4 in the City of Palmdale, California, legally described as set forth in Attachment No. 1 and illustrated on the site map attached to this Agreement as Attachment No. 2 (the "**Property**").

B. Developer proposes to rehabilitate four existing two-bedroom residential units located on the Property resulting in four units of rental housing that are affordable to Very Low Income households who are at risk of homelessness or currently unhoused exclusively at an Affordable Rent as more particularly described in this Agreement, including the Scope of Work (the "**Project**").

C. Developer proposes to finance the Project with a loan from the City of Palmdale of Los Angeles County Measure H Funds and Authority's carry of the prepaid lease payments for the Property, or alternative financing proposed by Developer and approved by Authority.

D. Developer's acquisition and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement are in the vital and best interests of the City of Palmdale and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I SUBJECT OF AGREEMENT

Section 101 Definitions

For purposes of this Agreement, the following capitalized terms have the following meanings:

"**Affiliate**" means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 10% or more of the

outstanding voting securities of such other Person or (iii) if that other Person is an officer, director, member or partner, then any company for which such Person acts in any such capacity. The term "control" as used in the immediately preceding sentence means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than 50% of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"**Affordable Rent**" has the meaning set forth in California Health and Safety Code Section 50053 for very low income households. The Parties have agreed that rents for the units shall not exceed the respective amounts set forth in this Agreement and the Agreement Containing Covenants.

"**Agreement Containing Covenants**" means the Agreement Containing Covenants which sets forth the affordable housing requirements for the Project, substantially in the form attached hereto as Attachment No. 3, as it may be amended from time to time.

"**Assignment of Agreements**" means the assignment by Developer to Authority of plans, contracts and permits, in the form of Attachment No. 4 to this Agreement, as it may be amended from time to time.

"**Assignment of LURA**" means the assignment by Authority to Developer of Owner obligations under the LURA substantially in the form of the Assignment of Rents and Leases attached as Attachment No. 16 to this Agreement, as it may be amended from time to time.

"**Assignment of Rents and Leases**" means the assignment by Developer to Authority substantially in the form of the Assignment of Rents and Leases attached as Attachment No. 5 to this Agreement, as it may be amended from time to time.

"**Authority Deed of Trust**" means the leasehold deed of trust in which Developer is the trustor and Authority is the beneficiary, securing the Authority Loan, substantially in the form of Attachment No. 6 to this Agreement, as it may be amended from time to time.

"**Authority Loan**" means Authority's carry back of the Lease Prepayment, in the amount of and pursuant to the terms and conditions described in the Method of Financing, evidenced by the Authority Note and secured by the Authority Deed of Trust.

"**Authority Loan Documents**" means this Agreement, the Authority Note, the Authority Deed of Trust, the Assignment of Rents and Leases, the Assignment of Agreements, the

Agreement Containing Covenants, the Notice of Affordability Restrictions, the Environmental Indemnity, the Ground Lease, the Memorandum of Lease and the UCC1 Financing Statement.

"**Authority Note**" means the promissory note evidencing the Authority Loan, substantially in the form of Attachment No. 7 to this Agreement, as it may be amended from time to time.

"**City**" means the City of Palmdale, California, a municipal corporation, and any assignee of or successor to its rights, powers and responsibilities.

"**City Loan**" means the City's loan of County of Los Angeles Measure H Funds to pay the rehabilitation costs of the Project, in the amount and pursuant to the terms and conditions described in the Method of Financing, evidenced by a City promissory note and secured by a second lien priority City leasehold deed of trust.

"**Closing**" means the point in time when all conditions precedent to the ground lease of the Property from Authority to Developer and the funding of the Authority Loan have been satisfied, in accordance with the Method of Financing.

"**Completion**" means the point in time at which all of the following have been satisfied: (i) issuance of a certificate of occupancy for the Project by City, (ii) recordation of a notice of completion pursuant to California Civil Code Section 3093, (iii) submission to Authority of unconditional lien releases or waivers obtained by Developer or Developer's agent, (iv) certification by the Project architect (or if none, then by the Developer's contractor) that the Project (with the exception of minor "punch list" items) has been completed in a good and workmanlike manner and in substantial compliance with the approved plans and specifications, (v) disposition of any mechanic's liens that have been recorded or stop notices that have been delivered to Authority, so that any such liens shall have been paid, settled, bonded or insured around or otherwise extinguished or discharged and Authority has been provided satisfactory evidence of such payment, settlement, bond, title insurance or title insurance commitment or discharge, including without limitation all statutory waivers; and (vi) the time for Developer's contractor, suppliers and subcontractors to file a claim pursuant to California Civil Code Sections 3115-3117 has expired.

"**Conditions**" means, with respect to the Property and the Improvements located thereon, the condition of the soil, geology, the presence of known or unknown faults or defects, or Hazardous Materials, the suitability of the Property for its intended uses or the condition of any related public improvements.

"**Construction Period**" means the period of time commencing upon the Closing and ending at Completion.

"**Environmental Indemnity**" means the indemnity by Developer in the form of the Environmental Indemnity attached to this Agreement as Attachment No. 8, as it may be amended from time to time.

"**Force Majeure**" or "**Force Majeure Event**" means the following events, provided that they actually delay and interfere with the timely performance of the matter to which it would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the Party claiming such interference: war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, acts of terrorism, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation (including litigation challenging the validity of this transaction or any element thereof), unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor, or suppliers, acts of the other Party, acts or failure to act of any Governmental Authority (except acts or failure to act of Authority shall not excuse performance by Authority), the imposition of any applicable moratorium by a Governmental Authority or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the Party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the Party claiming such delay and interference delivers to the other Party written notice describing the event, its cause, when and how such Party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any Party claiming a Force Majeure Delay shall deliver such written notice within 10 days after it obtains actual knowledge of the event.

"**Force Majeure Delay**" means a delay in taking any action required by this Agreement, proximately caused by the occurrence of a Force Majeure Event.

"**Governmental Authority**" means the United States, the State of California, the County of Los Angeles, the City, or any other political subdivision in which the Property is located, and any court or political subdivision, authority or instrumentality having jurisdiction over the Property.

"**Ground Lease**" means the lease of the Property from Authority to Developer for the purpose of rehabilitating and operating the Project, substantially in the form of the Ground Lease attached hereto as Attachment No. 9, as it may be amended from time to time.

"**Hazardous Materials**" has the meaning set forth in the Environmental Indemnity.

"**Improvements**" means the improvements located on the Property, to be rehabilitated in accordance with this Agreement, including, without limitation, the Scope of Work and the Ground Lease.

"**Lease Prepayment**" means Developer's prepayment of the annual lease payments over the term of the Ground Lease, which prepayment shall be carried back by Authority in the form of the Authority Loan.

"**Leasehold Interest**" means the leasehold interest in the Property that is created by the Ground Lease between the Parties.

"**LURA**" means that certain Land Use Restriction Agreement entered into by and between the former Community Redevelopment Agency of the City of Palmdale, as "Owner" therein, and the Resolution Trust Corporation, as Receiver for Homefed Bank, F.A., and recorded in the official records, Recorder's Office of Los Angeles County, on January 18, 1996, as Instrument No. 96-94063, with respect to Property, as it may be amended from time to time. Reference is hereby made to that certain unrecorded Property Transfer Agreement and Joint Escrow Instructions entered into by and between the Authority and New Beginning Outreach Foundation, a California nonprofit public benefit corporation ("**NBO**") and dated as of July 11, 2018, pursuant to which, concurrently with the recordation of the Memorandum of Assignment of LURA, NBO conveyed the Property to Authority and assigned the LURA to Authority, and Authority assumed all of the obligations of the Owner pursuant to the LURA.

"**Memorandum of Lease**" means a document substantially in the form of the Memorandum of Lease attached to this Agreement as Attachment No. 10, as it may be amended from time to time.

"**Method of Financing**" means the method of financing attached to this Agreement as Attachment No. 11, as may be amended from time to time.

"**Notice of Affordability Restrictions**" means the Notice of Affordability Restrictions on Transfer of Real Property, substantially in the form attached to this Agreement as Attachment No. 12, as it may be amended from time to time.

"**Operating Costs**" means the reasonable and customary costs to operate the Project, set forth by Developer in its annual operating budget approved by Authority.

"**Permitted Transfer**" means any of the following:

a. An assignment of this Agreement and all of Developer's interests in the Property to an Affiliate of Developer or a conveyance back from the Affiliate to Developer;

b. The lease for occupancy of all or any part of the Improvements on the Property in accordance with this Agreement, the Ground Lease, and the Agreement Containing Covenants;

c. The granting of easements or permits to facilitate the rehabilitation of the Property in accordance with this Agreement; and

d. Any transfer approved in writing by the Authority Executive Director or designee, at his or her sole discretion.

"**Person**" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company or other entity, domestic or foreign.

"**Plans**" means the rehabilitation plans and drawings (if any) prepared on behalf of Developer for the Project in accordance with this Agreement.

"**Project Budget**" means the applicable schedule of Project Costs attached to this Agreement as Attachment No. 13.

"**Project Costs**" means all costs which are actually incurred by Developer for the acquisition of the Leasehold Interest and the rehabilitation of the Improvements on the Property, and includes, without limitation, all of the items of cost set forth in the Project Budget and similar costs, fees and expenses approved by the Authority Executive Director, but not including Operating Costs.

"**Restricted Period**" means 55 years following the Closing.

"**Schedule of Performance**" means the schedule of performance attached to this Agreement as Attachment No. 14.

"**Scope of Work**" means the scope of work attached to this Agreement as Attachment No. 15.

"**Title Company**" means First American Title Insurance Company or another title insurance company mutually acceptable to the Parties.

"**Title Insurance Policies**" means and includes the following ALTA extended coverage policies of title insurance issued by the Title Company:

a. An owner's policy of leasehold title insurance in favor of Developer, together with such endorsements as Developer may reasonably require and Authority approved, insuring Developer's leasehold title, in the amount of the Acquisition Loan; and

b. A lender's policy or policies of title insurance in favor of Authority, together with such endorsements as Authority may reasonably require, insuring the lien of the Authority Deed of Trust in the amount of the Authority Loan.

"**Transfer**" means:

a. The sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

b. "Transfer" also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Developer, or any conversion of Developer to an entity form other than that of Developer at the time of execution of this Agreement, except that, a cumulative change in ownership interest of any general partner of Developer of 49% or less shall not be deemed a "Transfer" for purposes of this Agreement.

c. Notwithstanding paragraphs a. and b., "Transfer" shall <u>not</u> include Permitted Transfers.

"**UCC1**" means a UCC1 Financing Agreement in a form suitable for filing with the California Secretary of State and recording against the Leasehold Interest.

"**Very Low Income**" has the meaning given in California Health and Safety Code Section 50105.

Section 102 <u>Purpose of Agreement</u>

The purpose of this Agreement is to assist with financing of the acquisition and rehabilitation of four residential units to be operated as four units of rental housing that is affordable exclusively to Very Low Income households who are at risk of homelessness or currently unhoused. The use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Palmdale and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements. Pursuant to and

conditioned upon the terms of this Agreement, Authority shall make the Authority Loan to Developer, and Developer shall rehabilitate and operate the Improvements on the Property.

Section 103 Authority

a. Authority is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authorities Law of the State of California.

b. The principal office of Authority for purposes of receiving notices pursuant to this Agreement is as follows:

Housing Authority of the City of Palmdale
Attn: Executive Director
38250 Sierra Highway, 2nd Floor
Palmdale, California 93550-3609

c. "Authority" as used in this Agreement includes the Housing Authority of the City of Palmdale and any assignee of or successor to its rights, powers and responsibilities.

Section 104 Developer

a. Developer is VICTORY OUTREACH-PALMDALE, a California nonprofit corporation.

b. The address of Developer for purposes of receiving notices pursuant to this Agreement is as follows:

Victory Outreach
37419 25th Street East
Palmdale, California 93550

c. Whenever the term "Developer" is used herein, such term shall mean and include: (i) Developer as of the date hereof and (ii) any assignee of or successor to its rights, powers and responsibilities approved by Authority or permitted by this Agreement.

Section 105 Prohibition Against Transfers

a. The qualifications and identity of Developer are of particular concern to Authority. It is because of those qualifications and identity that Authority has entered into this Agreement

with Developer. No voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. Except for Permitted Transfers, Developer shall not assign all or any part of this Agreement without the prior written approval of Authority. Authority agrees to reasonably give such approval if, in the reasonable determination of Authority, the proposed reconstituted Developer is comparable in all material respects (including experience, character and financial capability) to Developer. Any such change (or assignment of this Agreement in connection therewith) shall be by instruments satisfactory to the Authority Executive Director or designee, and be subject to the approval by the Authority Executive Director or designee of evidence of the proposed assignee's qualifications to meet the obligations of Developer under this Agreement.

c. For the reasons cited above, Developer represents and agrees for itself and any successor in interest that, except for Permitted Transfers, there shall be no cumulative change in ownership interest of greater than 49%, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means, without Authority's prior written approval.

d. Developer shall promptly notify Authority of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by Authority, and Authority may exercise its remedies pursuant to the Authority Loan Documents if there is any significant change (voluntary or involuntary) in the membership, management or control of Developer (other than such changes occasioned by the death or incapacity of any individual).

e. Developer shall not, except for Permitted Transfers or as permitted by this Agreement, assign or attempt to Transfer the whole or any part of the Property, without prior written approval of Authority, except as expressly permitted by this Agreement and the other Authority Loan Documents. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by Authority, to fulfill the obligations undertaken in this Agreement by Developer. Any such proposed transferee, by instrument in writing satisfactory to Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of Authority shall expressly assume all of the obligations of Developer under this Agreement and agree to be subject to all conditions and restrictions applicable to Developer in this Agreement. There shall be submitted to Authority for review all instruments and other legal documents proposed to affect any such transfer, and if approved by Authority, then its approval shall be indicated to Developer in writing.

f. In the absence of specific written agreement by Authority, no Transfer, or approval thereof by Authority, shall be deemed to relieve Developer or any other party from any obligations under this Agreement.

ARTICLE II AUTHORITY'S LEASE OF PROPERTY TO DEVELOPER

Section 201 Condition of Property

a. No person acting on behalf of Authority is authorized to make, and by execution of this Agreement, Developer acknowledges that neither Authority nor any person acting on behalf of Authority has made any representation, agreement, statement, warranty, guarantee or promise regarding the zoning, construction, physical condition or other status of the Property.

b. Developer acknowledges and agrees that Authority makes no representations and warranties, express or implied, as to the Property. It is understood and agreed that with respect to the physical condition of the Property, it is being leased on an "as is", "where is" and "with all faults" basis and is subject to any condition which may exist. Developer hereby expressly acknowledges and agrees that it is relying solely upon its inspections, examination, and evaluation of the Property in leasing the Property on an "as is", "where is" and "with all faults" basis.

c. It shall be the sole responsibility of Developer, at Developer's expense, to investigate and determine all Conditions of the Property and its suitability for the uses to which the Property is to be put in accordance with this Agreement. If the Conditions of the Property are not in all respects entirely suitable for the use or uses to which the Property will be put, then it is the responsibility and obligation of Developer, without cost to Authority, to take such action or cause such action to be taken, as may be necessary to place the Property in all respects in a condition entirely suitable for its use in accordance with this Agreement.

d. Commencing upon the Closing, Developer agrees to perform, or cause to be performed, the clean-up of any Hazardous Materials on, in, under or within the Property, without cost or expense to Authority. Developer shall defend, indemnify and hold harmless Authority and its officers, agents, employees, contractors and attorneys from any claims, liability, injury, damages, costs and expenses (including, without limitation, the cost of any required cleanup of Hazardous Materials, and the cost of reasonable attorneys' fees) which may be sustained as the result of Hazardous Materials relating to the Property. As a condition precedent to the Closing, Developer shall execute and deliver to Authority the Environmental Indemnity.

Section 202 Ground Lease

The term of the Ground Lease shall commence at the Closing and shall continue thereafter until the 55th anniversary of the Closing, unless earlier terminated in accordance with its terms. As

a condition precedent to the Closing, the Title Company shall be prepared to issue the respective Title Insurance Policies to the Parties.

ARTICLE III REHABILITATION OF IMPROVEMENTS

Section 301 Scope of Work

The Improvements shall be rehabilitated in accordance with and within the limitations established in the Scope of Work, Plans approved by Authority pursuant to this Agreement and permits issued by City.

Section 302 Land Use Approvals

a. It is the responsibility of Developer, without cost to Authority, to ensure that zoning of the Property and all applicable City land use requirements shall be such as to permit rehabilitation of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Agreement.

b. The following shall be conditions of the Closing: (i) if necessary, Developer shall submit and Authority Executive Director or designee shall approve 100% complete construction drawings, and (ii) Developer shall obtain all entitlements, approvals, variances and permits necessary for the rehabilitation of the Improvements. Without cost to Authority, Authority shall provide appropriate technical assistance to Developer in connection with Developer's obtaining all necessary entitlements, permits and approvals for the rehabilitation of the Improvements.

c. Nothing contained herein shall be deemed to entitle Developer to any City permit or other City approval necessary for the rehabilitation of the Improvements, or waive any applicable City requirements relating thereto. This Agreement does not (i) grant any land use entitlement to Developer, (ii) supersede, nullify or amend any condition which may be imposed by City in connection with approval of the work described herein, (iii) guarantee to Developer or any other party any profits from the Property or (iv) amend any City laws, codes or rules. This is not a development agreement as provided in California Government Code Section 65864.

Section 303 Construction Drawings and Related Documents

If necessary, Developer shall prepare and submit construction drawings and related documents for the rehabilitation of the Improvements to Authority for review (including, without limitation, architectural review) and written approval at the times established in the Schedule of Performance. Any items so submitted and approved in writing by Authority shall not be subject to subsequent disapproval. Authority approval shall not be unreasonably withheld.

Section 304 Project Costs

a. Except for the financing expressly set forth in this Agreement, including the Authority Loan and the City Loan, the cost of acquiring the Property and rehabilitating the Improvements shall be the responsibility of Developer, as provided in the Method of Financing. The Project Costs are set forth in the Project Budget, which shall be subject to change from time-to-time as provided in the Method of Financing.

b. Developer has proposed, and Authority has approved, the Project Budget. Developer acknowledges that Authority is relying on Developer's experience and expertise in establishing the Project Costs, and Developer represents that the Project Budget is based on the best, good faith estimate of Developer of the costs that are likely to be incurred for the Project.

Section 305 Authority Loan

Subject to and conditioned on the terms and conditions of this Agreement, Authority shall provide Developer with financial assistance which consists of the Authority Loan. The Authority Loan shall be deemed fully funded at Closing. The Authority Loan shall be repaid according to the terms and conditions of the Authority Note.

Section 306 Schedule of Performance

a. The Parties shall perform all acts respectively required of such Party in this Agreement within the times provided in the Schedule of Performance. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing by Developer and the Authority Executive Director.

b. After the Closing, Developer shall promptly begin and thereafter diligently prosecute to completion the rehabilitation of the Improvements as provided in the Scope of Work. Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance, with such reasonable extensions of said times as may be granted by Authority.

c. During periods of construction, Developer shall submit to Authority a written report of the progress of the construction when and as requested by Authority. The report shall be in such form and detail as may be reasonably required by Authority and shall include a reasonable number of construction photographs (if requested) taken since the last report by Developer.

Section 307 Local, State and Federal Laws; Relocation

a. Developer hereby agrees to carry out the rehabilitation, construction, development (as defined by applicable law) and operation of the improvements on the Property, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable federal and state labor laws, including, without limitation, the payment of state prevailing wages for the Project. Developer also covenants and warrants that it will comply with all applicable laws, ordinances, codes, rules and regulations of the state local and federal governments, and all amendments thereto. Developer also agrees to take such action as the federal, state or local government may direct to enforce aforesaid provisions.

b. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation, at Developer's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and hold harmless the Authority and the hereinafter defined Indemnified Parties, with counsel reasonably acceptable to Authority, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the rehabilitation, construction, development (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Developer to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Developer to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Developer to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. The foregoing indemnity shall survive termination of this Agreement.

c. It is agreed by the parties that, in connection with the construction, development (as defined by applicable law) and operation of the Project, including, without limitation, any public work (as defined by applicable law), Developer shall bear all risks of payment or non payment of state prevailing wages and/or the implementation of Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section 312 shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time.

d. Developer shall be responsible for obtaining all permits and approvals required by City for the rehabilitation of the Improvements, ensuring that the use of the Property for the purposes described in this Agreement complies with the zoning and other City land use regulations (including any applicable exemptions and/or exceptions) applicable to the Property at the time of Closing.

e. Relocation

(i) All rights to possession of all portions of the Property necessary for rehabilitation and operation of the Project shall be cleared by Developer at Developer's cost and expense. The relocation of any occupants or businesses, if any, required for rehabilitation and operation of the Project, including provisions of relocation assistance and benefits pursuant to applicable federal and state relocation laws shall be the financial responsibility of Developer.

(ii) All of the cost and expenses incurred or to be incurred by Developer to cause the vacating of the Property and/or relocation of all occupants and businesses from the Property for rehabilitation and operation of the Project (including, but not limited to, payments made to displaced persons and businesses, pre- or post-relocation rental payments, fees and actual expenses of attorneys, relocation consultants and other experts employed to effect the relocation of occupants and businesses, etc.) shall be the financial responsibility of Developer. Any costs arising related in any respect to such displacement, such as, but without limitation, claims for loss of business goodwill, payment for furniture, fixtures and equipment, payment for leasehold bonus value, and any other compensable interest under applicable federal and state relocation laws shall be the financial responsibility of Developer.

iii) Developer hereby covenants and agrees to indemnify, save, protect, hold harmless, pay for and defend the Authority, the City, and their respective elected officials, officers, employees, agents, consultants, contractors, attorneys and representatives (collectively, the "**Indemnified Parties**") from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs, or expenses, including, without limitation, reasonable consultants' and reasonable attorneys' fees, or relocation benefits claimed or payable under the relocation laws which may now or in the future be incurred or suffered by the Indemnified Parties by reason of, or resulting from, in full or in part, or in any respect whatsoever from the displacement of businesses or other occupants of the Property pursuant to this Agreement. The foregoing indemnity shall survive termination of this Agreement and shall continue after Completion.

(iv) Developer, on behalf of itself and any and all successors and assigns, hereby fully and finally releases the Authority and the Indemnified Parties from any and all manner of actions, causes of actions, suits, obligations, liabilities, judgments, executions, debts, claims, and demands of every kind and nature whatsoever, known and unknown, which Developer or any of its successors or assigns may now have or hereafter obtain against the Authority or the Indemnified Parties by reason of, arising out of, relating to, or resulting from, in full or in part, Developer's election to acquire leasehold title to the Property. The Parties agree that, with respect to the release of claims as set forth above, all rights under Section 1542 of the California Civil Code and any similar law of any state or territory of the United States are expressly waived. Section 1542 reads as follows:

> Civil Code Section 1542. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.
>
> _____
> Developer's Initials

Section 308 Nondiscrimination During Construction

Developer, for itself and its successors and assigns, agrees that during the rehabilitation of the Improvements provided for in this Agreement, Developer shall not discriminate against any employee or applicant for employment on any basis prohibited by state or federal law, including without limitation, race, color, religion, sex or national origin.

Section 309 Indemnification and Insurance

a. Developer agrees to and shall, to the fullest extent permitted by law, defend, indemnify and hold Authority, City and their respective officers, employees, contractors and

agents harmless from and against all claims, liabilities, damages, losses, expenses, attorneys' fees and costs that is caused, in whole or in part by any of the following: (i) any act or omission of Developer or its contractors, suppliers or vendors, of any contracting tier, in connection with its performance or nonperformance of this Agreement, (ii) the breach of any obligations of Developer hereunder, including, without limitation, the obligation to comply with the provisions of the LURA (iii) any act or omission during the period commencing with execution of this Agreement by Authority and until Completion of the rehabilitation of the Improvements, of Developer or its contractors, suppliers or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be liable, (iv) the use during the period commencing with execution of this Agreement by Authority and until Completion of the rehabilitation of the Improvements, of any products, material or equipment furnished by Developer or its contractors, suppliers or vendors, of any contracting tier, (v) the existence, release, presence or disposal on, in, under, about or adjacent to the Property of any Hazardous Materials, (vi) the development, construction, marketing, use, operation or condition of the Property and the improvements thereon by Developer, its contractors, subcontractors, agents, employees or other persons acting on Developer's behalf, (vii) Any accident, personal injury or casualty on the Property or the improvements thereon, (viii) any Plans or designs for improvements prepared by or on behalf of Developer or its contractors, subcontractors, agents, employees or other persons acting on Developer's behalf, including without limitation any errors or omissions with respect to such Plans or designs, (ix) any loss or damage to Authority resulting from any inaccuracy in or breach of any representation or warranty of Developer, or resulting from any breach or default by Developer, under this Agreement, (x) claims of any kind in connection with the purchase of the Property including, without limitation, claims for relocation assistance pursuant to the California Relocation Law, Government Code Section 7260, inverse condemnation, taking, threatened taking or temporary taking or loss of good will, and/or (xi) any and all actions, claims, damages, injuries, challenges and/or costs or liabilities arising from the approval of any and all entitlements or permits for the Project by the Authority.

b. The obligation to indemnify will not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to the Authority or the Indemnified Parties. The foregoing indemnification will apply to the extent of the violation of a legal duty, including but not limited to active or passive negligence, strict liability, breach of contract, or intentional or willful misconduct, by Developer or its contractors, suppliers, or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be responsible. The Authority and Indemnified Parties will be entitled to recover attorneys' fees incurred as a result of Developer's failure to provide the defense and indemnity required by this Section. The foregoing indemnities will survive termination of this Agreement.

c. Such obligation shall not be construed to negate, abridge or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Section 309. The foregoing indemnification by Developer shall apply to the extent of the

violation of a legal duty, including, without limitation, active or passive negligence, strict liability, breach of contract or intentional or willful misconduct, by Developer or its contractors, suppliers or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be liable. Indemnitees shall be entitled to recovery of any attorneys' fees incurred as a result of Developer's failure to provide the defense and indemnity required by this Section 309. This Section 309 shall survive the expiration or termination of this Agreement.

d. At the times indicated in paragraphs (i) through (iv) below, Developer shall furnish or cause to be furnished to Authority evidence of the following policies of insurance, naming Developer as insured and, except as to the insurance described in paragraph (iv), below, Authority and City as additional insureds. The insurance described in paragraph (ii) shall be obtained prior to the initial rent-up of the apartments. All such insurance shall be kept in force for the term of the Ground Lease.

(i) Fire Policies: Prior to commencement of construction, Developer shall furnish evidence of, and shall thereafter maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance shall be maintained in an amount not less than 100% of the full insurable value of the Improvements, as defined herein in paragraph d.

(ii) Rental Income Insurance: Prior to commencement of rental activities, Developer shall furnish evidence of, and shall thereafter maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to the Parties.

(iii) Liability Insurance: Developer shall maintain liability insurance to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property, resulting directly or indirectly from any acts or activities of Developer, or any person acting for Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with Developer's activities thereon, caused directly or indirectly by or from acts or activities of Developer, or any person acting for Developer, or under its control or direction. Such property damage and personal injury insurance shall also provide for and protect Authority against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the term of the Ground Lease in the following amounts:

a. During any rehabilitation work of the Property: commercial general liability in a general aggregate amount of not less than Ten Million Dollars ($10,000,000) and Five Million Dollars ($5,000,000) per occurrence; Pollution/ Environmental Liability of not less than Five Million Dollars ($5,000,000) limit per occurrence basis; Products and Completed Operations Aggregate of not less than Ten Million Dollars ($10,000,000) and Five Million Dollars ($5,000,000) each occurrence; Commercial Automobile Liability of not less than Five Million Dollars ($5,000,000) per occurrence combined single limit, including owned, non-owned and hired automobile coverage, and Employer's Liability of not less than One Million Dollars ($1,000,000) each accident, One Million Dollars ($1,000,000) disease each employe, and One Million Dollars ($1,000,000) disease each policy.

b. Following completion of rehabilitation work of the Property: commercial general liability in a general aggregate amount of not less than Four Million Dollars ($4,000,000) and Two Million Dollars ($2,000,000) per occurrence; Pollution/ Environmental Liability of not less than Two Million Dollars ($2,000,000) limit per occurrence basis; Products and Completed Operations Aggregate of not less than Four Million Dollars ($4,000,000) and Two Million Dollars ($2,000,000) each occurrence; Commercial Automobile Liability of not less than Two Million Dollars ($2,000,000) per occurrence combined single limit, including owned, non-owned and hired automobile coverage; and Employer's Liability of not less than One Million Dollars ($1,000,000) each accident, One Million Dollars ($1,000,000) disease each employee, and One Million Dollars ($1,000,000) disease each policy.

It is the mutual intent of the Parties that the levels of insurance coverage described herein shall be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time and from time to time, either Party may provide notice to the other Party that the level of insurance being maintained by Developer is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated shall be changed (either increased or decreased) accordingly. The Party receiving such request shall not unreasonably withhold its consent to such change. Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of Authority or the payment of damages to persons or property resulting from Developer's activities, or the activities of any person or persons for which Developer is responsible.

(iv) Workers' Compensation Insurance: Developer shall maintain 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 workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or *in lieu* thereof. Such workers' compensation insurance shall cover all persons employed by Developer in connection with the Project and shall cover liability within statutory limits for

compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Project or the operation thereof by Developer, and in an amount of not less than $1,000,000 per accident, bodily injury, or disease. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and *in lieu* of maintaining such insurance, self-insure for workers' compensation in which event Developer shall deliver to Authority evidence that such self-insurance has been approved by the appropriate State authorities.

e. Developer shall cause all contractors and subcontractors performing work relating to the Project to maintain insurance of the types and in the amount described in this Section 309. Developer must cause its architects (if any) and engineers also to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on per occurrence basis during any rehabilitation work of the Property of not less than Five Million Dollars ($5,000,000) and in a general aggregate amount of not less than Five Million Dollars ($5,000,000) and, following any rehabilitation work of the Property, not less than Two Million Dollars ($2,000,000) and in a general aggregate amount of not less than Two Million Dollars ($2,000,000).

f. The term "full insurable value" as used in this Section 309 means the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Developer shall cause the full insurable value to be determined from time to time by appraisal by the insurer, by agreement between the Parties or by an appraiser mutually acceptable to the Parties, not less often than once every three years.

g. All policies shall name Authority and City as additional insureds and/or loss payees as their interests may appear. Policy endorsements providing the additional insured/loss payee shall be included with Certificates of Insurance.

h. All insurance provided under this section shall be for the benefit of Developer, Authority and City. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit policies of all insurance required by this Section, or certificates evidencing the existence thereof and additional insured endorsements, to Authority not less than 15 days prior to the Closing, indicating full coverage of the contractual liability imposed hereby. All insurance herein provided for shall be effected under policies issued by insurers of recognized responsibility, licensed and admitted to do business in the State of California (or if not admitted in California shall have a "General Policyholders Rating" of at least "A-" as set forth in the most current issue of "Best's Key Rating Guide"), reasonably

approved by Authority. All policies or certificates of insurance shall provide that such policies shall not be canceled or limited in any manner without at least 20 days' prior written notice to Authority.

i. If Developer fails or refuses to procure or maintain insurance as required by this Agreement, the Authority shall have the right, at Authority's election, and upon 10 days' prior notice to Developer, to procure and maintain such insurance. The premiums paid by Authority shall be treated as a loan due from Developer, which Developer agrees to pay on the first day of the month following the date on which the premiums were paid. Authority shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 310 Disclaimer of Responsibility by Authority

Authority neither undertakes nor assumes nor shall have any responsibility, right or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the Property or the Project, whether with respect to the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same or otherwise. Developer and all third parties shall rely upon their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by Authority in connection with such matter is for the public purpose of providing affordable housing, and neither Developer nor any third party is entitled to rely thereon.

Section 311 Rights of Access

Commencing upon the Closing, representatives of Authority and City shall have the reasonable right of access to the Property, upon two business days' written notice to Developer (except in the case of an emergency, in which case Authority shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, without limitation, the inspection of the work being performed.

Section 312 Taxes, Assessments, Encumbrances and Liens

Commencing upon the Closing, Developer shall pay prior to delinquency all real estate taxes and assessments assessed and levied on or against the Property and Developer's Leasehold Interest. Prior to Completion, Developer shall not place, or allow to be placed, on title to the Property or any portion thereof or any interest therein, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Developer shall remove, or shall have removed, any levy or attachment made on the Property (or any portion thereof or interest therein), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder.

Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amount of any tax assessment, encumbrance or lien, or to limit the remedies available to Developer in respect thereto.

Section 313 Rights to Plans

a. All work product prepared pursuant to this Agreement, including, without limitation, all Plans, construction documents, soils tests and similar reports, permits and other entitlements are hereby assigned to Authority as security for Developer's obligations hereunder. In the event that either this Agreement or the Ground Lease is terminated by Authority, Developer shall, within 10 days of such termination, transmit all such work product to Authority.

b. To effectuate the assignment described in paragraph a., concurrently with executing this Agreement, Developer shall execute and deliver to Authority the Assignment of Agreements, granting to Authority all of Developer's rights to: (i) the Plans prepared pursuant to this Agreement, (ii) the contracts between Developer and its architect (if any) and between Developer and its general contractor, (iii) all permits relating to the Project and (iv) all similar rights and property interests. If no such work product exists or will exist, then execution and delivery to Authority of the Assignment of Agreements shall not be required.

Section 314 Release of Construction Covenants

a. Promptly after Completion of the Improvements constituting the Project in its entirety, as generally and specifically required by this Agreement, Authority shall furnish Developer with a Release of Construction Covenants upon written request therefor by Developer. Authority shall not unreasonably withhold such Release of Construction Covenants, and such Release of Construction Covenants shall be issued so long as Developer has constructed and developed the Project in accordance with this Agreement and the Plans approved by Authority. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of all of the construction required by this Agreement.

b. The Release of Construction Covenants shall be in such form as to permit it to be recorded in the official records of Los Angeles County. A Release of Construction Covenants for rehabilitation of less than the Improvements constituting the Project in its entirety shall not be recorded.

c. If Authority refuses or fails to furnish a Release of Construction Covenants after written request from Developer, then Authority shall, within 30 days of the written request, provide Developer with a written statement of the reasons Authority refused or failed to furnish a Release of Construction Covenants. The statement shall also contain Authority's opinion of the action Developer shall take to obtain a Release of Construction Covenants. If the reason for such refusal

is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, then Authority shall issue its Release of Construction Covenants upon the posting of a bond by Developer with Authority in an amount representing the fair value of the work not yet completed.

d. Such Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

ARTICLE IV USE OF PROPERTY

Section 401 Uses

a. Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof or any interest therein) that Developer, its successors and assigns shall use the Property exclusively to provide four units of affordable housing for rental to Very Low Income households who are at risk of homelessness or currently unhoused at an Affordable Rent as provided in the Ground Lease and the Agreement Containing Covenants.

b. The Parties acknowledge that this Agreement is subject to the provisions of California Health and Safety Code Section 33418 (as applied to the use of the Low and Moderate Income Housing Asset Fund by California Health and Safety Code Section 33476.1), which provides in pertinent part:

> "(a) An Agency will monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an Agency will require owners or managers of the housing to submit an annual report to the Agency. The annual reports will include for each rental unit the rental rate and the income and family size of the occupants... The income information required by this section will be supplied by the tenant in a certified statement of a form provided by the Agency."

Accordingly, Developer shall submit to Authority on an annual basis the annual report required by California Health and Safety Code Section 33418. The annual report shall include for each residential unit the rental rate and the income and family size of the occupants. The income information shall be supplied by the tenant in a certified statement on a form provided by Authority. Developer shall provide for the submission of such information in its lease or occupancy agreements with tenants.

c. Prior to the Closing, Developer shall submit to the Authority Executive Director for approval a proposed plan for managing and operating the Project, which shall include a

proposed staffing plan to assure a satisfactory level of management, maintenance, and security services (the "**Management Plan**"). Approval of the Management Plan by the Authority Executive Director or designee shall be a condition precedent to the Closing. Developer shall manage and operate the Property in accordance with the approved Management Plan, including such amendments as may be approved in writing from time to time by Developer and the Authority Executive Director or designee, for the entire Restricted Period.

d. Developer shall submit no later than 45 days before the beginning of each fiscal year of the Restricted Period an estimated annual budget for management of the Property (the "**Annual Operating Budget**") in accordance with the Management Plan. The Annual Operating Budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amount required for insurance and all other expenses incident to the operation of the Project and shall show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits and balances. The Annual Operating Budget, including any amendments proposed by Developer, shall be subject to the approval of the Authority Executive Director. Within 30 days following its receipt of the Annual Operating Budget, Authority shall deliver to Developer its written approval or disapproval thereof, which approval shall not be unreasonably withheld. If Authority disapproves the Annual Operating Budget, then it shall set forth its reasons with reasonable specificity, and Developer shall submit a revised Annual Operating Budget for Authority's review.

e. Developer shall submit to Authority no later than 45 days before the beginning of each fiscal year of the Restricted Period a "Proposed Use of Residual Receipts Plan" for Authority's approval of Developer's intended use of the residual receipts. Within 30 days following its receipt of the Proposed Use of Residual Receipts Plan, Authority shall deliver to Developer its written approval or disapproval thereof, which approval shall not be unreasonably withheld. If Authority disapproves the Proposed Use of Residual Receipts Plan, then it shall set forth its reasons with reasonable specificity, and Developer shall submit a revised Proposed Use of Residual Receipts Plan for Authority's review.

f. Beginning on the date of first occupancy of the Project, and for each fiscal year of the Restricted Period, Developer shall submit on a quarterly basis a quarterly report for the management of the Property (the **"Quarterly Report**") in a form that is reasonably acceptable to the Authority Executive Director. The Quarterly Report shall include a cash flow report, profit and loss statement, budget to date figures, staffing level (including positions and, if not full-time, hours worked), and occupancy report. The Authority Executive Director, in his/her sole discretion may waive the requirement of the Quarterly Report for one or more monthly reporting periods. However, such waiver shall not operate to waive any subsequent requirement to submit a Quarterly Report.

g. The Agreement Containing Covenants shall contain appropriate provisions implementing this Section 401.

Section 402 Maintenance of Property

a. Prior to the Closing, Developer shall prepare and submit to the Authority Executive Director or designee for review and approval a program for the exterior and interior maintenance of the Property and the Improvements (the "**Maintenance Program**") and a proposed first-year budget for its implementation (the "**Annual Maintenance Budget**").

b. The Maintenance Program shall describe in reasonable detail the standards to be followed in maintaining the interior and exterior of the Improvements, including a schedule indicating the proposed frequency of each element of maintenance, and shall include, at a minimum, the following: periodic cleaning of the interior and exterior of the Improvements, including windows, removing graffiti, removing debris and waste materials and otherwise maintaining indoor and outdoor areas of the Property, maintaining any lawns, plants, shrubs and trees or other landscaping planted on the Property, performing inspections of all exterior features to determine whether repairs are required, conducting periodic protective treatments such as rust removal and caulking, conducting repairs to facades, roof, doors, windows and other exterior features, maintaining fencing and other security devices and systems, periodic repainting of the exterior, periodic repainting of the interior units and common areas, periodic replacing of the interior unit carpets, checking and repairing or replacing as need of building systems, including, without limitation, the heating and cooling systems, smoke alarms, carbon monoxide alarms, and water heaters, checking interior unit appliances and monitoring interior unit bathrooms for mold/mildew. The Maintenance Program, including amendments proposed by Developer, shall be subject to the approval of the Authority Executive Director.

c. At all times during the Restricted Period, Developer shall maintain the Property and the Improvements in accordance with the approved Maintenance Program. To implement this requirement, Developer agrees to budget sufficient funds to pay for all reasonably anticipated costs (as indicated in the Annual Maintenance Budget to be submitted to Authority with the proposed Annual Operating Budget). If Developer fails to maintain the Property and the Improvements in accordance with the approved Maintenance Program, then Authority shall have the right, but not the obligation, to enter the Property, correct any violation, and hold Developer responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property. Authority agrees that it shall not exercise its rights under this paragraph until Authority has given notice to Developer and Developer fails to cure such default within 30 days; provided, however, that Developer shall have such additional time as may be reasonably necessary in order to cure such default if Developer has commenced to cure within such 30-day period and is diligently prosecuting the cure to completion; and provided further, that if Developer's failure to maintain the Property has, in Authority's reasonable judgment, created a condition that presents an immediate threat to health

and safety, then Authority is only required to give such notice as is reasonable under the circumstances.

d. The Agreement Containing Covenants shall contain appropriate provisions implementing this Section 402.

Section 403 Obligation to Refrain from Discrimination

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

   Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

2. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

   That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

   Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

3. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees of the land."

Section 404 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the

Property or any part thereof or interest therein for the benefit and in favor of Authority, its successors and assigns, and City.

Section 405 Effect of Violation of Terms and Provisions of Agreement

Authority and City are deemed beneficiaries of the terms and provisions of this Agreement and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. Authority and City shall have the right if the covenants contained in this Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants are entitled.

ARTICLE V DEFAULTS, REMEDIES AND TERMINATION

Section 501 Defaults – General

a. Subject to Force Majeure Delay, failure or delay by either Party to perform any term or provision of this Agreement constitutes a default under this Agreement. The Party who fails or delays shall immediately commence to cure, correct or remedy such failure or delay and complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, then prior to exercising any remedies hereunder, the injured Party shall give the Party in default written notice of such default. The Party in default shall have a period of seven days after such notice is given within which to cure the default prior to exercise of remedies by the injured Party.

d. If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Authority shall give Developer notice of such default. If the default is reasonably capable of being cured within 30 calendar days after such notice is received or deemed received, then Developer shall have such period to effect a cure prior to exercise of remedies by Authority.

If the default is such that it is not reasonably capable of being cured within 30 days, and Developer (i) initiates corrective action within said period and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Developer shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Authority, but in no event shall such period exceed 60 days from the date such notice is received or deemed received. In no event shall Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Section 502 Institution of Legal Actions

Subject to the notice and cure provisions of Section 501 in addition to any other rights or remedies (and except as otherwise provided in this Agreement), either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions shall be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

Section 503 Applicable Law

The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement, without reference to the principles relating to conflicts of law.

Section 504 Acceptance of Service of Process

a. If legal action is commenced by Developer against Authority, then service of process on Authority shall be made by personal service upon the Authority Executive Director or in such other manner as may be provided by law.

b. If legal action is commenced by Authority against Developer, then service of process on Developer shall be made by personal service upon Developer (or upon an officer of Developer) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 505 Rights and Remedies Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

Section 506 Damages

If either Party defaults with regard to any of the provisions of this Agreement, then subject to the notice and cure provisions of Section 501, the defaulting Party shall be liable to the non-defaulting Party for any damages caused by such default, and the non-defaulting Party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting Party with respect to such default.

Section 507 Specific Performance

If either Party defaults with regard to any of the provisions of this Agreement, then subject to the notice and cure provisions of Section 501, the non-defaulting Party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 508 Termination by Authority Before Closing

Notwithstanding anything in this Agreement or the Ground Lease to the contrary, Authority shall have the right to terminate this Agreement, in its sole discretion and without further notice to Developer and without requirement of the expiration of any cure period, in the event of any one or more of the following:

a. Developer fails to submit to Authority evidence of financing or fails to satisfy any other condition precedent to the occurrence of the Closing as provided in the Method of Financing within the time established therefor in the Schedule of Performance and has failed to cure such default within 30 days after receiving written notice from Authority;

b. Developer assigns or attempts to assign any of Developer's rights in and to the Property or any portion thereof or interest therein, or this Agreement or any portion hereof, except as permitted by this Agreement;

c. Except for a Permitted Transfer, there is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the provisions of Section 105; or

d. Developer fails to submit any of the reports, plans, drawings (if necessary) and related documents required by this Agreement by the respective dates provided in this Agreement therefor, and has failed to cure such default within 30 days after receiving written notice from Authority.

Section 509 Termination by Authority After Closing

After the Closing, but before Completion, Authority shall have the right to terminate this Agreement if any of the following defaults occur:

a. Developer fails to commence rehabilitation of the Improvements as required by this Agreement and such breach is not cured within the time provided in Section 501;

b. Developer abandons or substantially suspends rehabilitation of the Improvements and such breach is not cured within the time provided in Section 501;

c. Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement, and such breach is not cured within the time provided in Section 501; or

d. Developer otherwise materially breaches this Agreement, and such breach is not cured within the time provided in Section 501.

Section 510 Termination by Either Party

Prior to the Closing, either Party shall have the right to terminate this Agreement if the other Party is in default of any material term or provision of this Agreement, and, following notice, fails to cure such default within the time provided in Section 501.

ARTICLE VI GENERAL PROVISIONS

Section 601 Notices, Demands and Communications between Parties

Formal notices, demands and communications between the Parties shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Parties, as designated in Section 103 and 104, respectively. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by mail as provided in this Section 601. Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

Section 602 Conflicts of Interest

a. No member, official or employee of Authority shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and shall not pay or give, any third party any money or other consideration for obtaining this Agreement.

Section 603 Nonliability of Authority Officials and Employees

No member, official, employee or consultant of Authority shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by Authority or for any amount that may become due to Developer or to its successor, or on any obligations under the terms of this Agreement.

Section 604 Force Majeure

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

Section 605 Inspection of Books and Records

Developer shall maintain at a location in Los Angeles County complete, accurate, and current records pertaining to the Property and the Project for a period of five years after the creation of such records, and shall permit any duly authorized representative of Authority to inspect and copy records, during regular business hours. Records shall be kept accurate and current.

Section 606 Real Estate Commissions

Neither Party shall be liable for any real estate commissions, brokerage fees or finders' fees which may arise from this transaction. The Parties each represent to the other that it has employed no broker, agent or finder in connection with this transaction.

Section 607 Approvals

a. Except as otherwise expressly provided in this Agreement, approvals required of either Party shall not be unreasonably withheld or delayed. All approvals shall be in writing. Except as otherwise expressly provided in this Agreement, failure by either Party to approve a

matter within the time provided for approval of the matter shall not be deemed a disapproval, and failure by either Party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of Authority shall be deemed granted upon the written approval of the Authority Executive Director or designee. Notwithstanding the foregoing, the Authority Executive Director or designee may, in his or her sole discretion, refer to the governing body of Authority any item requiring Authority approval; otherwise, "Authority approval" shall mean and refer to approval by the Authority Executive Director or designee.

Section 608 No Partnership

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the Parties or cause Authority to be responsible in any way for the debts or obligations of Developer or any other Person.

Section 609 Compliance With Law

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Property and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer in any action or proceeding, whether Authority be a party thereto or not, that Developer has violated any such ordinance or statute shall be conclusive of that fact as between the Parties.

Section 610 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

Section 611 Interpretation

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against either Party. The Parties acknowledge and agree that this Agreement has been prepared jointly by the Parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not

be interpreted or construed against the Party preparing it, and instead, other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by either Party, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the Parties that *in lieu* of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation and/or undertaking "herein", "hereunder", or "pursuant hereto" (or language of like import) mean, refer to, and include the covenants, obligations and undertakings existing pursuant to this instrument and any riders, exhibits, addenda and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and *vice versa*, and the masculine gender includes the feminine and *vice versa*.

Section 612 <u>No Third Party Beneficiaries</u>

This Agreement is made solely and specifically between the Parties and their respective successors and assigns; and, except as expressly provided otherwise in this Agreement, no other person shall have any rights, interest or claims under this Agreement or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

Section 613 <u>Authority to Sign</u>

Developer hereby represents that the person executing this Agreement on behalf of Developer has full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

Section 614 Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

ARTICLE VII ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement shall constitute the entire understanding and agreement of the Parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all (or any part of or any interest in) the Property.

c. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorities of the relevant Party, and all amendments hereto shall be in writing and signed by the appropriate authorities of the Parties to be bound thereby. This Agreement and any provisions hereof may be amended by mutual written agreement by Developer and the Authority Executive Director, subject to review and approval by Authority's governing body as needed to comply with applicable law and Authority policies and procedures.

d. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute one Agreement binding on the Parties.

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the date first written above.

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By: _____
Salvador Mendez
City Manager Pro Tem

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By:_____
Alexandra Halfman
Acting Authority Attorney

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Susan Apy

"DEVELOPER"

VICTORY OUTREACH - PALMDALE,
a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

ATTACHMENT NO. 1

LEGAL DESCRIPTION

[behind this page]

ATTACHMENT NO. 1

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

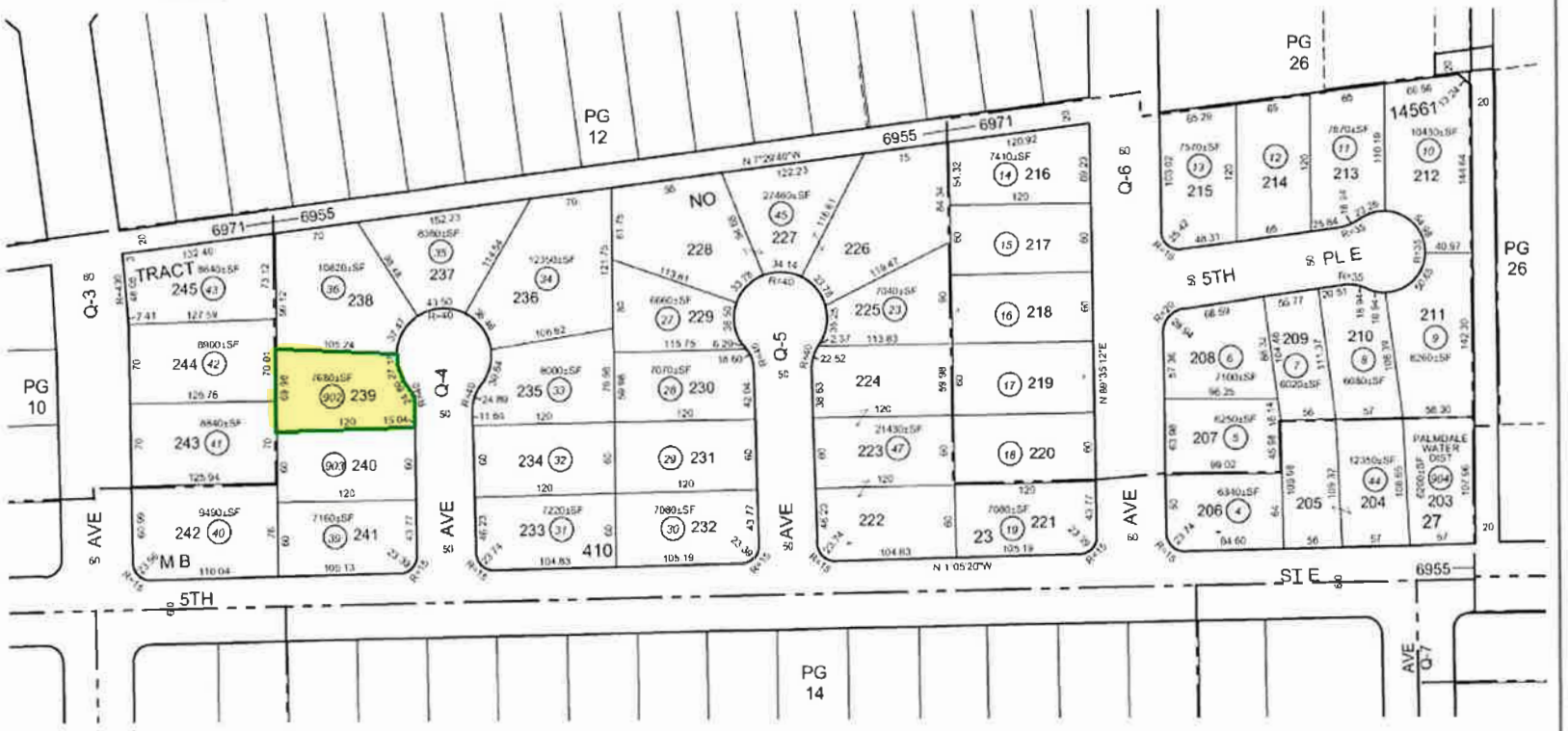
APN: 3008-013-902

ATTACHMENT NO. 2

SITE MAP

[behind this page]

3008	13 SHEET	P. A 996-9	TRA 6955 6971	REVISED 97060604003001-A1 20040811030140001-A1	20100209100050001-A1 20190114190130001-A1 20210706020030001-A1				SEARCH NO		OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO THE HOUSING AUTHORITY OF THE CITY OF PALMDALE UNLESS OTHERWISE NOTED.

Date Printed: 1/14/2019 6:52:13 AM
Date Saved: 7/5/2021 7:55:42 PM

ATTACHMENT NO. 3

FORM OF AGREEMENT CONTAINING COVENANTS

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-902

Agreement No. A-9241

AGREEMENT CONTAINING COVENANTS
BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH-PALMDALE

THIS AGREEMENT CONTAINING COVENANTS (this "**ACC**"), dated as of _____, 2025, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**").

WHEREAS, Developer is the owner of a leasehold interest in that certain real property (the "**Property**") located in Palmdale, California more particularly described in Exhibit A which is attached hereto and incorporated herein by this reference, pursuant to the Ground Lease; and

WHEREAS, for the purpose of providing four units of housing that shall be affordable to Very Low Income households who are at risk of homelessness or currently unhoused exclusively, the Parties have entered into an Affordable Housing Agreement dated as of June 3, 2025 (the "**Agreement**"), which is incorporated herein by this reference, and any capitalized term that is not otherwise defined in this ACC shall have the meaning ascribed to such term in the Agreement; and

WHEREAS, the Agreement contains certain provisions relating to the use of the Property.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES COVENANT AND AGREE AS FOLLOWS:

1. Developer hereby covenants and agrees on behalf of itself and its successors and assigns in the Property or any portion thereof or any Improvements thereon or any interest therein that Developer and such successors and assigns shall rehabilitate the Improvements on the

Property, consisting of a residential apartment building containing four rental units and associated amenities, in accordance with the Authority Loan Documents and plans approved by City. Developer hereby covenants and agrees on behalf of itself and its successors and assigns in the Property or any portion thereof or any Improvements thereon or any interest therein that Developer and such successors and assigns shall comply with all provisions of the LURA, whether affirmative or negative in nature, and that Developer, its successors and assigns shall carry out the rehabilitation, construction, development, and operation of the Improvements on the Property in compliance with the LURA.

2. Maximum Incomes.

a. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer, its successors and assignees shall use the Property exclusively as housing to provide four units of affordable housing for Very Low Income households who are at risk of homelessness or currently unhoused, subject to all of the terms and conditions of this ACC. The four two-bedroom units shall be rented as housing exclusively to Very Low Income households who are at risk of homelessness or currently unhoused at an Affordable Rent as provided in California Health and Safety Code Section 50053 for very low income households (an "**Affordable Rent**").

b. For purposes of this ACC, the maximum incomes of eligible tenants shall be determined on the basis of the income limits for Very Low Income households, adjusted for household size, in the Los Angeles-Long Beach SMSA, published approximately annually by the California Department of Housing and Community Development ("**HCD**"). If HCD discontinues publishing such income limits, then the term "Very Low Income" shall mean a household income that does not exceed 50% of the area median income (the "**Area Median Income**"), adjusted for household size.

c. Household income shall be determined using the income sources set forth in Section 6914 of Title 25 of the California Code of Regulations. Immediately prior to a prospective tenant's occupancy of an affordable unit, Developer shall obtain and maintain on file an income computation and certification form from such prospective tenant dated immediately prior to the date of initial occupancy. Developer shall verify that the income information provided by an applicant is accurate by following all applicable Authority policies and procedures and by taking one or more of the following steps as a part of the verification process: (i) obtaining two pay stubs from the most recent pay periods, (ii) obtaining a written verification of income and employment from applicant's current employer, (iii) obtaining an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either agency, (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, then obtaining other verification of such applicant's income as is reasonably satisfactory or (v) obtaining such other information as may be reasonably required. Developer shall update the foregoing records annually and provide copies of updated tenant eligibility records and monthly rental records to Authority for review. Upon review of such

records, Authority may at its option perform an independent audit of the tenant eligibility records in order to verify compliance with the income and affordability requirements set forth herein. Developer shall retain the records described in this Section for a period of five years after the date each record was created.

3. Maximum Rents.

a. Rents charged to a tenant shall not exceed rents that are affordable to Very Low Income households. The maximum rent, including a reasonable utility allowance for utilities and services (excluding telephone) to be paid by Very Low Income households is set forth below:

(i) In the case of a Very Low Income household, the maximum rent shall be a rent that does not exceed 30% of 50% of the Area Median Income, adjusted for household size appropriate to the unit.

(ii) For purposes of determining Affordable Rent, household size appropriate to the unit shall mean two persons in the case of a one-bedroom unit and three persons in the case of a two-bedroom unit.

b. This affordability requirement shall continue in effect for the full Term of this ACC.

c. Failure to comply with the affordability requirements of this ACC is an event of default under the terms of the Authority Loan. Pursuant to the Authority Note evidencing the Authority Loan, subject to the right to cure, the Authority Loan shall be due and payable immediately if the housing does not meet the affordability requirements of this ACC.

d. Upon request, the Authority Executive Director shall notify Developer of the maximum rents that may be charged, based on the then-current Area Median Income (not to exceed an Affordable Rent), and the maximum income of households who are eligible to occupy the Property. Developer shall submit to Authority for review and approval its initial rent schedule and utility allowances, 30 days prior to initial rental of the units, and on an annual basis thereafter. Rental rates may be adjusted, and income determinations performed, annually, at the time of lease renewal. Developer shall provide tenants not less than 30 days' prior written notice before implementing any increase in rents.

4. Developer, its successors and assigns shall not charge rents in excess of an Affordable Rent. If Developer has charged a tenant rent in excess of an Affordable Rent, then Developer shall immediately reimburse the tenant the amount of overpayment, with interest, from the date of rental payment, at the highest non-usurious rate of interest permitted by law, within 10 days of such determination. Developer may increase rents not more than once annually, subject to any applicable rent control ordinance then in effect, but in no event shall rent be greater than the rent permitted by the adjusted rent limits.

5. Developer shall adopt written tenant selection policies and criteria that meet the following requirements and are approved by Authority:

a. Are consistent with the purpose of providing affordable housing for Very Low Income households.

b. Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.

c. Provide for:

(i) The selection of otherwise eligible tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

(ii) The prompt written notification to any rejected applicant of the grounds for any rejection;

d. Provide first priority in the selection of qualifying occupants to persons displaced by projects assisted by Authority; and

e. Provide information to and otherwise attract eligible qualifying occupants from all racial, ethnic and gender groups in the housing market area. The Parties shall cooperate to effectuate this provision during Developer's initial lease-up of the Property and as vacancies occur.

6. Developer, its successors and assigns shall not refuse to accept for occupancy otherwise eligible qualifying occupants that are holders of a certificate or voucher under 24 CFR part 982-Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate of family participation, rental voucher or comparable HOME tenant-based assistance document.

7. <u>Provisions regarding Leases</u>.

a. Leases shall have terms of not less than one year, unless upon mutual agreement between tenant and Developer the lease agreement may be based on a month-to-month rental. The lease may not contain any of the following provisions (in which references to "owner" shall mean Developer, its successors or assigns):

(i) Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;

(ii) Agreement by the tenant that the owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties thereto. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with state law;

(iii) Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

(iv) Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;

(v) Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties thereto;

(vi) Agreement by the tenant to waive any right to a trial by jury;

(vii) Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the tenant housing agreement; and

(viii) Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay such costs, including owner's reasonable attorneys' fees, if the tenant loses.

8. Developer, its successors or assigns may not terminate a lease or refuse to renew the lease of a tenant, except: for serious or repeated violation of the terms and conditions of the lease, for violation of applicable federal, state or local law or for other good cause. Any termination or refusal to renew shall be provided by Developer's service upon the tenant of a written notice specifying the grounds for the action in the time and manner proscribed by law.

9. Developer shall maintain the Improvements on the Property in compliance with all applicable housing quality standards and local code requirements and shall keep the Property free from any unreasonable accumulation of debris or waste materials. Prior to the recordation of this ACC, Developer shall prepare and submit to the Authority Executive Director for approval a Maintenance Program for the maintenance of the Property and the Improvements. For the Term of this ACC, Developer, its successors and assigns, shall maintain the Property and the Improvements in accordance with the Authority-approved Maintenance Program, as the same may be amended from time to time with the prior written approval of the Authority Executive Director. If Developer

fails to maintain the Property and the Improvements in accordance with the approved Maintenance Program, then Authority shall have the right, but not the obligation, to enter the Property and the improvements, correct any violation, and hold Developer responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

10. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, national origin, religion or sex in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

c. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955

of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees of the land."

11. Prior to the recordation of this ACC, Developer shall prepare and submit to the Authority Executive Director for approval a Management Plan describing Developer's proposed plans for managing and operating the Property. The initial Management Plan is subject to the requirements set forth in the Agreement. For the Term of this ACC, Developer shall manage and operate the Property in accordance with the Authority-approved Management Plan, as the same may be amended from time to time with the prior written approval of the Authority Executive Director. If at any time Authority determines that the Property is not being managed or maintained in accordance with the approved Management Plan, Developer shall change its management personnel or the practices complained of, upon receipt of written notice from Authority. In accordance with the Management Plan, Developer shall submit:

a. No later than 45 days before the beginning of each fiscal year, an Annual Operating Budget. The Annual Operating Budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amount required for insurance and all other expenses incident to the operation of the Project and shall show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits and balances. The Annual Operating Budget, including any amendments proposed by Developer, shall be subject to the approval of the Authority Executive Director. Within 30 days following its receipt of the Annual Operating Budget, Authority shall deliver to Developer its written approval or disapproval thereof, which approval shall not be unreasonably withheld. If Authority disapproves the Annual Operating Budget, then it shall set forth its reasons with reasonable specificity and Developer shall submit a revised Annual Operating Budget for Authority's review.

b. On the first day of each month of the fiscal year, beginning on the date of first occupancy, a Quarterly Report for the management of the Property. The Quarterly Report shall include a cash flow report, profit and loss statement, budget to date figures, staffing level (including positions and, if not full-time, hours worked), and occupancy report. The Authority Executive Director in his or her sole discretion may waive the requirement of the Quarterly Report for one or more quarterly reporting periods. However, such waiver shall not operate to waive any future right of Authority to require a subsequent Quarterly Report.

c. In connection with the Annual Operating Budget and Quarterly Report, Developer shall be obligated to use the Residual Receipts (as such term is defined in the Authority Note) for uses approved by Authority. No later than 45 days before the beginning of each fiscal

year, Developer shall prepare and submit to Authority an annual "Proposed Use of Residual Receipts Plan" for administrative approval prior to spending the Residual Receipts on such approved uses.

d. In addition to the Annual Operating Budget, Quarterly Report and annual Proposed Use of Residual Receipts Plan, Developer shall annually submit to Authority a Use of Residual Receipts Report describing the programs provided by Developer.

12. The covenants established in this ACC and any amendments hereto approved by the Parties shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority, its successors and assigns, and City. The requirements of this ACC shall commence at the Closing and shall remain in effect for the longest feasible time, but not less than 55 years from the Closing (the "**Term**"), except that the nondiscrimination provisions of Section 10 shall remain in perpetuity.

13. Authority and City are deemed beneficiaries of the terms and provisions of this ACC and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this ACC and the covenants running with the land have been provided. Authority and City shall each have the right if the covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this ACC and covenants are entitled, without regard to whether Authority or City is or remains an owner of any land or interest therein to which such covenants relate.

14. This ACC may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same document.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this ACC as of the date first set forth above.

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By: _____
Salvador Mendez
City Manager Pro Tem

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By: _____
Alexandra Halfman
Acting Authority Attorney

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Susan Apy

"DEVELOPER"

VICTORY OUTREACH - PALMDALE,
a California non profit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

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 _____

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 _____

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 4

FORM OF ASSIGNMENT OF AGREEMENTS

[behind this page]

ASSIGNMENT OF AGREEMENTS FROM VICTORY OUTREACH-PALMDALE TO HOUSING AUTHORITY OF THE CITY OF PALMDALE (A-9241)

FOR VALUE RECEIVED, the undersigned, VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"), assigns to the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic ("**Authority**"), all of its right, title and interest in and to:

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, the "**Architectural Agreements**"); and

2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively the "**Plans and Specifications**")

heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity (collectively "**Architect**"), for or on behalf of Developer in connection with the rehabilitation of the Improvements on the Property described in Exhibit A attached. This Assignment of Agreements (this "**Assignment**") is subject to the prior rights of any lender whose lien is senior to the Authority Deed of Trust. The Plans and Specifications, as of the date hereof, are those which Developer has heretofore, or will hereafter deliver to Authority.

This Assignment constitutes a present and absolute assignment to Authority as of the date that it is executed by Developer (the "**Effective Date**"), subject to the terms and provisions of the Affordable Housing Agreement by and between Developer and Authority, dated as of June 3, 2025 (the "**Agreement**") wherein such assignment only becomes enforceable upon a breach and failure to cure by Developer as set forth therein; provided, however, that Authority confers upon Developer the right to enforce the terms of the Architectural Agreements and Developer's rights to the Plans and Specifications so long as no default or event which would constitute a default after notice or the passage of time, or both, has occurred and is continuing under the Agreement. Upon the occurrence of a default or event which would constitute a default after notice or the passage of time, or both, under the Agreement, Authority may, in its sole discretion, give notice to Architect of its intent to enforce the rights of Developer under the Architectural Agreements and of its rights to the Plans and Specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Developer shall, within 10 days after receipt of notice from Authority that Authority intends to enforce its rights under this Assignment, transmit all Plans and Specifications to Authority, subject to any required third-party consent, which Developer must use its best efforts to obtain. Developer acknowledges that by accepting this Assignment, Authority does not assume any of Developer's obligations under the Architectural Agreements or with respect to the Plans and Specifications.

Developer represents and warrants to Authority, as of the Effective Date, that: (i) all Architectural Agreements entered into by Developer are in full force and effect and are enforceable in accordance with their terms, and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural Agreements, (ii) all copies of the Architectural Agreements and Plans and Specifications delivered to Authority are complete and correct and (iii) Developer has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications.

Developer agrees: (i) to pay and perform all obligations of Developer under the Architectural Agreements, (ii) to enforce the payment and performance of all obligations of any other person or entity under the Architectural Agreements, (iii) not to modify the existing Architectural Agreements nor to enter into any future Architectural Agreements without Authority's prior written approval except as otherwise may be permitted in the Agreement and (iv) not to assign further (other than assignment in connection with a loan which is senior in priority to Authority's assignment), for security or any other purposes, its rights under the Architectural Agreements or with respect to the Plans and Specifications without Authority's prior written consent.

This Assignment secures performance by Developer of all obligations of Developer under the Agreement. This Assignment is supplemented by the provisions of the Agreement and said provisions are incorporated herein by this reference.

The term "**Agreement**" as used herein also means any future amendments and implementation agreements between the Parties regarding the Agreement which refer to this Assignment. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

This Assignment shall be governed by the internal laws of the State of California, except to the extent that Federal laws preempt the laws of the State of California, and Developer consents to the jurisdiction of any Federal or State Court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors-in-interest of the Parties; provided, however, that this shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Developer contained in the Agreement.

This Assignment may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same document.

The attached Schedule 1 and Exhibit A are incorporated herein by this reference.

"DEVELOPER"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

SCHEDULE 1

SCHEDULE OF UNPAID CLAIMS

[behind this page]

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 5

FORM OF ASSIGNMENT OF RENTS AND LEASES

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-902

Agreement No. A-9241

ASSIGNMENT OF RENTS AND LEASES FROM VICTORY OUTREACH-PALMDALE TO HOUSING AUTHORITY OF THE CITY OF PALMDALE

THIS ASSIGNMENT OF RENTS AND LEASES (this "**Assignment**"), dated as of _____, 2025, is made by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Assignor**"), in favor of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic, its successors, and assigns ("**Assignee**").

RECITALS

A. Assignor is the owner of a leasehold interest in the real property described in Exhibit A attached hereto, pursuant to that certain Ground Lease between Assignee and Assignor dated as of _____, 2025, and is the owner of all of the personalty, fixtures, and improvements now or hereafter located thereon or attached thereto now existing or to be constructed thereon. Said real property, personalty, fixtures, and the improvements are herein referred to collectively as the "**Premises**".

B. Assignee has agreed to make the Authority Loan to Assignor in the amount of $580,000 pursuant to the terms of an Affordable Housing Agreement by and between Assignor and Assignee, dated as of June 3, 2025 (the "**Agreement**"), as evidenced by the Authority Note. The Authority Loan is secured by the Authority Deed of Trust.

In order to induce Assignee to make the Authority Loan to Assignor, Assignor has agreed to execute this Assignment.

NOW THEREFORE, with reference to the foregoing and in reliance thereon and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor agrees as follows:

AGREEMENT

1. All initially capitalized terms used herein, unless otherwise defined or required by context, shall have the meaning ascribed to them in the Agreement.

2. Subject to the prior rights of any lender whose lien is senior to the Authority Deed of Trust held by Assignee (a "**Senior Lender**"), Assignor hereby absolutely grants, sells, assigns, transfers and sets over to Assignee, by this Assignment, all of Assignor's interests, whether now existing or hereafter acquired, in all subleases and other occupancy agreements of any nature, now or hereafter covering all or any part of the Premises, together with all extensions, renewals, modifications or replacements of said subleases and occupancy agreements, and together with any and all guarantees of the obligations of the sublessees and occupants (individually, a "**Sublessee**") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. Said subleases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to individually as a "Sublease" and collectively as the "**Subleases**".

3. Assignor's purpose in making this Assignment is to relinquish to Assignee its right to collect and enjoy the rents, royalties, issues, profits, income and other benefits at any time accruing by virtue of the Subleases (collectively, "**Rents and Profits**").

4. The Parties intend that this Assignment shall be a present, absolute and unconditional assignment and shall, immediately upon execution, give Assignee the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the indebtedness and other obligations under any of the Authority Loan Documents, as well as all other sums payable under the Authority Deed of Trust or any other instrument given as security for the indebtedness. However, Assignee hereby grants to Assignor a license to collect and use, subject to the provisions set forth below, the Rents and Profits as they respectively become due and to enforce the Subleases, so long as there is no default by Assignor in performance of the terms, covenants or provisions of any of the Authority Loan Documents, after the expiration of any applicable notice and cure periods. Nothing contained herein, nor any collection of Rents and Profits by Assignee or by a receiver, shall be construed to make Assignee a "mortgagee in possession" of the Premises so long as Assignee has not entered into actual possession of the Premises.

5. Upon the occurrence of any default, after the expiration of any applicable notice and cure periods, under the terms and conditions of any of the Authority Loan Documents, this Assignment shall constitute a direction and full authority to each Sublessee under any Sublease

and each guarantor of any Sublease to pay all Rents and Profits to Assignee without proof of the default relied upon. Assignor hereby irrevocably authorizes each Sublessee and guarantor to rely upon and comply with any notice or demand by Assignee for the payment to Assignee of any Rents and Profits due or to become due.

6. Assignor represents and warrants as to each Sublease now or hereafter covering all or any portion of the Premises, unless Assignee has been otherwise advised in writing by Assignor:

a. That each Sublease is in full force and effect;

b. That no material default exists on the part of the Sublessee thereunder or Assignor;

c. That no rent in excess of one month's rent has been collected in advance;

d. That no Sublease or any interest therein, except to the extent required by a Senior Lender, if any, has been previously assigned or pledged; and

e. That all rent due to date under each Sublease has been collected and no concession has been granted to any Sublessee in the form of a waiver, release, reduction, discount or other alteration of rent due or to become due except as previously disclosed to Assignor in writing.

7. Assignor agrees with respect to each Sublease:

a. If any Sublease provides for a security deposit paid by the Sublessee to Assignor and subject to the prior rights, if any, of a Senior Lender, then this Assignment transfers to Assignee all of Assignor's right, title and interest in and to each such security deposit; provided, however, that Assignor shall have the right to retain said security deposit so long as Assignor is not in default, after the expiration of any applicable notice and cure periods, under any of the Authority Loan Documents; and provided further that Assignee shall have no obligation to the Sublessee with respect to such security deposit unless and until Assignee comes into actual possession and control of said security deposit.

b. If any Sublease provides for the abatement of rent during repair of the leased Premises by reason of fire or other casualty, then Assignor shall furnish rental insurance to Assignee, the policies to be with companies and in form, content, policy limits and terms as are customary in the case of entities owning similar property or assets similarly situated.

c. Each Sublease shall remain in full force and effect despite any merger of the interest of Assignor and any Sublessee thereunder. Except as may be otherwise provided in the Agreement, Assignor shall not terminate any Sublease (except pursuant to the terms of the

Sublease upon a default by any Sublessee thereunder), or materially modify or amend any Sublease or any of the terms thereof, or grant any concessions in connection therewith or accept a surrender thereof, without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

d. Assignor shall not collect any Rents and Profits more than 30 days in advance of the date on which they become due under the terms of any Sublease.

e. Assignor shall not discount any future accruing Rents and Profits.

f. Assignor shall not consent to any assignment of any Sublease, or any subletting thereunder, whether or not in accordance with its terms, on any terms less favorable than those that would reflect an arm's length transaction in light of prevailing market conditions (subject to the rent restrictions applicable to the Premises), without the prior written consent of Assignee, except as may be otherwise provided in the Agreement.

g. Except as may be otherwise provided in the Agreement, Assignor shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law.

h. Assignor shall faithfully perform and discharge all obligations of the sublessor under each Sublease, and shall give prompt written notice to Assignee of any notice of Assignor's default received from any Sublessee or any other person and furnish Assignee with a complete copy of said notice. Assignor shall appear in and defend, at no cost to Assignee, any action or proceeding arising under or in any manner connected with any Sublease. If requested by Assignee, Assignor shall enforce each Sublease and all remedies available to Assignor against the Sublessee in the case of default under the Sublease by the Sublessee.

i. Except as otherwise provided in the Agreement, and except for residential subleases entered into in the ordinary course of business, Assignor shall give Assignee written notice immediately upon entering into a Sublease of any part of the Premises and shall promptly upon request of Assignee provide to Assignee a true and correct copy of each executed Sublease. Upon written notice from Assignee to Assignor, such Sublease shall be deemed included in this Assignment as though originally listed herein. At Assignee's option, such notice may be recorded, without cost to Assignor, in the Official Records of Los Angeles County, California, which notice shall refer to this Assignment.

j. Except as otherwise provided in the Agreement, at Assignee's option, Assignor shall not hire, retain or contract with any third party for property management services with respect to the Premises, without the prior written approval of Assignee of such party and the terms of its contract for management services.

k. Nothing herein shall be construed to impose any liability or obligation on Assignee under or with respect to any Sublease. Assignor shall indemnify, defend, and hold Assignee, its officers, directors, agents, employees and representatives (each, an "**Indemnitee**") harmless from and against any and all liabilities, losses and damages that any Indemnitee may incur under any Sublease or by reason of this Assignment, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnitee by reason of any alleged obligations to be performed or discharged by Assignee under any Sublease or this Agreement, unless any of the foregoing arises from or results from the gross negligence or willful misconduct of any Indemnitee. Should any Indemnitee incur any liability, loss or damage under any Sublease or by reason of this Assignment and such liability, loss or damage falls within the foregoing indemnification, Assignor shall immediately upon demand reimburse such Indemnitee for the amount thereof together with all costs and expenses and reasonable attorneys' fees (based on itemized invoices for time and charges) and court costs incurred by such Indemnitee. All of the foregoing sums shall bear interest at the maximum rate permitted by law from demand by Indemnitee until paid. Any Rents and Profits collected by Assignee may be applied by Assignee, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense or fees.

8. Assignor hereby grants to Assignee the following rights:

a. Upon a default as described in the Agreement, Assignee shall be deemed to be the creditor of each Sublessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor relief proceedings affecting such Sublessee, without obligation on the part of Assignee, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein.

b. Assignee shall have the right to assign Assignor's right, title and interest in the Subleases to any subsequent holder of the Authority Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Assignee.

c. Assignee shall have the right (but not the obligation), upon any default under the Authority Deed of Trust or the Agreement, to take any action as Assignee may deem necessary or appropriate to protect its security, including, without limitation, appearing in any action or proceeding and performing any obligations of the sublessor under any Sublease, and Assignor agrees to pay, on demand, all costs and expenses, including, without limitation, reasonable attorneys' fees and court costs incurred by Assignee in connection therewith, together with interest thereon at the rate of 10% per *annum*.

d. Upon any default under any of the Authority Loan Documents (subject to any notice and cure provisions), and without notice to or consent of Assignor, Assignee shall have the following rights (none of which shall be construed to be obligations of Assignee):

i. Assignee shall have the right under this Assignment to use and possess, without rental or charge, the fixtures, equipment, and personal property of Assignor located in or on the Premises and used in the operation or occupancy thereof. Assignee shall have the right to apply any of the Rents and Profits to pay installments due for personal property rented or purchased on credit, insurance premiums on personal property, or other charges relating to personal property in or on the Premises. However, this Assignment shall not make Assignee responsible for the control, care, management, or repair of the Premises or any personal property or for the carrying out of any of the terms or provisions of any Sublease.

ii. Assignee shall have the right to apply the Rents and Profits and any sums recovered by Assignee hereunder to the outstanding Indebtedness, as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Premises.

iii. Assignee shall have the right to take possession of the Premises, manage and operate the Premises and Assignor's business thereon, and to take possession of and use all books of account and financial records of Assignor and its property managers or representatives relating to the Premises.

iv. Assignee shall have the right to execute new Subleases of any part of the Premises, including Subleases that extend beyond the term of the Authority Deed of Trust.

v. Assignee shall have the right to cancel or alter any existing Subleases.

vi. Assignee shall have the irrevocable authority, as Assignor's attorney-in-fact, such authority being coupled with an interest, to sign the name of Assignor and to bind Assignor on all papers and documents relating to the operation, leasing and maintenance of the Premises.

e. All of the foregoing rights and remedies of Assignee are cumulative, and Assignee shall also have upon the occurrence of any such default all other rights and remedies provided under any of the Authority Loan Documents or other agreement between the Parties, or otherwise available at law or in equity or by statute subject to the nonrecourse clause set forth in the Authority Note.

9. Failure of Assignee to avail itself of any terms, covenants, or conditions of this Assignment for any period of time or for any reason shall not constitute a waiver thereof.

10. Notwithstanding any future modification of the terms of any of the Authority Loan Documents, this Assignment and the rights and benefits hereby assigned and granted shall continue in favor of Assignee in accordance with the terms of this Assignment.

11. This Assignment shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the Parties (including, without limitation, in the case of Assignee, any third parties now or hereafter acquiring any interest in the indebtedness or other obligations of Assignor under the Authority Note or the Authority Deed of Trust or a part thereof, whether by virtue of assignment, participation or otherwise). The words Assignor, Assignee and Sublessee, wherever used herein, shall include the persons and entities named herein or in any Sublease and designated as such and their respective heirs, legal representatives, successors and assigns, provided that any action taken by the named Assignee or any successor, designated as such by an instrument recorded in the Official Records of Los Angeles County, California, referring to this Assignment, shall be sufficient for all purposes notwithstanding that Assignee may have theretofore assigned or participated any interest in the obligation to a third party. All words and phrases shall be taken to include the singular or plural number, and the masculine, feminine or neuter gender, as may fit the case.

12. Any change, amendment, modification, abridgment, cancellation or discharge of this Assignment or any term or provision hereof shall be invalid without the written consent of Assignee.

13. Upon payment to Assignee of the full amount of the indebtedness and other obligations secured hereby and by the Authority Note and the Authority Deed of Trust, as evidenced by a recorded satisfaction or release of the Authority Deed of Trust, this Assignment shall be void and of no further effect. In such event, Assignee shall cooperate with Assignor to execute such instruments as may be reasonably necessary to remove the lien of this instrument from the Official Records of Los Angeles County.

14. All notices, demands, approvals, and other communications provided for herein shall be in writing and be delivered by overnight air courier, personal delivery, or registered or certified U.S. mail, postage prepaid with return receipt requested to the appropriate party at its address as follows:

If to Assignor: Victory Outreach
37419 25th Street East
Palmdale, California 93550

If to Authority: Housing Authority of the City of Palmdale
38250 Sierra Highway
Palmdale, California 93550
Attention: Manager

Addresses for notice may be changed from time to time by written notice to the other Party. If any communication is given by U.S. Mail in the manner hereinabove described, then it shall be effective upon the earlier of (i) three days after deposit in a Post Office or other official depository under the care and custody of the United States Postal Service or (ii) actual receipt, as indicated by the return receipt. If given by personal delivery, or by overnight air courier, then it shall be effective when delivered to the appropriate address set forth above.

15. This Assignment may be recorded in the Official Records of Los Angeles County, California, and Assignor shall pay any and all fees, charges, costs and expenses of such recording.

16. If any provision hereof is determined to be illegal or unenforceable for any reason, then the remaining provisions hereof shall not be affected thereby.

17. This Assignment shall be governed by and construed in accordance with the internal laws of the State of California.

18. If Assignee should bring any action to enforce its rights hereunder at law or at equity, then Assignor shall reimburse Assignee for all reasonable attorneys' fees and costs expended in connection therewith.

[Remainder of Page Intentionally Left Blank; Signature(s) on Following Page]

19. This Assignment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment as of the date first above written.

"ASSIGNOR"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzlez
Secretary

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 _____

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 6

FORM OF AUTHORITY DEED OF TRUST

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-902

Agreement No. A-9241

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) BY VICTORY OUTREACH-PALMDALE FOR THE BENEFIT OF HOUSING AUTHORITY OF THE CITY OF PALMDALE

This Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (this "**Deed of Trust**") is made _____, 2025 by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation (hereinafter referred to as "**Trustor**") (whose address is 37419 25th Street East, Palmdale, California 93550), to FIDELITY NATIONAL TITLE COMPANY, (hereinafter called "**Trustee**"), for the benefit of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic (hereinafter called "**Beneficiary**"), whose address is 38250 Sierra Highway, 2nd Floor Palmdale, California 93550-3609. Trustor is the owner of the leasehold estate (the "**Leasehold Estate**") in the land hereinafter described which was created, granted and conveyed by that certain Ground Lease by and between Beneficiary as lessor, and Trustor as lessee, dated as of _____, 2025, as amended from time to time (the "**Ground Lease**"), with respect to the real property described in this Deed of Trust.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION all present and future right, title and interest of Trustor in and to the following property (the "**Trust Estate**"):

(a) The Leasehold Estate and all of Trustor's rights, title and interest under the Ground Lease pertaining to that certain real property in the City of Palmdale, County of Los Angeles, State of California more particularly described in Exhibit A attached hereto and by this reference made a part hereof (hereafter referred to as the "**Subject Property**");

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "**Improvements**");

(c) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "**Appurtenances**"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "**Real Property**");

(d) subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid;

(e) all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "**UCC**"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "**Goods**," and together with the Real Property, the "**Property**"); and

(f) all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings (if any), (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects (if any), engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license

agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "**Intangibles**").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estate described above in which a security interest may be created under the UCC (collectively, the "**Personal Property**"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9502(c) and 9604 of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

(1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) a promissory note in the original principal amount of $580,000 executed by Trustor of even date herewith (the "**Authority Note**");

(b) the Affordable Housing Agreement dated as of June 3, 2025 (the "**Agreement**"), between Trustor and Beneficiary;

(c) the Agreement Containing Covenants (including rental restrictions) between Trustor and Beneficiary, recorded concurrently herewith (the "**Agreement Containing Covenants**"); and

(2) payment of indebtedness of Trustor to Beneficiary in the principal sum of $580,000 or so much thereof as shall be advanced, evidenced by the Authority Note, with interest, according to the terms of the Authority Note.

The Agreement, including all attachments thereto, and the documents and instruments executed by Trustor in connection with the Project, including the Authority Loan Documents described in

the Agreement (collectively referred to as the "**Secured Obligations**") and all of their terms are incorporated herein by reference, and this conveyance secures any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. Any capitalized term that is not otherwise defined in this Deed of Trust has the meaning ascribed to such term in the Agreement.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Authority Note at the time and in the manner provided therein, and perform the obligations of Trustor as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the uses permitted by the Agreement and the Agreement Containing Covenants;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;

4. That, subject to the prior rights of any lender whose lien is senior to this Deed of Trust ("**Senior Lender**"), all rents, profits and income from the Trust Estate are hereby assigned to Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Agreement;

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate and operate same and collect the rents, profits and income therefrom;

6. That Trustor shall keep the Improvements hereafter constructed on the Subject Property in accordance with the Agreement insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by Beneficiary, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than one-hundred percent of the insurable value of the Property. Such policies shall be endorsed with standard mortgage clause with loss payable to Beneficiary and certificates thereof together with copies of original policies shall be deposited with Beneficiary;

7. To pay, at least 10 days before delinquency, any taxes and assessments affecting the Property, to pay, when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto and to pay all costs, fees and expenses of this Deed of Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings and Trustor has adequate funds immediately available to pay any liabilities contested pursuant to this Paragraph 7;

8. To keep the Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations), not to commit or permit waste thereof, not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property and not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, may pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto and, in exercising any such powers, may pay necessary expenses, employ counsel and pay its reasonable fees. Notwithstanding the foregoing, in the event of default under this Deed of Trust, Beneficiary may also require Trustor to maintain and submit additional records. Beneficiary shall specify in writing the particular records that must be maintained and the information or reports that must be submitted;

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made

by Beneficiary shall be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate specified in the Authority Note;

13. That the funds to be advanced hereunder are to be used in accordance with the Secured Obligations and upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions and agreements of said agreements, the principal sum and all arrears of interest, and other charges provided for in the Authority Note shall at the option of Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding;

14. Trustor further covenants that it shall not voluntarily create, suffer or permit to be created against the property subject to this Deed of Trust any lien or liens except as permitted by the Secured Obligations or otherwise approved by Beneficiary, and further that it shall keep and maintain the Property free from the claims of all persons supplying labor or materials which shall enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within 30 days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary first provide a written request, prior to foreclosure) record in the official records of Los Angeles County, California, a surety bond in an amount one-and-one-half times the amount of such claim item in order to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all Improvements made or about to be made upon the premises covered by the Deed of Trust, and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same shall upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office; and

16. Trustor herein agrees to pay to Beneficiary or to the authorized loan servicing representative of Beneficiary a reasonable charge for providing a statement regarding the obligation secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public

improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, then subject to the rights of a Senior Lender, if any, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. Subject to the rights of a Senior Lender, if any, all such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the Authority Note secured hereby. No amount applied to the reduction of the principal shall relieve Trustor from making regular payments as required by the Authority Note;

18. Upon default by Trustor in making any payments provided for in the Authority Note secured hereby or in this Deed of Trust, or in performing any obligation set forth in any of the Secured Obligations, and if such default is not cured within the respective time provided therefor in Paragraph 34 below, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust, the Authority Note and all documents evidencing expenditures secured hereby;

19. a. Prior to the repayment in full of the Authority Loan, Trustor shall not assign or attempt to assign the Agreement or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the Project thereon, or any portion thereof or interest therein (referred to hereinafter as a "**Transfer**"), without prior written approval of Beneficiary, except as otherwise permitted in the Authority Note. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. If consent should be given, then any such transfer shall be subject to this Paragraph 19, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein, subject to the provisions of subparagraph e(3) below of this Paragraph 19.

b. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by Beneficiary, to fulfill the obligations undertaken by Trustor in the Agreement and the Authority Loan Documents. Any such proposed transferee, by instrument in writing satisfactory to Beneficiary and in form recordable among the official records of Los Angeles County, California, for itself and its

successors and assigns, and for the benefit of Beneficiary shall expressly assume all of the obligations of Trustor under the Agreement and the Authority Loan Documents, and agree to be subject to all conditions and restrictions applicable to Trustor in this Deed of Trust, subject to the provisions of subparagraph e(3) below of this Paragraph 19. There shall be submitted to Beneficiary for review all instruments and other legal documents proposed to effectuate any such transfer, and if approved by Beneficiary, its approval shall be indicated to Trustor in writing.

c. In the absence of specific written agreement by Beneficiary, no unauthorized Transfer, or approval thereof by Beneficiary, shall be deemed to relieve Trustor or any other party from any obligations under the Agreement or any other Authority Loan Document.

d. If a Transfer occurs before the payment in full of the Authority Loan and without the prior written consent of Beneficiary, then the net proceeds shall be paid to Beneficiary to the extent necessary to pay in full the accrued interest, if any, current interest and remaining principal balance of the Authority Loan.

e. (1) As used herein, "Transfer" also means the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph e(3) below of this Paragraph 19.

(2) "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Trustor, or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Agreement, except that a cumulative change in ownership interest of any general partner of 49% or less shall not be deemed a "Transfer" for purposes of this Deed of Trust.

(3) Notwithstanding subparagraphs (1) and (2), above, "Transfer" shall not include any of the following Permitted Transfers:

(a) An assignment of the Agreement and all of Trustor's interests in the Property to an Affiliate of Trustor or a conveyance back from the Affiliate to Trustor;

(b) The lease for occupancy of all or any part of the Improvements on the Property in accordance with the Secured Obligations;

(c) The granting of easements or permits to facilitate the rehabilitation of the Property in accordance with the Agreement; and

(d) Any transfer approved in writing by Beneficiary's Executive Director or designee, at his or her sole discretion.

f. Beneficiary shall not unreasonably withhold, condition, or delay its approval of any matter for which its approval is required hereunder. Any disapproval shall be in writing and contain Beneficiary's reasons for disapproval;

20. After the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Trustee shall apply the proceeds of sale to payment of (i) the expenses of such sale, together with the reasonable expenses of this Deed of Trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale, (ii) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Authority Note, (iv) all other sums then secured hereby and (v) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of

Trust and the Authority Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the Authority Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth on the first page of this Deed of Trust;

28. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary;

29. Trustor agrees that the loan secured by this Deed of Trust is made expressly for the purpose of financing the construction of Improvements on the Property, to provide four residential units to be operated as rental housing that is affordable to Very Low Income households who are at risk of homelessness or currently unhoused at an Affordable Rent, and such dwelling units shall be occupied exclusively by such persons as set forth in the Secured Obligations;

30. Trustor agrees that, except as otherwise provided in the Authority Note, upon sale

or refinancing of the Property or any part thereof, the entire principal balance of the debt secured by this Deed of Trust, plus any accrued but unpaid interest thereon, shall at the option of Beneficiary be immediately due and payable;

31. The obligation to repay the Authority Loan is a nonrecourse obligation of Trustor and its partners. Neither Trustor nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of Beneficiary shall be the exercise of its rights against the Property and any related security for the Authority Loan. Notwithstanding the foregoing, Beneficiary may recover directly from Trustor or from any other party:

(a) any damages, costs and expenses incurred by Beneficiary as a result of fraud or any criminal act or acts of Trustor or any partner, shareholder, officer, director or employee of Trustor, or of any member or general or limited partner of Trustor, or of any member or general or limited partner of such member or general or limited partner;

(b) any damages, costs and expenses incurred by Beneficiary as a result of any misappropriation of funds provided for the construction of the Project, as described in the Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Trustor pursuant to the indemnification regarding Hazardous Substances pursuant to the Environmental Indemnity; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Beneficiary shall pay Trustor's reasonable court costs and attorneys' fees if Trustor is the prevailing party in any such enforcement or collection action);

32. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are proximately caused by a Force Majeure Event, provided such event actually delays and interferes with the timely performance of the matter, and, despite the exercise of diligence and good business practices, such event is beyond the reasonable control of Trustor. Notwithstanding the foregoing, no such event shall constitute a Force Majeure Event unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Trustor shall deliver such written notice within 10 days after it obtains actual knowledge of the event;

33. If the rights and liens created by this Deed of Trust are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the Secured Obligations, then the

unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations;

34. (a) Subject to the extensions of time set forth in Paragraph 32 above, and subject to the further provisions of this Paragraph 34, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by Beneficiary. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(d) If a monetary event of default occurs, then prior to exercising any remedies hereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a period of seven days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary.

(e) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Beneficiary shall give Trustor notice of such default. If the default is reasonably capable of being cured within 30 days, then Trustor shall have such period to effect a cure prior to exercise of remedies by Beneficiary. If the default is such that it is not reasonably capable of being cured within 30 days, and Trustor (i) initiates corrective action within said period and (ii) diligently, continually and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. If Trustor fails to take corrective action or cure the default within a reasonable time, then Beneficiary shall give Trustor notice thereof, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Beneficiary be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or if the default is not cured within 60 days after the first notice of default is given.

(f) Except as otherwise may be required in order to comply with the provisions of California Civil Code Section 2924 *et seq.*, any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its

transmission, any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof;

35. This Deed of Trust shall be subordinate and junior to the deed of trust securing a Senior Loan, if any. Following the reconveyance of the deed of trust securing a Senior Loan, this Deed of Trust shall be subordinate and junior to the deed of trust in favor of the maker of a permitted permanent or take-out loan, if any. Beneficiary's Executive Director or his or her designee shall execute such instruments as may be necessary in order to subordinate the lien of this Deed of Trust, to the deed of trust securing any Senior Loan. In the event of a default or breach by Trustor of any security instrument securing a Senior Loan described in this Paragraph 35, Beneficiary shall have the right to cure the default prior to completion of any foreclosure. In such event, Beneficiary shall be entitled to reimbursement by Trustor of all costs and expenses incurred by Beneficiary in curing the default. The amount of any such disbursements shall be a lien against the Property and added to the obligation secured by this Deed of Trust until repaid, with interest at the highest rate permitted by law; and

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

36. This Deed of Trust may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

"TRUSTOR"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

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 _____

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 7

FORM OF AUTHORITY NOTE

[behind this page]

PROMISSORY NOTE
SECURED BY DEED OF TRUST
TO HOUSING AUTHORITY
OF THE CITY OF PALMDALE
(A-9241)

0% Palmdale, California
$580,000 _____, 2025

FOR VALUE RECEIVED, VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Borrower**"), hereby promises to pay to the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), or order, a principal amount of $580,000, as the Authority Loan pursuant to the Affordable Housing Agreement dated as of June 3, 2025 (the "**Agreement**") by and between Borrower ("Developer" therein) and Authority, incorporated herein by this reference. Borrower shall pay interest at the rate, in the amount and at the time hereinafter provided.

Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Agreement. In addition, the following terms shall have the following meanings:

"**Default Rate of Interest**" means 1% over the Prime Rate announced by Bank of America.

"**Low Income**" shall have the meaning given to the term "lower income" in California Health and Safety Code Section 50079.5.

"**Note**" means this promissory note evidencing the Authority Loan.

"**Operating Expenses**" means actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Property, expressly including, without limitation: debt service on any leasehold mortgage loan pre-approved by Authority in its sole and absolute discretion other than the Authority Loan, property taxes and assessments, maintenance costs (including materials and labor), reasonable and customary payments to a replacement reserve account, painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, security, cable television, satellite and similar facilities, a reasonable property management fee, not to exceed 5% of effective gross income, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves) and fees and

expenses of accountants, attorneys, consultants and other professionals, including annual audits and tax return preparation costs payable to a third party. The calculation of Operating Expenses shall be subject to the reasonable approval of Authority.

"**Residual Receipts**" means (i) the Revenue minus (ii) the Operating Expenses, calculated on a 12-month basis.

"**Revenue**" means the gross rental income from the Property, and any other income to Borrower derived from the ownership, operation and management of the Property.

1. This Note evidences the obligation of Borrower to Authority for the repayment of the Authority Loan.

2. This Note is payable at the principal office of Authority, 38250 Sierra Highway, 2nd Floor, Palmdale, California 93550, or at such other place as the holder hereof may inform Borrower in writing, in lawful money of the United States.

3. This Note is secured by the Authority Deed of Trust.

4. The Authority Loan is a deferred payment loan. There are no scheduled payments. The principal balance of the Authority Loan and all accrued and unpaid interest shall be due and payable on _____, 20_____, (55 years after the date of this Note); provided, however, that Borrower shall be obligated to use Residual Receipts as described in Section 5 below. The Authority Loan shall accrue interest at the rate of 0% simple interest per annum from the date of this Note. In the event of an uncured default under any of the Authority Loan Documents, the Authority Loan shall bear simple interest at the Default Rate of Interest from the date of the expiration of the cure period for such default.

5. Prior to the expiration of the term hereof, as additional consideration in order to induce Authority to make the Authority Loan to Borrower, Borrower shall be obligated to use the Residual Receipts for housing related programs that are consistent with the City of Palmdale Neighborhood Improvement Strategy to benefit Very Low Income and Low Income households. Borrower or its agent shall prepare and submit to Authority, annually, a "Proposed Use of Residual Receipts Plan" for administrative approval prior to spending the Residual Receipts on such approved uses. The annual Proposed Use of Residual Receipts Plan shall describe the community outreach programs to be provided to the Project, which shall be consistent with the City of Palmdale Neighborhood Improvement Strategy and provide for a minimum of two community outreach events per year.

6. The Authority Loan is immediately due and payable upon any breach or default by Borrower under any of the Authority Loan Documents, or any documents executed in connection with the Authority Loan, now or hereafter securing this Note (including any amendment, modification or extension thereof) which is not cured in the time provided for such cure. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms of any of the Authority Loan Documents or any documents executed in connection with the Authority Loan, which is not cured or waived within the respective time period provided herein or therein, the holder may exercise its rights or remedies hereunder or thereunder.

7. Any breach by Borrower of the provisions of Section 105 of the Agreement constitutes a default under this Note. The cure periods under the Agreement and this Note in connection with such a default shall run concurrently.

8. Borrower waives presentment for payment, demand, protest and notices of dishonor and of protest, the benefits of all waivable exemptions and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Authority Deed of Trust or any term or provision of either.

9. (a) Subject to the extensions of time set forth in Section 10 below, and subject to the further provisions of this Section 9, failure or delay by Borrower to perform any material term or provision of this Note constitutes a default under this Note.

(b) Authority shall give written notice of default to Borrower, specifying the default complained of by Authority. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Authority in asserting any of its rights and remedies shall not deprive Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, then Authority shall give Borrower written notice of such default. Borrower shall have a period of seven calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by Authority.

(e) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Authority shall give Borrower notice of such default. If the default is reasonably capable of being cured within 30 calendar days after such notice is received or deemed received, then Borrower shall have such period to effect a cure prior to exercise of remedies by Authority. If the default is such that it is not reasonably capable of being cured within 30 days, and Borrower (i) initiates corrective action within said period and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Authority, but in no event shall such period exceed 60 days from the date such notice is received or deemed received. In no event shall Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

(f) A notice of default shall be deemed given only if either (i) dispatched by first class mail, registered or certified, postage prepaid, return receipt requested, to the address specified for Borrower in Section 13 below or (ii) by personal delivery (including by means of professional messenger or courier service such as United Parcel Service or Federal Express) to the address specified for Borrower in Section 13 below. Receipt shall be deemed to have occurred on the earlier of (i) the date of successfully completed electronic facsimile transmission (if followed by delivery of a "hard" copy) or (ii) the date marked on a written postal service or messenger or courier service receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). If either Party gives notice of a change of address in the manner specified in this paragraph, then all notices, demands and communications originated after receipt of the change of address (or the effective date specified in the notice of change of address, if later) shall be transmitted, delivered or sent to the new address.

10. Notwithstanding specific provisions of this Note, non-monetary performance hereunder shall not be deemed to be in default where delays are due to causes beyond the control and without the fault of Borrower (an "**Enforced Delay**"), provided that they actually delay and interfere with the timely performance of the matter to which they would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of Borrower, including a Force Majeure Event. Notwithstanding the foregoing, no Force Majeure Event shall constitute an Enforced Delay unless and until Borrower delivers to Authority written notice describing the event, its cause, when and how Borrower obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Borrower shall deliver such written notice within 10 business days after it obtains actual knowledge of the event.

11. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, then the remaining obligations must be completely performed and paid.

12. The obligation to repay the Authority Loan is a nonrecourse obligation of Borrower. Neither Borrower nor any other party shall have any personal liability for repayment of the Authority Loan. The sole recourse of Authority with respect to repayment of the Authority Loan shall be the exercise of its rights against the Property and the improvements and any related security for the Authority Loan. Notwithstanding the foregoing, Authority may:

(i) obtain a judgment or order (including, without limitation, an injunction) requiring Borrower or any other party to perform (or refrain from) specified acts other than repayment of the Authority Loan; and

(ii) recover directly from Borrower or any other party:

(A) any damages, costs and expenses incurred by Authority as a result of fraud or any criminal act or acts of Borrower or any shareholder, officer, director or employee of Borrower;

(B) any damages, costs and expenses incurred by Authority as a result of any misappropriation of funds provided for the rehabilitation of the improvements, as described in the Agreement, rents and revenues from the operation of the Improvements, or proceeds of insurance policies or condemnation proceeds;

(C) any and all amounts owing by Borrower pursuant to Borrower's indemnification regarding Hazardous Substances pursuant to the Agreement; and

(D) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority shall pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in any such enforcement or collection action).

13. The address of Borrower for purposes of receiving notices pursuant to this Note is as follows: Victory Outreach, 37419 25th Street East, Palmdale, California 93550, Facsimile number: 661-274-9288.

[Remainder of Page Intentionally Left Blank; Signature(s) on Following Page]

14. In addition to the other terms of this Note, Borrower hereby agrees and acknowledges that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its organizational documents, the terms of this Note and the Agreement shall control as to the use of the Authority Loan provided under the Agreement and all operating income from the Project.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

"BORROWER"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

ATTACHMENT NO. 8

FORM OF ENVIRONMENTAL INDEMNITY

[behind this page]

ENVIRONMENTAL INDEMNITY BY VICTORY OUTREACH -PALMDALE IN FAVOR OF HOUSING AUTHORITY OF THE CITY OF PALMDALE (A-9241)

THIS ENVIRONMENTAL INDEMNITY (this "**Indemnity**"), dated as of _____, 2025, is made by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Borrower**"), whose address for purposes of giving notice is 37419 25th Street East, Palmdale, California 93550, in favor of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), whose address for purposes of giving notice is 38250 Sierra Highway, 2nd Floor, Palmdale, California 93550-4611.

WITNESSETH

WHEREAS, Borrower is the owner of a leasehold interest in the real property in the City of Palmdale pursuant to the Ground Lease, as more particularly described on Exhibit A attached hereto and made a part hereof, and the Improvements thereon (collectively referred to as the "**Property**");

WHEREAS, the Parties entered into an Affordable Housing Agreement, dated as of June 3, 2025 (the "**Agreement**"), pursuant to which Authority agreed to make a loan to Borrower for the purpose of rehabilitating a four-unit apartment building for rental to Very Low Income households who are at risk of homelessness or currently unhoused ; and

WHEREAS, Borrower has agreed to execute and deliver to Authority this Indemnity in order to induce Authority to make the Authority Loan.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Borrower hereby agrees as follows:

1. ADDITIONAL DEFINITIONS

For the purpose of this Indemnity, "**Hazardous Materials**" shall include, without limitation, substances defined as "extremely hazardous substances", "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050, the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, *et seq.* and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code, and in the regulations adopted

and publications promulgated pursuant to said laws. Other capitalized terms used in this Indemnity shall have the meanings ascribed to them in the Agreement.

2. COVENANTS AND INDEMNITY

The following covenants and indemnities are hereby given and made by Borrower:

2.1 Covenants.

(a) Borrower covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations or orders.

(b) Borrower covenants that the Property shall not, while Borrower is the lessee thereof, be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release or disposal of any Hazardous Materials, except for *de minimis* quantities used at the Property in compliance with all applicable environmental laws and required in connection with the routine construction, operation and maintenance of the Property.

(c) Borrower further agrees that Borrower shall not release or dispose of any Hazardous Materials at the Property without the express written approval of Authority and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by Authority.

(d) Authority shall have the right, at any time, to conduct an environmental audit of the Property at Authority's expense, unless Hazardous Materials are found, then at Borrower's sole cost and expense, and Borrower shall cooperate in the conduct of any such environmental audit. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Borrower and only in the presence of a representative of Borrower. Borrower shall give Authority and its agents and employees access to the Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Borrower shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present at the Property, Borrower shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed or (ii) otherwise comply with such federal and state regulations, at Borrower's sole cost and expense. If Borrower shall fail to so do within the cure period permitted under applicable law, regulation, or order, then Authority may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation or order, and the costs thereof shall be added to the Obligations of Borrower under this Section 2.

(f) Borrower shall immediately advise Authority in writing of any of the following: (i) any pending or threatened environmental claim against Borrower or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Borrower with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Borrower.

2.2 Indemnity. Borrower shall indemnify, protect and hold Authority harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "**Obligations**") which may at any time be imposed upon, incurred by or asserted or awarded against Authority and arising from or out of:

(a) The presence of any Hazardous Materials on, in, under or affecting all or any portion of the Property or any surrounding areas;

(b) The breach of any covenant made by Borrower in Section 2.1 hereof; or

(c) The enforcement by Authority of any of the provisions of this Section 2.2 or the assertion by Borrower of any defense to its obligations hereunder. Subject to the qualifications set forth in Section 2.3 below, Borrower shall be liable for payment and performance of the Obligations to the full extent (but only to the extent) of the Property and assets (including Borrower's leasehold interest in the Property) which constitute security for such Obligations. If default occurs in the timely and proper payment and performance of any such Obligations, then any judicial proceedings brought by Authority against Borrower shall be limited to the protection and preservation of the Property, the preservation, enforcement and foreclosure of the liens, mortgages, assignments, rights and security interests securing such Obligations and enforcement and collection of such Obligations for which Borrower remains directly liable. If there is a foreclosure of any such liens, mortgages, assignments, rights and security interests by power of sale or otherwise, then no personal judgment for any deficiency thereon shall be sought or obtained by Authority against Borrower, or its officers, directors, agents, attorneys, servants or employees.

2.3 Exceptions to Non-Recourse Liability. Notwithstanding the foregoing:

(a) Authority may proceed against any other person or entity whatsoever with respect to the enforcement of any guarantees, surety bonds, letters of credit, reimbursement agreements or similar rights to payment or performance; and

(b) Authority may recover personally from any person or entity:

(1) any damages, costs and expenses incurred by Authority as a result of the negligence of such person or entity, involving, directly or indirectly, the use, generation,

treatment, storage, release or disposal of any Hazardous Materials by such person or entity or by others; provided, however, that neither Borrower nor any officer, director, agent, attorney, servant or employee of Borrower shall have any personal liability if the act or omission complained of was performed in good faith and was not reckless, wanton, intentional or grossly negligent;

(2) any damages, costs and expenses incurred by Authority as a result of fraud or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee of Borrower, or of any general partner of Borrower relating to the use, generation, treatment, storage, release or disposal of any Hazardous Materials; and

(3) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority shall pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in any such enforcement or collection action).

3. BORROWER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Borrower hereby agrees that the Obligations shall be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of the Authority Loan Documents or affecting any of the rights of Authority with respect thereto. The obligations of Borrower hereunder shall be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the Authority Loan Documents or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination or cancellation of any of the Authority Loan Documents, or any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the obligations of Borrower contained in any of the Authority Loan Documents;

(c) Any extension of the maturity of the Authority Loan or any waiver of, or consent to any departure from, any provision contained in any of the Authority Loan Documents;

(d) Any exculpatory provision in any of the Authority Loan Documents limiting Authority's recourse to property encumbered by the Authority Deed of Trust, or to any other security, or limiting Authority's rights to a deficiency judgment against Borrower;

(e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in, any collateral for the Authority Loan, or any release, amendment, waiver of, or consent to any departure from any provision of, any other Borrower or guarantee given in respect of the Authority Loan;

(f) The insolvency or bankruptcy of Borrower or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the Authority Loan; or

(g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower or any other indemnitor or guarantor with respect to the Authority Loan or any or all of the Obligations.

3.2 Continuation. This Indemnity (i) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the payment in full of the Authority Loan, the release or other extinguishment of the Authority Loan or any security for the Authority Loan) and (ii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by Authority upon the insolvency, bankruptcy or reorganization of Borrower, or otherwise, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Borrower's obligations under the Authority Loan Documents, this Indemnity shall not terminate if any of the following shall have occurred:

(a) Authority has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance or condition of the nature described in paragraph (a) above ever occurred.

4. WAIVER

Borrower hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any obligation by Borrower;

(c) Notice of any action taken by Authority, Borrower, or any other interested party under any Authority Loan Document or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Borrower of its Obligations hereunder;

(e) The right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity;

(f) Any requirement that Authority protect, secure, perfect or insure any security interest or lien in or on any property subject thereto;

(g) Any requirement that Authority exhaust any right or take any action against Borrower or any other person or collateral; and

(h) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of Authority to file or enforce any claim against the estate (in probate, bankruptcy or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by Authority, including, without limitation, an election to proceed by nonjudicial foreclosure or which destroys or otherwise impairs the subrogation rights of Borrower or any other right of Authority to proceed against Borrower.

5. NOTICES

Any notice, demand, statement, request or consent made hereunder shall be in writing and shall be personally delivered, or mailed by first-class registered or certified mail, postage prepaid, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, of the Party to whom such notice is to be given (or to such other address as the Parties, shall designate in writing).

Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

6. MISCELLANEOUS

6.1 Borrower shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to Authority at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by the Parties, and no waiver of any provision of this Indemnity, and no consent to any departure by Borrower from any provision of this Indemnity, shall be effective unless it is

in writing and signed by Authority, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of Authority to exercise, and no delay in exercising, any right hereunder or under any other Authority Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of Authority provided herein and in the other Authority Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of Authority under any Authority Loan Document against any party thereto are not conditional or contingent on any attempt by Authority to exercise any of its rights under any other Authority Loan Document against such party or against any other person or collateral.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (i) be binding upon Borrower and Borrower's successors and assigns and (ii) inure, together with all rights and remedies of Authority hereunder, to the benefit of Authority, its directors, officers, employees and agents, any successors to Authority's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of Authority's rights and remedies under the Authority Loan Documents, any successors to any such person, and all directors, officers, employees and agents of all of the aforementioned parties. Without limiting the generality of clause (ii) of the immediately preceding sentence, Authority may, subject to, and in accordance with, the provisions of the Authority Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under any other Authority Loan Document, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to Authority herein or otherwise. None of the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of Authority.

6.6 Borrower hereby (i) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (ii) waives any defense based on doctrines of venue or forum *non conveniens* or similar rules or doctrines and (iii) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Borrower irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this Indemnity and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Borrower has duly executed this Indemnity as of the date first set forth above.

"BORROWER"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 9

FORM OF GROUND LEASE

[behind this page]

GROUND LEASE

BY AND BETWEEN

HOUSING AUTHORITY
OF THE CITY OF PALMDALE

AND

VICTORY OUTREACH-PALMDALE

(A-9241)

513 East Avenue Q4

TABLE OF CONTENTS

Article I ADDITIONAL DEFINITIONS 2
Article II LEASE OF PROPERTY 2
Section 201 Purpose of Lease 2
Section 202 Leased Area 2
Section 203 Assignment of Utility Rights 3
Section 204 Recorded Encumbrances 3
Article III TERM 3
Section 301 Commencement and Term 3
Article IV CONSIDERATION FOR LEASE 4
Section 401 Obligations and Covenants; Rent 4
Section 402 Recordable Quitclaim Deed. 4
Article V USE OF PROPERTY AND SITE CONDITIONS. 4
Section 501 Use of Property. 4
Section 502 Compliance with Law. 4
Section 503 Site Conditions. 5
Section 504 Hazardous Materials. 5
Article VI REHABILITATION OF IMPROVEMENTS ON PROPERTY 10
Section 601 Rehabilitation of Improvements. 10
Section 602 Contractors and Subcontractors 10
Section 603 Permits 11
Section 604 Performance of Work 11
Section 605 Release of Construction Covenants 12
Section 606 Ownership of Improvements 13
Section 607 No Liens on Landlord's Interest 13
Section 608 Removal of Liens on Leasehold Interest 14
Section 609 Notice of Completion 14
Article VII ALTERATIONS 14
Section 701 Alterations 14
Article VIII NO LIABILITY OF LANDLORD 15
Section 801 No Liability of Landlord. 15
Section 802 Discovery of Any Toxic Substance 16
Article IX MAINTENANCE AND REPAIRS 16
Section 901 Maintenance and Repairs 16
Section 902 Repairs 17
Section 903 Landlord's Obligation 17
Article X DAMAGE OR DESTRUCTION 17
Section 1001 Tenant to Give Notice 17
Section 1002 Repair of Damage or Destruction 17
Section 1003 Application of Insurance Proceeds 18

Section 1004 Tenant's Obligations 19
Section 1005 Option to Terminate 19
Article XI ENTRY BY LANDLORD 20
Article XII UTILITIES AND SERVICES 20
Section 1201 Utilities and Services 20
Section 1202 Easements 20
Article XIII PROHIBITION AGAINST ENCUMBRANCE OR TRANSFER 21
Section 1301 Prohibitions 21
Section 1302 Consent to Assignment 22
Article XIV TAXES AND IMPOSITIONS 23
Article XV INSURANCE 23
Section 1501 Required Insurance 23
Section 1502 Disposition of Insurance Proceeds 27
Article XVI DEFENSE, INDEMNIFICATION AND HOLD HARMLESS 27
Article XVII EMINENT DOMAIN 28
Section 1701 Tenant to Give Notice 28
Section 1702 Total Taking 28
Section 1703 Partial Taking 28
Section 1704 Application of Awards and Other Payments 29
Article XVIII COMPLIANCE WITH ALL LAWS 30
Article XIX PERMITS AND LICENSES 30
Article XX PRODUCTION OF REPORTS, RECORDS AND STATEMENTS 30
Article XXI NONDISCRIMINATION 30
Article XXII LEASEHOLD MORTGAGES 32
Section 2201 Leasehold Mortgages 32
Section 2202 No Subordination of Fee 33
Section 2203 Notice to Landlord 33
Section 2204 Notice to Leasehold Mortgagee 33
Section 2205 Leasehold Mortgagee's Rights 34
Section 2206 Obligations of Leasehold Mortgagee Upon Acquisition of Leasehold Estate 34
Section 2207 No Modification or Termination of Lease Without Leasehold Mortgagee's Consent 35
Section 2208 Right of Leasehold Mortgagee to Cure Default 35
Section 2209 Foreclosure in Lieu of Curing Default 36
Section 2210 Assignment of Lease Upon Foreclosure 36
Section 2211 New Lease to Leasehold Mortgagee 37
Section 2212 No Merger of Estates 38
Section 2213 Amendments for Benefit of Leasehold Mortgagee 39
Section 2214 Restriction on Landlord's Right to Encumber its Interest 39
Section 2215 Restriction on Subordination of Tenant's Interest 39

Section 2216 Multiple Leasehold Mortgages 39
Article XXIII EVENTS OF DEFAULT 39
Section 2301 Events of Default 40
Section 2302 Procedures for Declaring an Event of Default 40
Article XXIV REMEDIES 41
Section 2401 Right of Termination 41
Section 2402 Transfer of Interest Upon Termination 42
Section 2403 Damages 42
Section 2404 Specific Performance 42
Section 2405 Cumulative Remedies 42
Section 2406 Limited Recourse 42
Article XXV INTEREST ON PAST DUE OBLIGATIONS 43
Article XXVI NOTICES 43
Article XXVII ESTOPPEL CERTIFICATE 44
Article XXVIII SURRENDER 44
Section 2801 Surrender 44
Section 2802 Title to Improvements 44
Section 2803 Removal of Personal Property 44
Section 2804 Holdover 45
Article XXIX NO CONFLICT OF INTEREST, WARRANTY 45
Section 2901 No Conflict of Interest 45
Section 2902 Warranty Against Speculation 45
Article XXX ADDITIONAL PROVISIONS 46
Section 3001 Time of Essence 46
Section 3002 Waiver 46
Section 3003 Costs of Litigation 46
Section 3004 Institution of Legal Actions 46
Section 3005 Applicable Law 47
Section 3006 Acceptance of Service of Process 47
Section 3007 Relationship of Parties 47
Section 3008 Counterparts 47
Section 3009 Captions for Convenience 47
Section 3010 Entire Agreement 48
Section 3011 Construction 48
Section 3012 Tenant's Payment of Property Taxes 48
Section 3013 Recording of Memorandum of Lease 48
Section 3014 Severability 48
Section 3015 Binding Effect 49

EXHIBITS

EXHIBIT A LEGAL DESCRIPTION
EXHIBIT B SITE MAP

GROUND LEASE
BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH-PALMDALE
(A-9241)

This Ground Lease (this "**Lease**"), dated as of _____, 2025, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Landlord**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Tenant**"), and is made with reference to the following:

RECITALS

A. Landlord is the owner of that certain real property located within the City of Palmdale, County of Los Angeles, State of California (the "**Property**"), as more particularly described in Exhibit A and shown on Exhibit B, each attached hereto and incorporated herein by this reference.

B. Landlord desires to enter into this Lease with Tenant subject to and in accordance with all of the terms and conditions of that certain Affordable Housing Agreement, dated as of June 3, 2025, by and between the Parties (the "**Agreement**").

C. The Agreement requires the rehabilitation, operation, and maintenance on the Property for rental to Very Low Income households who are at risk of homelessness or currently unhoused exclusively at an Affordable Rent of a two-story residential apartment building containing four two-bedroom rental units (the "**Units**") with one-car carport parking space per unit, and all ancillary and related improvements for the Property, all as described in the Scope of Work (the "**Project**").

D. Pursuant to the Agreement, and to assist in providing housing within Palmdale, California that is affordable to Very Low Income households who are at risk of homelessness or currently unhoused exclusively , Landlord is providing to Tenant the Authority Loan.

E. The Parties desire to enter into a 55-year ground lease of the Property in order to allow Tenant to rehabilitate, operate, and maintain the Project on the Property on the terms and conditions set forth in the Authority Loan Documents.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Parties hereby agree as follows:

Article I **ADDITIONAL DEFINITIONS**

Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Agreement.

"**Construction Financing Event**" means the point in time when all conditions precedent to the funding of the Authority Loan have been satisfied, in accordance with the Method of Financing.

"**Leasehold Mortgage**" means an instrument that pledges Tenant's interest in the Improvements and/or Leasehold Interest in the Property as security for a loan, with Landlord's prior written consent.

"**Leasehold Mortgagee**" means, individually or collectively, as applicable, any or all beneficiaries of a Leasehold Mortgage.

"**LURA**" means that certain Land Use Restriction Agreement entered into by and between the former Community Redevelopment Agency of the City of Palmdale, as "Owner" therein, and the Resolution Trust Corporation, as Receiver for Homefed Bank, F.A., and recorded in the official records, Recorder's Office of Los Angeles County, on January 18, 1996, as Instrument No. 96-94063, with respect to Property, as it may be amended from time to time.

Article II **LEASE OF PROPERTY**

Section 201 Purpose of Lease

The purpose of this Lease is to provide for the rehabilitation, maintenance, management and operation of the Project in accordance with the Agreement Containing Covenants and applicable law. Tenant shall not occupy or use the Property, or permit the Property to be used or occupied, nor do or permit anything to be done in, on or about the Property, in whole or in part, for any other purpose or for any purpose not permitted by this Lease, the Agreement, the Agreement Containing Covenants, the LURA, and applicable law.

Section 202 Leased Area

Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the Property on the terms and conditions set forth in this Lease. Landlord also leases to Tenant, and Tenant leases from Landlord, Landlord's right, title and interest in and to any easements and rights of way, present or reversionary, which are appurtenant to the Property; provided however, that Landlord reserves to itself, its successors and assigns, together with the right to grant and transfer all or a portion of the same, the following:

(a) Any and all oil, oil rights, petroleum, minerals, mineral rights, natural gas rights and other hydrocarbon substances by whatsoever name known, geothermal resources and all products derived from any of the foregoing, that may be within or under the land, together with the perpetual right of drilling, mining, exploring, prospecting and operating therefor and storing in and removing the same from the Property or any other land, including the right to whipstock or directionally drill and mine from lands other than those leased hereby, oil or gas wells, tunnels and shafts into, through or across the subsurface of the Property, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines; without, however, the right to enter, drill, mine, store, explore or operate on or through the surface or the upper 500 feet of the subsurface of the Property; and

(b) Any and all water, water rights or interests therein, no matter how acquired by Landlord, together with the right and power to explore, drill, redrill, remove and store the same from the Property or to divert or otherwise utilize such water, water rights or interests on any other property owned or leased by Landlord, whether such water rights shall be riparian, overlying, appropriative, percolating, littoral, prescriptive, adjudicated, statutory or contractual; but without, however, any right to enter upon the surface of the Property in the exercise of such rights and, provided further, that the exercise of any such rights by Landlord shall not result in any damage or injury to the Improvements constructed on the Property by Tenant, including, without limitation, any subsidence of all or any part of such Improvements.

Section 203 Assignment of Utility Rights

Landlord, by virtue of its fee title to the Property, may hold certain rights, entitlements or credits with respect to utility capacity, connections, *etc*. (the "**Utility Rights**"). Landlord hereby assigns said Utility Rights to Tenant as an incidence of its leasehold interest in the Property.

Section 204 Recorded Encumbrances

This Lease and the interest of Tenant hereunder are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record.

Article III **TERM**

Section 301 Commencement and Term

The term of this Lease ("**Term**") shall commence upon the date of the Construction Financing Event and shall continue thereafter until the 55th anniversary of the Construction Financing Event.

Article IV **CONSIDERATION FOR LEASE**

Section 401 Obligations and Covenants; Rent

Landlord is entering into this Lease with Tenant in consideration of Tenant's obligations and covenants contained herein. Landlord shall lease the Property to Tenant for a fully capitalized rent equal to the fair market value of the Property ("**Rent**"). Landlord hereby acknowledges that Tenant is deemed to have prepaid the Rent in full upon the Construction Financing Event through Landlord's carry back of the capitalized Rent in the form of the Authority Loan.

Section 402 Recordable Quitclaim Deed

At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within 30 days after written demand by Landlord, a valid and recordable quitclaim deed covering the Property and the Improvements, free and clear of all liens and encumbrances.

Article V **USE OF PROPERTY AND SITE CONDITIONS**

Section 501 Use of Property

Tenant shall use the Property solely for the rehabilitation of the Project in accordance with the Agreement, including the Scope of Work, and the maintenance and operation of the Project in accordance with this Lease, the Agreement, and the Agreement Containing Covenants.

Section 502 Compliance with Law

Tenant shall carry out the rehabilitation and operation of the Project on the Property in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws. Tenant shall indemnify, protect, defend and hold harmless Landlord, City, and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Landlord and City, from and against any and all loss, liability, damage, claim, cost, expense and/or increased costs (including labor costs, penalties, reasonable attorneys' fees, court and litigation costs and fees of expert witnesses) in connection with the rehabilitation and/or operation of the Project. The foregoing indemnity shall survive termination of this Lease and shall continue after recordation of the Release of Construction Covenants.

Section 503 Site Conditions

(a) All portions of the Property, and all Improvements thereon, which are leased to Tenant by Landlord shall be leased in an "as is" condition, with no warranty, express or implied, by Landlord as to the condition of the soil, its geology or the presence of known or unknown faults or the presence of any Hazardous Materials, and it shall be the sole responsibility of Tenant, at Tenant's expense, to investigate and determine the condition of the Improvements, the soil conditions of the Property and the suitability of the Property for the rehabilitation of the Project. If the condition of the Improvements, the soil conditions of the Property, or any part thereof, are not in all respects entirely suitable for the use or uses to which the Property shall be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Property and the conditions thereof in all respects in a condition entirely suitable for the rehabilitation of the Property as described in the Agreement, including, without limitation, the Scope of Work which may include demolition, clearing or moving buildings, structures or other Improvements, and removal of Hazardous Materials.

(b) Tenant hereby releases Landlord, City and their respective officers, employees, agents and consultants from any and all claims, liabilities, losses, damages, judgments, costs or expenses arising from or connected to any and all matters or statements of fact affecting the Property concerning or related to the physical condition of the Property.

Section 504 Hazardous Materials

(a) "**Hazardous Materials**" means and includes the following:

1. a "Hazardous Substance" as defined by Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601 *et seq*. or as "Hazardous Waste" as defined by Section 6903 of the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 *et seq*.;

2. an "Extremely Hazardous Waste", a "Hazardous Waste" or a "Restricted Hazardous Waste", as defined by The Hazardous Waste Control Law under Sections 25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to Section 25140 of the California Health and Safety Code;

3. a "Hazardous Material", "Hazardous Substance", "Hazardous Waste", or "Toxic Air Contaminant" as defined by the California Hazardous Substance Account Act, laws pertaining to the underground storage of hazardous substances, hazardous materials release response plans or the California Clean Air Act under Sections 25316, 25281, 25501, 25501.1, 117690 or 39655 of the California Health and Safety Code;

4. "Oil" or a "Hazardous Substance" listed or identified pursuant to Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. Section 1321;

5. materials, substances and wastes listed or defined as a "Hazardous Waste", "Extremely Hazardous Waste" or an "Acutely Hazardous Waste" pursuant to Chapter 11 of Title 22 of the California Code of Regulations Sections 66261.1 - 66261.126;

6. materials, substances and wastes listed by the State of California under Proposition 65 Safe Drinking Water and Toxic Enforcement Act of 1986 as a chemical known by the State to cause cancer or reproductive toxicity pursuant to Section 25249.8 of the California Health and Safety Code;

7. a material which due to its characteristics or interaction with one or more other substances, chemical compounds or mixtures, damages or threatens to damage, health, safety or the environment, or is required by any law or public agency to be remediated, including remediation which such law or government agency requires in order for the Property to be put to any lawful purpose;

8. any material whose presence would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field Manual, whether or not the presence of such material resulted from a leaking underground fuel tank;

9. pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Sections 136 *et seq*.;

10. asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. Sections 2601 *et seq*.;

11. any radioactive material including, without limitation, any "source material", "special nuclear material", "by-product material", "low-level wastes", "high- level radioactive waste", "spent nuclear fuel" or "transuranic waste", and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. Sections 2011 *et seq*., the Nuclear Waste Policy Act, 42 U.S.C. Sections 10101 *et seq*., or pursuant to the California Radiation Control Law, California Health and Safety Code Sections 114960 *et seq*.;

12. materials, substances and wastes regulated under the Occupational Safety and Health Act, 29 U.S.C. Sections 651 *et seq*., or the California Occupational Safety and Health Act, California Labor Code Sections 6300 *et seq*.; and/or

13. materials, substances and wastes regulated under the Clean Air Act, 42 U.S.C. Sections 7401 *et seq*. or pursuant to the California Clean Air Act, Sections 3900 *et seq*. of the California Health and Safety Code.

(b) Tenant hereby represents and warrants that the rehabilitation, construction and uses of the Project and Property permitted under the Agreement and this Lease do not require the presence of any Hazardous Materials on the Property that cannot or shall not be kept, stored, used and maintained in compliance with all applicable laws and the manufacturer's guidelines.

(c) If at any time during the Term, any Hazardous Material is present on, in or under the Property (including, without limitation, the soil and groundwater) in violation of applicable law, then Tenant shall at no expense to Landlord, at the earliest practicable date, remove such Hazardous Materials from the Property (including, without limitation, any Hazardous Materials in the soil or groundwater) and any surrounding areas to which such Hazardous Materials may have migrated in accordance with and to the extent required by any and all applicable Legal Requirements. The Parties intend to require Tenant to remove all Hazardous Materials from the Property and surrounding areas to which such Hazardous Materials may have migrated to the extent required by applicable law, if such Hazardous Materials are present at levels of concentration which require removal under applicable law. If, at any time during the Term, Landlord has reasonable cause to believe one or more Hazardous Materials may be present on, in or under the Property in violation of applicable law, then Landlord may, by written notice, inform Tenant of the basis for Landlord's concern and require Tenant to cause the Property to be tested for such Hazardous Material(s) at Tenant's sole expense, in accordance with a testing plan and schedule first approved in writing by Landlord. Tenant shall submit a testing plan to Landlord within 30 days after the date of Landlord's notice, and cause the testing to begin within 30 days from Landlord's approval of the testing plan.

(d) Tenant shall not bring or allow to be brought onto the Property or use or store on the Property any Hazardous Materials without the prior express written consent of Landlord, except for those Hazardous Materials (including, without limitation, fuel stored in motor vehicles) customarily used in the ordinary course of business in the use and operation of the Property and the Improvements.

(e) The following covenants pertain to Tenant's occupancy and use of the Project and Improvements:

(1) No underground storage tanks for Hazardous Materials shall be installed without the prior written approval of Landlord's Executive Director.

(2) Landlord, or its officers, employees, contractors or agents shall at all times have the right to go upon and inspect the Property and Improvements and the operations conducted thereon to assure compliance with the requirements herein stated. Landlord shall provide reasonable prior notice to Tenant of such entry, and shall seek to minimize interference with Tenant's use of the Property and Improvements as much as is reasonably feasible. Such entry shall be in compliance with all applicable safety rules and regulations. This inspection may include taking samples for testing of substances and materials present and/or testing soils on the Property and the Improvements. Landlord shall indemnify, defend and hold harmless Tenant from and against any claims, liabilities, losses and damage caused by Landlord during any such inspections, and shall be responsible for the prompt repair and/or restoration of any such damage caused by Landlord during any such inspection.

(3) Tenant shall be responsible for posting on the Property and the Improvements all notices and signage required by Section 25249.6 of the California Health and Safety Code and regulations promulgated pursuant thereto. Tenant shall also complete and file all business response plans or inventories required by Chapter 6.95 of the California Health and Safety Code and regulations promulgated pursuant thereto. Tenant shall concurrently file a copy of such business response plan or inventory with Landlord.

(4) Tenant shall immediately notify Landlord in writing of the release of any Hazardous Material on the Property or Improvements in violation of applicable law.

(5) Tenant shall, to the extent required by applicable law, immediately remove all Hazardous Materials located on the Property and Improvements and shall dispose of such Hazardous Materials in a safe and legal manner. Tenant shall immediately disclose to Landlord its disposal of any Hazardous Material located on the Property and Improvements and upon Landlord's written request shall provide written documentation of its safe and legal disposal.

(f) Tenant shall be responsible for and bear the entire cost of removal and disposal of Hazardous Materials. Landlord may also pass through to Tenant any and all clean-up costs incurred by Landlord as a result of Tenant's activities on the Property and Improvements or the presence of any Hazardous Material(s) on, in or under the Property and Improvements after the commencement of this Lease. Upon termination of this Lease, Tenant is required, in accordance with all applicable laws, to remove from the Property and Improvements all equipment or improvement to the Property that is contaminated by Hazardous Materials.

(g) By this Lease, Tenant provides to Landlord, effective upon the date of this Lease, an indemnification of Landlord, City, and their respective members, officers, employees, agents, contractors and consultants, relating to the environmental condition of the Property and the presence of Hazardous Materials thereon. Therefore, Tenant hereby agrees to indemnify, defend and hold harmless Landlord, City and their respective members, officers, agents, employees, contractors and consultants, from any claims, actions, suits, legal and administrative proceedings, liability, injury, deficiency, damages, fines, penalties, punitive damages, costs and expenses (including, without limitation, the cost of any cleanup, remediation, removal, mitigation, monitoring or testing of Hazardous Materials, and reasonable attorneys' fees) resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any Hazardous Materials to or from, the Property or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation or Hazardous Materials on, under, in or about, to or from, the Property.

(h) From the date of this Lease, Tenant hereby waives, releases and discharges Landlord, City and their respective members, officers, employees, agents, contractors and consultants, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with Landlord's or Tenant's use, maintenance, ownership or operation of the Property, any Hazardous Substances on the Property, or the existence of Hazardous Substances contamination in any state on the Property, however the Hazardous Substances came to be placed there, except that arising out of the intentional misconduct of Landlord, City or their respective employees, officers or agents. Tenant acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

_____ Initialed by Tenant's authorized signatory

As such relates to Section 503 above, and this Section 504 , Tenant hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

Article VI **REHABILITATION OF IMPROVEMENTS ON PROPERTY**

Section 601 Rehabilitation of Improvements

Tenant shall rehabilitate or cause to be rehabilitated the Improvements on the Property, with financing as provided in the Method of Financing, in accordance with this Lease and the Agreement, including the Scope of Work. Prior to the commencement of any work or construction, Tenant shall:

(a) Notify Landlord in writing, at least 10 days in advance of commencing construction or delivery of materials to the Property, of Tenant's intention to commence the work. Landlord shall have the right to post and maintain on the Property any notices of non-responsibility provided for under applicable law, and to have access to the Property at all reasonable times to satisfy itself that Tenant is carrying out construction in accordance with the terms of this Lease, the Agreement and the Plans, and is complying with all applicable laws and regulations, including, without limitation, those regulations pertaining to safety of the construction site.

(b) Procure and deliver to Landlord at Tenant's expense, evidence of issuance of all required permits and approvals, including, without limitation, building permits, zoning and planning approvals and all required approvals from any governmental agencies and bodies having jurisdiction over the Project.

Section 602 Contractors and Subcontractors

For purposes of this Section, the terms "contractor", "subcontractor", "contract" and "subcontract", shall refer to all tradespersons, contractors, subcontractors, construction managers, materialmen or suppliers furnishing services or materials in connection with the construction of the Improvements, and contracts or agreements, written or oral, with them. Landlord shall have the right to disapprove any and all contractors and subcontractors used by Tenant for construction of the Project, to which Landlord has reasonable objection, which approval shall not be unreasonably delayed or withheld.

(a) Tenant's contracts with general contractors and subcontractors shall give Landlord the right to receive notices of Tenant's default under said contracts and shall give Landlord a reasonable opportunity to cure any such default and the right (but not the obligation) to assume

Tenant's obligations and rights under such contracts if Tenant commits an Event of Default under this Lease. Landlord's exercise of its rights pursuant to this Section 602 shall not be in lieu of or constitute a waiver of any other right Landlord may have against Tenant, any guarantor or surety or any other person or entity.

(b) Tenant shall comply, and Tenant shall require all of Tenant's contractors and subcontractors to comply, with all laws, statutes, ordinances, regulations, building codes, zoning codes and regulations and the orders, judgments, rules, regulations and requirements of all federal, state, local and municipal governments (collectively, "**Legal Requirements**") in connection with the performance of all work on the Property.

(c) Tenant shall not, and Tenant shall require that all Tenant's contractors and subcontractors shall not, discriminate against any employee or applicant for employment on the basis of disability, race, religion or creed, sex, marital status, national origin, condition of having Acquired Immune Deficiency Syndrome or sexual orientation.

Section 603 Permits

(a) Tenant shall obtain all permits, licenses and other governmental approvals and authorizations required for the rehabilitation or operation of the Improvements.

(b) Before allowing occupancy or use of any portion of the Improvements, Tenant, at its own cost and expense, shall obtain and deliver to Landlord partial, temporary or final Certificate(s) of Occupancy in the form customarily issued by the appropriate governmental authority.

Section 604 Performance of Work

(a) Any and all rehabilitation or construction work shall be done diligently, in conformity with all Legal Requirements, in a good and workmanlike manner, and in accordance with the terms of the Agreement, including, without limitation, the Scope of Work, the Plans, and under the supervision of an architect (if any) approved by Landlord. Once Tenant commences rehabilitation of the Improvements, as set forth in the Schedule of Performance, Tenant shall diligently pursue completion of the work within the time set forth in the Schedule of Performance, subject to Force Majeure Delays. The rehabilitation work shall be deemed to be completed for purposes of this Section once a Release of Construction Covenants is recorded in the official records of Los Angeles County ("**Official Records**"), as set forth in Section 605 below.

(b) Tenant agrees it shall take all safety measures reasonably required (taking into consideration usual and customary practices in the construction industry) to protect persons in, on and around the Property from injury or damage caused by or resulting from or in connection with

the performance of any work during all phases of construction. All work performed under this Lease shall be performed in such a manner as to meet or exceed the safety standards outlined by applicable State of California safety regulations. In addition to any other obligation set forth herein, Tenant shall maintain the Property free of hazards to persons and property resulting from its operations. Any hazardous condition noted by Tenant shall immediately be reported to Landlord.

(c) All work shall be performed in a manner so as not to unreasonably impair or interfere with the use, occupancy or enjoyment of adjacent property, or with any business conducted on adjacent property.

(d) All areas of the Property that are used for staging areas for the storage of material and equipment, construction shacks and workers' parking areas shall be located, to the extent reasonably practicable, away from public view in areas remote from pedestrian and vehicular traffic, and shall be fenced or otherwise barricaded as appropriate.

(e) At all times during the performance of work for any phase of the Project, all areas other than the actual construction site and the staging area shall, to the extent reasonably practicable, be kept clean and free of mud, dust, equipment or construction materials related to the work.

Section 605 Release of Construction Covenants

(a) After Completion of all rehabilitation or construction work to be performed by Tenant upon the Property pursuant to the terms of the Agreement, the Plans and this Lease, Landlord shall furnish Tenant with a Release of Construction Covenants, in such form as to permit it to be recorded in the Official Records, upon written request therefor by Tenant. Landlord shall not unreasonably withhold such Release of Construction Covenants. Such Release of Construction Covenants shall constitute evidence of satisfactory Completion of the construction required pursuant to the terms of the Agreement, the Plans and this Lease, and the Release of Construction Covenants shall so state.

(b) If Landlord refuses or fails to furnish a Release of Construction Covenants for the Property after written request from Tenant, then Landlord shall provide Tenant with a written statement of the reasons Landlord refused or failed to furnish the Release of Construction Covenants for the Property. The statement shall also contain Landlord's opinion of the action Tenant must take in order to obtain a Release of Construction Covenants for the Property, but it need not contain technical information or instructions. If the reason for such refusal is confined to the immediate availability of specific items of landscaping or other minor items or the failure to complete "punch list" items, then Landlord shall issue the Release of Construction Covenants upon the posting of a bond or other security instrument in form and content acceptable to Landlord and

in an amount representing the fair value of the work not yet completed, which bond or other security instrument shall secure Tenant's obligation to complete all outstanding items of construction and rehabilitation within 60 days following the issuance of the Release of Construction Covenants.

(c) Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Tenant to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the work on the Property or any part thereof. Such Release of Construction Covenants is not a notice of completion under Section 3093 of the California Civil Code.

Section 606 Ownership of Improvements

All Improvements on the Property, whether existing on the Property as of the date this Lease is executed or thereafter constructed by Tenant, shall be owned by Tenant until expiration of the Term or earlier termination of this Lease. Tenant shall not remove any Improvement from the Property or waste, destroy or modify any Improvements on the Property, except as permitted by this Lease. The Parties covenant for themselves and all persons claiming under them that the Improvements are real property. Upon the expiration or termination of this Lease, all Improvements and fixtures shall become the sole property of Landlord. Tenant shall not be required to remove any Improvements or fixtures on the Property upon the expiration or earlier termination of this Lease, except as otherwise expressly provided herein.

Section 607 No Liens on Landlord's Interest

Under no circumstance whatsoever shall any lien, including any mechanic's lien, stop notices, materialmen's lien or any lien for goods, labor, material, services or work delivered or performed on the Property, attach to or encumber Landlord's fee or reversionary interest in the Property. If any mechanic's lien, stop notice, materialmen's lien, or any other lien is filed against the Property for work done or claimed to have been done or for materials or services furnished or claimed to have been furnished with respect to the Property at any time during the Term, or at any time whatsoever arising because of any action or inaction by Tenant or any subtenant, or any other person claiming or having any right related to any part of the Property, then such lien shall be discharged by Tenant at its sole cost and expense in a timely manner no later than 90 days thereafter, whether by payment, release or posting of a bond or other similar assurance. Landlord may, in its sole and complete discretion, bond or discharge the same by paying the amount claimed to be due, and Tenant shall reimburse Landlord for all sums paid by Landlord under this Section, together with reasonable attorneys' fees and costs, plus interest on those sums, fees and costs from the date of payment, at the highest rate allowed by law.

Section 608 Removal of Liens on Leasehold Interest

If Tenant does not cause to be recorded the bond described in California Civil Code Section 3143 or otherwise protect its leasehold interest under any alternative or successor statute, and a final judgment has been entered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's or subcontractor's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, then Landlord shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Tenant shall reimburse Landlord for all sums paid by Landlord under this Section, together with reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs from the date of payment at the highest rate allowed by law.

Section 609 Notice of Completion

On completion of Improvements to the Property, Tenant shall file or cause to be filed a notice of completion pursuant to California Civil Code Section 3093. Tenant hereby appoints Landlord as Tenant's attorney-in-fact to file the notice of completion on Tenant's failure to do so after the work of improvement has been substantially completed.

Article VII **ALTERATIONS**

Section 701 Alterations

(a) After the Improvements have been rehabilitated in accordance with the provisions of Article VI , Tenant may, at Tenant's sole expense, make alterations to such Improvements. Tenant may do so only in compliance with all applicable Legal Requirements and all requirements of the Plans, and only with the prior written approval of Landlord, which shall not be unreasonably withheld or delayed.

(b) All alterations shall be done promptly and in a good and workmanlike manner and shall be in quality and class at least equal to the original work or installations in the Property. However, if materials of the same type as those used for the original work are unavailable, or if due to changes in technologies in the building industry, the use of materials of the same type as those used for the original work would be impractical, or if materials of the same type as those used for the original work are prohibitively expensive, then Tenant shall have the right to use material of a type different from those used for the original work provided that the use of such material is in compliance with all applicable Legal Requirements and such material is of a quality and class equivalent to the original materials used.

(c) Tenant may from time to time after completion of construction of the Improvements as provided herein, without Landlord's prior approval, perform alterations to the Improvements

that are interior and nonstructural alterations, additions and improvements ("**Permitted Alterations**") so long as the Permitted Alterations:

(l) are performed in compliance with all of the provisions of this Lease, and would not result in any violation of any provision of this Lease;

(2) would not result in a change in the character of the Improvements or the use for which they were intended;

(3) would not involve or result in any change in the exterior design, materials, colors or appearance of the buildings, or any part thereof;

(4) would not be of lesser quality;

(5) would not result in the diminution of the value of the Property;

(6) would not require an excessive expense to readapt the Property to marketable use upon the termination of this Lease; and

(7) would not weaken the structural strength of any building on the Property.

(d) Tenant shall not, without the prior written consent of Landlord, demolish or remove all or any structural part of the building after recordation of the Release of Construction Covenants.

Article VIII **NO LIABILITY OF LANDLORD**

Section 801 No Liability of Landlord

Tenant accepts the Property in its "as is" condition as of the date of execution of this Lease. Tenant warrants and represents that Tenant has fully and completely inspected all aspects of the Property and has fully satisfied itself as to the condition and value of the Property and the suitability of the Property or any part thereof for the construction of the Improvements. Tenant acknowledges that Landlord has not made any representation in connection with the Property or in any way relating to this Lease. In addition to the indemnifications set forth in Article XVI below, Landlord shall have no liability to Tenant, or its successors, assigns, residents, subtenants or guests, of any kind whatsoever for, in connection with, or as a result of, the ownership or operation of the Property or in connection with the Property, at any time during the Term, whether for any damage or injury to any persons whatsoever or to any property of Tenant or of any other person, for any reason whatsoever, for any injury to Tenant's residents, subtenants or others for actions or inactions after the date of the execution of this Lease, proximately caused by:

(a) Construction, operation or maintenance of any of the Improvements, or the condition of any part of the Property.

(b) Heating, ventilation or air conditioning systems, electrical wiring, plumbing, dampness, water, gas, steam or other pipes or sewage, or the breaking of any electrical wire, bursting, leaking or running of water from any tank, washstand, water closet or waste pipe, supply pipe, sprinkler system, radiator or any other pipe now or hereinafter installed on or about the Property.

(c) Fire, explosion, discharge or release of any gas, vapor, liquid or any other substance, falling plaster, electricity or smoke, being or occurring on, at or in connection with the Property.

(d) Acts of Tenant or any subtenant, occupant, user, licensee or invitee of all or any part of the Property.

(e) Any latent defect in or condition of the Property or any Improvement or real or personal property, which at any time may be erected or situated thereon; provided, however, that Landlord shall be liable for a latent defect in the Property if Landlord knew of such latent defect and Landlord failed to disclose such latent defect to Tenant.

(f) The loss or theft of any property of Tenant or any other person at, on, or around the Property.

(g) The cessation, interruption, suspension, failure or inadequacy of any utilities furnished to the Property or any apparatus or appliance used in connection therewith.

Section 802 Discovery of Any Toxic Substance

During the term of this Lease, Landlord shall have the sole and absolute discretion to terminate this Lease upon the discovery of any Hazardous Material which renders the Property unsuitable for its designated use without environmental mitigation measures which are determined by Landlord, in its sole and absolute discretion, to be unacceptable, excessive or unfeasible.

Article IX **MAINTENANCE AND REPAIRS**

Section 901 Maintenance and Repairs

Tenant, at its own expense, shall maintain and keep the Property and all Improvements thereon in good repair and in a decent, safe and sanitary condition, in accordance with the terms of the Agreement Containing Covenants. Tenant shall also make any repairs, structural or

nonstructural, interior or exterior, to the Property necessary by reason of alterations made by Tenant or by the acts or omissions of Tenant, or its employees, agents, subtenants, licensees, invitees or others, or by normal wear and tear, the elements, or other casualty or cause. Such routine maintenance may be performed by Tenant without notice to or permission of Landlord.

Section 902 Repairs

When used in this Section, the term "repairs" applies to all equipment, machinery, apparatus and fixtures of every kind used in connection with the operation and maintenance of the Property and all Improvements thereon and shall be deemed to include replacements, restorations and renewals of the equipment, machinery, apparatus and fixtures. Tenant shall have the right at any time and from time to time to remove and to dispose of the equipment, machinery, apparatus and fixtures; provided, however, that Tenant shall promptly replace same with other equipment, machinery, apparatus or fixtures which are equally effective.

Section 903 Landlord's Obligation

The Parties intend that Landlord shall have no obligation, in any manner whatsoever, to repair or maintain the Property, or any Improvements constructed thereon, or the equipment therein, whether structural or nonstructural. These obligations are the sole responsibility of Tenant, except to the extent that the need for such repairs or maintenance is proximately caused by Landlord's negligent acts or omissions. Tenant expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or terminate this Lease because of Landlord's failure to keep the Property in good order, condition and repair.

Article X **DAMAGE OR DESTRUCTION**

Section 1001 Tenant to Give Notice

In case of any damage to or destruction of the Property or the Improvements, or any part thereof, in excess of an amount equal to $25,000 escalated from the date of commencement of this Lease in accordance with the applicable consumer price index, Tenant shall, within 10 days after Tenant becomes aware or reasonably should have become aware of such damage or destruction, give written notice thereof to Landlord, generally describing the nature and extent of such damage or destruction.

Section 1002 Repair of Damage or Destruction

(a) Tenant covenants and agrees that in case of damage to or destruction of the Property or Improvements by any cause, insured or uninsured, it shall, subject to the provisions of this

Section, restore, repair, replace or rebuild the Property and Improvements as nearly as possible to the condition, quality and class they were in, immediately prior to such damage or destruction. Tenant shall commence the restoration, repairs, replacement or rebuilding of the Improvements with such alterations and additions as may be approved by Landlord (such restoration repairs, replacement, rebuilding, alterations and additions, together with any temporary repairs and property protection pending completion of the work shall be referred to hereinafter as "**Restoration**") within 30 days of such damage or destruction, plus any additional period reasonably required to obtain Net Insurance Proceeds, to be used to pay all or a portion of the costs of such Restoration and shall complete such Restoration within a reasonable time thereafter.

(b) As used herein, the term "**Net Insurance Proceeds**" means the gross insurance proceeds paid by an insurer to Tenant for loss or damage to the Property and Improvements, less any and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred to recover said proceeds. Subject to the terms of any Leasehold Mortgage, Tenant agrees to promptly commence and prosecute to completion the settlement of insurance proceeds with respect to an event of damage to or destruction of the Improvements or the Property.

(c) Tenant agrees that, notwithstanding any other provision of this Lease, upon an event of damage or destruction to the Improvements, Tenant shall at its sole cost and expense (whether or not Tenant terminates or intends to terminate this Lease pursuant to Section 1005 below) and immediately take or cause to be taken such actions and complete such work as is necessary to assure the safe condition of the damaged Improvements pending their ultimate disposition. In any instance where Tenant has the right to terminate this Lease, rather than restore the Improvements, if Tenant elects not to terminate this Lease, then Tenant must promptly restore the Improvements.

Section 1003 Application of Insurance Proceeds

Insurance proceeds from policies of insurance carried under Section 1501 which are received on account of any damage to or destruction of the Property or the Improvements thereon, or any portion thereof, (less the costs, fees and expenses incurred in the collection thereof, including, without limitation, attorneys' fees and expenses), if Tenant does not make the election permitted in Section 1005 below, shall be applied as follows, subject to the rights of Leasehold Mortgagees:

(a) Within a reasonable time and in any event within 180 days after the damage to or destruction of the Property or the Improvements, Tenant shall furnish, or cause to be furnished to Landlord and Leasehold Mortgagees, if any, evidence satisfactory to Landlord and each Leasehold Mortgagee, (i) of the total cost of Restoration of the damaged or destroyed Improvements and (ii) that the total amount of money available to Tenant shall, when added to the insurance proceeds

received and available to pay for the Restoration pursuant to the terms of this Section, be sufficient to pay the cost of such Restoration.

(b) Net Insurance Proceeds received on account of any damage to or destruction of the Improvements, or any part thereof, shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses, or to the holder of the Leasehold Mortgage, as set forth in the Leasehold Mortgage documents, solely to pay (or reimburse Tenant for) the cost of Restoration. Upon receipt by Landlord and Leasehold Mortgagees, if any, of evidence that Restoration has been completed and the cost thereof paid in full or has been adequately provided for, and that there are no mechanic's or similar liens for labor or materials supplied in connection therewith, which have not been adequately provided for, the balance, if any, of such proceeds shall be paid to Tenant.

(c) Insurance proceeds held by the recipient upon a termination of this Lease, and not required to be paid to the Leasehold Mortgagees, shall be applied first to the expense of clearing the Property of rubble and next shall be paid to Landlord pursuant to the provisions of this Lease, and then to Tenant.

Section 1004 Tenant's Obligations

If the Net Insurance Proceeds actually available to Tenant and recovered with respect to any insured damage or destruction, less the cost of recovery, are insufficient to pay the entire cost of such Restoration, then Tenant covenants to use reasonable efforts to secure additional funding to remedy such insufficiency to restore, repair, replace or rebuild the Improvements.

Section 1005 Option to Terminate

If at any time during the term of this Lease, any buildings or Improvements located on the Property are destroyed, in whole or in part, by fire, theft, the elements or any other cause (collectively hereinafter referred to as a "**Casualty**"), then this Lease shall continue in full force and effect; provided, however, that Tenant, subject to the rights of Leasehold Mortgagees, shall have the option of terminating this Lease on the last calendar day of any month by giving Landlord at least 30 days' prior written notice of Tenant's intent to do so and by removing, within 120 days of the Casualty, at Tenant's own cost and expense, all debris and remains of the damaged Improvements from the Property, where:

(a) Any buildings or Improvements located on the Property are so damaged or destroyed by a Casualty during the last five years of the Term of this Lease that such buildings or Improvements cannot be repaired and restored at a cost which is less than 50% of the cost to replace all of the buildings and Improvements located on the Property if totally destroyed; or

(b) Any buildings or Improvements hereafter located on the Property are damaged or destroyed by a Casualty at any time during the term of this Lease and either (i) insurance proceeds available to Tenant from the insurance required in Section 1501 or by a Leasehold Mortgage are not sufficient to cover 100% of the cost, less $100,000, to repair and restore such damaged or destroyed buildings or Improvements or (ii) the damage or destruction results from a Casualty that is not required to be insured by Tenant under the terms of this Lease or a Leasehold Mortgage, and for which Tenant has not obtained such insurance, and the cost to repair and restore such damaged or destroyed buildings or Improvements is more than $100,000.

Article XI **ENTRY BY LANDLORD**

Landlord and its agents, representatives, employees and independent contractors shall have the right to enter the Property in order to ascertain whether Tenant is complying with its obligations under this Lease, the Agreement and the Agreement Containing Covenants, and for any other purpose permitted under this Lease; provided, however, that such entry shall not unnecessarily or unreasonably disturb lawful occupants of the Property. Neither the right of entry reserved by this Article, nor the exercise thereof, shall impose any responsibility or liability on Landlord for the care or supervision of the Property or Improvements on the Property.

Article XII **UTILITIES AND SERVICES**

Section 1201 Utilities and Services

Tenant, at its sole expense, shall maintain or shall cause to be maintained, all utility lines, whether located on or off the Property, servicing the Property. Tenant shall pay promptly all assessments, deposits, rents, costs, connection and tap-in fees and other charges for the connection of utilities, including any fees or charges imposed by any utility company or governmental entity or agency for making such connections. Tenant expressly agrees that Tenant shall pay all charges for fuel, gas, water, electricity, light, heat, power, telephone or other communication services, and all other utilities or services necessary to carry on the operations of Tenant. Tenant shall indemnify Landlord from, and defend and hold Landlord harmless against, any claim, liability, damage, loss, cost or expense in connection with such charges. Landlord may, after giving Tenant at least 10 business days' notice and an opportunity to cure, pay or cause to be paid any items or charges which are delinquent. Thereafter, on demand by Landlord, Tenant shall pay and reimburse Landlord for such items or charges, with interest at the highest rate allowed by law, from the date of payment by Landlord until Landlord is repaid in full by Tenant.

Section 1202 Easements

Landlord agrees at the request of Tenant and at Tenant's sole cost and expense (or at the expense of the utility company or other third party) to join in the grant of easements over the

Property that are necessary to obtain required utility services to the Project. Any such grant of an easement over the Property must be approved in writing by Landlord, which approval shall not be unreasonably withheld.

Article XIII **PROHIBITION AGAINST ENCUMBRANCE OR TRANSFER**

Section 1301 Prohibitions

(a) The qualifications and identity of Tenant are of particular concern to Landlord. It is because of those qualifications and identity that Landlord has entered into this Lease with Tenant. No voluntary or involuntary successor in interest of Tenant shall acquire any rights or powers under this Lease except as expressly set forth herein and in Article XXI .

(b) Except for Permitted Transfers, Tenant shall not assign or sublease all or any part of this Lease without the prior written approval of Landlord. Landlord agrees to reasonably give such approval if, in Landlord's reasonable determination, the proposed reconstituted Tenant is comparable in all material respects (including experience, character and financial capability) to Tenant as of the date of this Lease. Any such change (or assignment or sublease of this Lease in connection therewith) shall be by instruments satisfactory to Landlord's Executive Director (or his/her designee), and be subject to the approval by Landlord's Executive Director (or his/her designee) of evidence of the proposed assignee's qualifications to meet the obligations of Tenant under this Lease.

(c) For the reasons cited above, Tenant represents and agrees for itself and any successor in interest that, except for Permitted Transfers, there shall be no cumulative change in ownership interest of Tenant of greater than 49%, or with respect to the identity of the parties in control of Tenant or the degree thereof, by any method or means, without Landlord's prior written approval.

(d) Tenant shall promptly notify Landlord of any and all changes whatsoever in the identity of the parties in control of Tenant or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Landlord may exercise its remedies under this Lease, if there is any significant change (voluntary or involuntary) in membership, management or control of Tenant (other than such changes occasioned by the death or incapacity of any individual).

(e) Tenant shall not, except for Permitted Transfers or as permitted by this Lease, initiate a Transfer without prior written approval of Landlord, except as expressly permitted by this Lease. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably

determined by Landlord, to fulfill the obligations undertaken in this Lease by Tenant. Any such proposed transferee, by instrument in writing satisfactory to Landlord and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of Landlord shall expressly assume all of the obligations of Tenant under this Lease and agree to be subject to all conditions and restrictions applicable to Tenant in this Lease. There shall be submitted to Landlord for review all instruments and other legal documents proposed to affect any such transfer; and if approved by Landlord, its approval shall be indicated to Tenant in writing. Any attempt to effectuate a Transfer, except for Permitted Transfers or as permitted by this Lease, without Landlord's approval, shall be null and void and any transferee under such attempted Transfer shall acquire no right or interest by reason of such attempted Transfer.

Notwithstanding the foregoing, Tenant may: (i) lease the Units, in conformance with the Agreement Containing Covenants, without the written consent of Landlord and (ii) enter into a management agreement with an entity approved in writing by Landlord, in its reasonable discretion, and approved by the Leasehold Mortgagees.

Section 1302 Consent to Assignment

Subject to the limitations on transfer set forth in Section 1301 , Landlord agrees that it shall not unreasonably withhold its consent to a proposed assignment of this Lease to an assignee if all of the following conditions are met:

(a) Tenant is not in default of any provision of this Lease, or any other agreement with Landlord or City in connection with this Property.

(b) Landlord has issued the Release of Construction Covenants to Tenant.

(c) Tenant has demonstrated to Landlord's satisfaction in Landlord's reasonable discretion that the proposed assignee is financially sound and possesses a reputation and experience in owning and managing Very Low Income residential units that is at least comparable to that of Tenant. Any assignment of this Lease shall be in writing and shall be executed by the assignee who shall assume this Lease and all the agreements, terms, obligations, liabilities, covenants and conditions on the part of Tenant, and a duplicate original of such assignment and assumption shall be delivered to Landlord before the same shall be effective. The original named Tenant shall not be relieved of its obligation pursuant to this Lease, the Agreement Containing Covenants or the Agreement.

(d) The proposed assignee must agree to assume, and be bound by, all of the terms, conditions and obligations of Tenant pursuant to this Lease, the Agreement Containing Covenants and the Agreement.

Article XIV **TAXES AND IMPOSITIONS**

Subject to Tenant's right to claim any exemption to which it may be entitled under State law, Tenant shall directly bear, pay and discharge all Taxes and Impositions before the first day on which a penalty or interest may accrue or be assessed thereon for nonpayment (or, if no penalty or interest thereon may accrue or be assessed, then before such Taxes and Impositions become delinquent or past due). "**Taxes**" and "**Impositions**" mean and include all real property taxes, possessory interest taxes, personal property taxes and special assessments imposed, levied or assessed on the Property or Improvements thereon. Taxes and Impositions include all costs, expenses and charges of any kind whatsoever (whether foreseen or unforeseen) which may become due or owing with respect to all or any part of the Property during the term of this Lease. Taxes and Impositions include, without limitation, all *ad valorem* taxes and other assessments, water and sewage charges, and governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, which shall or may during the Term be charged, laid, levied, assessed, imposed upon or become payable out of, or become liens upon, or arise in connection with the ownership, leasing, operation, use, occupancy or possession of the Property or with respect to the privilege of entering into or holding this Lease, or leasing space within the Property, regardless of whether assessed or levied upon or payable by Tenant or Landlord. Pursuant to California Health and Safety Code Section 37001.5, and subject to Tenant's right to claim any exemption to which it may be entitled under State law, Tenant shall pay taxes on the assessed value of the entire Property and not merely on the assessed value of its Leasehold Interest.

In the event of nonpayment of any Tax or Imposition, Landlord may, after giving Tenant at least 10 business days' notice of its intention to do so, pay or cause to be paid any item or items of Taxes and Impositions which are delinquent or past due. Tenant shall pay and reimburse Landlord therefor when requested to do so by Landlord, and the same shall become due and payable, with interest at the highest rate permissible by law from the date of Landlord's payment of said Tax or Imposition, until Landlord is repaid in full by Tenant.

Article XV **INSURANCE**

Section 1501 Required Insurance

(a) At the times indicated in paragraphs (i) through (iv) below, Tenant shall furnish or cause to be furnished to Landlord evidence of the following policies of insurance, naming Tenant as insured and, except as to the insurance described in paragraph (iv), below, Landlord and City as additional insureds. The insurance described in paragraph (ii) shall be obtained prior to the initial rent-up of the apartments. All such insurance shall be kept in force for the term of this Lease.

(i) Fire Policies: Prior to commencement of construction, Tenant shall furnish evidence of, and shall thereafter maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance shall be maintained in an amount not less than 100% of the full insurable value of the Improvements.

(ii) Rental Income Insurance: Prior to commencement of rental activities, Tenant shall furnish evidence of, and shall thereafter maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to the Parties.

(iii) Liability Insurance: Tenant must maintain public liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property, resulting directly or indirectly from any acts or activities of Tenant, or any person acting for Tenant, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with Tenant's activities thereon, caused directly or indirectly by or from acts or activities of Tenant, or any person acting for Tenant, or under its control or direction. Such property damage and personal injury insurance must also provide for and protect Landlord against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance must be maintained in full force and effect during the Term of this Lease in the following amounts:

a. During any rehabilitation work of the Property: commercial general liability in a general aggregate amount of not less than Ten Million Dollars ($10,000,000) and Five Million Dollars ($5,000,000) per occurrence; Pollution/ Environmental Liability of not less than Five Million Dollars ($5,000,000) limit per occurrence basis; Products and Completed Operations Aggregate of not less than Ten Million Dollars ($10,000,000) and Five Million Dollars ($5,000,000) each occurrence; Commercial Automobile Liability of not less than Five Million Dollars ($5,000,000) per occurrence combined single limit, including owned, non-owned and hired automobile coverage, and Employer's Liability of not less than One Million Dollars ($1,000,000) each accident, One Million Dollars ($1,000,000) disease each employe, and One Million Dollars ($1,000,000) disease each policy.

b. Following completion of rehabilitation work of the Property: commercial general liability in a general aggregate amount of not less than Four Million Dollars ($4,000,000) and Two Million Dollars ($2,000,000) per occurrence; Pollution/ Environmental Liability of not less than Two Million Dollars ($2,000,000) limit per occurrence basis; Products and Completed Operations Aggregate of not less than Four Million Dollars ($4,000,000) and Two Million Dollars ($2,000,000) each occurrence; Commercial Automobile Liability of not less than Two Million Dollars ($2,000,000) per occurrence combined single limit, including owned, non-owned and hired automobile coverage; and Employer's Liability of not less than One Million Dollars ($1,000,000) each accident, One Million Dollars ($1,000,000) disease each employee, and One Million Dollars ($1,000,000) disease each policy.

It is the mutual intent of the Parties that the levels of insurance coverage described herein shall be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time and from time to time, either Party may provide notice to the other Party that the level of insurance being maintained by Tenant is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated shall be changed (either increased or decreased) accordingly. The Party receiving such request shall not unreasonably withhold its consent to such change. Tenant agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Tenant may be held responsible for the indemnification of Landlord or the payment of damages to persons or property resulting from Tenant's activities, or the activities of any person or persons for which Tenant is responsible.

(iv) Workers' Compensation Insurance: Tenant must maintain 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 workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance must cover all persons employed by Tenant in connection with the Project and must cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Project or the operation thereof by Tenant, and in an amount of not less than $1,000,000 per accident, bodily injury, or disease. Notwithstanding the foregoing, Tenant may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Tenant must deliver to Landlord evidence that such self-insurance has been approved by the appropriate State authorities.

(b) Tenant must cause all contractors and subcontractors performing work relating to the Project to maintain insurance of the types and in the amount described in this Section 1501 . Tenant must cause its architects (if any) and engineers also to maintain Architects and Engineers

Professional Liability (Errors and Omissions) insurance on per occurrence basis during any rehabilitation work of the Property of not less than Five Million Dollars ($5,000,000) and in a general aggregate amount of not less than Five Million Dollars ($5,000,000) and, following any rehabilitation work of the Property, not less than Two Million Dollars ($2,000,000) and in a general aggregate amount of not less than Two Million Dollars ($2,000,000).

(c) The term "full insurable value" as used in this Section 1501 means the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Tenant shall cause the full insurable value to be determined from time to time by appraisal by the insurer, by agreement between the Parties or by an appraiser mutually acceptable to the Parties, not less often than once every three years.

(d) All policies must name Landlord and City as additional insureds and/or loss payees as their interests may appear. Policy endorsements providing the additional insured/loss payee must be included with Certificates of Insurance.

(e) All insurance provided under this section must be for the benefit of Tenant, Landlord and City. Tenant agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Tenant agrees to submit policies of all insurance required by this Section, or certificates evidencing the existence thereof and additional insured endorsements, to Landlord not less than 15 days prior to the Construction Financing Event, indicating full coverage of the contractual liability imposed hereby. All insurance herein provided for must be effected under policies issued by insurers of recognized responsibility, licensed and admitted to do business in the State of California (or if not admitted in California shall have a "General Policyholders Rating" of at least "A-" as set forth in the most current issue of "Best's Key Rating Guide"), reasonably approved by Landlord. All policies or certificates of insurance must provide that such policies shall not be canceled or limited in any manner without at least 20 days' prior written notice to Landlord.

(f) If Tenant fails or refuses to procure or maintain insurance as required by this Lease, then 'Landlord shall have the right, at Landlord's election, and upon 10 days' prior notice to Tenant, to procure and maintain such insurance. The premiums paid by Landlord shall be treated as a loan due from Tenant, which Tenant agrees to pay on the first day of the month following the date on which the premiums were paid. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 1502 Disposition of Insurance Proceeds

(a) Subject to the provisions of subsection (b) below, proceeds of insurance with respect to loss or damage to the Improvements to be maintained and repaired by Tenant during the Term shall be payable, under the provisions of the policy of insurance, to Tenant, or, if such loss or damage involves the need for Tenant to obtain any governmental approvals or permits, jointly to the Parties, and said proceeds shall constitute a trust fund to be used for the repair, restoration or reconstruction of the Improvements in accordance with plans and specifications approved in writing by Landlord.

(b) Notwithstanding the foregoing paragraph, within the period during which there is an outstanding Leasehold Mortgage on all or part of the Property and Improvements, distribution of said proceeds shall be subject to the prior rights of such Leasehold Mortgagees.

(c) If this Lease is terminated by mutual agreement of the Parties, and the Improvements are not repaired, restored or reconstructed, the insurance proceeds shall be applied first to payments due under this Lease from Tenant to Landlord, second to restore the Property to a neat and clean condition, and finally any excess shall be paid to Tenant. Provided, however, that within any period when there is an outstanding mortgage or deed of trust upon the Improvements, such proceeds shall be applied first to discharge the debt secured by the mortgage and then for the purposes and in the order set forth above in this paragraph.

(d) Tenant hereby waives any claim against Landlord, City and their respective members, officers, agents, employees and volunteers, and for any loss covered by insurance of the type specified in Section 1501, and Tenant shall obtain from its insurance company or companies a waiver of any right of subrogation that it may have against Landlord or City.

Article XVI **DEFENSE, INDEMNIFICATION AND HOLD HARMLESS**

Tenant hereby agrees to defend, indemnify and hold harmless Landlord, City, and their respective members, officers, agents, employees and volunteers (hereinafter collectively referred to as "**Indemnitees**") from and against any and all loss, damage, cost, expense, liability, claims, demands, suits, attorneys' fees and judgments arising directly or indirectly from or in any manner connected to Tenant's possession, occupancy, or use of the Property or arising from or in any manner connected to Tenant's business, activities, operations, services or work conducted in, on or about the Property regardless of any active or passive negligence by any or all Indemnitees, except as otherwise stated herein.

Tenant further agrees to indemnify, defend and hold harmless Indemnitees from and against all loss, damage, costs, expense, liability, claims, demands, suits, attorneys' fees and

judgments arising from or in any manner connected to the furnishing or supplying of any work, services, materials, equipment or supplies to Tenant or on Tenant's behalf by any persons, firms, corporations or other entities in, on or about the Property.

Without limiting the generality of the foregoing, Tenant agrees that Indemnitees shall not be liable for any injury to Tenant's business or any loss of income therefrom, or for damage to the goods, wares, merchandise, Improvements or other property of Tenant, or to Tenant's officers, agents, employees, invitees, customers, contractors, or any other person in, on or about the Property or for damages to any of Tenant's officers, agents, employees, invitees, customers or contractors.

Notwithstanding the foregoing, Tenant shall not be responsible for those claims arising due to the gross negligence or willful misconduct of Indemnitees.

Article XVII **EMINENT DOMAIN**

Section 1701 Tenant to Give Notice

In case of a taking of all or any part of the Property and Improvements through the exercise of the power of eminent domain ("**Taking**"), or the commencement of any proceedings or negotiations which might result in such Taking, Tenant shall promptly give written notice thereof to Landlord, generally describing the nature and extent of such Taking or the nature of such proceedings or negotiations, and the nature and extent of the Taking which might result therefrom, as the case may be.

Section 1702 Total Taking

In case of a Taking of the entire Property and Improvements, or in case of the taking of only a part of the Property and Improvements, leaving the remainder of the Property and Improvements in such location, or in such form, shape or reduced size as to render the same not effectively and practicably usable for the conduct thereon of the uses permitted hereunder, this Lease shall terminate as of the date title vests in the condemning authority or the date the condemning authority is entitled to possession, whichever first occurs. A Taking of the Property and Improvements of the character referred to in this Section that results in the termination of this Lease is referred to herein as a "**Total Taking**."

Section 1703 Partial Taking

In case of a Taking of the Property and Improvements other than a Total Taking (a "**Partial Taking**"), (i) this Lease shall remain in full force and effect as to the portion of the Property and Improvements remaining immediately after such Partial Taking, without any abatement or

reduction of any sum payable hereunder and (ii) Tenant, to the extent the awards or payments, if any, on account of such Partial Taking shall be sufficient for the purpose, at its expense, but first subject to Section 1704 (a) below, shall within a reasonable period of time commence and complete, or cause to be commenced and completed, Restoration of the Property and Improvements as nearly as possible to its value, condition, and character immediately prior to such Partial Taking, with such alterations and additions as may be made at Tenant's election pursuant to and subject to the terms of Section 701 , except for any reduction in area caused thereby; provided, however, that in case of a Partial Taking for temporary use Tenant shall not be required to effect Restoration until such Partial Taking is terminated.

Section 1704 Application of Awards and Other Payments

Awards and other payments on account of a Taking, less costs, fees and expenses incurred in the collection thereof ("**Net Awards and Payments**") shall be applied as follows:

(a) In case of a Taking other than a Total Taking or a Taking for temporary use, Tenant shall furnish to Landlord and any Leasehold Mortgagee evidence satisfactory to Landlord and the Leasehold Mortgagee of the total cost of the Restoration required by Section 1703.

(b) Net Awards and Payments received on account of a Taking other than a Total Taking or a Taking for temporary use shall be held and applied as provided with respect to proceeds of insurance in Subsection (a) above. The balance, if any, shall be paid to the Parties as their respective interests may appear in the Property and the Improvements.

(c) Net Awards and Payments received on account of a Total Taking shall be allocated as follows:

First: There shall be paid to each Leasehold Mortgagee, in the order of its priority, an amount equal to the sum of any unpaid principal amount of the indebtedness secured by the Leasehold Mortgage, and any interest accrued thereon, all as of the date on which such payment is made; provided, however, that each such Leasehold Mortgagee shall only be paid to the extent of its security in the applicable portion which is the subject of the Taking.

Second: To the Parties, as their respective interests may appear in the Property and the Improvements; provided, however, that any payment to a Leasehold Mortgagee or pursuant to the preceding paragraph shall be charged against Tenant's interest.

Section 1705 COMPLIANCE WITH ALL LAWS

Tenant shall conduct its operations in compliance with all applicable state or federal laws, and with all ordinances, rules and regulations, in effect or hereinafter adopted by City, the County of Los Angeles, the State of California and the United States.

Article XVIII **PERMITS AND LICENSES**

Tenant shall, at its sole cost and expense, obtain and maintain during the Term, all appropriate licenses, permits and certificates that may be required in connection with the construction of the Improvements, and the operation of the Project and the provision of services hereunder.

Article XIX **PRODUCTION OF REPORTS, RECORDS AND STATEMENTS**

Tenant shall maintain such records as are reasonably required by Landlord in order to verify compliance with the terms of this Lease, the Agreement and the Agreement Containing Covenants. Tenant shall, within 10 business days of their receipt or completion, submit copies to Landlord of all annual budgets, financial statements, audits and all other reports, records and statements that pertain to or are in any manner connected with the Property. The records, reports, statements and other documents of Tenant that pertain to or are in any manner connected with the Property shall be available for inspection and copying by Landlord during normal business hours, but shall be kept confidential by Landlord and shall not be disclosed to any other person without Tenant's prior written approval, except as may be otherwise required by law. Tenant shall pay to Landlord the fees required by the Agreement Containing Covenants, in connection with affordability monitoring and reporting.

Article XX **NONDISCRIMINATION**

Tenant covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Tenant, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

   Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.1, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

2. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

   That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

   Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older

persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

3. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees of the land."

Article XXI **LEASEHOLD MORTGAGES**

Section 2101 Leasehold Mortgages

Tenant may grant one or more Leasehold Mortgages encumbering Tenant's interest in the Improvements and/or Tenant's leasehold interest under this Lease to an institutional lender only with Landlord's prior written consent.

(a) The Leasehold Mortgage shall cover no interest in any real property other than Tenant's interest in the Improvements or some portion thereof, and the leasehold estate of Tenant under this Lease. The Leasehold Mortgage shall state on its face that it does not encumber in any way Landlord's fee interest in the Property and Landlord's interest under this Lease.

(b) Leasehold Mortgages may be made only for the purposes of financing necessary and appropriate to pay Project Costs.

(c) The amount of a loan secured by a Leasehold Mortgage prior to the issuance of a Release of Construction Covenants shall not, when added to the amounts secured by other Leasehold Mortgages, exceed the total Project Costs.

(d) Any Leasehold Mortgage is to be given only to a responsible *bona fide* institutional lender. For the purposes hereof, the term "institutional lender" means a bank, savings and loan association, thrift and loan association, savings bank, pension fund, insurance company, real estate

investment trust, nonprofit public benefit corporation, governmental agency or other comparable or similar entity authorized to make loans in the State of California.

Section 2102 No Subordination of Fee

Landlord's reversionary fee interest in the Property and Landlord's rights and interests, as lessor, in the Property and this Lease, including, without limitation, Landlord's right to receive any sums from Tenant, shall not be subordinated to the rights of any lien, mortgage or security interest (including, without limitation, the rights of any Leasehold Mortgagees) granted in Tenant's interest under this Lease or granted by Tenant. Notwithstanding the foregoing, a Leasehold Mortgagee shall have all of the rights set forth in the Leasehold Mortgage, as approved by Landlord in accordance with Section 2101 above, to the extent that such rights are not inconsistent with the terms of this Lease, including the right to commence an action against Tenant for the appointment of a receiver and to obtain possession of the Property under and in accordance with the terms of said Leasehold Mortgage; provided, however, that all obligations of Tenant hereunder are kept current, including, without limitation, the payment of sums owing under this Lease and curing of all defaults and Events of Default hereunder.

Section 2103 Notice to Landlord

Tenant shall require each Leasehold Mortgagee to give Landlord the right to receive notices of an event of default by Tenant under the applicable Leasehold Mortgage and the right to cure such default in the same period of time as is given to Tenant thereunder plus an additional 10 business days with respect to those defaults that are curable; provided, however, that during such ten business day period, Leasehold Mortgagee shall have the right to commence, but not complete its remedies on account of such default. If and to the extent Tenant fails to cure such default, and Landlord exercises its right to cure the same, then Tenant shall reimburse Landlord for all of Landlord's reasonable costs and expenses, including, without limitation, reasonable attorneys' fees. Landlord may record in the Official Records a request for notice of default.

Section 2104 Notice to Leasehold Mortgagee

Landlord, if requested by Leasehold Mortgagee, shall mail to Leasehold Mortgagee a duplicate copy of notices Landlord may from time to time give to or serve on Tenant, pursuant to or relating to this Lease. Tenant shall at all times keep Landlord informed in writing of the name and mailing address of such Leasehold Mortgagee and any changes in Leasehold Mortgagee's mailing address. Notices or other communications permitted by this or any other Section of this Lease, or by law, to be served on or given to Leasehold Mortgagee by Landlord, shall be deemed duly served on or given to Leasehold Mortgagee by deposit in the United States mail, registered or certified, return receipt requested or by overnight courier, addressed to Leasehold Mortgagee at

the last mailing address for Leasehold Mortgagee furnished in writing to Landlord by Tenant or Leasehold Mortgagee. The date of notice shall be the date marked on the return receipt.

Section 2105 Leasehold Mortgagee's Rights

Leasehold Mortgagee shall have the right, without further consent of Landlord, at any time during the Term to:

(a) Do any act or thing required of Tenant under this Lease, and such act or thing done and performed by Leasehold Mortgagee shall be as effective to prevent a forfeiture or loss of Tenant's rights under this Lease as if done by Tenant itself;

(b) Do any act or thing required of Tenant, and enforce the obligations of Tenant, under any regulatory agreement recorded against Tenant's leasehold estate in connection with the Leasehold Mortgage;

(c) Transfer, convey or assign the right, title and interest of Tenant in and to the leasehold estate created by this Lease to a purchaser at a foreclosure sale, whether the foreclosure is conducted pursuant to court order or pursuant to a power of sale contained in a Leasehold Mortgage; and

(d) Acquire and succeed to the right, title and interest of Tenant under this Lease by virtue of a foreclosure proceeding or deed in lieu of foreclosure, whether the foreclosure is conducted pursuant to a court order or pursuant to a power of sale contained in a Leasehold Mortgage, or by virtue of a transfer in lieu of foreclosure ("**Foreclosure**") and, following such Foreclosure, transfer, convey or assign the right, title and interest of Tenant in and to the leasehold estate granted by this Lease to a third party.

Section 2106 Obligations of Leasehold Mortgagee Upon Acquisition of Leasehold Estate

If the holder of a Leasehold Mortgage, or another party through a foreclosure sale, acquires the leasehold estate created hereunder or otherwise acquires possession of the Property and Improvements pursuant to available legal remedies, then Landlord shall look to such holder to perform the obligations of Tenant hereunder only from and after the date of foreclosure or possession and shall not hold such holder responsible for the past actions or inactions of Tenant. Notwithstanding the foregoing, (i) on and after the date of such foreclosure or possession, such holder shall be required to perform and abide by each and every obligation of Tenant under this Lease; provided, however, that Landlord and such holder shall negotiate in good faith changes to the Schedule of Performance, Scope of Work and Method of Financing as may be necessary to make construction of the Improvements feasible and (ii) on and after the date of such foreclosure

or possession, Landlord shall have the right to enforce each and every provision of this Lease against such holder. Nothing herein is intended or shall be construed to limit or restrict Landlord's rights and remedies against Tenant, provided that Landlord's pursuit of such remedies shall not affect the rights of the holder of a Leasehold Mortgage to the use, enjoyment or operation of the Property and Improvements.

Section 2107 No Modification or Termination of Lease Without Leasehold Mortgagee's Consent

The Parties hereby expressly stipulate and agree, that they shall not modify this Lease in any way nor cancel or terminate this Lease by mutual agreement, nor shall Tenant surrender its interest in this Lease, without the written consent of Leasehold Mortgagees. The Parties further agree that each shall not take advantage of any provisions of the United States Bankruptcy Code that would result in a termination of this Lease or make it unenforceable.

Section 2108 Right of Leasehold Mortgagee to Cure Default

Before Landlord may terminate this Lease because of a default under or breach of this Lease by Tenant, Landlord must (i) give written notice of the default or breach and (ii) give written notice of the failure of Tenant to cure the default or breach (the "**Second Default Notice**") to Leasehold Mortgagee concurrently with the transmittal of such notices to Tenant, and afford the Leasehold Mortgagee the opportunity to:

(a) Cure the breach or default (including payment of all accrued and delinquent Rent) at any time prior to the 60th day after service on Leasehold Mortgagee of the Second Default Notice, where the default can be cured by the payment of money to Landlord or another person;

(b) Cure the breach or default within 90 days after service on Leasehold Mortgagee of the Second Default Notice, where the breach or default must be cured by something other than the payment of money and can reasonably be cured within that time; or

(c) Cure the breach or default in such reasonable time as may be required where something other than the payment of money is required to cure the breach or default and cannot be reasonably cured within 90 days after service on Leasehold Mortgagee of the Second Default Notice, provided that acts to cure the breach or default are commenced within that time period after service of the Second Default Notice on Leasehold Mortgagee by Landlord and are thereafter diligently continued by Leasehold Mortgagee.

If, to complete the cure of the default or breach, Leasehold Mortgagee requires access to the Property and Project, the foregoing cure period shall not commence until Leasehold Mortgagee obtains possession of the property, provided that the Leasehold Mortgagee diligently seeks to

obtain such possession by a foreclosure action or otherwise and diligently pursues such action all within the time periods set forth in Section 2202 below. If Leasehold Mortgagee completes the cure of the default or breach in a timely and proper manner, then Landlord shall accept the cure as fulfilling the terms of this Lease.

Section 2109 Foreclosure in Lieu of Curing Default

Notwithstanding any other provision of this Lease, a Leasehold Mortgagee may forestall termination of this Lease by Landlord for a default under or breach of this Lease by Tenant, by commencing proceedings to foreclose its Leasehold Mortgage, whether the foreclosure is conducted pursuant to a court order or pursuant to a power of sale contained in a Leasehold Mortgage, or by virtue of a transfer in lieu of foreclosure. Commencement of the foreclosure shall not, however, forestall termination of this Lease by Landlord for the default or breach by Tenant unless:

(a) It occurs within 60 days after service on Leasehold Mortgagee of the Second Default Notice;

(b) It is diligently pursued; and

(c) Leasehold Mortgagee keeps and performs all of the terms, covenants and conditions of this Lease (including the payment of Rent, including past due Rent, under this Lease) requiring the payment or expenditure of money by Tenant, accruing after commencement of the foreclosure, until the foreclosure is complete or is discharged by redemption, satisfaction, payment or conveyance of the leasehold estate to Leasehold Mortgagee.

Section 2110 Assignment of Lease Upon Foreclosure

Provided that a Leasehold Mortgagee gives written notice of transfer to Landlord setting forth the name and address of the transferee as well as the effective date of the transfer, the written consent of Landlord shall not be required for transfer of Tenant's right, title and interest under this Lease to:

(a) a purchaser, which may include the Leasehold Mortgagee, at a foreclosure sale of a Leasehold Mortgage, whether the foreclosure is conducted pursuant to court order or pursuant to a power of sale in the instrument creating the Leasehold Mortgage; or

(b) a purchaser from Leasehold Mortgagee after foreclosure, where Leasehold Mortgagee was the purchaser of Tenant's interest at the foreclosure sale of the Leasehold Mortgage, or acquired Tenant's interest by transfer in lieu of foreclosure. The purchase from the Leasehold Mortgagee shall be subject to all the terms and conditions of this Lease. The Leasehold

Mortgagee, the purchaser at a foreclosure sale, or the purchaser from the Leasehold Mortgagee shall be subject to all the terms and conditions of this Lease except that (i) the time for performance of any unperformed acts required by Article VI of this Lease shall be extended for a period equal to the delay in performance of the act caused by Tenant's inability or failure to perform the act and the time required to transfer this Lease to the purchaser at a foreclosure sale and/or to the purchaser from Leasehold Mortgagee, (ii) the performance of acts required by this Lease that have already been performed and purchaser's liability for acts or inactions of the original Tenant shall be excused; provided, however, that on and after the date of such possession, (A) the purchaser shall be obligated to bring the management and maintenance of the Project into compliance with the Agreement Containing Covenants and (B) Landlord shall have the right to enforce each and every provision of this Lease against such purchaser with respect to matters arising or continuing after such date of possession and (iii) Leasehold Mortgagee shall be able to absolutely assign or transfer this Lease regardless of the date of the assignment and any purchaser, assignee or transferee of this Lease from Leasehold Mortgagee shall be able to assign this Lease without the approval or consent of Landlord regardless of the date of the assignment.

Section 2111 New Lease to Leasehold Mortgagee

Notwithstanding any other provision of this Lease, if this Lease terminates because of a default which cannot be cured by Leasehold Mortgagee, including, without limitation, the insolvency or bankruptcy of Tenant, then Landlord shall, within 30 days after the request set forth in Subsection (a) below is received, execute and deliver a new Lease for the Property and Project to the Leasehold Mortgagee, provided that:

(a) A written request for the new Lease is served on Landlord by Leasehold Mortgagee within 60 days after service on Leasehold Mortgagee of notice that this Lease has terminated and Landlord agrees to give Leasehold Mortgagee notice of such termination.

(b) The new Lease (i) is for a term ending on the same date the term of this Lease would have ended had not this Lease been terminated and (ii) contains the same covenants, conditions and provisions as are contained in this Lease, except that the Leasehold Mortgagee shall be able to absolutely assign or transfer the new Lease regardless of the date of the assignment and a purchaser, assignee or transferee of this Lease from Leasehold Mortgagee shall be able to assign or transfer this Lease without the approval or consent of Landlord regardless of the date of the assignment.

(c) After termination of this Lease but before the expiration of the period within which Leasehold Mortgagee has to request and receive a new Lease, Landlord shall not terminate existing subleases under which sublessee is not in default, or enter into new subleases for the Property or Project, and Landlord shall account to Leasehold Mortgagee for all subtenant rents during such period.

(d) The new Lease shall be subject to all existing subleases under which each such sublessee is not in default and shall be assignable by Leasehold Mortgagee without further approval or consent by Landlord provided the conditions of this Section are satisfied.

(e) The new Lease shall:

(i) Extend the time for performance of unperformed acts required by Article VI of this Lease for a period equal to the delay in performance of the act caused by Tenant's inability or failure to perform the act, and the time required to terminate this Lease, execute a new Lease to Leasehold Mortgagee, and Leasehold Mortgagee's timely assignment of such new Lease; and

(ii) Excuse the performance of an act required by Article VI of this Lease that has already been performed and excuse the new Tenant from acts or inactions of the original Tenant; provided, however, that on and after the date of such possession, (i) the new Tenant shall be obligated to bring the management and maintenance of the Project into compliance with the Agreement Containing Covenants and (ii) Landlord shall have the right to enforce each and every provision of the new Lease with respect to matters arising or continuing after the date of the new Lease, including, without limitation, to Article VI , against the new Tenant and provided further, that Leasehold Mortgagee and Leasehold Mortgagee's assignee as Tenant under the new Lease, shall be liable for removal or bonding of all mechanic's liens, stop notices, materialmen's liens, or any liens for goods, labor, material, services or work manufactured for, delivered to, or performed on, the Property.

(f) The new Lease and the Leasehold Mortgage shall have the same priority as the original Lease and the Leasehold Mortgage on the original Lease, and intervening liens shall not have priority over the new Lease or Leasehold Mortgage.

(g) Leasehold Mortgagee, on execution of the new Lease, shall pay to Landlord all of Landlord's reasonable costs and expenses, including reasonable attorneys' fees and court costs incurred in terminating this Lease, recovering possession of the Property and Project from Tenant, and preparing the new Lease.

Section 2112 No Merger of Estates

During the existence of any Leasehold Mortgage, if the same person or entity holds the leasehold estate created by this Lease and Landlord's reversionary interest or fee interest in the Property, then such estates shall remain separate and there shall be no merger without the consent of each Leasehold Mortgagee.

Section 2113 Amendments for Benefit of Leasehold Mortgagee

The Parties shall cooperate in including in this Lease, by suitable amendment from time to time, provisions which may reasonably be requested by a Leasehold Mortgagee or proposed Leasehold Mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Article and allowing such Leasehold Mortgagee reasonable means to protect or preserve its Leasehold Mortgage on the occurrence of a default under the terms of this Lease; provided, however, that such amendment shall not have a material adverse effect on Landlord's rights or obligations under this Lease. The Parties each agree to execute and deliver (and to acknowledge, if necessary for recording purposes) any agreement necessary to effect such amendment.

Section 2114 Restriction on Landlord's Right to Encumber its Interest

Landlord shall not mortgage, hypothecate, pledge or encumber its interest in the Property or any part thereof without the prior written consent of the holder of a Leasehold Mortgage that is senior in priority to Landlord's Leasehold Mortgage ("**Senior Leasehold Mortgage**") (if any), unless there is an express recognition of Tenant's rights under this Lease and subordination of the new lender's lien on Landlord's interest in the Property to this Lease, which subordination shall be in a form acceptable to Tenant and the holder of such Senior Leasehold Mortgage.

Section 2115 Restriction on Subordination of Tenant's Interest

Any subordination or attempted subordination of this Lease by Tenant to a mortgage, deed of trust, encumbrance or other security interest in Landlord's interest in the Property or any part thereof shall be void *ab initio* and shall have no force or effect unless first agreed to in writing by the holder of a Senior Leasehold Mortgage.

Section 2116 Multiple Leasehold Mortgages

Where there is a right herein to be exercised by a Leasehold Mortgagee and there exists more than one Leasehold Mortgage, the right may be exercised in the order of priority of each Leasehold Mortgage.

Article XXII **EVENTS OF DEFAULT**

The occurrence of one or more of the events described below shall constitute a material default and a breach of this Lease, entitling Landlord to terminate this Lease prior to the expiration of the Term.

Section 2201 Events of Default

The following shall constitute an "**Event of Default**" by Tenant:

(a) Subject to Force Majeure Delays and other provisions of this Lease that may modify the provisions hereof, failure by Tenant to commence or to complete construction of the Improvements according to the scheduled time periods set forth in the Schedule of Performance, and in accordance with the drawings (if any) delivered to Landlord and the Scope of Work.

(b) After Tenant commences construction of the Improvements on the Property, Tenant's abandonment of the Project for a period of 30 days or more.

(c) Tenant's failure to perform or to comply with the covenants, conditions and obligations set forth in this Lease.

(d) Except as expressly permitted in this Lease, an attempted or purported Transfer, without the prior written consent of Landlord.

(e) The sale of Tenant's interest in the Property or any portion thereof, under attachment, execution or similar legal process, or Tenant is adjudicated as bankrupt or insolvent, or an order for relief is entered against Tenant under Federal Bankruptcy Code, and such adjudication or order is not vacated within 10 days.

(f) The commencement of a case under any chapter of the Federal Bankruptcy Code, by or against Tenant or any guarantor of Tenant's obligations hereunder, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant or any guarantor of Tenant's obligations hereunder as bankrupt or insolvent, unless the same is dismissed within 90 days.

(g) The appointment of a receiver or trustee for the business or property of Tenant (except by a Leasehold Mortgagee) or any guarantor of Tenant's obligations hereunder, unless such appointment is vacated within 10 days of its entry.

(h) The discovery by Landlord that any financial statement or other material financial information delivered by Tenant to Landlord is materially false.

(i) The occurrence of any other event described as constituting an "Event of Default" elsewhere in this Lease that is not cured within the time provided for herein.

Section 2202 Procedures for Declaring an Event of Default

(a) Landlord shall give written notice of default to Tenant, specifying the default complained of. Failure or delay in giving such notice shall not constitute waiver of a default, nor shall it change the time of default. Except as otherwise expressly provided in this Lease, failures or delays by Landlord in asserting any of its rights and remedies as to a default shall not operate as waiver of the default or of such rights or remedies. Delays by Landlord in asserting any of its rights and remedies shall not deprive Landlord of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce such rights or remedies.

(b) If a monetary event of default occurs, prior to exercising its remedies hereunder, then Landlord shall give Tenant written notice of such default. Tenant shall have 10 days after such notice is given within which to cure the default, prior to Landlord's exercise of remedies.

(c) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Landlord shall give Tenant notice of such default. If the default is reasonably capable of being cured within 30 calendar days after such notice is received or deemed received, Tenant shall have such period to effect a cure prior to exercise of remedies by Landlord. If the default is such that it is not reasonably capable of being cured within 30 days, and Tenant (i) initiates corrective action within said period and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Tenant shall have such additional time as is reasonably necessary in order to cure the default prior to exercise of any remedies by Landlord, but in no event shall such period exceed 60 days from the date such notice is received or deemed received. In no event shall Landlord be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Article XXIII **REMEDIES**

Upon, or at any time after, the declaration of an Event of Default, and if permitted hereunder, the following remedies shall apply.

Section 2301 Right of Termination

Landlord shall have the right to terminate this Lease and Tenant's right to possession of the Property by giving notice of such termination to Tenant. Upon the date of the giving of such notice (or, if such notice specifies a later date for such termination, then upon such later date), this Lease and Tenant's right to possession hereunder and all of Tenant's right, title and interest hereunder, in and to the Property and Improvements, shall expire and terminate on such date. Landlord shall be entitled to recover from Tenant all damages proximately caused by such default. In the event of termination of this Lease, Landlord shall have the option of assuming the existing master tenancies and sub-tenancies, if any.

Section 2302 Transfer of Interest Upon Termination

If Landlord terminates this Lease as provided above, then all of the right, title, estate and interest of Tenant in and to the following shall automatically pass to, and vest in, and belong to Landlord, without further action on the part of either Party: (i) the Property including, without limitation, the land, the Improvements, and any alterations thereto, (ii) all unaccrued rents, income, receipts, revenues, issues, and profits issuing from the Property or any part thereof and (iii) all insurance policies and all proceeds thereof. Although not required to effectuate the automatic termination of Tenant's interest in the Property, Tenant agrees that upon Landlord's termination of this Lease, Tenant shall execute any document, including a quitclaim deed, and perform any act reasonably necessary to evidence the termination of its interest in the Property.

Section 2303 Damages

Subject to the limited recourse provisions of Section 2406 below, if either Party defaults with regard to any of the provisions of this Lease, then subject to the notice and cure provisions of Section 2202 , the defaulting Party shall be liable to the non-defaulting Party for damages caused by such default, and the non-defaulting Party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting Party with respect to such default.

Section 2304 Specific Performance

If either Party defaults with regard to any of the provisions of this Lease, then subject to the notice and cure provisions of Section 2202 , the non-defaulting Party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Lease pertaining to such default.

Section 2305 Cumulative Remedies

Landlord shall have the right to pursue, in addition to the remedies expressly enumerated herein, any remedy now or hereafter available under state or federal laws, including a proceeding to compel specific performance by Tenant. No remedy or election by either Party hereunder shall be deemed exclusive, but shall, wherever possible, be cumulative with all other remedies available at law or in equity.

Section 2306 Limited Recourse

Each obligation of Tenant under this Lease is a nonrecourse obligation of Tenant. Neither Tenant nor any other party shall have any personal liability for payment of obligations to Landlord.

Notwithstanding the foregoing, Landlord may recover directly from Tenant or any other party:

(a) any damages, costs and expenses incurred by Landlord as a result of fraud or any criminal act or acts of Tenant or any shareholder, officer, director or employee of Tenant;

(b) any damages, costs and expenses incurred by Landlord as a result of any misappropriation of funds provided for the rehabilitation of the Improvements, rents and revenues from the operation of the Improvements or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Tenant pursuant to the indemnification regarding Hazardous Substances given in this Lease; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Landlord shall pay Tenant's reasonable court costs and attorneys' fees if Tenant is the prevailing party in any such enforcement or collection action).

Article XXIV **INTEREST ON PAST DUE OBLIGATIONS**

Except as expressly provided herein, amounts due to either Party, not paid when due, after the expiration of the permitted period to cure hereunder, shall bear interest at the maximum rate then allowable by law, from the due date. Payment of such interest shall not excuse or cure a default under this Lease.

Article XXV **NOTICES**

All notices, demands, and requests for approval to be given under this Lease shall be given in writing, and shall be deemed served when delivered personally, or shall be deemed served 72 hours after the deposit thereof in the United States mail, postage prepaid, registered or certified mail, addressed as hereinafter provided.

To Landlord: HOUSING AUTHORITY OF
THE CITY OF PALMDALE
38250 Sierra Highway, 2nd Floor
Palmdale, CA 93550-4611
Attn: Executive Director

To Tenant: Victory Outreach
37419 25th Street East
Palmdale, CA 93550

Article XXVI **ESTOPPEL CERTIFICATE**

Each Party shall, at any time, and upon not less than 10 days' prior written notice from the other Party, execute, acknowledge and deliver to the requesting Party a statement in writing: (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification, and certifying that this Lease, as so modified, is in full force and effect) and (ii) acknowledging that there are not, to such Party's knowledge, any uncured defaults hereunder, or specifying such defaults, if any, as are claimed. Any such statement may be conclusively relied upon by a prospective purchaser or encumbrancer of the Property.

Article XXVII **SURRENDER**

Section 2701 Surrender

Tenant shall, on the last day of the Term or upon any earlier termination of this Lease, peaceably and quietly surrender and yield immediate possession of the entire Property, including the Improvements thereon, to Landlord. Tenant shall not remove from the Property any appurtenant fixtures attached or used in connection with the operation of the Improvements and necessary for the proper operation thereof. All such fixtures and all operating manuals necessary for the operation of the Improvements shall be surrendered and delivered to Landlord upon expiration or termination of this Lease.

Section 2702 Title to Improvements

The Parties agree that upon expiration of the Term, or upon an earlier termination of this Lease, title to and ownership of all Improvements shall automatically vest in Landlord without the execution of any further instrument and without any payment by Landlord therefor. Tenant shall, at Landlord's request and without payment therefor, promptly execute, acknowledge and deliver to Landlord a quitclaim deed in recordable form conveying and transferring to Landlord all right, title and interest of Tenant in and to the leasehold interest and the Improvements.

Section 2703 Removal of Personal Property

On the last day of the Term or upon an earlier termination of this Lease, Tenant shall remove all of its personal property not required to be surrendered. Personal property not removed by Tenant upon the last day of the Term or upon an earlier termination of this Lease shall be deemed abandoned, and may be appropriated, sold, destroyed, or otherwise disposed of by

Landlord following 10 days' prior written notice to Tenant. Tenant shall pay to Landlord all reasonable costs and expenses incurred in receiving, storing or disposing of same and for restoring any damage to the Property caused by such personal property or the removal thereof from the Property.

Section 2704 Holdover

If Tenant fails to surrender possession of the Property, or any part thereof, at the expiration of the Term or upon an earlier termination of this Lease, then the continuance in possession of Tenant shall constitute a "holding over" by Tenant on a month-to-month basis for which Tenant is and shall be liable to pay rent at fair market value as such rent is determined by Landlord in its sole and absolute discretion. A holding over by Tenant after the expiration or earlier termination of this Lease shall not constitute a renewal or extension of the Term.

Article XXVIII **NO CONFLICT OF INTEREST, WARRANTY**

Section 2801 No Conflict of Interest

Each Party covenants that neither they, nor any of their agents or employees who presently exercise any function or responsibility in connection with this Lease, have or shall have, or shall acquire, any financial interest which constitutes a conflict of interest under applicable City, state or federal laws, ordinances, rules and regulations, including the Political Reform Act of 1974 (California Government Code Sections 81000 *et seq.*), as it may be amended from time to time. No member, officer, or employee of either Party or the governing body of the locality in which the Project is situated, nor any member of the governing body of the locality in which Tenant was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the Project, during his or her tenure or for two years thereafter, shall have any interest, direct or indirect, in this Lease or the proceeds thereof.

Section 2802 Warranty Against Speculation

Tenant hereby represents and warrants that this Lease, the rehabilitation of the Improvements, and its other undertakings pursuant hereto shall be used exclusively for the purpose of providing affordable housing for Very Low Income tenants, and not for speculation in land holding. Tenant further recognizes:

(a) The importance of the rehabilitation of the Project to the general welfare of the community;

(b) The substantial financing and other public aids that have been made available by law and by Landlord for the purpose of making such rehabilitation possible;

(c) The fact that a change in ownership or control of Tenant or of a part thereof, or any other act or transaction involving or resulting in a change in ownership, or with respect to the identity of the parties in control of Tenant or the degrees thereof, is for practical purposes a transfer or disposition of the Property and Improvements, except as to Permitted Transfers set forth in the Agreement;

(d) The Property is not to be acquired or used for speculation, but only for rehabilitation and operation by Tenant in accordance with the terms of the Agreement and this Lease.

The qualifications and identity of Tenant, and its principals, are of particular concern to the community and Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into this Lease with Tenant.

Article XXIX **ADDITIONAL PROVISIONS**

Section 2901 Time of Essence

Except as otherwise specifically provided in this Lease, time is of the essence in connection with each and every provision contained herein.

Section 2902 Waiver

No waiver by either Party of any provision hereof shall be deemed to be a waiver of any other provision hereof, or of any subsequent breach of the same or any other provision. No Party's consent to, or approval of, any act shall be deemed to render unnecessary the obtaining of such Party's consent to or approval of any subsequent act. The acceptance of any payment hereunder shall not be a waiver of any preceding breach of any provision hereof, other than the failure to make such payment itself, regardless of such Party's knowledge of the preceding breach at the time of acceptance of such payment.

Section 2903 Costs of Litigation

If legal action is necessary to enforce a provision hereof, or for damages by reason of an alleged breach of a provision of this Lease, then the prevailing party shall be entitled to receive from the losing Party all costs and expenses, and such amount as the court may adjudge to be reasonable attorneys' fees for the costs incurred by the prevailing party in such action or proceeding.

Section 2904 Institution of Legal Actions

Subject to the notice and cure provisions of Section 2202 above and the limited recourse provisions of Section 2306 above, in addition to any other rights or remedies (and except as otherwise provided in this Lease), either Party may institute legal action to cure, correct or remedy a default, to recover damages for a default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that County, or in the United States District Court for the Central District of California.

Section 2905 Applicable Law

The internal laws of the State of California shall govern the interpretation and enforcement of this Lease, without reference to the principles governing conflicts of law.

Section 2906 Acceptance of Service of Process

(a) If a legal action is commenced by Tenant against Landlord, then service of process on Landlord shall be made by personal service upon Landlord's Executive Director or in such other manner as may be provided by law.

(b) If a legal action is commenced by Landlord against Tenant, then service of process on Tenant shall be made by personal service upon Tenant (or upon an officer of Tenant) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 2907 Relationship of Parties

Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association the Parties, other than that of landlord and tenant.

Section 2908 Counterparts

This Lease may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same instrument.

Section 2909 Captions for Convenience

The captions herein are for convenience and reference only and are not a part of this Lease, and do not in any way limit, define, or amplify the terms and provisions hereof.

Section 2910 Entire Agreement

This Lease represents the full and complete understanding of every kind or nature whatsoever between the Parties, in connection with the lease of the Property, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof.

Section 2911 Construction

The Parties agree that each Party and its counsel have reviewed this Lease, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Lease, or any amendments or exhibits hereto.

Section 2912 Tenant's Payment of Property Taxes

To the extent required by California Health and Safety Code Section 33673, but subject to Tenant's rights to claim exemptions under California Revenue and Taxation Code Section 214, Tenant shall pay real property taxes upon the entire assessed value of the Property and not merely the assessed value of its leasehold interest in the Property.

Section 2913 Recording of Memorandum of Lease

A Memorandum of Lease shall be recorded in the Official Records upon commencement of this Lease.

Section 2914 Severability

If any provision of this Lease is adjudged invalid or unenforceable by a court of competent jurisdiction, then the remaining provisions of this Lease shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

Section 2915 Binding Effect

This Lease, and the terms, provisions, promises, covenants, and conditions hereof, shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first set forth above.

"LANDLORD"

HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By: _____
Salvador Mendez
City Manager Pro Tem

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By:_____
Alexandra Halfman
Acting Authority Attorney

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Susan Apy

"TENANT"

VICTORY OUTREACH - PALMDALE,
a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

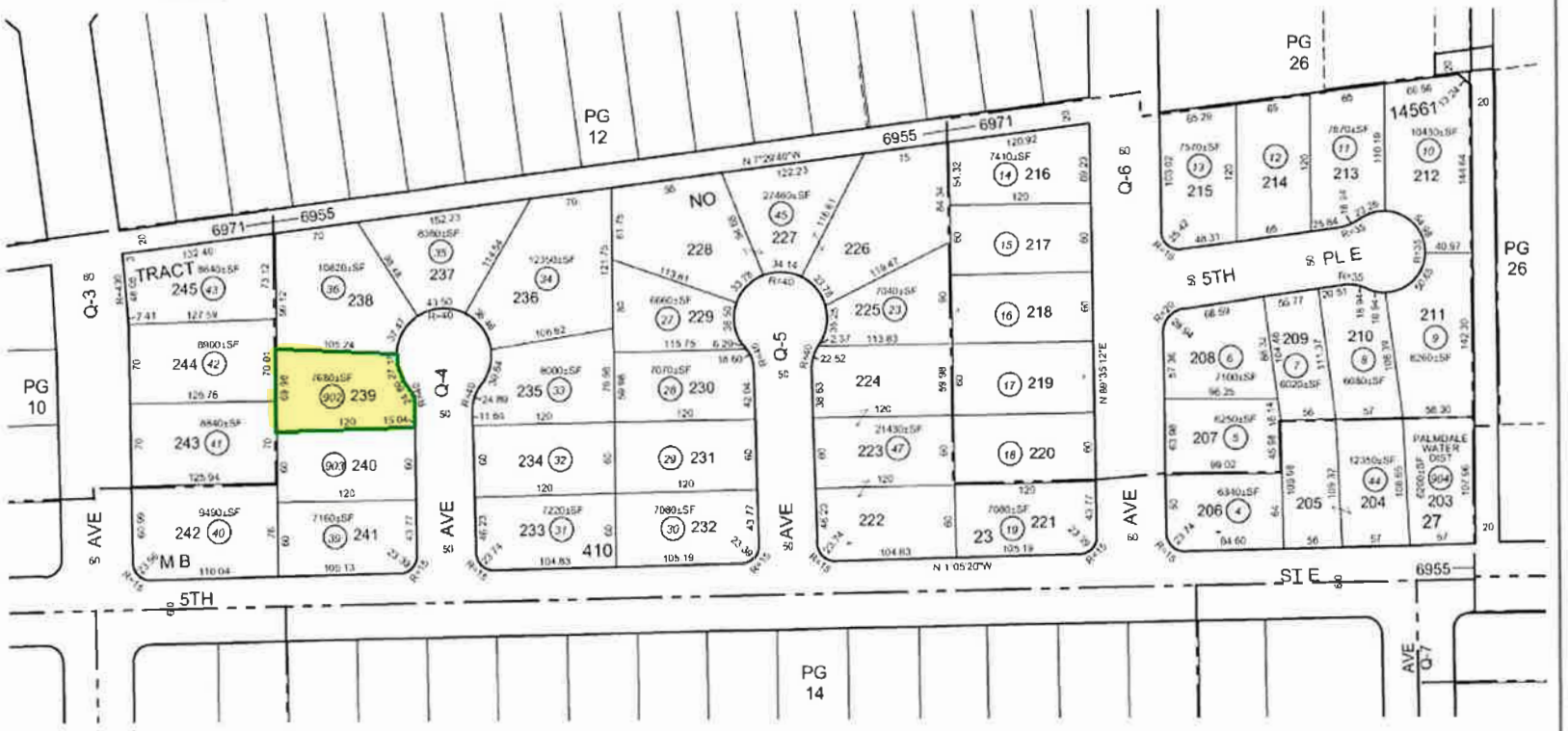
APN: 3008-013-902

EXHIBIT B

SITE MAP

[behind this page]

3008	13 SHEET	P. A 996-9	TRA 6955 6971	REVISED 97060604003001-A1 20040811030140001-A1	20100209100050001-A1 20190114190130001-A1 20210706020030001-A1				SEARCH NO		OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO THE HOUSING AUTHORITY OF THE CITY OF PALMDALE UNLESS OTHERWISE NOTED.

Date Printed: 1/14/2019 6:52:13 AM
Date Saved: 7/5/2021 7:55:42 PM

ATTACHMENT NO. 10

FORM OF MEMORANDUM OF LEASE

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach-Palmdale
APN: 3008-013-902

Agreement No. A-9241

DOCUMENTARY TRANSFER TAX:

City $_____.
County of Los Angeles $_____.
Computed on the basis of the full value of interest or property conveyed.

_____
Signature of Declarant or Agent

MEMORANDUM OF LEASE BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH-PALMDALE

THIS MEMORANDUM OF LEASE (this "**Memorandum**"), dated as of _____, 2025, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Landlord**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant have entered into that certain Ground Lease dated as of _____, 2025 (the "**Lease**") pursuant to which Landlord leased to Tenant and Tenant leased from Landlord certain real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "**Property**").

B. Landlord and Tenant desire to execute this Memorandum in order to provide constructive notice of the Lease to third parties.

OPERATIVE PROVISIONS

1. Lease Commencement and Term. Landlord has leased the Property to Tenant for a term commencing on _____, 2025 and continuing thereafter until the 55th

anniversary of the date this Memorandum is recorded in the official records of Los Angeles County, California.

2. Lease Terms. The terms and provisions of the Lease are hereby incorporated into this Memorandum by this reference.

3. Leasehold Deeds of Trust. Provisions for leasehold mortgages are contained in the Lease.

4. Assignment. Tenant's rights under the Lease may not be assigned except in compliance with the terms of the Lease.

5. Successors and Assigns. This Memorandum and the Lease bind and inure to the benefit of the parties thereto and their respective, permitted heirs, successors in interest, and assigns, subject, however, to the terms of the Lease concerning assignment. The provisions of this Memorandum are solely for the purpose of providing notice of the Lease and, in the event of any conflict between the provisions of this Memorandum and the provisions of the Lease, the provisions of the Lease shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first set forth above.

"LANDLORD"
HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By: _____
Salvador Mendez
City Manager Pro Tem

ATTEST:
By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:
By:_____
Alexandra Halfman
Acting Authority Attorney

KANE, BALLMER & BERKMAN
Authority Special Counsel
By: _____
Susan Apy

"TENANT"
VICTORY OUTREACH - PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez

ATTEST:

By: _____
Christina Gonzalez

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 _____

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 _____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFFERED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

APN:3008-013-902

ATTACHMENT NO. 11

METHOD OF FINANCING

[behind this page]

METHOD OF FINANCING

This is the Method of Financing attached to the Affordable Housing Agreement (the "**Agreement**") dated as of June 3, 2025, by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"), relating to Developer's rehabilitation of a four-unit apartment building, to be used exclusively to provide four residential units to be operated as rental housing that is affordable to Very Low Income households who are at risk of homelessness or currently unhoused at an Affordable Rent, subject to all of the terms and conditions of the Authority Loan Documents.

The Project shall be financed by a combination of the Authority Loan, the City Loan, and Developer funds, as needed. Developer may utilize other financing sources approved by the Authority Executive Director, so long as such alternative financing does not result in increased costs to Authority or City.

1. **Definitions**. Any capitalized term not otherwise defined herein has the meaning ascribed to such term in the Agreement.

2. **Total Costs**. The Parties estimate that the total Project Costs, including, without limitation, acquisition and rehabilitation, shall be approximately $941,145. Developer shall be responsible to provide funds if and as needed to pay for cost overruns and contingencies not funded by the Authority Loan and City Loan.

3. **Project Budget**. The Parties anticipate that all Project Costs shall be as set forth in the Project Budget. The Project Budget shall be subject to change from time to time, subject to the prior written approval of the Authority Executive Director or designee (which approval shall not be unreasonably withheld) and subject to and conditioned on such further review and approval by the Authority Board as is needed to satisfy applicable law and Authority policies and procedures, upon which approval the Project Budget shall be replaced by the approved revised Project Budget. Developer shall demonstrate, to the satisfaction of the Authority Executive Director, that all Developer funds shall be available for payment of Project Costs when and as required by this Method of Financing.

4. **Authority Loan**.

(a) The Authority Loan represents Authority's carry back of Developer's prepayment of the Ground Lease over its term, in the amount of $580,000 ("**Lease Prepayment**"). The Lease Prepayment is included in the principal amount of the Authority Loan, which shall be repaid to Authority pursuant to the terms of the Authority Note.

(b) In accordance with and subject to the terms and conditions of the Agreement and this Method of Financing, Authority agrees to make the Authority Loan to Developer, and Developer agrees to borrow such funds for the payment of Project Costs.

(c) At the Closing for the Project, the Parties shall execute and deliver such instruments and documents as may be necessary to evidence and secure the Authority Loan consistent with the terms of the Agreement and this Method of Financing, and in a form that is acceptable to the Authority Executive Director or designee, including the following instruments:

(1) the Agreement Containing Covenants;

(2) the Notice of Affordability Restrictions;

(3) the Authority Note;

(4) the Authority Deed of Trust;

(5) the Assignment of Rents and Leases;

(6) the Assignment of Agreements (if applicable);

(7) the Environmental Indemnity;

(8) the UCC1 Financing Statement;

(9) the Ground Lease; and

(10) the Memorandum of Lease; and

(11) Assignment and Assumption of the LURA in substance and form prepared by the Authority and in such form to be recorded in the Official Records, Los Angeles County Recorder's Office.

5. **Recordation**. Upon the Closing, the Title Company shall record the Authority Loan Documents, and such other documents as approved or requested by the Authority, in accordance with instructions provided by Authority and shall be prepared to issue to Authority an ALTA lender's policy of title insurance, insuring the priority of the Authority Deed of Trust as a lien on the Property, in amounts and with endorsements as Authority may determine is appropriate.

6. **Disbursement of Authority Loan**.

(a) The Authority Loan shall be deemed disbursed at the Closing.

(b) Prior to issuance of the Release of Construction Covenants for the Property, Developer shall be required to establish a replacement reserve fund (the "**Replacement Reserve**") in order to provide adequate cash supplements to replace medium and/or long-term capital improvements with respect to the Property. The Replacement Reserve shall be initially funded with any remaining contingency funds if and as set forth in the approved Project Budget.

(c) Authority shall have the right to review and audit all records of Developer pertaining to any payment by Authority. Said records must be maintained for a period of five years after Completion.

7. **Repayment Terms**. The repayment terms of the Authority Loan are set forth in the form of Authority Note.

8. **Conditions Precedent to Closing**.

(a) The Closing is conditioned upon each of the following occurring to the satisfaction of the Authority Executive Director prior to the time for the Closing set forth in the Schedule of Performance:

(i) Developer submits evidence that the final working drawings (if any) have been approved by City, and, to the extent required by the Agreement, the Authority Executive Director or designee;

(ii) Unless performing the rehabilitation work itself, Developer submits a copy of the fully executed contract with a licensed contractor approved by the Authority Executive Director or designee, covering all rehabilitation work required by the Agreement and the approved final working drawings (if any);

(iii) Developer submits a final Project Budget, current as of the Closing, demonstrating to the satisfaction of the Authority Executive Director or designee the availability of sufficient funds to pay all Project Costs;

(iv) Developer submits evidence of the insurance policies and endorsements required by the Agreement;

(v) Developer submits evidence satisfactory to the Authority Executive Director or designee that Developer has satisfied all conditions precedent to the issuance of all permits necessary for the rehabilitation of the Project, other than payment of fees (provided that funds have been budgeted therefor in the Project Budget);

(vi) Developer submits for Authority review and approval the Maintenance Program, as required by the Agreement;

(vii) Developer submits for Authority review and approval the Annual Operating Budget, as required by the Agreement;

(viii) Developer submits for Authority review and approval the Management Plan, as required by the Agreement;

(ix) Developer submits for Authority review and approval a Proposed Use of Residual Receipts Plan describing the community outreach programs to be provided to the

Project;

(x) Developer submits for Authority review and approval documentation satisfactory to the Executive Director demonstrating that any required relocation from the Property has been carried out in conformance with the Agreement and applicable state and federal law;

(xi) Title Company is prepared to issue the Title Insurance Policies;

(xii) Developer duly executes and delivers to Authority or into escrow the Authority Loan Documents, and such other documents as approved or requested by the Authority, including, without limitation, an Assignment and Assumption of the LURA as described above; and

(xiii) The Authority Executive Director determines that Developer is not in default of its obligations to Authority under the Agreement.

Notwithstanding the foregoing, Authority, in the sole discretion of the Authority Executive Director, may waive any of the foregoing conditions precedent to the Closing. A waiver of any of the foregoing conditions shall not operate in any way as a waiver, or estoppel with respect to, any subsequent or other failure to comply with such condition, or any other condition contained in this Method of Financing, the Agreement or any of the Authority Loan Documents.

ATTACHMENT NO. 12

FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach-Palmdale Agreement No. A-9241
APN: 3008-013-902

Notice of Affordability Restrictions on Transfer of Property

NOTICE IS HEREBY GIVEN that pursuant to California Health and Safety Code Section 33334.3(f), the Housing Authority of the City of Palmdale, a public body corporate and politic, is recording this Notice of Affordability Restrictions on Transfer of Property (this "**Notice**") with regard to the property located at 513 East Avenue Q4, Palmdale, California and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "**Property**").

The Property is subject to the Agreement Containing Covenants (the "**Covenants**") recorded concurrently herewith, which restricts the use of the Property as follows:

> Four residential units shall be rented exclusively to Very Low Income households who are at risk of homelessness or currently unhoused at an Affordable Rent as provided in California Health and Safety Code Section 50053 for very low income households. The maximum incomes of eligible Very Low Income households shall be determined on the basis of the applicable income limits for Los Angeles County, published approximately annually by the California Department of Housing and Community Development.

The affordability restrictions imposed on the Property by the Covenants are scheduled to expire on the date that is 55 years after the recordation of this Notice. This Notice is recorded for the purpose of providing notice only and it in no way modifies the provisions of the Covenants. This Notice may be executed in any number of counterparts, each of which, when so executed and delivered, will be an original, but all of which together shall constitute but one and the same instrument.

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By: _____
Salvador Mendez
City Manager Pro Tem

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By:_____
Alexandra Halfman
Acting Authority Attorney

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Susan Apy

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 _____

CONSENT TO RECORDATION

The undersigned, owner of the Leasehold Interest in real property legally described in Exhibit A, hereby consents to the recordation of this Notice against the Leasehold Interest in the Property.

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

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 _____

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 13

PROJECT BUDGET

[behind this page]

ATTACHMENT NO. 13

PROJECT BUDGET

Sources

Authority Loan	$580,000
City Loan	$361,145
Total	$941,145

Uses

Property Acquisition Costs	$580,000
Rehabilitation Costs	$271,457
Rehabilitation Contingency (Replacement/Repair Reserve, if funds remaining)	$ 89,688
Total	$941,145

ATTACHMENT NO. 14

SCHEDULE OF PERFORMANCE

[behind this page]

ATTACHMENT NO. 14

SCHEDULE OF PERFORMANCE

1.	Execution of Affordable Housing Agreement by Authority. The Authority Executive Director shall execute and deliver the Agreement to Developer.	As soon as feasible after submission of executed Agreement by Developer.
2.	Signed General Contract. Unless performing the rehabilitation work itself, Developer shall have entered into a contract with a reputable and licensed general contractor, approved by Authority.	Not later than the scheduled date of the Closing.
3.	Submittal – Form of Unit Lease. Developer shall have submitted to Authority for review and approval the form of the proposed unit lease or occupancy agreement.	Not later than 30 days prior to the scheduled date of the Closing.
4.	Submittal of Management and Maintenance Plan. Developer shall have submitted to Authority for review and approval a proposed Management Plan and Maintenance Plan for the Project in conformity with the management and maintenance requirements of the Agreement.	Not later than 30 days prior to the scheduled date of the Closing.
5.	Closing. All conditions precedent to the Closing shall have been satisfied.	Not later than July 31, 2025.
6.	Commencement of Rehabilitation Work. All conditions precedent to the start of construction shall be satisfied, and Developer shall start rehabilitation of the Improvements.	Not later than one week after Authority's lease of the Property to Developer.
7.	Completion of Rehabilitation Work. Developer shall have completed rehabilitation of the Improvements in accordance with the Scope of Work and the Agreement.	Not later than October 31, 2025.

8.	Submittal-Tenant Selection and Eligibility Plan. Developer shall prepare and submit for approval the proposed tenant selection and eligibility plan for the Project.	At least three months prior to occupancy of the Project.
9.	Lease-Up. Developer shall have achieved lease-up of all of the units in the Project.	Not later than one month after Completion of rehabilitation.

NOTES:

1. Deadlines set forth in this Schedule of Performance are subject to the enforced delay provisions of Section 604 of the Agreement.

2. Extensions may be approved in writing pursuant to Section 307 of the Agreement.

3. Descriptions of items of performance and deadlines in this Schedule of Performance are not intended to supersede more complete descriptions in the text of the Agreement; and in the event of any conflict between the text of the Agreement and this Schedule of Performance, the text of the Agreement shall govern.

ATTACHMENT NO. 15

SCOPE OF WORK

[behind this page]

ATTACHMENT NO. 15

SCOPE OF WORK

The Improvements to be rehabilitated consist of a two-story residential apartment building containing four two-bedroom rental units with one-car carport parking space per unit, and all ancillary and related improvements for the Property. Rehabilitation shall include, without limitation:

1. Replacing air conditioning units;
2. Installing new water heaters;
3. Repairing walls;
4. Installing new flooring;
5. Replacing windows and screens;
6. Repairing the roof;
7. Painting the interior and exterior; and
8. Landscaping and installing energy efficient light fixtures.

The plans and specifications of the Project shall be subject to Authority's approval.

The rehabilitation shall be carried out in compliance with all applicable permits, building codes and standards in effect in Palmdale, California. Developer shall be responsible for the costs of complying with all permit, building codes and standards, and fee requirements of City.

Upon completion of the rehabilitation, Developer shall use the Property exclusively to provide four residential units to be operated as rental housing that is affordable to Very Low Income households who are at risk of homelessness or currently unhoused at an Affordable Rent, subject to all of the terms and conditions of the Authority Loan Documents.

ATTACHMENT NO. 16

FORM OF ASSIGNMENT OF LURA

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-902

Agreement No. A-9241

ASSIGNMENT AND ASSUMPTION OF
LAND USE RESTRICTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LAND USE RESTRICTION AGREEMENT (this "**Assignment**"), dated as of _____, 2025 ("**Effective Date**"), is entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**").

WHEREAS, for the purpose of providing four units of housing that shall be affordable to Very Low Income households who are at risk of homelessness or currently unhoused exclusively, the Parties have entered into an Affordable Housing Agreement dated as of June 3, 2025, as it may be amended from time to time (the "**Affordable Housing Agreement**"), which is incorporated herein by this reference, and any capitalized term that is not otherwise defined in this Assignment shall have the meaning ascribed to such term in the Affordable Housing Agreement; and

WHEREAS, Developer is the owner of a leasehold interest in that certain real property (the "**Property**") located in Palmdale, California more particularly described in Exhibit A which is attached hereto and incorporated herein by this reference, pursuant to the Ground Lease entered into between the Authority and Developer dated as of _____, 2025, which was entered into in furtherance of the Affordable Housing Agreement; and

WHEREAS, the Property is subject to that certain Land Use Restriction Agreement ("**LURA**") entered into by and between the former Community Redevelopment Agency of the City of Palmdale, as "Owner" therein, and the Resolution Trust Corporation, as Receiver for

Homefed Bank, F.A., and recorded in the official records, Recorder's Office of Los Angeles County ("**Official Records**"), on January 18, 1996 as Document No. 96-94063; and

WHEREAS, pursuant to that certain unrecorded Property Transfer Agreement and Joint Escrow Instructions entered into by and between the Authority and New Beginning Outreach Foundation, a California nonprofit public benefit corporation ("**NBO**") and dated as of July 11, 2018, pursuant to which, concurrently with the recordation of the Memorandum of Assignment of LURA recorded in the Official Records on _____, 2018 as Document No. 2018_____, NBO conveyed the Property to Authority and assigned the LURA to Authority, and Authority assumed all of the obligations of the Owner pursuant to the LURA; and

WHEREAS, as required by the Affordable Housing Agreement, Authority shall assign the LURA to Developer.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES COVENANT AND AGREE AS FOLLOWS:

1. Assignment and Assumption.

a. Effective upon the Effective Date, Authority hereby assigns to Developer, and Developer hereby assumes from Authority all of the Authority's duties, obligations, and liabilities under the LURA, including the obligations of the "Owner" pursuant to the LURA. Developer agrees to execute such further instruments or documents which may be necessary or appropriate to effectuate such assignment and assumption. Effective upon the Effective Date, Authority shall no longer have any duties, obligations, or liabilities as "Owner" under the LURA. Such duties, obligations, and liabilities shall all be duties, obligations, and liabilities of Developer and its successors and assigns.

b. Effective upon the Effective Date, Developer covenants and agrees (for itself, its successors, assigns, and every successor in interest to the Property or any part thereof) that Developer, such successors, and such assigns shall fulfill all obligations of "Owner" under the LURA.

c. The provisions of the LURA to be performed by Developer, whether affirmative or negative in nature, are intended to and shall bind Developer and its successors and assigns at any time, and shall inure to the benefit of the Resolution Trust Corporation, as Receiver for Homefed Bank, F.A. and its successors and assigns.

d. Developer shall execute any and all documents in recordable form necessary to subject the Property to the covenants and restrictions contained in the LURA.

2. Binding Affect. This Assignment shall be binding upon and shall inure to the benefit of

the parties hereto and their respective successors and assigns.

3. Amendments. This Assignment shall not be altered, amended or otherwise modified, except as set forth in a written document executed by the parties hereto.

4. Governing Law. This Assignment and all questions arising in connection herewith shall be governed by and construed in accordance with the internal laws of the state of California.

6. Counterparts. This Assignment may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same document.

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date first set forth above.

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By: _____
Salvador Mendez
City Manager Pro Tem

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By: _____
Alexandra Halfman
Acting Authority Attorney

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Susan Apy

"DEVELOPER"

VICTORY OUTREACH - PALMDALE,
a California non profit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

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 _____

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 _____

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

MEASURE H LOAN AGREEMENT

BY AND BETWEEN

THE CITY OF PALMDALE

AND

VICTORY OUTREACH

(A- 9242)

513 East Avenue Q4

June 3, 2025

TABLE OF CONTENTS

Page

ARTICLE I SUBJECT OF AGREEMENT 2
Section 101 Purpose of the Agreement. 2
Section 102 Definitions 2
Section 103 The Property 6
Section 104 City 6
Section 105 Developer 7
Section 106 Assignments and Transfers. 7
ARTICLE II FINANCING 8
Section 201 Use of Measure H Funds 8
Section 202 City Loan Terms 9
Section 203 Disbursement of City Loan 9
Section 204 Security 9
Section 205 Conditions Precedent to Closing 9
ARTICLE III REHABILITATION OF IMPROVEMENTS 10
Section 301 Scope of Work 10
Section 302 Land Use Approvals 11
Section 303 Construction Drawings and Related Documents 11
Section 304 Project Costs 11
Section 305 City Loan 12
Section 306 Schedule of Performance 12
Section 307 Local, State and Federal Laws; Relocation 12
Section 308 Nondiscrimination During Construction 15
Section 309 Indemnification and Insurance 15
Section 310 Disclaimer of Responsibility by City 19
Section 311 Rights of Access 19
Section 312 Taxes, Assessments, Encumbrances and Liens 19
Section 313 Rights to Plans 19
Section 314 Release of Construction Covenants 20
Section 315 Effect and Duration of Covenants 21
ARTICLE IV DEFAULTS AND REMEDIES 21
Section 401 Defaults - General 21
Section 402 Institution of Legal Actions 22
Section 403 Applicable Law 22
Section 404 Acceptance of Service of Process 22
Section 405 Rights and Remedies Are Cumulative 22
Section 406 Damages 22
Section 407 Specific Performance 23
Section 408 Termination by City 23
ARTICLE V GENERAL PROVISIONS 24

Section 501 Notices 24
Section 502 Force Majeure 24
Section 503 Conflict of Interest 24
Section 504 Nonliability of City Officials and Employees 25
Section 505 Inspection of Books and Records 25
Section 506 Approvals 25
Section 507 Real Estate Commissions 26
Section 508 Construction and Interpretation of Agreement 26
Section 509 Time of Essence 27
Section 510 No Partnership 27
Section 511 Compliance with Law 27
Section 512 Binding Effect 27
Section 513 No Third Party Beneficiaries 27
Section 514 Authority to Sign 27
Section 515 Incorporation by Reference 27
Section 516 Counterparts 28
Section 517 Severability 28
ARTICLE VI ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS 28

ATTACHMENTS

ATTACHMENT NO. 1 SITE MAP
ATTACHMENT NO. 2 LEGAL DESCRIPTION
ATTACHMENT NO. 3 PROJECT BUDGET
ATTACHMENT NO. 4 FORM OF CITY NOTE
ATTACHMENT NO. 5 FORM OF CITY DEED OF TRUST
ATTACHMENT NO. 6 FORM OF ASSIGNMENT OF AGREEMENTS
ATTACHMENT NO. 7 FORM OF ENVIRONMENTAL INDEMNITY
ATTACHMENT NO. 8 FORM OF ASSIGNMENT OF RENTS
ATTACHMENT NO. 9 MEASURE H LOAN REQUIREMENTS

MEASURE H LOAN AGREEMENT BY AND BETWEEN THE CITY OF PALMDALE AND VICTORY OUTREACH (A-9242)

This MEASURE H LOAN AGREEMENT (this "**Agreement**") is entered into as of June 3, 2025 by and between THE CITY OF PALMDALE, a municipal corporation ("**City**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"). City and Developer (individually, a "**Party**" and collectively, the "**Parties**") hereby agree as follows:

RECITALS

A. Developer has entered into an Affordable Housing Agreement dated as of June 3, 2025 with the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), as it may be amended or modified from time to time (the "**AHA**").

B. The AHA provides for the Authority to lease to Developer certain real property, including all Improvements thereon, located at 513 East Avenue Q4 in the City of Palmdale, California, illustrated on the site map attached to this Agreement as Attachment No. 1 and legally described as set forth in Attachment No. 2 (the "**Property**").

C. The AHA obligates Developer to rehabilitate four existing two-bedroom residential units located on the Property resulting in four units of rental housing that are affordable to Very Low Income households who are at risk of homelessness or currently unhoused exclusively at an Affordable Rent as more particularly described in the AHA, including the Scope of Work attached thereto (the "**Project**").

D. Developer proposes to finance the Project with a loan from the City of Los Angeles County Measure H Funds ("**Measure H Funds**") to perform the rehabilitation work and Authority's carry of the prepaid lease payments for the Property, or alternative financing proposed by Developer and approved by Authority.

E. Developer wishes to borrow and City wishes to lend Measure H Funds in the amount of Three Hundred Sixty-One Thousand One Hundred Forty-Five Dollars ($361,145) ("**City Loan**"), which will be used exclusively for payment of rehabilitation costs of the Project.

F. City's making of the City Loan pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City, and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I SUBJECT OF AGREEMENT

Section 101 Purpose of the Agreement.

The Recitals set forth above are true and accurate, and incorporated herein. Developer has submitted a proposal for the use of Measure H Funds for an eligible activity under that certain Funding Agreement between County of Los Angeles and the City of Palmdale for Homeless Services, Contract Number: HI-23-009 dated as of September 17, 2023, as it may be amended from time to time (the "**County Funding Agreement**"). The rehabilitation of the Property and use of the Property in accordance with the AHA and this Agreement will promote the objectives in the County Funding Agreement to prevent and combat homelessness.

Section 102 Definitions.

For purposes of this Agreement, the following capitalized terms will have the following meanings:

"**Affiliate**" means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 10% or more of the outstanding voting securities of such other Person or (iii) if that other Person is an officer, director, member or partner, then any company for which such Person acts in any such capacity. The term "control" as used in the immediately preceding sentence means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than 50% of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"**Affordable Rent**" has the meaning set forth in the AHA.

"**Agreement Containing Covenants**" means the Agreement Containing Covenants which sets forth the affordable housing requirements for the Project, substantially in the form attached to the AHA as Attachment No. 3, as it may be amended from time to time.

"**Assignment of Agreements**" means the assignment by Developer to City of plans, contracts and permits, in the form of Attachment No. 6 to this Agreement, as it may be amended from time to time.

"**Assignment of Rents and Leases**" means the assignment by Developer to City substantially in the form of the Assignment of Rents and Leases attached as Attachment No. 8 to this Agreement, as it may be amended from time to time.

"**Authority Loan**" means the loan by Authority to Developer in the amount and pursuant to the terms and conditions of the AHA, which shall be evidenced by a promissory note and secured by leasehold deed of trust in senior lien position.

"**City**" means the City of Palmdale, California, a municipal corporation, and any assignee of or successor to its rights, powers and responsibilities.

"**City Deed of Trust**" means the second lien priority leasehold deed of trust in which Developer is the trustor and City is the beneficiary, securing the City Loan, substantially in the form of Attachment No. 5 to this Agreement, as it may be amended from time to time.

"**City Loan**" means the City's loan of Measure H Funds to pay the rehabilitation costs of the Project, in the amount of Three Hundred Sixty-One Thousand One Hundred Forty-Five Dollars ($361,145), evidenced by the City Note and secured by the City Deed of Trust.

"**City Loan Documents**" means this Agreement, the City Note, the City Deed of Trust, the Assignment of Rents and Leases, the Assignment of Agreements, the Environmental Indemnity, and the UCC1.

"**City Note**" means the promissory note evidencing the City Loan, substantially in the form of Attachment No. 4 to this Agreement, as it may be amended from time to time.

"**City Manager**" means the City Manager of the City of Palmdale, or designee.

"**Closing**" means the point in time when (i) all conditions precedent to the Closing as set forth in this Agreement have been satisfied; (ii) all conditions precedent to the Closing under the AHA, as set forth in the AHA, have been satisfied; and (iii) the City Loan Documents are executed (and recorded against the Property as applicable) in accordance with all of the terms and conditions of this Agreement.

"**Closing Date**" means the date on which the Closing is scheduled to take place, set forth in the Schedule of Performance attached to the AHA as Attachment No. 14.

"**Completion**" means the point in time at which all of the following have been satisfied: (i) issuance of a certificate of occupancy for the Project by City, (ii) recordation of a notice of completion pursuant to California Civil Code Section 3093, (iii) submission to City of unconditional lien releases or waivers obtained by Developer or Developer's agent, (iv) certification by the Project architect (or if none, then by the Developer's contractor) that the Project (with the exception of minor "punch list" items) has been completed in a good and workmanlike manner and in substantial compliance with the approved plans and specifications, (v) disposition of any mechanic's liens that have been recorded or stop notices that have been delivered to City,

so that any such liens shall have been paid, settled, bonded or insured around or otherwise extinguished or discharged and City has been provided satisfactory evidence of such payment, settlement, bond, title insurance or title insurance commitment or discharge, including without limitation all statutory waivers; and (vi) the time for Developer's contractor, suppliers and subcontractors to file a claim pursuant to California Civil Code Sections 3115-3117 has expired.

"**Environmental Indemnity**" means an instrument substantially in the form attached to this Agreement as Attachment No. 7, as it may be amended from time to time.

"**Escrow**" means First American Title Insurance Company or another title insurance company mutually acceptable to the Parties.

"**Force Majeure**" or "**Force Majeure Event**" means the following events, provided that they actually delay and interfere with the timely performance of the matter to which it would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the Party claiming such interference: war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, acts of terrorism, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation (including litigation challenging the validity of this transaction or any element thereof), unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor, or suppliers, acts of the other Party, acts or failure to act of any Governmental Authority (except acts or failure to act of City shall not excuse performance by City), the imposition of any applicable moratorium by a Governmental Authority or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the Party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the Party claiming such delay and interference delivers to the other Party written notice describing the event, its cause, when and how such Party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any Party claiming a Force Majeure Delay shall deliver such written notice within 10 days after it obtains actual knowledge of the event.

"**Force Majeure Delay**" means a delay in taking any action required by this Agreement, proximately caused by the occurrence of a Force Majeure Event.

"**Ground Lease**" means the lease of the Property from Authority to Developer for the purpose of rehabilitating and operating the Project, substantially in the form of the Ground Lease attached to the AHA as Attachment No. 9, as it may be amended from time to time.

"**Hazardous Materials**" has the meaning set forth in the Environmental Indemnity.

"**Improvements**" means the improvements located on the Property, to be rehabilitated in accordance with the AHA, including, without limitation, the Scope of Work and the Ground Lease.

"**Leasehold Interest**" means the leasehold interest in the Property that is created by the Ground Lease.

"**Operating Costs**" means the reasonable and customary costs to operate the Project, set forth by Developer in its annual operating budget approved by Authority.

"**Permitted Transfer**" means any of the following:

a. An assignment of this Agreement and all of Developer's interests in the Property to an Affiliate of Developer or a conveyance back from the Affiliate to Developer;

b. The lease for occupancy of all or any part of the Improvements on the Property in accordance with this Agreement, the AHA, the Ground Lease, and the Agreement Containing Covenants;

c. The granting of easements or permits to facilitate the rehabilitation of the Property in accordance with the AHA; and

d. Any transfer approved in writing by the City Manager or designee, at his or her sole discretion.

"**Person**" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company or other entity, domestic or foreign.

"**Plans**" means the rehabilitation plans and drawings (if any) prepared on behalf of Developer for the Project in accordance with the AHA.

"**Project Budget**" means the applicable schedule of Project Costs attached to this Agreement as Attachment No. 3.

"**Project Costs**" means all costs which are actually incurred by Developer for the acquisition of the Leasehold Interest and the rehabilitation of the Improvements on the Property, and includes, without limitation, all of the items of cost set forth in the Project Budget and similar costs, fees and expenses approved by the City Manager, but not including Operating Costs.

"**Schedule of Performance**" means the document attached to the AHA as Attachment No. 14, as it may be amended from time to time, which is incorporated herein by this reference.

"**Scope of Work**" means the document attached to the AHA as Attachment No. 15, as it may be amended from time to time, which is incorporated herein by this reference.

"**Senior Lender**" means the Authority, as the maker and holder of the Authority Loan.

"**Title Company**" means First American Title Insurance Company or another title insurance company mutually acceptable to the Parties.

"**Title Insurance Policy**" means and includes the following ALTA extended coverage policies of title insurance issued by the Title Company: a lender's policy or policies of title insurance in favor of City, together with such endorsements as City may reasonably require, insuring the lien of the City Deed of Trust in the amount of the City Loan.

"**Transfer**" means:

a. The sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

b. "Transfer" also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Developer, or any conversion of Developer to an entity form other than that of Developer at the time of execution of this Agreement, except that, a cumulative change in ownership interest of any general partner of Developer of 49% or less shall not be deemed a "Transfer" for purposes of this Agreement.

c. Notwithstanding paragraphs a. and b., "Transfer" shall <u>not</u> include Permitted Transfers.

"**UCC1**" means a UCC1 Financing Agreement in a form suitable for filing with the California Secretary of State and recording against the Leasehold Interest.

"**Very Low Income**" has the meaning given in California Health and Safety Code Section 50105.

Section 103 <u>The Property.</u>

The "**Property**" is that certain property in the City of Palmdale, illustrated on the site map (Attachment No. 1) and as described in the legal description (Attachment No. 2). Developer will have a Leasehold Interest as of the Closing.

Section 104 <u>City</u>

a. The City is a municipal corporation of the State of California, organized and existing under the laws of the State of California and the Palmdale Municipal Code.

b. The address of the City for purposes of receiving notices pursuant to this Agreement will be City of Palmdale, 38300 Sierra Highway, Palmdale, California 93550, Attention: City Manager.

c. "City" as used in this Agreement includes the City of Palmdale, California, and any assignee or successor to its rights, power and responsibilities.

Section 105 Developer

a. The Developer is VICTORY OUTREACH-PALMDALE, a California nonprofit corporation.

b. The address of Developer for purposes of receiving notices pursuant to this Agreement shall be:

Victory Outreach
37419 25th Street East
Palmdale, California 93550.

c. Whenever the term "Developer" is used herein, such term means and includes: (1) the Developer as of the date hereof; or (2) an assignee of or successor to its rights, powers and responsibilities expressly permitted by this Agreement.

Section 106 Assignments and Transfers.

a. Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of rehabilitating the Property and operating the Project and providing affordable housing on the Property and not for speculation in land holding. Developer further recognizes that the qualifications and identity of Developer are of particular concern to the City, in light of the following: (1) the importance of the improvement of the Property to the general welfare of the community; (2) the public assistance that has been made available by law and by the City for the purpose of making such development possible; and (3) the fact that a change in ownership or control of Developer or any other act or transaction involving or resulting in a significant change in ownership or control of Developer, is for all practical purposes a transfer or disposition of the property then owned by Developer. Developer further recognizes that it is because of such qualifications and identity that the City is entering into this Agreement with Developer. Therefore, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. For the reasons cited above, Developer represents and agrees for itself and every successor in interest that Developer shall not assign all or any part of this Agreement, or any interest herein, without the prior written approval of the City. Subject to review of documentation effectuating any such proposed assignment or transfer, the City agrees to reasonably give such approval if the assignment is a Permitted Transfer.

c. For the reasons cited above, Developer represents and agrees for itself and every successor in interest that, without the prior written approval of the City, there shall be no significant change in the ownership of Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means, except Permitted Transfers.

d. Any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer, other than a Permitted Transfer, shall require the approval of the City, which may be withheld in its sole and absolute discretion. To the extent the City's approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, the City shall base its decision upon the relevant experience, financial capability and reputation of the proposed assignee or transferee, and the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, the City shall not have any obligation to approve any assignment or transfer of this Agreement, or any interest herein, or significant change in ownership of Developer that would result in payment of consideration to any Person from the net proceeds of a sale or refinance of the Leasehold Interest in the Property or the Project, or any portion thereof or interest therein.

e. Developer shall promptly notify the City of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by the City if there is any significant change (voluntary or involuntary) in membership, management or control, of Developer (other than such changes occasioned by the death or incapacity of any individual), if such change is not a Permitted Transfer.

ARTICLE II FINANCING

Section 201 Use of Measure H Funds

Developer hereby warrants to the City and agrees that the City Loan will be used solely for the purpose of paying rehabilitation costs of the Project. Developer acknowledges receipt of the County Funding Agreement and Developer's knowledge and understanding of the terms and conditions set forth in the County Funding Agreement for use of the Measure H Funds, as such terms and conditions may be amended from time to time. Developer covenants and agrees to comply with all of the terms and conditions set forth in the County Funding Agreement for use of the Measure H Funds by City (referred to therein as "Local Jurisdiction"), as may be applicable to the Developer's use of the Measure H Funds for the Project, and/or by any contractor or subcontractor of City, as such terms and conditions may be amended from time to time. For informational purposes only, and not to limit in any way the terms and conditions set forth in the County Funding Agreement for use of the Measure H Funds, attached hereto as Attachment No. 9 is an excerpt of certain of such terms and conditions as exist of the date of this Agreement and does not include all such terms and conditions. Developer shall refer to the actual County Funding Agreement for any and all applicable terms and conditions, as such terms and conditions may be amended from time to time.

Section 202 City Loan Terms

In accordance with and subject to the terms and conditions of this Agreement, City agrees to lend to Developer, and Developer agrees to borrow from City, the City Loan. At or prior to the Closing, the City and Developer will execute and deliver such instruments and documents as may be necessary to evidence and secure the City Loan, consistent with the terms of this Agreement, each in a form that is acceptable to the City Manager.

Section 203 Disbursement of City Loan

a. The City Loan shall be disbursed based on requests for payment from Developer for actual expenses incurred or paid for rehabilitation of the Property in accordance with the AHA. Requests for payment must be submitted by Developer in a format approved by the City, with adequate and proper documentation of eligible costs incurred in compliance with this Agreement and standard City practice. The City Loan shall be disbursed based upon City's receipt of contractor invoices and other information and documentation (e.g., lien releases) requested or required by the City Manager. The City shall have the right to condition any disbursement upon receipt and approval of such documentation, evidence or information that the City may request, including, but not limited to, vouchers, invoices, and architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed.

b. Disbursements upon requests for payment may be subject to a ten percent (10%) retention, as determined in the sole and absolute discretion of the City. The City shall have the right in its sole discretion to make disbursements of funds directly to third parties entitled to such payment. Developer may submit a final invoice upon Completion. Final payment, including retention previously withheld, shall be made after the City has determined that Developer has submitted all documentation of the final cost of completing the Project, and proof of Completion of the Project.

c. The City shall have the right to review and audit all records of Developer pertaining to any payment by the City. Said records shall be maintained for a period of five years after termination or expiration of the County Funding Agreement.

Section 204 Security

Developer's obligation to repay the City Loan will be secured by the City Deed of Trust, to be recorded as a second priority lien against the Leasehold Interest.

Section 205 Conditions Precedent to Closing

The Closing is conditioned upon each of the following occurring to the satisfaction of the City prior to the time for the Closing set forth in the Schedule of Performance:

a. All conditions to the Closing (as set forth in the AHA) to the AHA have been satisfied in accordance with the AHA;

b. Developer submits a final Project Budget, current as of the Closing date, demonstrating to the satisfaction of the City the availability of sufficient funds to pay all Project Costs;

c. Developer submits evidence of the insurance policies and endorsements required Section 309c of this Agreement;

d. Developer deposits into Escrow payment and performance bonds, including a multiple-obligee rider naming the City of Palmdale and Authority, in a form approved by the City;

e. Title Insurance Company is prepared to issue the Title Insurance Policy required by the City;

f. Developer duly executes and delivers to the City the following City Loan documents:

1. City Note;

2. City Deed of Trust;

3. Assignment of Rents;

4. Assignment of Agreements; and

5. Environmental Indemnity.

g. The City determines that Developer is not in default of its obligations to the City under this Agreement.

Notwithstanding the foregoing, the City may waive any of the foregoing conditions precedent to the Closing. A waiver of any of the foregoing conditions will not operate in any way as a waiver or estoppel with respect to any subsequent or other failure to comply with such condition, or any other condition contained in this Section 205 or any of the City Loan documents.

ARTICLE III REHABILITATION OF IMPROVEMENTS

Section 301 Scope of Work

The Improvements shall be rehabilitated in accordance with and within the limitations established in the Scope of Work, Plans approved by Authority pursuant to the AHA, this Agreement, and permits issued by City.

Section 302 Land Use Approvals

a. It is the responsibility of Developer, without cost to City, to ensure that zoning of the Property and all applicable City land use requirements shall be such as to permit rehabilitation of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Agreement.

b. The following shall be conditions of the Closing: (i) if necessary, Developer shall submit and City Manager or designee shall approve 100% complete construction drawings, and (ii) Developer shall obtain all entitlements, approvals, variances and permits necessary for the rehabilitation of the Improvements. Without cost to City, City shall provide appropriate technical assistance to Developer in connection with Developer's obtaining all necessary entitlements, permits and approvals for the rehabilitation of the Improvements.

c. Nothing contained herein shall be deemed to entitle Developer to any City permit or other City approval necessary for the rehabilitation of the Improvements, or waive any applicable City requirements relating thereto. This Agreement does not (i) grant any land use entitlement to Developer, (ii) supersede, nullify or amend any condition which may be imposed by City in connection with approval of the work described herein, (iii) guarantee to Developer or any other party any profits from the Property or (iv) amend any City laws, codes or rules. This is not a development agreement as provided in California Government Code Section 65864.

Section 303 Construction Drawings and Related Documents

If necessary, Developer shall prepare and submit construction drawings and related documents for the rehabilitation of the Improvements to City for review (including, without limitation, architectural review). Any items so submitted and approved in writing by City shall not be subject to subsequent disapproval. City approval shall not be unreasonably withheld.

Section 304 Project Costs

a. Except for the financing expressly set forth in this Agreement, including the Authority Loan and the City Loan, the cost of acquiring the Property and rehabilitating the Improvements shall be the responsibility of Developer. The Project Costs are set forth in the Project Budget, which shall be subject to change from time-to-time.

b. Developer has proposed, and City has approved, the Project Budget. Developer acknowledges that City is relying on Developer's experience and expertise in establishing the Project Costs, and Developer represents that the Project Budget is based on the best, good faith estimate of Developer of the costs that are likely to be incurred for the Project.

Section 305 City Loan

Subject to and conditioned on the terms and conditions of this Agreement, City shall provide Developer with financial assistance which consists of the City Loan. The City Loan shall be repaid according to the terms and conditions of the City Note.

Section 306 Schedule of Performance

a. After the Closing, Developer shall promptly begin and thereafter diligently prosecute to completion the rehabilitation of the Improvements as provided in the Scope of Work. Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance, with such reasonable extensions of said times as may be granted by Authority.

b. During periods of construction, Developer shall submit to City a written report of the progress of the construction when and as requested by City. The report shall be in such form and detail as may be reasonably required by City and shall include a reasonable number of construction photographs (if requested) taken since the last report by Developer.

Section 307 Local, State and Federal Laws; Relocation

a. Developer hereby agrees to carry out the rehabilitation, construction, development (as defined by applicable law) and operation of the Improvements on the Property, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable federal and state labor laws, including, without limitation, the payment of state prevailing wages for the Project. Developer also covenants and warrants that it will comply with all applicable laws, ordinances, codes, rules and regulations of the state local and federal governments, and all amendments thereto. Developer also agrees to take such action as the federal, state or local government may direct to enforce aforesaid provisions.

b. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation, at Developer's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and hold harmless the City and the hereinafter defined Indemnified Parties, with counsel reasonably acceptable to City, from and against any and all loss, liability, damage, claim, cost, expense, and/or

"increased costs" (including labor costs, penalties, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the rehabilitation, construction, development (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Developer to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Developer to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Developer to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. The foregoing indemnity shall survive termination of this Agreement.

c. It is agreed by the Parties that, in connection with the construction, development (as defined by applicable law) and operation of the Project, including, without limitation, any public work (as defined by applicable law), Developer shall bear all risks of payment or non payment of state prevailing wages and/or the implementation of Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section 312 shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time.

d. Developer shall be responsible for obtaining all permits and approvals required by City for the rehabilitation of the Improvements, ensuring that the use of the Property for the purposes described in this Agreement complies with the zoning and other City land use regulations (including any applicable exemptions and/or exceptions) applicable to the Property at the time of Closing.

e. <u>Relocation</u>

(i) All rights to possession of all portions of the Property necessary for rehabilitation and operation of the Project shall be cleared by Developer at Developer's cost and expense. The relocation of any occupants or businesses, if any, required for rehabilitation and operation of the Project, including provisions of relocation assistance and benefits pursuant to applicable federal and state relocation laws shall be the financial responsibility of Developer.

(ii) All of the cost and expenses incurred or to be incurred by Developer to

cause the vacating of the Property and/or relocation of all occupants and businesses from the Property for rehabilitation and operation of the Project (including, but not limited to, payments made to displaced persons and businesses, pre- or post-relocation rental payments, fees and actual expenses of attorneys, relocation consultants and other experts employed to effect the relocation of occupants and businesses, etc.) shall be the financial responsibility of Developer. Any costs arising related in any respect to such displacement, such as, but without limitation, claims for loss of business goodwill, payment for furniture, fixtures and equipment, payment for leasehold bonus value, and any other compensable interest under applicable federal and state relocation laws shall be the financial responsibility of Developer.

(iii) Developer hereby covenants and agrees to indemnify, save, protect, hold harmless, pay for and defend the Authority, the City, and their respective elected officials, officers, employees, agents, consultants, contractors, attorneys and representatives (collectively, the "**Indemnified Parties**") from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs, or expenses, including, without limitation, reasonable consultants' and reasonable attorneys' fees, or relocation benefits claimed or payable under the relocation laws which may now or in the future be incurred or suffered by the Indemnified Parties by reason of, or resulting from, in full or in part, or in any respect whatsoever from the displacement of businesses or other occupants of the Property pursuant to this Agreement. The foregoing indemnity shall survive termination of this Agreement and shall continue after Completion.

(iv) Developer, on behalf of itself and any and all successors and assigns, hereby fully and finally releases the City and the Indemnified Parties from any and all manner of actions, causes of actions, suits, obligations, liabilities, judgments, executions, debts, claims, and demands of every kind and nature whatsoever, known and unknown, which Developer or any of its successors or assigns may now have or hereafter obtain against the City or the Indemnified Parties by reason of, arising out of, relating to, or resulting from, in full or in part, Developer's election to acquire leasehold title to the Property. The Parties agree that, with respect to the release of claims as set forth above, all rights under Section 1542 of the California Civil Code and any similar law of any state or territory of the United States are expressly waived. Section 1542 reads as follows:

> Civil Code Section 1542. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

_____
Developer's Initials

Section 308 Nondiscrimination During Construction

Developer, for itself and its successors and assigns, agrees that during the rehabilitation of the Improvements provided for in this Agreement, Developer shall not discriminate against any employee or applicant for employment on any basis prohibited by state or federal law, including without limitation, race, color, religion, sex or national origin.

Section 309 Indemnification and Insurance

a. Developer agrees to and shall, to the fullest extent permitted by law, defend, indemnify and hold Authority, City and their respective officers, employees, contractors and agents harmless from and against all claims, liabilities, damages, losses, expenses, attorneys' fees and costs that is caused, in whole or in part by any of the following: (i) any act or omission of Developer or its contractors, suppliers or vendors, of any contracting tier, in connection with its performance or nonperformance of this Agreement, (ii) the breach of any obligations of Developer hereunder, (iii) any act or omission during the period commencing with execution of this Agreement by City and until Completion of the rehabilitation of the Improvements, of Developer or its contractors, suppliers or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be liable, (iv) the use during the period commencing with execution of this Agreement by City and until Completion of the rehabilitation of the Improvements, of any products, material or equipment furnished by Developer or its contractors, suppliers or vendors, of any contracting tier, (v) the existence, release, presence or disposal on, in, under, about or adjacent to the Property of any Hazardous Materials, (vi) the development, construction, marketing, use, operation or condition of the Property and the improvements thereon by Developer, its contractors, subcontractors, agents, employees or other persons acting on Developer's behalf, (vii) any accident, personal injury or casualty on the Property or the improvements thereon, (viii) any Plans or designs for improvements prepared by or on behalf of Developer or its contractors, subcontractors, agents, employees or other persons acting on Developer's behalf, including without limitation any errors or omissions with respect to such Plans or designs, (ix) any loss or damage to City resulting from any inaccuracy in or breach of any representation or warranty of Developer, or resulting from any breach or default by Developer, under this Agreement, (x) claims of any kind in connection with the purchase of the Property including, without limitation, claims for relocation assistance pursuant to the California Relocation Law, Government Code Section 7260, inverse condemnation, taking, threatened taking or temporary taking or loss of good will, and/or (xi) any and all actions, claims, damages, injuries, challenges and/or costs or liabilities arising from the approval of any and all entitlements or permits for the Project by the City.

b. The obligation to indemnify will not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to the City or the Indemnified Parties. The foregoing indemnification will apply to the extent of the violation of a legal duty, including but not limited to active or passive negligence, strict liability, breach of contract, or intentional or willful misconduct, by Developer or its contractors, suppliers, or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts

Developer may be responsible. The City and Indemnified Parties will be entitled to recover attorneys' fees incurred as a result of Developer's failure to provide the defense and indemnity required by this Section. The foregoing indemnities will survive termination of this Agreement.

c. At the times indicated in paragraphs (i) through (iv) below, Developer shall furnish or cause to be furnished to City evidence of the following policies of insurance, naming Developer as insured and, except as to the insurance described in paragraph (iv), below, Authority and City as additional insureds. The insurance described in paragraph (ii) shall be obtained prior to the initial rent-up of the apartments. All such insurance shall be kept in force for the term of the Ground Lease.

(i) Fire Policies: Prior to commencement of construction, Developer shall furnish evidence of, and shall thereafter maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance shall be maintained in an amount not less than 100% of the full insurable value of the Improvements, as defined herein in paragraph d.

(ii) Rental Income Insurance: Prior to commencement of rental activities, Developer shall furnish evidence of, and shall thereafter maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to the Parties.

(iii) Liability Insurance: Developer shall maintain liability insurance to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property, resulting directly or indirectly from any acts or activities of Developer, or any person acting for Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with Developer's activities thereon, caused directly or indirectly by or from acts or activities of Developer, or any person acting for Developer, or under its control or direction. Such property damage and personal injury insurance shall also provide for and protect City against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the term of the Ground Lease in the following amounts:

a. During any rehabilitation work of the Property: commercial general liability in a general aggregate amount of not less than Ten Million Dollars ($10,000,000) and Five Million Dollars ($5,000,000) per occurrence; Pollution/ Environmental Liability of not less than Five Million Dollars ($5,000,000) limit per occurrence basis; Products and Completed Operations Aggregate of not less than Ten Million Dollars ($10,000,000) and Five Million Dollars

($5,000,000) each occurrence; Commercial Automobile Liability of not less than Five Million Dollars ($5,000,000) per occurrence combined single limit, including owned, non-owned and hired automobile coverage, and Employer's Liability of not less than One Million Dollars ($1,000,000) each accident, One Million Dollars ($1,000,000) disease each employe, and One Million Dollars ($1,000,000) disease each policy.

b. Following completion of rehabilitation work of the Property: commercial general liability in a general aggregate amount of not less than Four Million Dollars ($4,000,000) and Two Million Dollars ($2,000,000) per occurrence; Pollution/ Environmental Liability of not less than Two Million Dollars ($2,000,000) limit per occurrence basis; Products and Completed Operations Aggregate of not less than Four Million Dollars ($4,000,000) and Two Million Dollars ($2,000,000) each occurrence; Commercial Automobile Liability of not less than Two Million Dollars ($2,000,000) per occurrence combined single limit, including owned, non-owned and hired automobile coverage; and Employer's Liability of not less than One Million Dollars ($1,000,000) each accident, One Million Dollars ($1,000,000) disease each employee, and One Million Dollars ($1,000,000) disease each policy.

It is the mutual intent of the Parties that the levels of insurance coverage described herein shall be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time and from time to time, either Party may provide notice to the other Party that the level of insurance being maintained by Developer is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated shall be changed (either increased or decreased) accordingly. The Party receiving such request shall not unreasonably withhold its consent to such change. Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of City or the payment of damages to persons or property resulting from Developer's activities, or the activities of any person or persons for which Developer is responsible.

(iv) Workers' Compensation Insurance: Developer shall maintain 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 workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or *in lieu* thereof. Such workers' compensation insurance shall cover all persons employed by Developer in connection with the Project and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Project or the operation thereof by Developer, and in an amount of not less than $1,000,000 per accident, bodily injury, or disease. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and *in lieu* of maintaining such insurance, self-insure for workers'

compensation in which event Developer shall deliver to City evidence that such self-insurance has been approved by the appropriate State authorities.

d. Developer shall cause all contractors and subcontractors performing work relating to the Project to maintain insurance of the types and in the amount described in this Section 309. Developer must cause its architects (if any) and engineers also to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on per occurrence basis during any rehabilitation work of the Property of not less than Five Million Dollars ($5,000,000) and in a general aggregate amount of not less than Five Million Dollars ($5,000,000) and, following any rehabilitation work of the Property, not less than Two Million Dollars ($2,000,000) and in a general aggregate amount of not less than Two Million Dollars ($2,000,000).

e. The term "full insurable value" as used in this Section 309 means the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Developer shall cause the full insurable value to be determined from time to time by appraisal by the insurer, by agreement between the Parties or by an appraiser mutually acceptable to the Parties, not less often than once every three years.

f. All policies shall name Authority and City as additional insureds and/or loss payees as their interests may appear. Policy endorsements providing the additional insured/loss payee shall be included with Certificates of Insurance.

g. All insurance provided under this section shall be for the benefit of Developer, Authority and City. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit policies of all insurance required by this Section, or certificates evidencing the existence thereof and additional insured endorsements, to City not less than 15 days prior to the Closing, indicating full coverage of the contractual liability imposed hereby. All insurance herein provided for shall be effected under policies issued by insurers of recognized responsibility, licensed and admitted to do business in the State of California (or if not admitted in California shall have a "General Policyholders Rating" of at least "A-" as set forth in the most current issue of "Best's Key Rating Guide"), reasonably approved by Authority. All policies or certificates of insurance shall provide that such policies shall not be canceled or limited in any manner without at least 20 days' prior written notice to City.

h. If Developer fails or refuses to procure or maintain insurance as required by this Agreement, the City shall have the right, at City's election, and upon 10 days' prior notice to Developer, to procure and maintain such insurance. The premiums paid by City shall be treated as a loan due from Developer, which Developer agrees to pay on the first day of the month

following the date on which the premiums were paid. City shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 310 Disclaimer of Responsibility by City

City neither undertakes nor assumes nor shall have any responsibility, right or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the Property or the Project, whether with respect to the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same or otherwise. Developer and all third parties shall rely upon their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by City in connection with such matter is for the public purpose of providing affordable housing, and neither Developer nor any third party is entitled to rely thereon.

Section 311 Rights of Access

Commencing upon the Closing, representatives of Authority and City shall have the reasonable right of access to the Property, upon two business days' written notice to Developer (except in the case of an emergency, in which case City shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, without limitation, the inspection of the work being performed.

Section 312 Taxes, Assessments, Encumbrances and Liens

Commencing upon the Closing, Developer shall pay prior to delinquency all real estate taxes and assessments assessed and levied on or against the Property and Developer's Leasehold Interest. Prior to Completion, Developer shall not place, or allow to be placed, on title to the Property or any portion thereof or any interest therein, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Developer shall remove, or shall have removed, any levy or attachment made on the Property (or any portion thereof or interest therein), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amount of any tax assessment, encumbrance or lien, or to limit the remedies available to Developer in respect thereto.

Section 313 Rights to Plans

a. All work product prepared pursuant to this Agreement, including, without limitation, all Plans, construction documents, soils tests and similar reports, permits and other entitlements are hereby assigned to City as security for Developer's obligations hereunder. In the

event that this Agreement is terminated by City, Developer shall, within 10 days of such termination, transmit all such work product to City.

b. To effectuate the assignment described in paragraph a., concurrently with executing this Agreement, Developer shall execute and deliver to City the Assignment of Agreements, granting to City, subject to any rights of a Senior Lender, all of Developer's rights to: (i) the Plans prepared pursuant to the AHA and this Agreement, (ii) the contracts between Developer and its architect (if any) and between Developer and its general contractor, (iii) all permits relating to the Project and (iv) all similar rights and property interests. If no such work product exists or will exist, then execution and delivery to City of the Assignment of Agreements shall not be required.

Section 314 Release of Construction Covenants

a. Promptly after Completion of the Improvements constituting the Project in its entirety, as generally and specifically required by the AHA and this Agreement, City shall furnish Developer with a Release of Construction Covenants upon written request therefor by Developer. City shall not unreasonably withhold such Release of Construction Covenants, and such Release of Construction Covenants shall be issued so long as Developer has rehabilitated the Project in accordance with the AHA, this Agreement and the Plans approved by Authority and City. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of all of the construction required by this Agreement.

b. The Release of Construction Covenants shall be in such form as to permit it to be recorded in the official records of Los Angeles County. A Release of Construction Covenants for rehabilitation of less than the Improvements constituting the Project in its entirety shall not be recorded.

c. If City refuses or fails to furnish a Release of Construction Covenants after written request from Developer, then City shall, within 30 days of the written request, provide Developer with a written statement of the reasons City refused or failed to furnish a Release of Construction Covenants. The statement shall also contain City's opinion of the action Developer shall take to obtain a Release of Construction Covenants. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, then City shall issue its Release of Construction Covenants upon the posting of a bond by Developer with City in an amount representing the fair value of the work not yet completed.

d. Such Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

Section 315 Effect and Duration of Covenants

The covenants established in this Agreement will, without regard to technical classification and designation, be binding for the benefit and in favor of the City for the Restricted Period as set forth in the AHA.

ARTICLE IV DEFAULTS AND REMEDIES

Section 401 Defaults - General

a. Subject to the extensions of time set forth in Section 502, failure or delay by either Party to perform any term or provision of this Agreement constitutes a default under this Agreement. The Party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured Party shall give the party in default written notice of such default. The Party in default shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured Party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured Party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the Party in default shall have such period to effect a cure prior to exercise of remedies by the injured Party. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the Party in default (1) initiates corrective action within said period, and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in no event shall such period exceed sixty (60) days from the date such notice is received or deemed received. In no event shall the injured Party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Section 402 Institution of Legal Actions

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county.

Section 403 Applicable Law

The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement, without giving effect to the principles governing conflicts of laws.

Section 404 Acceptance of Service of Process

a. In the event that any legal action is commenced by the Developer against the City, service of process on the City will be made by personal service upon the City Manager or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by the City against the Developer, service of process on the Developer will be made by personal service upon the Developer (or upon a general partner, managing member or officer of the Developer) and will be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 405 Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies will not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

Section 406 Damages

Subject to the notice and cure provisions of Section 401, if either Party defaults with regard to any of the provisions of this Agreement, the non-defaulting Party will serve written notice of such default upon the defaulting Party. If the default is not cured within the time provided in Section 401, the defaulting Party will be liable to the non-defaulting Party for any damages caused by such default, and the non-defaulting Party may thereafter (but not before) commence an action for damages against the defaulting Party with respect to such default.

Section 407 Specific Performance

Subject to the notice and cure provisions of Section 401, if either Party defaults with regard to any of the provisions of this Agreement (except with respect to monetary defaults), the non-defaulting Party will serve written notice of such default upon the defaulting Party. If the default is not cured within the time provided in Section 401, the non-defaulting Party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 408 Termination by City

a. If Developer fails to comply with County Funding Agreement or the terms and conditions of the City Loan, the City may take one or more of the following actions, as appropriate in the circumstances:

(1) Temporarily withhold cash payments pending correction of the deficiency or more severe enforcement action by the City.

(2) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

(3) Wholly or partly suspend or terminate the City Loan.

(4) Take other remedies that may be legally available.

b. Subject to the notice and cure provisions of Section 401, the City will have the right to terminate this Agreement prior to Closing by providing written notice to Developer in the event any of the following occurs:

(1) failure of any condition precedent to the occurrence of the Closing; or

(2) Except for a Permitted Transfer, Developer (or any successor in interest) assigns or attempts to assign this Agreement or the AHA or any right herein or therein in violation of this Agreement or the AHA; or

(3) there is substantial change in the ownership of the Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof in violation of this Agreement.

c. After the Closing, subject to the notice and cure provisions of Section 401, the City will have the right to terminate this Agreement by providing written notice to Developer, and all outstanding amounts due under the City Note, including accrued interest, will become immediately

due and payable by Developer in the event of a default by Developer, including but not limited to the following:

(1) Developer fails to commence construction of the Project within the time provided in the Schedule of Performance, subject to Force Majeure delays; or

(2) Developer abandons or suspends the Project for a period of thirty (30) days; or

(3) except for a Permitted Transfer, there is substantial change in the ownership of the Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof in violation of this Agreement; or

(4) except for a Permitted Transfer, Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement; or

(5) Developer fails to comply with the County Funding Agreement or the terms and conditions of the City Loan or otherwise materially breaches this Agreement.

ARTICLE V GENERAL PROVISIONS

Section 501 Notices

Formal notices, demands and communications between the Parties shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Parties, as designated in Section 104 and 105, respectively. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by mail as provided in this Section 501. Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

Section 502 Force Majeure

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

Section 503 Conflict of Interest

a. No member, official, or employee of City will have any personal interest, direct or indirect, in this Agreement, nor will any such member, official, or employee participate in any

decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

Section 504 Nonliability of City Officials and Employees

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

Section 505 Inspection of Books and Records

a. Developer will maintain complete, accurate, and current records pertaining to the performance of this Agreement and to the Property for a period of five (5) years after the creation of such records, and will permit any duly authorized representative of the City to inspect and copy records, during regular business hours upon reasonable advance notice. Records must be kept accurate and current.

b. The City reserves the right to inspect, monitor, and observe work and services performed by Developer at any and all reasonable times.

c. The City reserves the right to audit the records of Developer any time during the performance of this Agreement and for a period of five years after final payment is made under this Agreement.

Section 506 Approvals

a. Except as otherwise expressly provided in this Agreement, approvals required of City or Developer in this Agreement, including the attachments to this Agreement, will not be unreasonably withheld or delayed. All approvals will be in writing. Failure by either Party to approve a matter within the time provided for approval of the matter will not be deemed a disapproval, and failure by either Party to disapprove a matter within the time provided for approval of the matter will not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of the City will be deemed granted by the written approval of the City Manager or designee. Notwithstanding the foregoing, the City Manager may, in his or her sole discretion, refer to the City Council any item requiring City approval; otherwise, “City approval” means and refers to approval by the City Manager or designee.

Section 507 Real Estate Commissions

Neither Developer nor City will be liable for any real estate commissions or brokerage fees which may arise from this Agreement. Developer and City each represents that it has engaged no broker, agent or finder in connection with this Agreement.

Section 508 Construction and Interpretation of Agreement

a. The language in all parts of this Agreement will in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any Party. The Parties hereto acknowledge and agree that this Agreement has been prepared jointly by the Parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement will not be interpreted or construed against the Party preparing it, and instead other rules of interpretation and construction will be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, will be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement will not be affected thereby and each other term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. It is the intention of the Parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections, and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

Section 509 Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

Section 510 No Partnership

Nothing contained in this Agreement will be deemed or construed to create a partnership, joint venture, or any other similar relationship between the Parties hereto or cause City to be responsible in any way for the debts or obligations of Developer or any other Person.

Section 511 Compliance with Law

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the Project. The judgment of any court of competent jurisdiction, or the admission of Developer or any lessee or permittee in any action or proceeding against them, or any of them, whether City be a party thereto or not, that Developer, lessee or permittee has violated any such ordinance or statute in the development and use of the Property will be conclusive of that fact as between City and Developer.

Section 512 Binding Effect

This Agreement, together with the agreements, covenants and warranties contained herein, will be binding on and will inure to the benefit of the Parties hereto and all of their respective successors and assigns, whether voluntary or involuntary or by agreement or operation of law.

Section 513 No Third Party Beneficiaries

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of City and Developer, and not for the benefit, directly or indirectly, of any other persoP or entity, except as otherwise expressly provided herein.

Section 514 Authority to Sign

Developer hereby represents that the persons executing this Agreement on behalf of Developer have full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

Section 515 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

Section 516 Counterparts

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, will constitute one single instrument.

Section 517 Severability

If any provision of this Agreement will be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions of this Agreement will not be affected thereby, but this Agreement will be construed as if such invalid, illegal or unenforceable provisions had not been contained herein, and the remainder of this Agreement will be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

ARTICLE VI ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement, including all of the Attachments appended to this Agreement, constitutes the entire understanding and agreement of the Parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental to this Agreement, and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of City or Developer, and all amendments to this Agreement must be in writing and signed by the appropriate authorities of City and Developer.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, the City and Developer have signed this Agreement as of the date first written above.

"CITY"

CITY OF PALMDALE

By: _____
Salvador Mendez
City Manager Pro Tem

ATTEST:

By: _____
Roxanne Faber
City Clerk

APPROVED AS TO FORM:

By:_____
Alexandra Halfman
Acting City Attorney

KANE, BALLMER & BERKMAN
City Special Counsel

By: _____
Susan Apy

"DEVELOPER"

VICTORY OUTREACH - PALMDALE,
a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

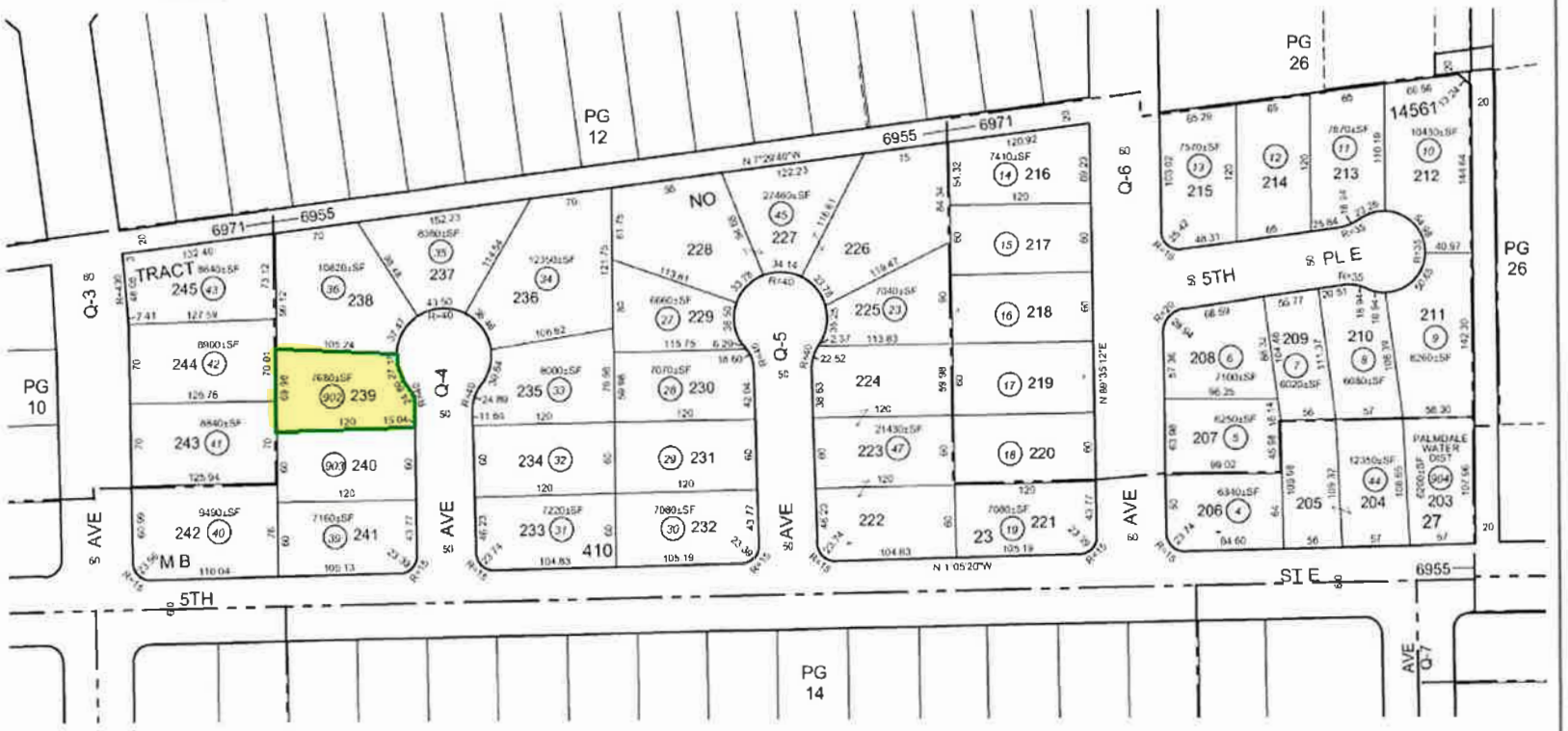
By: _____
Christina Gonzalez
Secretary

ATTACHMENT NO. 1

SITE MAP

[behind this page]

3008	13 SHEET	P. A 996-9	TRA 6955 6971	REVISED 97060604003001-A1 20040811030140001-A1	20100209100050001-A1 20190114190130001-A1 20210706020030001-A1				SEARCH NO		OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO THE HOUSING AUTHORITY OF THE CITY OF PALMDALE UNLESS OTHERWISE NOTED.

Date Printed: 1/14/2019 6:52:13 AM
Date Saved: 7/5/2021 7:55:42 PM

ATTACHMENT NO. 2

LEGAL DESCRIPTION

[behind this page]

ATTACHMENT NO. 2

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 3

PROJECT BUDGET

[behind this page]

ATTACHMENT NO. 3

PROJECT BUDGET

Sources

Authority Loan	$580,000
City Loan	$361,145
Total	$941,145

Uses

Property Acquisition Costs	$580,000
Rehabilitation Costs	$271,457
Rehabilitation Contingency (Replacement/Repair Reserve, if funds remaining)	$ 89,688
Total	$941,145

ATTACHMENT NO. 4

FORM OF CITY NOTE

[behind this page]

PROMISSORY NOTE
SECURED BY DEED OF TRUST
TO THE CITY OF PALMDALE
(A-9242)

0% Palmdale, California
$361,145 _____, 2025

FOR VALUE RECEIVED, VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Borrower**"), hereby promises to pay to the CITY OF PALMDALE, a municipal corporation ("**City**"), or order, a principal amount of $361,145, as the City Loan pursuant to the Measure H Loan Agreement dated as of June 3, 2025 (the "**Agreement**") by and between Borrower ("Developer" therein) and City, incorporated herein by this reference. Borrower shall pay interest at the rate, in the amount and at the time hereinafter provided.

Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Agreement. In addition, the following terms shall have the following meanings:

"**Default Rate of Interest**" means 1% over the Prime Rate announced by Bank of America.

"**Low Income**" shall have the meaning given to the term "lower income" in California Health and Safety Code Section 50079.5.

"**Note**" means this promissory note evidencing the City Loan.

"**Operating Expenses**" means actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Property, expressly including, without limitation: debt service on any leasehold mortgage loan pre-approved by City in its sole and absolute discretion other than the City Loan, property taxes and assessments, maintenance costs (including materials and labor), reasonable and customary payments to a replacement reserve account, painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, security, cable television, satellite and similar facilities, a reasonable property management fee, not to exceed 5% of effective gross income, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves) and fees and expenses of accountants, attorneys, consultants and other professionals, including annual audits and tax return preparation costs payable to a third party. The calculation of Operating

Expenses shall be subject to the reasonable approval of City.

"**Residual Receipts**" means (i) the Revenue minus (ii) the Operating Expenses, calculated on a 12-month basis.

"**Revenue**" means the gross rental income from the Property, and any other income to Borrower derived from the ownership, operation and management of the Property.

1. This Note evidences the obligation of Borrower to City for the repayment of the City Loan.

2. This Note is payable at the principal office of City, 38300 Sierra Highway, Palmdale, California 93550, or at such other place as the holder hereof may inform Borrower in writing, in lawful money of the United States.

3. This Note is secured by the City Deed of Trust.

4. The City Loan is a deferred payment loan. There are no scheduled payments. The principal balance of the City Loan and all accrued and unpaid interest shall be due and payable on _____, 20_____, (55 years after the date of this Note); provided, however, that Borrower shall be obligated to use Residual Receipts as described in Section 5 below. The City Loan shall accrue interest at the rate of 0% simple interest per annum from the date of this Note. In the event of an uncured default under any of the City Loan Documents, the City Loan shall bear simple interest at the Default Rate of Interest from the date of the expiration of the cure period for such default.

5. Prior to the expiration of the term hereof, as additional consideration in order to induce City to make the City Loan to Borrower, Borrower shall be obligated to use the Residual Receipts for housing related programs that are consistent with the City of Palmdale Neighborhood Improvement Strategy to benefit Very Low Income and Low Income households. Borrower or its agent shall prepare and submit to City, annually, a "Proposed Use of Residual Receipts Plan" for administrative approval prior to spending the Residual Receipts on such approved uses. The annual Proposed Use of Residual Receipts Plan shall describe the community outreach programs to be provided to the Project, which shall be consistent with the City of Palmdale Neighborhood Improvement Strategy and provide for a minimum of two community outreach events per year.

6. The City Loan is immediately due and payable upon any breach or default by Borrower under any of the City Loan Documents, or any documents executed in connection with the City Loan, now or hereafter securing this Note (including any amendment, modification or extension thereof) which is not cured in the time provided for

such cure. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms of any of the City Loan Documents or any documents executed in connection with the City Loan, which is not cured or waived within the respective time period provided herein or therein, the holder may exercise its rights or remedies hereunder or thereunder.

7. Any breach by Borrower of the provisions of Section 106 of the Agreement constitutes a default under this Note. The cure periods under the Agreement and this Note in connection with such a default shall run concurrently.

8. Borrower waives presentment for payment, demand, protest and notices of dishonor and of protest, the benefits of all waivable exemptions and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the holder hereof, in the enforcement of this Note, the City Deed of Trust or any term or provision of either.

9. (a) Subject to the extensions of time set forth in Section 10 below, and subject to the further provisions of this Section 9, failure or delay by Borrower to perform any material term or provision of this Note constitutes a default under this Note.

(b) City shall give written notice of default to Borrower, specifying the default complained of by City. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by City in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by City in asserting any of its rights and remedies shall not deprive City of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, then City shall give Borrower written notice of such default. Borrower shall have a period of seven calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by City.

(e) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, City shall give Borrower notice of such default. If the default is reasonably capable of being cured within 30 calendar days after such notice is received or deemed received, then Borrower shall have such period to effect a cure prior to exercise of

remedies by City. If the default is such that it is not reasonably capable of being cured within 30 days, and Borrower (i) initiates corrective action within said period and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by City, but in no event shall such period exceed 60 days from the date such notice is received or deemed received. In no event shall City be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

(f) A notice of default shall be deemed given only if either (i) dispatched by first class mail, registered or certified, postage prepaid, return receipt requested, to the address specified for Borrower in Section 13 below or (ii) by personal delivery (including by means of professional messenger or courier service such as United Parcel Service or Federal Express) to the address specified for Borrower in Section 13 below. Receipt shall be deemed to have occurred on the earlier of (i) the date of successfully completed electronic facsimile transmission (if followed by delivery of a "hard" copy) or (ii) the date marked on a written postal service or messenger or courier service receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). If either Party gives notice of a change of address in the manner specified in this paragraph, then all notices, demands and communications originated after receipt of the change of address (or the effective date specified in the notice of change of address, if later) shall be transmitted, delivered or sent to the new address.

10. Notwithstanding specific provisions of this Note, non-monetary performance hereunder shall not be deemed to be in default where delays are due to causes beyond the control and without the fault of Borrower (an "**Enforced Delay**"), provided that they actually delay and interfere with the timely performance of the matter to which they would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of Borrower, including a Force Majeure Event. Notwithstanding the foregoing, no Force Majeure Event shall constitute an Enforced Delay unless and until Borrower delivers to City written notice describing the event, its cause, when and how Borrower obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Borrower shall deliver such written notice within 10 business days after it obtains actual knowledge of the event.

11. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, then the remaining obligations must be completely performed and paid.

12. The obligation to repay the City Loan is a nonrecourse obligation of Borrower. Neither Borrower nor any other party shall have any personal liability for

repayment of the City Loan. The sole recourse of City with respect to repayment of the City Loan shall be the exercise of its rights against the Property and the improvements and any related security for the City Loan. Notwithstanding the foregoing, City may:

(i) obtain a judgment or order (including, without limitation, an injunction) requiring Borrower or any other party to perform (or refrain from) specified acts other than repayment of the City Loan; and

(ii) recover directly from Borrower or any other party:

(A) any damages, costs and expenses incurred by City as a result of fraud or any criminal act or acts of Borrower or any shareholder, officer, director or employee of Borrower;

(B) any damages, costs and expenses incurred by City as a result of any misappropriation of funds provided for the rehabilitation of the improvements, as described in the Agreement, rents and revenues from the operation of the Improvements, or proceeds of insurance policies or condemnation proceeds;

(C) any and all amounts owing by Borrower pursuant to Borrower's indemnification regarding Hazardous Substances pursuant to the Agreement; and

(D) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that City shall pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in any such enforcement or collection action).

13. The address of Borrower for purposes of receiving notices pursuant to this Note is as follows: Victory Outreach, 37419 25th Street East, Palmdale, California 93550, Facsimile number: 661-274-9288.

[Remainder of Page Intentionally Left Blank; Signature(s) on Following Page]

14. In addition to the other terms of this Note, Borrower hereby agrees and acknowledges that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its organizational documents, the terms of this Note and the Agreement shall control as to the use of the City Loan provided under the Agreement and all operating income from the Project.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

"BORROWER"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

ATTACHMENT NO. 5

FORM OF CITY DEED OF TRUST

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-902

Agreement No. A-9242

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) BY VICTORY OUTREACH-PALMDALE FOR THE BENEFIT OF THE CITY OF PALMDALE

This Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (this "**Deed of Trust**") is made _____, 2025 by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation (hereinafter referred to as "**Trustor**") (whose address is 37419 25th Street East, Palmdale, California 93550), to FIDELITY NATIONAL TITLE COMPANY, (hereinafter called "**Trustee**"), for the benefit of the CITY OF PALMDALE, a municipal corporation (hereinafter called "**Beneficiary**"), whose address is 38300 Sierra Highway, Palmdale, California 93550. Trustor is the owner of the leasehold estate (the "**Leasehold Estate**") in the land hereinafter described which was created, granted and conveyed by that certain Ground Lease by and between Beneficiary as lessor, and Trustor as lessee, dated as of _____, 2025, as amended from time to time (the "**Ground Lease**"), with respect to the real property described in this Deed of Trust.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION all present and future right, title and interest of Trustor in and to the following property (the "**Trust Estate**"):

(a) The Leasehold Estate and all of Trustor's rights, title and interest under the Ground Lease pertaining to that certain real property in the City of Palmdale, County of Los Angeles, State of California more particularly described in Exhibit A attached hereto and by this reference made a part hereof (hereafter referred to as the "**Subject Property**");

(b) All buildings, structures and other improvements now or in the future located or to

be constructed on the Subject Property (the "**Improvements**");

(c) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "**Appurtenances**"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "**Real Property**");

(d) subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid;

(e) all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "**UCC**"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "**Goods**," and together with the Real Property, the "**Property**"); and

(f) all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings (if any), (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects (if any), engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase

options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "**Intangibles**").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estate described above in which a security interest may be created under the UCC (collectively, the "**Personal Property**"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9502(c) and 9604 of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

(1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) a promissory note in the original principal amount of $361,145 executed by Trustor of even date herewith (the "**City Note**");

(b) the Measure H Loan Agreement dated as of May 6, 2025 (the "**Agreement**"), between Trustor and Beneficiary; and

(2) payment of indebtedness of Trustor to Beneficiary in the principal sum of $361,145 or so much thereof as shall be advanced, evidenced by the City Note, with interest, according to the terms of the City Note.

The Agreement, including all attachments thereto, and the documents and instruments executed by Trustor in connection with the Project, including the City Loan Documents described in the Agreement (collectively referred to as the "**Secured Obligations**") and all of their terms are incorporated herein by reference, and this conveyance secures any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. Any capitalized term that is not otherwise defined in this Deed of Trust has the meaning ascribed to such term in the Agreement.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the City Note at the time and in the manner provided therein, and perform the obligations of Trustor as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the uses permitted by the Agreement and the Agreement Containing Covenants;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;

4. That, subject to the prior rights of any lender whose lien is senior to this Deed of Trust ("**Senior Lender**"), all rents, profits and income from the Trust Estate are hereby assigned to Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Agreement;

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate and operate same and collect the rents, profits and income therefrom;

6. That Trustor shall keep the Improvements hereafter constructed on the Subject Property in accordance with the Agreement insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by Beneficiary, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than one-hundred percent of the insurable value of the Property. Such policies shall be endorsed with standard mortgage clause with loss payable to Beneficiary and certificates thereof together with copies of original policies shall be deposited with Beneficiary;

7. To pay, at least 10 days before delinquency, any taxes and assessments affecting the Property, to pay, when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto and to pay all costs, fees and expenses of this Deed of Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or

levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings and Trustor has adequate funds immediately available to pay any liabilities contested pursuant to this Paragraph 7;

8. To keep the Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations), not to commit or permit waste thereof, not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property and not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, may pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto and, in exercising any such powers, may pay necessary expenses, employ counsel and pay its reasonable fees. Notwithstanding the foregoing, in the event of default under this Deed of Trust, Beneficiary may also require Trustor to maintain and submit additional records. Beneficiary shall specify in writing the particular records that must be maintained and the information or reports that must be submitted;

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by Beneficiary shall be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate specified in the City Note;

13. That the funds to be advanced hereunder are to be used in accordance with the Secured Obligations and upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions and agreements of said agreements, the principal sum and all arrears of interest, and other charges provided for in the City Note shall at the option of Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding;

14. Trustor further covenants that it shall not voluntarily create, suffer or permit to be created against the property subject to this Deed of Trust any lien or liens except as permitted by the Secured Obligations or otherwise approved by Beneficiary, and further that it shall keep and maintain the Property free from the claims of all persons supplying labor or materials which shall enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within 30 days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary first provide a written request, prior to foreclosure) record in the official records of Los Angeles County, California, a surety bond in an amount one-and-one-half times the amount of such claim item in order to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all Improvements made or about to be made upon the premises covered by the Deed of Trust, and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same shall upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office; and

16. Trustor herein agrees to pay to Beneficiary or to the authorized loan servicing representative of Beneficiary a reasonable charge for providing a statement regarding the obligation secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, then subject to the rights of a Senior Lender, if any, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or

proceedings, or to make any compromise or settlement, in connection with such taking or damage. Subject to the rights of a Senior Lender, if any, all such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the City Note secured hereby. No amount applied to the reduction of the principal shall relieve Trustor from making regular payments as required by the City Note;

18. Upon default by Trustor in making any payments provided for in the City Note secured hereby or in this Deed of Trust, or in performing any obligation set forth in any of the Secured Obligations, and if such default is not cured within the respective time provided therefor in Paragraph 34 below, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust, the City Note and all documents evidencing expenditures secured hereby;

19. a. Prior to the repayment in full of the City Loan, Trustor shall not assign or attempt to assign the Agreement or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the Project thereon, or any portion thereof or interest therein (referred to hereinafter as a "**Transfer**"), without prior written approval of Beneficiary, except as otherwise permitted in the City Note. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. If consent should be given, then any such transfer shall be subject to this Paragraph 19, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein, subject to the provisions of subparagraph e(3) below of this Paragraph 19.

b. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by Beneficiary, to fulfill the obligations undertaken by Trustor in the Agreement and the City Loan Documents. Any such proposed transferee, by instrument in writing satisfactory to Beneficiary and in form recordable among the official records of Los Angeles County, California, for itself and its successors and assigns, and for the benefit of Beneficiary shall expressly assume all of the obligations of Trustor under the Agreement and the City Loan Documents, and agree to be subject to all conditions and restrictions applicable to Trustor in this Deed of Trust, subject to the provisions of subparagraph e(3) below of this Paragraph 19. There shall be submitted to Beneficiary for review all instruments and other legal documents proposed to effectuate any such transfer, and if approved by

Beneficiary, its approval shall be indicated to Trustor in writing.

c. In the absence of specific written agreement by Beneficiary, no unauthorized Transfer, or approval thereof by Beneficiary, shall be deemed to relieve Trustor or any other party from any obligations under the Agreement or any other City Loan Document.

d. If a Transfer occurs before the payment in full of the City Loan and without the prior written consent of Beneficiary, then the net proceeds shall be paid to Beneficiary to the extent necessary to pay in full the accrued interest, if any, current interest and remaining principal balance of the City Loan.

e. (1) As used herein, "Transfer" also means the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph e(3) below of this Paragraph 19.

(2) "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Trustor, or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Agreement, except that a cumulative change in ownership interest of any general partner of 49% or less shall not be deemed a "Transfer" for purposes of this Deed of Trust.

(3) Notwithstanding subparagraphs (1) and (2), above, "Transfer" shall not include any of the following Permitted Transfers:

(a) An assignment of the Agreement and all of Trustor's interests in the Property to an Affiliate of Trustor or a conveyance back from the Affiliate to Trustor;

(b) The lease for occupancy of all or any part of the Improvements on the Property in accordance with the Secured Obligations;

(c) The granting of easements or permits to facilitate the rehabilitation of the Property in accordance with the Agreement; and

(d) Any transfer approved in writing by Beneficiary's City Manager or designee, at his or her sole discretion.

f. Beneficiary shall not unreasonably withhold, condition, or delay its approval of any matter for which its approval is required hereunder. Any disapproval shall be in

writing and contain Beneficiary's reasons for disapproval;

20. After the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Trustee shall apply the proceeds of sale to payment of (i) the expenses of such sale, together with the reasonable expenses of this Deed of Trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale, (ii) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the City Note, (iv) all other sums then secured hereby and (v) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust and the City Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the City Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth on the first page of this Deed of Trust;

28. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary;

29. Trustor agrees that the loan secured by this Deed of Trust is made expressly for the purpose of financing the construction of Improvements on the Property, to provide four residential units to be operated as rental housing that is affordable to Very Low Income households who are at risk of homelessness or currently unhoused at an Affordable Rent, and such dwelling units shall be occupied exclusively by such persons as set forth in the Secured Obligations;

30. Trustor agrees that, except as otherwise provided in the City Note, upon sale or refinancing of the Property or any part thereof, the entire principal balance of the debt secured by this Deed of Trust, plus any accrued but unpaid interest thereon, shall at the option of Beneficiary be immediately due and payable;

31. The obligation to repay the City Loan is a nonrecourse obligation of Trustor and its

partners. Neither Trustor nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of Beneficiary shall be the exercise of its rights against the Property and any related security for the City Loan. Notwithstanding the foregoing, Beneficiary may recover directly from Trustor or from any other party:

(a) any damages, costs and expenses incurred by Beneficiary as a result of fraud or any criminal act or acts of Trustor or any partner, shareholder, officer, director or employee of Trustor, or of any member or general or limited partner of Trustor, or of any member or general or limited partner of such member or general or limited partner;

(b) any damages, costs and expenses incurred by Beneficiary as a result of any misappropriation of funds provided for the construction of the Project, as described in the Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Trustor pursuant to the indemnification regarding Hazardous Substances pursuant to the Environmental Indemnity; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Beneficiary shall pay Trustor's reasonable court costs and attorneys' fees if Trustor is the prevailing party in any such enforcement or collection action);

32. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are proximately caused by a Force Majeure Event, provided such event actually delays and interferes with the timely performance of the matter, and, despite the exercise of diligence and good business practices, such event is beyond the reasonable control of Trustor. Notwithstanding the foregoing, no such event shall constitute a Force Majeure Event unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Trustor shall deliver such written notice within 10 days after it obtains actual knowledge of the event;

33. If the rights and liens created by this Deed of Trust are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the Secured Obligations, then the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations;

34. (a) Subject to the extensions of time set forth in Paragraph 32 above, and subject to the further provisions of this Paragraph 34, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by Beneficiary. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(d) If a monetary event of default occurs, then prior to exercising any remedies hereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a period of seven days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary.

(e) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Beneficiary shall give Trustor notice of such default. If the default is reasonably capable of being cured within 30 days, then Trustor shall have such period to effect a cure prior to exercise of remedies by Beneficiary. If the default is such that it is not reasonably capable of being cured within 30 days, and Trustor (i) initiates corrective action within said period and (ii) diligently, continually and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. If Trustor fails to take corrective action or cure the default within a reasonable time, then Beneficiary shall give Trustor notice thereof, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Beneficiary be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or if the default is not cured within 60 days after the first notice of default is given.

(f) Except as otherwise may be required in order to comply with the provisions of California Civil Code Section 2924 *et seq.*, any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission, any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof;

35. This Deed of Trust shall be subordinate and junior to the deed of trust securing a Senior Loan, if any. Following the reconveyance of the deed of trust securing a Senior Loan, this Deed of Trust shall be subordinate and junior to the deed of trust in favor of the maker of a permitted permanent or take-out loan, if any. Beneficiary's City Manager or his or her designee shall execute such instruments as may be necessary in order to subordinate the lien of this Deed of Trust, to the deed of trust securing any Senior Loan. In the event of a default or breach by Trustor of any security instrument securing a Senior Loan described in this Paragraph 35, Beneficiary shall have the right to cure the default prior to completion of any foreclosure. In such event, Beneficiary shall be entitled to reimbursement by Trustor of all costs and expenses incurred by Beneficiary in curing the default. The amount of any such disbursements shall be a lien against the Property and added to the obligation secured by this Deed of Trust until repaid, with interest at the highest rate permitted by law; and

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

36. This Deed of Trust may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

"TRUSTOR"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

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 _____

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 6

FORM OF ASSIGNMENT OF AGREEMENTS

[behind this page]

ASSIGNMENT OF AGREEMENTS FROM VICTORY OUTREACH-PALMDALE TO THE CITY OF PALMDALE (A-9242)

FOR VALUE RECEIVED, the undersigned, VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"), assigns to the CITY OF PALMDALE, a municipal corporation ("**City**"), all of its right, title and interest in and to:

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, the "**Architectural Agreements**"); and

2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively the "**Plans and Specifications**")

heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity (collectively "**Architect**"), for or on behalf of Developer in connection with the rehabilitation of the Improvements on the Property described in Exhibit A attached. This Assignment of Agreements (this "**Assignment**") is subject to the prior rights of any lender whose lien is senior to the City Deed of Trust. The Plans and Specifications, as of the date hereof, are those which Developer has heretofore, or will hereafter deliver to City.

This Assignment constitutes a present and absolute assignment to City as of the date that it is executed by Developer (the "**Effective Date**"), subject to the terms and provisions of the Measure H Loan Agreement by and between Developer and City, dated as of June 3, 2025 (the "**Agreement**") wherein such assignment only becomes enforceable upon a breach and failure to cure by Developer as set forth therein; provided, however, that City confers upon Developer the right to enforce the terms of the Architectural Agreements and Developer's rights to the Plans and Specifications so long as no default or event which would constitute a default after notice or the passage of time, or both, has occurred and is continuing under the Agreement. Upon the occurrence of a default or event which would constitute a default after notice or the passage of time, or both, under the Agreement, City may, in its sole discretion, give notice to Architect of its intent to enforce the rights of Developer under the Architectural Agreements and of its rights to the Plans and Specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Developer shall, within 10 days after receipt of notice from City that City intends to enforce its rights under this Assignment, transmit all Plans and Specifications to City, subject to any required third-party consent, which Developer must use its best efforts to obtain. Developer acknowledges that by accepting this Assignment, City does not assume any of Developer's obligations under the Architectural Agreements or with respect to the Plans and Specifications.

Developer represents and warrants to City, as of the Effective Date, that: (i) all Architectural Agreements entered into by Developer are in full force and effect and are enforceable in accordance with their terms, and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural Agreements, (ii) all copies of the Architectural Agreements and Plans and Specifications delivered to City are complete and correct and (iii) Developer has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications.

Developer agrees: (i) to pay and perform all obligations of Developer under the Architectural Agreements, (ii) to enforce the payment and performance of all obligations of any other person or entity under the Architectural Agreements, (iii) not to modify the existing Architectural Agreements nor to enter into any future Architectural Agreements without City's prior written approval except as otherwise may be permitted in the Agreement and (iv) not to assign further (other than assignment in connection with a loan which is senior in priority to City's assignment), for security or any other purposes, its rights under the Architectural Agreements or with respect to the Plans and Specifications without City's prior written consent.

This Assignment secures performance by Developer of all obligations of Developer under the Agreement. This Assignment is supplemented by the provisions of the Agreement and said provisions are incorporated herein by this reference.

The term "**Agreement**" as used herein also means any future amendments and implementation agreements between the Parties regarding the Agreement which refer to this Assignment. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

This Assignment shall be governed by the internal laws of the State of California, except to the extent that Federal laws preempt the laws of the State of California, and Developer consents to the jurisdiction of any Federal or State Court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors-in-interest of the Parties; provided, however, that this shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Developer contained in the Agreement.

This Assignment may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same document.

The attached Schedule 1 and Exhibit A are incorporated herein by this reference.

"DEVELOPER"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

SCHEDULE 1

SCHEDULE OF UNPAID CLAIMS

[behind this page]

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 7

FORM OF ENVIRONMENTAL INDEMNITY

[behind this page]

ENVIRONMENTAL INDEMNITY BY VICTORY OUTREACH-PALMDALE IN FAVOR OF THE CITY OF PALMDALE (A-9242)

THIS ENVIRONMENTAL INDEMNITY (this "**Indemnity**"), dated as of _____, 2025, is made by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Borrower**"), whose address for purposes of giving notice is 37419 25th Street East, Palmdale, California 93550, in favor of the CITY OF PALMDALE, a municipal corporation ("**City**"), whose address for purposes of giving notice is 38300 Sierra Highway, Palmdale, California 93550.

WITNESSETH

WHEREAS, Borrower is the owner of a leasehold interest in the real property in the City of Palmdale pursuant to the Ground Lease, as more particularly described on Exhibit A attached hereto and made a part hereof, and the Improvements thereon (collectively referred to as the "**Property**");

WHEREAS, the Parties entered into a Measure H Loan Agreement, dated as of June 3, 2025 (the "**Agreement**"), pursuant to which City agreed to make a loan to Borrower for the purpose of rehabilitating a four-unit apartment building for rental to Very Low Income households who are at risk of homelessness or currently unhoused; and

WHEREAS, Borrower has agreed to execute and deliver to City this Indemnity in order to induce City to make the City Loan.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Borrower hereby agrees as follows:

1. ADDITIONAL DEFINITIONS

For the purpose of this Indemnity, "**Hazardous Materials**" shall include, without limitation, substances defined as "extremely hazardous substances", "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050, the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, *et seq.* and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code, and in the regulations adopted and publications promulgated pursuant to said laws. Other capitalized terms used in this Indemnity shall have the meanings ascribed to them in the Agreement.

2. COVENANTS AND INDEMNITY

The following covenants and indemnities are hereby given and made by Borrower:

2.1 Covenants.

(a) Borrower covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations or orders.

(b) Borrower covenants that the Property shall not, while Borrower is the lessee thereof, be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release or disposal of any Hazardous Materials, except for *de minimis* quantities used at the Property in compliance with all applicable environmental laws and required in connection with the routine construction, operation and maintenance of the Property.

(c) Borrower further agrees that Borrower shall not release or dispose of any Hazardous Materials at the Property without the express written approval of City and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by City.

(d) City shall have the right, at any time, to conduct an environmental audit of the Property at City's expense, unless Hazardous Materials are found, then at Borrower's sole cost and expense, and Borrower shall cooperate in the conduct of any such environmental audit. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Borrower and only in the presence of a representative of Borrower. Borrower shall give City and its agents and employees access to the Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Borrower shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present at the Property, Borrower shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed or (ii) otherwise comply with such federal and state regulations, at Borrower's sole cost and expense. If Borrower shall fail to so do within the cure period permitted under applicable law, regulation, or order, then City may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation or order, and the costs thereof shall be added to the Obligations of Borrower under this Section 2.

(f) Borrower shall immediately advise City in writing of any of the following: (i) any pending or threatened environmental claim against Borrower or the Property, (ii) any

condition or occurrence on the Property that (A) results in noncompliance by Borrower with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Borrower.

2.2 Indemnity. Borrower shall indemnify, protect and hold City harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "**Obligations**") which may at any time be imposed upon, incurred by or asserted or awarded against City and arising from or out of:

(a) The presence of any Hazardous Materials on, in, under or affecting all or any portion of the Property or any surrounding areas;

(b) The breach of any covenant made by Borrower in Section 2.1 hereof; or

(c) The enforcement by City of any of the provisions of this Section 2.2 or the assertion by Borrower of any defense to its obligations hereunder. Subject to the qualifications set forth in Section 2.3 below, Borrower shall be liable for payment and performance of the Obligations to the full extent (but only to the extent) of the Property and assets (including Borrower's leasehold interest in the Property) which constitute security for such Obligations. If default occurs in the timely and proper payment and performance of any such Obligations, then any judicial proceedings brought by City against Borrower shall be limited to the protection and preservation of the Property, the preservation, enforcement and foreclosure of the liens, mortgages, assignments, rights and security interests securing such Obligations and enforcement and collection of such Obligations for which Borrower remains directly liable. If there is a foreclosure of any such liens, mortgages, assignments, rights and security interests by power of sale or otherwise, then no personal judgment for any deficiency thereon shall be sought or obtained by City against Borrower, or its officers, directors, agents, attorneys, servants or employees.

2.3 Exceptions to Non-Recourse Liability. Notwithstanding the foregoing:

(a) City may proceed against any other person or entity whatsoever with respect to the enforcement of any guarantees, surety bonds, letters of credit, reimbursement agreements or similar rights to payment or performance; and

(b) City may recover personally from any person or entity:

(1) any damages, costs and expenses incurred by City as a result of the negligence of such person or entity, involving, directly or indirectly, the use, generation, treatment, storage, release or disposal of any Hazardous Materials by such person or entity or by others; provided, however, that neither Borrower nor any officer, director, agent, attorney, servant or

employee of Borrower shall have any personal liability if the act or omission complained of was performed in good faith and was not reckless, wanton, intentional or grossly negligent;

(2) any damages, costs and expenses incurred by City as a result of fraud or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee of Borrower, or of any general partner of Borrower relating to the use, generation, treatment, storage, release or disposal of any Hazardous Materials; and

(3) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that City shall pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in any such enforcement or collection action).

3. BORROWER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Borrower hereby agrees that the Obligations shall be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of the City Loan Documents or affecting any of the rights of City with respect thereto. The obligations of Borrower hereunder shall be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the City Loan Documents or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination or cancellation of any of the City Loan Documents, or any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the obligations of Borrower contained in any of the City Loan Documents;

(c) Any extension of the maturity of the City Loan or any waiver of, or consent to any departure from, any provision contained in any of the City Loan Documents;

(d) Any exculpatory provision in any of the City Loan Documents limiting City's recourse to property encumbered by the City Deed of Trust, or to any other security, or limiting City's rights to a deficiency judgment against Borrower;

(e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in, any collateral for the City Loan, or any release, amendment, waiver of, or consent to any departure from any provision of, any other Borrower or guarantee given in respect of the City Loan;

(f) The insolvency or bankruptcy of Borrower or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the City Loan; or

(g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower or any other indemnitor or guarantor with respect to the City Loan or any or all of the Obligations.

3.2 Continuation. This Indemnity (i) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the payment in full of the City Loan, the release or other extinguishment of the City Loan or any security for the City Loan) and (ii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by City upon the insolvency, bankruptcy or reorganization of Borrower, or otherwise, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Borrower's obligations under the City Loan Documents, this Indemnity shall not terminate if any of the following shall have occurred:

(a) City has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance or condition of the nature described in paragraph (a) above ever occurred.

4. WAIVER

Borrower hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any obligation by Borrower;

(c) Notice of any action taken by City, Borrower, or any other interested party under any City Loan Document or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Borrower of its Obligations hereunder;

(e) The right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity;

(f) Any requirement that City protect, secure, perfect or insure any security interest or lien in or on any property subject thereto;

(g) Any requirement that City exhaust any right or take any action against Borrower or any other person or collateral; and

(h) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of City to file or enforce any claim against the estate (in probate, bankruptcy or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by City, including, without limitation, an election to proceed by nonjudicial foreclosure or which destroys or otherwise impairs the subrogation rights of Borrower or any other right of City to proceed against Borrower.

5. NOTICES

Any notice, demand, statement, request or consent made hereunder shall be in writing and shall be personally delivered, or mailed by first-class registered or certified mail, postage prepaid, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, of the Party to whom such notice is to be given (or to such other address as the Parties, shall designate in writing).

Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

6. MISCELLANEOUS

6.1 Borrower shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to City at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by the Parties, and no waiver of any provision of this Indemnity, and no consent to any departure by Borrower from any provision of this Indemnity, shall be effective unless it is in writing and signed by City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of City to exercise, and no delay in exercising, any right hereunder or under any other City Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of City provided herein and in the other City Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of City under any City Loan Document against any party thereto are not conditional or contingent on any attempt by City to exercise any of its rights under any other City Loan Document against such party or against any other person or collateral.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (i) be binding upon Borrower and Borrower's successors and assigns and (ii) inure, together with all rights and remedies of City hereunder, to the benefit of City, its directors, officers, employees and agents, any successors to City's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of City's rights and remedies under the City Loan Documents, any successors to any such person, and all directors, officers, employees and agents of all of the aforementioned parties. Without limiting the generality of clause (ii) of the immediately preceding sentence, City may, subject to, and in accordance with, the provisions of the City Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under any other City Loan Document, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to City herein or otherwise. None of the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of City.

6.6 Borrower hereby (i) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (ii) waives any defense based on doctrines of venue or forum *non conveniens* or similar rules or doctrines and (iii) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Borrower irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this Indemnity and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Borrower has duly executed this Indemnity as of the date first set forth above.

"BORROWER"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 8

FORM OF ASSIGNMENT OF RENTS

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-902

Agreement No. A-9242

ASSIGNMENT OF RENTS AND LEASES FROM VICTORY OUTREACH-PALMDALE TO THE CITY OF PALMDALE

THIS ASSIGNMENT OF RENTS AND LEASES (this "**Assignment**"), dated as of _____, 2025, is made by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Assignor**"), in favor of the CITY OF PALMDALE, a municipal corporation, its successors, and assigns ("**Assignee**").

RECITALS

A. Assignor is the owner of a leasehold interest in the real property described in Exhibit A attached hereto, pursuant to that certain Ground Lease between Assignee and Assignor dated as of _____, 2025, and is the owner of all of the personalty, fixtures, and improvements now or hereafter located thereon or attached thereto now existing or to be constructed thereon. Said real property, personalty, fixtures, and the improvements are herein referred to collectively as the "**Premises**".

B. Assignee has agreed to make the City Loan to Assignor in the amount of $361,145 pursuant to the terms of a Measure H Loan Agreement by and between Assignor and Assignee, dated as of June 3, 2025 (the "**Agreement**"), as evidenced by the City Note. The City Loan is secured by the City Deed of Trust.

In order to induce Assignee to make the City Loan to Assignor, Assignor has agreed to execute this Assignment.

NOW THEREFORE, with reference to the foregoing and in reliance thereon and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor agrees as follows:

AGREEMENT

1. All initially capitalized terms used herein, unless otherwise defined or required by context, shall have the meaning ascribed to them in the Agreement.

2. Subject to the prior rights of any lender whose lien is senior to the City Deed of Trust held by Assignee (a "**Senior Lender**"), Assignor hereby absolutely grants, sells, assigns, transfers and sets over to Assignee, by this Assignment, all of Assignor's interests, whether now existing or hereafter acquired, in all subleases and other occupancy agreements of any nature, now or hereafter covering all or any part of the Premises, together with all extensions, renewals, modifications or replacements of said subleases and occupancy agreements, and together with any and all guarantees of the obligations of the sublessees and occupants (individually, a "**Sublessee**") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. Said subleases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to individually as a "Sublease" and collectively as the "**Subleases**".

3. Assignor's purpose in making this Assignment is to relinquish to Assignee its right to collect and enjoy the rents, royalties, issues, profits, income and other benefits at any time accruing by virtue of the Subleases (collectively, "**Rents and Profits**").

4. The Parties intend that this Assignment shall be a present, absolute and unconditional assignment and shall, immediately upon execution, give Assignee the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the indebtedness and other obligations under any of the City Loan Documents, as well as all other sums payable under the City Deed of Trust or any other instrument given as security for the indebtedness. However, Assignee hereby grants to Assignor a license to collect and use, subject to the provisions set forth below, the Rents and Profits as they respectively become due and to enforce the Subleases, so long as there is no default by Assignor in performance of the terms, covenants or provisions of any of the City Loan Documents, after the expiration of any applicable notice and cure periods. Nothing contained herein, nor any collection of Rents and Profits by Assignee or by a receiver, shall be construed to make Assignee a "mortgagee in possession" of the Premises so long as Assignee has not entered into actual possession of the Premises.

5. Upon the occurrence of any default, after the expiration of any applicable notice and cure periods, under the terms and conditions of any of the City Loan Documents, this Assignment shall constitute a direction and full authority to each Sublessee under any Sublease

and each guarantor of any Sublease to pay all Rents and Profits to Assignee without proof of the default relied upon. Assignor hereby irrevocably authorizes each Sublessee and guarantor to rely upon and comply with any notice or demand by Assignee for the payment to Assignee of any Rents and Profits due or to become due.

6. Assignor represents and warrants as to each Sublease now or hereafter covering all or any portion of the Premises, unless Assignee has been otherwise advised in writing by Assignor:

a. That each Sublease is in full force and effect;

b. That no material default exists on the part of the Sublessee thereunder or Assignor;

c. That no rent in excess of one month's rent has been collected in advance;

d. That no Sublease or any interest therein, except to the extent required by a Senior Lender, if any, has been previously assigned or pledged; and

e. That all rent due to date under each Sublease has been collected and no concession has been granted to any Sublessee in the form of a waiver, release, reduction, discount or other alteration of rent due or to become due except as previously disclosed to Assignor in writing.

7. Assignor agrees with respect to each Sublease:

a. If any Sublease provides for a security deposit paid by the Sublessee to Assignor and subject to the prior rights, if any, of a Senior Lender, then this Assignment transfers to Assignee all of Assignor's right, title and interest in and to each such security deposit; provided, however, that Assignor shall have the right to retain said security deposit so long as Assignor is not in default, after the expiration of any applicable notice and cure periods, under any of the City Loan Documents; and provided further that Assignee shall have no obligation to the Sublessee with respect to such security deposit unless and until Assignee comes into actual possession and control of said security deposit.

b. If any Sublease provides for the abatement of rent during repair of the leased Premises by reason of fire or other casualty, then Assignor shall furnish rental insurance to Assignee, the policies to be with companies and in form, content, policy limits and terms as are customary in the case of entities owning similar property or assets similarly situated.

c. Each Sublease shall remain in full force and effect despite any merger of the interest of Assignor and any Sublessee thereunder. Except as may be otherwise provided in the Agreement, Assignor shall not terminate any Sublease (except pursuant to the terms of the

Sublease upon a default by any Sublessee thereunder), or materially modify or amend any Sublease or any of the terms thereof, or grant any concessions in connection therewith or accept a surrender thereof, without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

d. Assignor shall not collect any Rents and Profits more than 30 days in advance of the date on which they become due under the terms of any Sublease.

e. Assignor shall not discount any future accruing Rents and Profits.

f. Assignor shall not consent to any assignment of any Sublease, or any subletting thereunder, whether or not in accordance with its terms, on any terms less favorable than those that would reflect an arm's length transaction in light of prevailing market conditions (subject to the rent restrictions applicable to the Premises), without the prior written consent of Assignee, except as may be otherwise provided in the Agreement.

g. Except as may be otherwise provided in the Agreement, Assignor shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law.

h. Assignor shall faithfully perform and discharge all obligations of the sublessor under each Sublease, and shall give prompt written notice to Assignee of any notice of Assignor's default received from any Sublessee or any other person and furnish Assignee with a complete copy of said notice. Assignor shall appear in and defend, at no cost to Assignee, any action or proceeding arising under or in any manner connected with any Sublease. If requested by Assignee, Assignor shall enforce each Sublease and all remedies available to Assignor against the Sublessee in the case of default under the Sublease by the Sublessee.

i. Except as otherwise provided in the Agreement, and except for residential subleases entered into in the ordinary course of business, Assignor shall give Assignee written notice immediately upon entering into a Sublease of any part of the Premises and shall promptly upon request of Assignee provide to Assignee a true and correct copy of each executed Sublease. Upon written notice from Assignee to Assignor, such Sublease shall be deemed included in this Assignment as though originally listed herein. At Assignee's option, such notice may be recorded, without cost to Assignor, in the Official Records of Los Angeles County, California, which notice shall refer to this Assignment.

j. Except as otherwise provided in the Agreement, at Assignee's option, Assignor shall not hire, retain or contract with any third party for property management services with respect to the Premises, without the prior written approval of Assignee of such party and the terms of its contract for management services.

k. Nothing herein shall be construed to impose any liability or obligation on Assignee under or with respect to any Sublease. Assignor shall indemnify, defend, and hold Assignee, its officers, directors, agents, employees and representatives (each, an "**Indemnitee**") harmless from and against any and all liabilities, losses and damages that any Indemnitee may incur under any Sublease or by reason of this Assignment, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnitee by reason of any alleged obligations to be performed or discharged by Assignee under any Sublease or this Agreement, unless any of the foregoing arises from or results from the gross negligence or willful misconduct of any Indemnitee. Should any Indemnitee incur any liability, loss or damage under any Sublease or by reason of this Assignment and such liability, loss or damage falls within the foregoing indemnification, Assignor shall immediately upon demand reimburse such Indemnitee for the amount thereof together with all costs and expenses and reasonable attorneys' fees (based on itemized invoices for time and charges) and court costs incurred by such Indemnitee. All of the foregoing sums shall bear interest at the maximum rate permitted by law from demand by Indemnitee until paid. Any Rents and Profits collected by Assignee may be applied by Assignee, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense or fees.

8. Assignor hereby grants to Assignee the following rights:

a. Upon a default as described in the Agreement, Assignee shall be deemed to be the creditor of each Sublessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor relief proceedings affecting such Sublessee, without obligation on the part of Assignee, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein.

b. Assignee shall have the right to assign Assignor's right, title and interest in the Subleases to any subsequent holder of the City Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Assignee.

c. Assignee shall have the right (but not the obligation), upon any default under the City Deed of Trust or the Agreement, to take any action as Assignee may deem necessary or appropriate to protect its security, including, without limitation, appearing in any action or proceeding and performing any obligations of the sublessor under any Sublease, and Assignor agrees to pay, on demand, all costs and expenses, including, without limitation, reasonable attorneys' fees and court costs incurred by Assignee in connection therewith, together with interest thereon at the rate of 10% per *annum*.

d. Upon any default under any of the City Loan Documents (subject to any notice and cure provisions), and without notice to or consent of Assignor, Assignee shall have the following rights (none of which shall be construed to be obligations of Assignee):

i. Assignee shall have the right under this Assignment to use and possess, without rental or charge, the fixtures, equipment, and personal property of Assignor located in or on the Premises and used in the operation or occupancy thereof. Assignee shall have the right to apply any of the Rents and Profits to pay installments due for personal property rented or purchased on credit, insurance premiums on personal property, or other charges relating to personal property in or on the Premises. However, this Assignment shall not make Assignee responsible for the control, care, management, or repair of the Premises or any personal property or for the carrying out of any of the terms or provisions of any Sublease.

ii. Assignee shall have the right to apply the Rents and Profits and any sums recovered by Assignee hereunder to the outstanding Indebtedness, as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Premises.

iii. Assignee shall have the right to take possession of the Premises, manage and operate the Premises and Assignor's business thereon, and to take possession of and use all books of account and financial records of Assignor and its property managers or representatives relating to the Premises.

iv. Assignee shall have the right to execute new Subleases of any part of the Premises, including Subleases that extend beyond the term of the City Deed of Trust.

v. Assignee shall have the right to cancel or alter any existing Subleases.

vi. Assignee shall have the irrevocable authority, as Assignor's attorney-in-fact, such authority being coupled with an interest, to sign the name of Assignor and to bind Assignor on all papers and documents relating to the operation, leasing and maintenance of the Premises.

e. All of the foregoing rights and remedies of Assignee are cumulative, and Assignee shall also have upon the occurrence of any such default all other rights and remedies provided under any of the City Loan Documents or other agreement between the Parties, or otherwise available at law or in equity or by statute subject to the nonrecourse clause set forth in the City Note.

9. Failure of Assignee to avail itself of any terms, covenants, or conditions of this Assignment for any period of time or for any reason shall not constitute a waiver thereof.

10. Notwithstanding any future modification of the terms of any of the City Loan Documents, this Assignment and the rights and benefits hereby assigned and granted shall continue in favor of Assignee in accordance with the terms of this Assignment.

11. This Assignment shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the Parties (including, without limitation, in the case of Assignee, any third parties now or hereafter acquiring any interest in the indebtedness or other obligations of Assignor under the City Note or the City Deed of Trust or a part thereof, whether by virtue of assignment, participation or otherwise). The words Assignor, Assignee and Sublessee, wherever used herein, shall include the persons and entities named herein or in any Sublease and designated as such and their respective heirs, legal representatives, successors and assigns, provided that any action taken by the named Assignee or any successor, designated as such by an instrument recorded in the Official Records of Los Angeles County, California, referring to this Assignment, shall be sufficient for all purposes notwithstanding that Assignee may have theretofore assigned or participated any interest in the obligation to a third party. All words and phrases shall be taken to include the singular or plural number, and the masculine, feminine or neuter gender, as may fit the case.

12. Any change, amendment, modification, abridgment, cancellation or discharge of this Assignment or any term or provision hereof shall be invalid without the written consent of Assignee.

13. Upon payment to Assignee of the full amount of the indebtedness and other obligations secured hereby and by the City Note and the City Deed of Trust, as evidenced by a recorded satisfaction or release of the City Deed of Trust, this Assignment shall be void and of no further effect. In such event, Assignee shall cooperate with Assignor to execute such instruments as may be reasonably necessary to remove the lien of this instrument from the Official Records of Los Angeles County.

14. All notices, demands, approvals, and other communications provided for herein shall be in writing and be delivered by overnight air courier, personal delivery, or registered or certified U.S. mail, postage prepaid with return receipt requested to the appropriate party at its address as follows:

If to Assignor: Victory Outreach
37419 25th Street East
Palmdale, California 93550

If to City: City of Palmdale
38300 Sierra Highway
Palmdale, California 93550
Attention: City Manager

Addresses for notice may be changed from time to time by written notice to the other Party. If any communication is given by U.S. Mail in the manner hereinabove described, then it shall be effective upon the earlier of (i) three days after deposit in a Post Office or other official depository under the care and custody of the United States Postal Service or (ii) actual receipt, as indicated by the return receipt. If given by personal delivery, or by overnight air courier, then it shall be effective when delivered to the appropriate address set forth above.

15. This Assignment may be recorded in the Official Records of Los Angeles County, California, and Assignor shall pay any and all fees, charges, costs and expenses of such recording.

16. If any provision hereof is determined to be illegal or unenforceable for any reason, then the remaining provisions hereof shall not be affected thereby.

17. This Assignment shall be governed by and construed in accordance with the internal laws of the State of California.

18. If Assignee should bring any action to enforce its rights hereunder at law or at equity, then Assignor shall reimburse Assignee for all reasonable attorneys' fees and costs expended in connection therewith.

19. This Assignment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment as of the date first above written.

"ASSIGNOR"

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzlez
Secretary

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 _____

EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the HOUSING AUTHORITY OF THE CITY OF PALMDALE and VICTORY OUTREACH - PALMDALE, a California nonprofit corporation, dated as of _____, 2025, in the real property described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 239 OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-902

ATTACHMENT NO. 9

MEASURE H LOAN REQUIREMENTS

[behind this page]

MEASURE H LOAN REQUIREMENTS
(A-9242)

[EXCERPT ONLY]

d. Local Jurisdiction's Compliance with County's Defaulted Property Tax Reduction Program

The Local Jurisdiction acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from the County through any contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers. Unless the Local Jurisdiction qualifies for an exemption or exclusion, the Local Jurisdiction warrants and certifies that, to the best of its knowledge, it is now in compliance, and during the term of this Agreement will maintain compliance, with Los Angeles County Code Chapter 2.206.

e. OSHA/CAL-OSHA Compliance

The Local Jurisdiction shall comply with the provisions of the Occupational Safety and Health Act of 1970 (29 U.S.C. § 661, et seq.) and the California Occupational Safety and Health Act (Chapter 993 of the 1973 Statutes of California).

f. Fair Labor

The Local Jurisdiction agrees to indemnify, defend, and hold harmless the County, its agents, officers, and employees from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law violation including, but not limited to, Federal Fair Labor Standards Act for services performed by the Local Jurisdiction's employees for which the County may be found jointly or solely liable.

g. Force Majeure

i. Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Agreement, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this paragraph as "force majeure events"). The Parties agree COVID-19 is not a force majeure event.

ii. Notwithstanding the foregoing, a default by a contractor or subcontractor of Local Jurisdiction shall not constitute a force majeure event, unless such default arises out of

causes beyond the control of both Local Jurisdiction and such subcontractor, and without any fault or negligence of either of them. In such case, Local Jurisdiction shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Local Jurisdiction to meet the required performance schedule. As used in this subparagraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

iii. In the event Local Jurisdiction's failure to perform arises out of a force majeure event, Local Jurisdiction agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

h. Nondiscrimination

The Local Jurisdiction shall not discriminate against any person on the basis of race, color, sex, sexual orientation, age, religious belief, national origin, marital status, physical or mental handicap, medical condition, or place of residence in providing any Services under this Agreement.

i. County Lobbyist

The Local Jurisdiction and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Local Jurisdiction, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of the Local Jurisdiction or any County lobbyist or County lobbying firm retained by the Local Jurisdiction to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

j. Use of Recycled Paper

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at County landfills, the Local Jurisdiction agrees to use recycled- content paper to the maximum extent possible on the Services.

k. Notice to Employees Regarding the Federal Earned Income Credit

The Local Jurisdiction shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the Federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

l. Consideration of Hiring Gain/Start Participants

Should the Local Jurisdiction require additional or replacement personnel after the effective date of this Agreement, the Local Jurisdiction will give consideration for any such employment openings to participants in the County's Department of Public Social Services

Greater Avenues for Independence (GAIN) Program or Skills and Training to Achieve Readiness for Tomorrow (START) Program who meet the Local Jurisdiction's minimum qualifications for the open position. For this purpose, consideration will mean that the Local Jurisdiction will interview qualified candidates. The County will refer GAIN/START participants by job category to the Local Jurisdiction. The Local Jurisdiction must report all job openings with job requirements to: qainstart@dpss.lacounty.gov and bservices@opportunity.lacounty.gov and DPSS will refer qualified GAIN/START job candidates. In the event that both laid-off County employees and GAIN/START participants are available for hiring, County employees must be given first priority.

m. The Local Jurisdiction's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The Nonprofit Integrity Act of 2004 (SB 1262, Chapter 919) increased the Charitable Purposes Act requirements. The County seeks to ensure that all County contractors that receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A contractor that receives or raises charitable contributions without complying with its obligations under California law commits a material breach, subjecting it to either termination of this Agreement or debarment proceedings or both.

n. Compliance with the County Policy of Equity

The Local Jurisdiction acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (https://ceop.lacounty.gov/). The Local Jurisdiction further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. The Local Jurisdiction, its employees and subcontractors acknowledge and certify receipt and understanding of the CPOE. Failure of the Local Jurisdiction, its employees or its subcontractors to uphold the County's expectations of a workplace free from harassment and discrimination, including inappropriate conduct based on a protected characteristic, may subject the contractor to termination of contractual agreements as well as civil liability.

o. Local Jurisdiction's Acknowledgement to County's Commitment to Safely Surrendered Baby Law

The Local Jurisdiction acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Local Jurisdiction understands that it is the County's policy to encourage all County contractors to voluntarily post the County's poster in a prominent position at the Local Jurisdiction's place of business. The Local Jurisdiction will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. Information and posters for printing are available at https://lacounty_gov/residents/family-services/child-safety/safe-

surrender/.

p. Compliance with the County's Jury Service Program

This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code. Local Jurisdiction's violation of this paragraph of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, County may, in its sole discretion, terminate the Agreement and/or bar the Local Jurisdiction from the award of future County contracts for a period of time consistent with the seriousness of the breach.

q. Compliance with County's Zero Tolerance Policy on Human Trafficking

Local Jurisdiction acknowledges that the County has established a Zero Tolerance Policy on Human Trafficking prohibiting contractors from engaging in human trafficking. If a Local Jurisdiction or member of Local Jurisdiction's staff is convicted of a human trafficking offense, the County will require that the Local Jurisdiction or member of Local Jurisdiction's staff be removed immediately from performing services under the Agreement. County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law. Disqualification of any member of Local Jurisdiction's staff pursuant to this paragraph will not relieve Local Jurisdiction of its obligation to complete all work in accordance with the terms and conditions of this Agreement.

r. Debarment

i. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible contractors.

ii. The Local Jurisdiction is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the contractor on this or other contracts which indicates that the Local Jurisdiction is not responsible, the County may, in addition to other remedies provided in the Agreement, debar the contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the contractor may have with the County.

iii. The County may debar a contractor if the Board of Supervisors finds, in its discretion, that the contractor has done any of the following: 1) violated a term of a contract with the County or a nonprofit corporation created by the County, 2) committed an act or omission which negatively reflects on the contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the

County, or engaged in a pattern or practice which negatively reflects on same, 3) committed an act or offense which indicates a lack of business integrity or business honesty, or 4) made or submitted a false claim against the County or any other public entity.

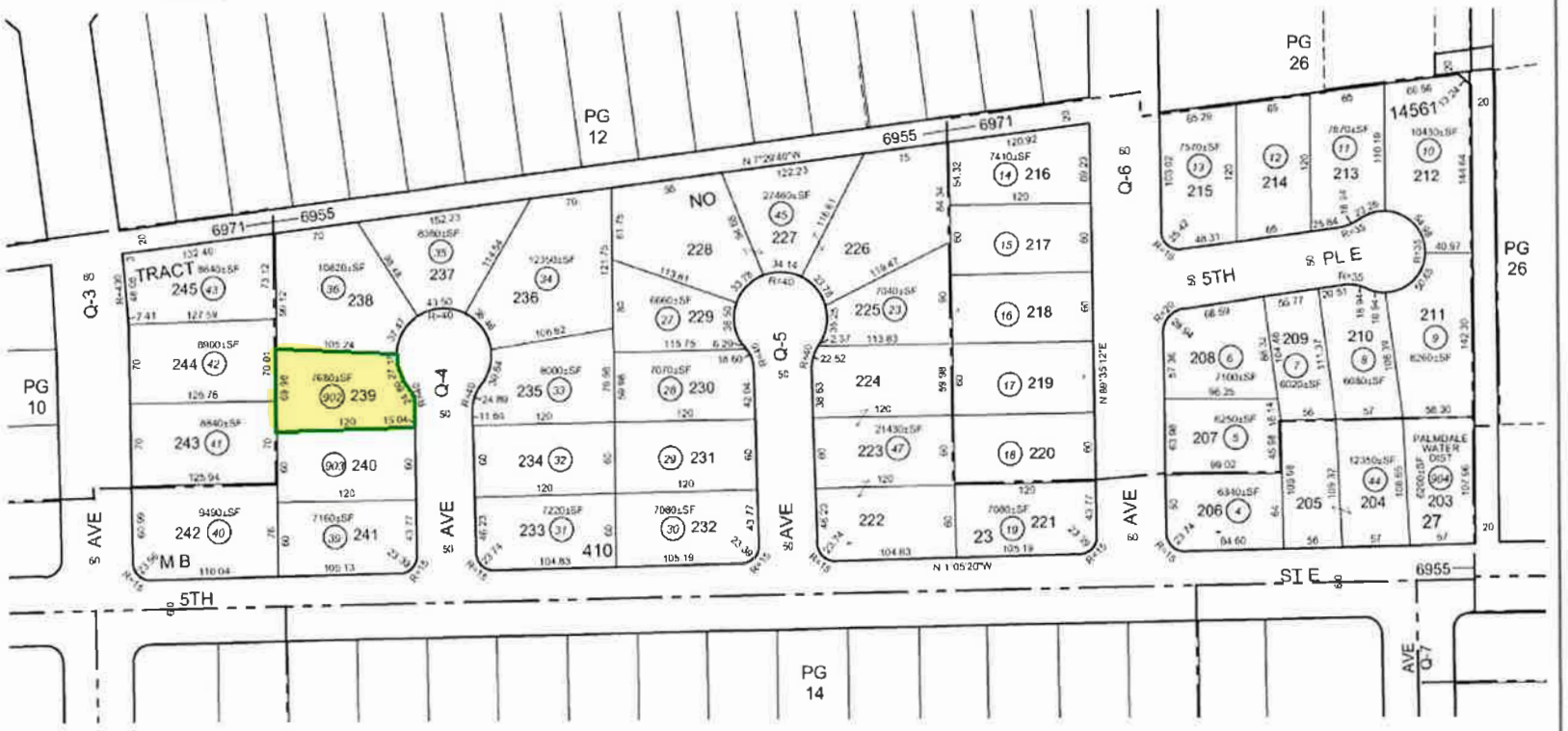
s. Confidentiality

Local Jurisdiction must maintain the confidentiality of all records and information in accordance with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information.

t. Public Records Act

Any documents submitted by the Local Jurisdiction to the County become the exclusive property of the County. All such documents become a matter of public record and will be regarded as public records.

3008	13 SHEET	P. A 996-9	TRA 6955 6971	REVISED 97060604003001-A1 20040811030140001-A1	20100209100050001-A1 20190114190130001-A1 20210706020030001-A1				SEARCH NO		OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO THE HOUSING AUTHORITY OF THE CITY OF PALMDALE UNLESS OTHERWISE NOTED.

Date Printed: 1/14/2019 6:52:13 AM
Date Saved: 7/5/2021 7:55:42 PM

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Laura Bettencourt, Mayor Pro Tem

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: June 3, 2025

During the period May 1 through May 31, 2025, I attended the following meetings and events:

May 6 Regular Council Meeting

May 8 LA County Sanitation Districts 14 and 20 Meeting

May 15 iSERVE Graduation

May 17 Weekends for Earth Day at Joshua Hills

May 17 Music and Kids at Poncitlán Square

May 21 Regular City Council Meeting

May 22 Special Council Meeting

May 26 Memorial Day Ceremony

May 29: Speak to Mr. Windheim's class (Teacher of the Year) at SAGE Academy

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Austin Bishop, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: June 3, 2025

During the period May 1 through May 31, 2025, I attended the following meetings and events:

May 1-2	Southern California Association of Governments Regional Conference/General Assembly
May 6	Regular Council Meeting
May 7	TPAA Partnership meeting with PSD and City of Palmdale
May 14	Lunch with Tim McCormick of Together California
May 17	AV Sheriff Boosters Casino Night
May 18-20	ICSC Conference, Las Vegas
May 21	Field of Honor Opening Ceremony
May 21	Regular City Council Meeting
May 22	Special Council Meeting
May 24	DryTown 20th Anniversary Opening Day Ceremony

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Eric Ohlsen, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: June 3, 2025

During the period May 1 through May 31, 2025, I attended the following meetings and events:

May 5	Metro FY26 Unmet Needs Hearing Board Meeting
May 6	Regular Council Meeting
May 9	Metrolink Finance and Audit Committee Meeting
May 14	Meeting with Tim McCormick of Together California
May 18-20	ICSC Conference, Las Vegas
May 21	Field of Honor Opening Ceremony
May 21	Regular City Council Meeting
May 22	Special Council Meeting
May 23	Metrolink Board of Directors Meeting at Union Station
May 26	Memorial Day Ceremony
May 27	AVTA Board Meeting
May 29	Meeting with Asm. Carrillo and PSD re: Workforce Housing Project