PALMDALE

a place to call home

CITY COUNCIL
SUCCESSOR AGENCY
CITY COUNCIL CHAMBER
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
TUESDAY, NOVEMBER 4, 2025
5:00 PM
www.cityofpalmdaleca.gov

WELCOME

LEGISLATIVE BODY

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

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Translation QR Code.
Translation QR Code.pdf

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.

Public Comment Information
The public is allotted to speak a total of three (3) minutes on the Consent Calendar, Public Hearing(s), Appointment, New Business, and Closed Session. 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. The Speaker cards are available in the foyer of the Council Chambers.

1. **CALL MEETING TO ORDER**

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

2. **ROLL CALL**
   MAYOR PRO TEM BETTENCOURT, COUNCILMEMBERS BISHOP, LOA, OHLSEN, ALARCÓN

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

4. **CONSENT CALENDAR - Now is the time for public participation.**

   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.

   4.1 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).

   4.2 Receive and File the monthly and quarterly Investment Reports for September 2025.
   SR Monthly Investment Report Sep 2025.docx
   Rpt. Monthly Investment Reports Sept 2025.pdf

   4.3 Approve Agreement with Willdan Financial Services for comprehensive professional services to complete a full cost-of-service and user fee study for the City of Palmdale, for a total not to exceed amount of $150,000 for a term of 1 year.
   SR Agrmt No. A-9597 with Willdan Financial Services.docx
   Agrmt No. A-9597 with Willdan Financial Services.pdf

   4.4 Receive and file the annual activity report for Development Agreement pertaining to the Oasis Wellness Village project located at the southeast corner of Palmdale Boulevard and Tierra Subida Avenue.
   SR Rpt. Annual Activity Report for DA No. A-5595.docx
   Agrmt No. A-5595 Oasis Wellness Village.pdf

   4.5 Approve the Second Amendment to Agreement with Frazier Capital Valuation, Inc., for property valuation, appraisals, and broker services, increasing the

agreement by $100,000 for a total not to exceed amount of $140,000 and exercise the final one-year extension through January 20, 2027; and adopt Resolution No. CC 2025-090, a Resolution of the City Council of the City of Palmdale, authorizing the Interim City Manager to execute the Second Amendment to the Agreement with Frazier Capital Valuation, Inc., and granting authorization to pay all fees.

SR Agrmt No. A-7570 Second Amendment with Frazier Capital Valuation, Inc.docx
Agrmt No. A-7570 Second Amendment with Frazier Capital Valuation, Inc.pdf
Agrmt No. A-7570 First Amendment with Frazier Capital Valuation, Inc.pdf
Agrmt No. A-7570 with Frazier Capital Valuation, Inc.pdf
Reso. No. CC 2025-090.docx

4.6 Approve Agreement with Dudek to update the City's Sewer System Master Plan for a total not to exceed amount of $840,598 over a two (2) year term.

SR Agrmt No. A-9451 with Dudek.docx
Agrmt No. A-9451 with Dudek.pdf
Dudek Technical Proposal.pdf
Dudek Cost Proposal.pdf

4.7 Approve First Amendment to Takeover Agreement with Los Angeles County Sanitation District No. 20 (45th Street East Extension Trunk Sewer).

SR Agrmt No. A-6911 First Amendment with LACSD No. 20.docx
Agrmt No. A-6911 First Amendment with LACSD No. 20.pdf
Agrmt No. A-6911 with LACSD No. 20.pdf
Cost Estimate.pdf

4.8 Authorize a Resource Adequacy Agreement between Athos Storage, LLC, an SB Energy Company, and California Choice Energy Authority on behalf of Energy for Palmdale's Independent Choice (EPIC) for the purchase of long-term, mid-term reliability capacity.

SR RA Agrmt Athos Storage LLC and CalChoice.docx
RA Agrmt Athos Storage, LLC and CalChoice.pdf

4.9 Accept Notice of Completion (NOC) for Public Landscape Improvements for Tract 60732 located at 20th Street West and Quick Street.

SR NOC Public Landscape Improvements Tract 60732.docx
NOC Tract 60732.docx
List of Completed Public Improvements.pdf
Site Map.pdf
Site Photo.pdf

4.10 Accept Notice of Completion (NOC) for PN 795, Sam Yellen Park Phase 2 Project.

SR NOC PN 795 Sam Yellen Park Phase 2.docx
NOC PN 795 Sam Yellen Park Phase 2.docx
Project Photos.pdf

4.11 Approve the minutes from the previous meeting.
Mins 10 21 2025.pdf

5. **PUBLIC HEARING - Now is the time for public participation. Each public hearing will have its own public testimony.**

5.1 Conduct Public Hearing to obtain resident input on community needs and priorities for inclusion in the 2026-2027 Action Plan.
SR Public Hearing Action Plan.docx

5.2 Adopt Resolution No. CC 2025-086, a Resolution of the City Council of the City of Palmdale, approving a form of Density Bonus Agreement to facilitate the construction of a 264-unit multi-family residential development on one vacant parcel totaling approximately 9.95 acres located on the west side of 15th Street East and approximately 375 feet north of East Avenue Q.
SR Reso. No. CC 2025-086 (Agrmt No. A-9332).docx
Reso. No. CC 2025-086 (Agrmt No. A-9332).docx
Exh A Reso. No. CC 2025-086 Legal Description AGR 25-0002 (Agrmt No. A-9332).docx
Exh B Reso. No. CC 2025-086 Aerial Map AGR 25-0002 (Agrmt No. A-9332).docx
Exh C Reso. No. CC 2025-086 Density Bonus Agreement (Agrmt No. A-9332).pdf
Reso. No. PC-2025-023.pdf

5.3 Adopt Resolution No. CC 2025-087, a Resolution of the City Council of the City of Palmdale approving a form of Density Bonus Agreement 25-0003 to facilitate the construction of a 272-unit multi-family residential development on two vacant parcels totaling approximately 9.8 acres located at the northwest corner of east Avenue Q and 25th Street East, and authorize the Interim City Manager or his designee to exercise the option to amend the agreement as necessary, including minimal and/or non substantial changes.
SR Reso. No. CC 2025-087.docx
Reso. No. CC 2025-087 (A-9355).docx
Exh A Reso. No. CC 2025-087 Legal Description For AGR 25-0003 (A-9355).docx
Exh B Reso. No. CC 2025-087 Aerial Map For AGR 25-0003 (A-9355).docx
Exh C Reso. No. CC 2025-087 Density Bonus Housing Agreement (A-9355).pdf
Reso. No. PC-2025-015.pdf

5.4 Adopt Ordinance No. 1663, an Ordinance of the City Council of the City of Palmdale approving Zone change 25-0002 and Zoning Ordinance Amendment 25-0003 to address inconsistencies and streamline review procedures; and adopt Resolution No. CC 2025-085, a Resolution of the City Council of the City of Palmdale approving General Plan Amendment 25-0002 to amend the land use map and finding that the project is consistent with program environmental impact report 22-002 prepared and certified in conjunction with the City's General Plan

(Palmdale 2045).
SR Ord. No. 1663 and Reso. No. CC 2025-085.docx
Ord. No. 1663.docx
Reso. No. CC 2025-085.docx
Reso. No. PC 2025-022.pdf

5.5 Adopt Ordinance No. 1664, an Ordinance of the City Council of the City of Palmdale, California, amending Sections 8.04.410 and 8.04.430, and repealing Sections 8.04.440 through 8.04.510 of the Palmdale Municipal Code to prohibit fireworks, finding the Ordinance exempt from CEQA; and adopt Resolution No. CC 2025-091, a Resolution of the City Council of the City of Palmdale, California, making its express findings as required by Section 17958.7 of the Health and Safety Code of the State of California relating to the adoption of Ordinance No. 1664 prohibiting all fireworks, and finding it is not a project per CEQA.
SR Ord. No. 1664.docx
Ord. No. 1664.docx
Reso. No. CC 2025-091.docx

6. **NEW BUSINESS - Now is the time for public participation.**

6.1 Approve Community Grant Program.
SR Community Grant Program.docx

7. **CITY MANAGER'S REPORT**

8. **NON-AGENDA PUBLIC COMMENTS - Now is the time for public participation.**

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

9.1 Council Reports
Monthly Informational Report Bettencourt 110725.docx
Monthly Informational Report Bishop 110425.docx
Monthly Informational Report Loa 110425.docx
Monthly Informational Report Ohlsen 110425 .docx

10. **CLOSED SESSION - Now is the time for public participation.**

PRESENTATION BY CITY ATTORNEY

10.1 CONFERENCE WITH LABOR NEGOTIATORS
Agency designated representatives: Salvador Mendez, Interim City Manager, and Linda Daube, Special Counsel
Employee organization: Teamsters Local 986

This closed session is being held pursuant to the authority of California Government Code Section 54957.6.

10.2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Andrea Alarcón v. City of Palmdale
Los Angeles Superior Court 24STCP03201
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

11. **ANNOUNCEMENT BY CITY ATTORNEY**

12. **ADJOURN** meeting to December 2, 2025, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

https://attend.wordly.ai/join/SLOR-7400

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **OPERATIONS DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

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

RECOMMENDATION

Staff recommend that the City Council:

1. Receive and file the September 2025 monthly and quarterly 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 and quarterly 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 September, the City's invested portfolio totaled $304,352,592, a decrease of $11,977,563 from the previous month and a decrease of $31,055,687 compared to the prior year. The monthly decrease was due to several maturities and calls during the month.

The par value of the Successor Agency's portfolio as of September was $10,142,971, no change from the prior 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

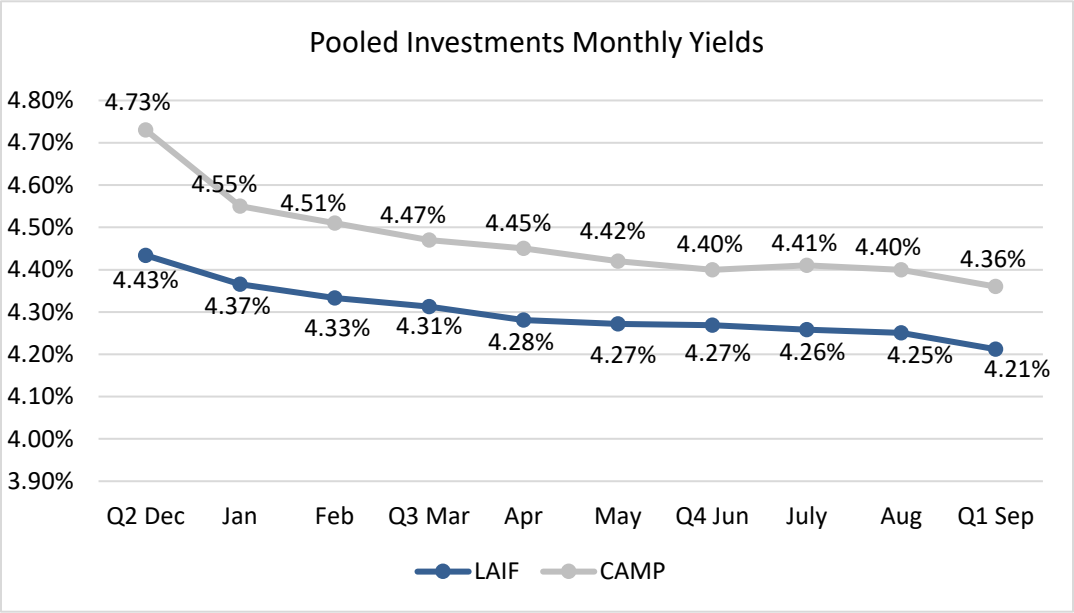
One core approach the Finance Division focuses on is providing liquidity to meet the City and Successor Agency's operational requirements. Thus, the City invests in two pooled funds, the Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP). These are intended for daily 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 September was $108,623,145, no change from the prior month.

The Successor Agency's LAIF balance at the end of September was $3,942,545, no change from the prior month.

The City's CAMP balance at the end of September was $53,535,437 compared to $53,344,234 in August. The increase is due to interest earned.

The interest rates presented are the most current rates available as of the date of this report. As of September 30, 2025, the interest rates for LAIF and CAMP investments were 4.212 percent and 4.36 percent, respectively. By comparison, the LAIF and CAMP interest rates at the end of August were 4.251 percent and 4.40 percent. This time last year, LAIF and CAMP rates were at 4.575 percent and 5.29, respectively.



The chart above shows the LAIF and CAMP average monthly yields from December 2024 through September 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.

Diversity

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 and quarterly reports include all investments held by both entities and current book values as of September 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 September 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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Rpt. Monthly and Quarterly Investment Reports September 2025

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 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	2,976,600.00
05-11-21	02-28-26	CITY	9128286F2 U.S. Treasury Note	0.66	3,000,000.00	3,261,331.50	2,966,940.00
07-12-21	12-31-25	CITY	9128285T3 U.S. Treasury Note	2.63	5,000,000.00	5,451,958.35	4,961,000.00
03-08-23	03-31-26	CITY	9128286L9 U.S. Treasury Note	2.25	3,200,000.00	3,029,330.80	3,156,832.00
01-03-24	12-31-26	CITY	912828YX2 U.S. Treasury Note	0.04	5,000,000.00	4,696,880.23	4,848,850.00
01-03-24	06-30-27	CITY	91282CEW7 U.S. Treasury Note	0.04	5,000,000.00	4,897,630.28	4,954,900.00
01-03-24	09-30-27	CITY	91282CFM8 U.S. Treasury Note	0.04	2,500,000.00	2,523,771.66	2,522,450.00
01-08-24	02-15-26	CITY	91282CGL9 U.S. Treasury Note	0.04	5,000,000.00	4,987,205.23	4,993,400.00
01-08-24	06-15-26	CITY	91282CHH7 U.S. Treasury Note	0.04	5,000,000.00	5,001,760.94	5,006,000.00
12-18-24	09-30-29	CITY	91282CFL0 U.S. Treasury Note	0.39	5,000,000.00	4,977,094.45	5,022,250.00
12-18-24	10-31-29	CITY	91282CFT3 U.S. Treasury Note	0.40	5,000,000.00	4,988,321.47	5,047,050.00
12-18-24	11-30-29	CITY	91282CFY2 U.S. Treasury Note	0.39	5,000,000.00	4,942,086.29	5,021,300.00
01-02-25	12-31-29	CITY	91282CGB1 U.S. Treasury Note	0.39	3,000,000.00	2,949,835.02	3,012,300.00
			TOTAL U.S. TREASURY SECURITIES		$ 54,700,000.00	$ 54,967,840.58	$ 54,489,872.00
GOVERNMENT AGENCY PAPER							
06-04-21	11-07-25	CITY	3135G06G3 Fannie Mae	0.55	3,000,000.00	2,993,675.25	2,960,070.00
06-30-21	12-30-25	CITY	3130AMRQ7 Federal Home Loan Note	0.88	3,000,000.00	3,000,000.00	2,949,049.86
07-29-21	04-29-26	CITY	3130AN5C0 Federal Home Loan Note	1.05	4,000,000.00	4,010,455.13	3,899,120.00
12-17-21	11-12-25	CITY	3134GXBM5 Federal Home Loan Note	1.15	1,150,000.00	1,125,785.50	1,134,187.50
12-21-21	12-22-26	CITY	3133ENJC5 Federal Farm Credit	1.29	5,000,000.00	5,000,000.00	4,814,666.55
06-24-22	02-26-27	CITY	3130AL5A8 Federal Home Loan Note	3.33	5,000,000.00	4,479,000.00	4,758,477.85
08-17-22	10-27-26	CITY	3134GW4C7 Freddie Mac	0.80	5,000,000.00	4,539,500.00	4,800,207.95
01-06-23	02-25-27	CITY	3130AQRH8 Federal Home Loan Note	4.38	5,000,000.00	4,590,638.89	4,843,987.40
01-06-23	04-19-27	CITY	3130ARHJ3 Federal Home Loan Note	4.38	5,000,000.00	4,801,354.86	4,925,508.20
05-03-24	05-01-28	CITY	3133ERCX7 Federal Farm Credit	5.17	5,000,000.00	5,000,000.00	5,022,317.60
08-08-24	08-14-29	CITY	3134HADY6 Freddie Mac Domestic	4.00	4,000,000.00	3,946,000.00	3,971,348.28
12-03-24	12-04-29	CITY	3130B3XP3 Federal Home Loan	4.50	1,000,000.00	1,000,000.00	998,973.31
12-04-24	12-02-27	CITY	3133ERE23 Federal Farm Credit	4.32	1,000,000.00	1,000,000.00	1,003,072.14
01-27-25	07-27-27	CITY	3130B4RC7 Federal Home Loan Bank	4.50	3,000,000.00	3,000,000.00	3,019,381.53
01-28-25	07-21-27	CITY	3130B4QA27 Federal Home Loan Bank	4.55	3,000,000.00	3,000,000.00	3,003,732.24
06-13-25	10-30-28	CITY	3130B62E5 Federal Home Loan Bank	4.25	3,000,000.00	3,000,000.00	3,000,982.74
06-27-25	04-30-29	CITY	3136GAGW3 Fannie Mae	4.75	5,000,000.00	5,000,000.00	4,993,056.90
07-07-25	07-07-28	CITY	3134HBWS6 Freddie Mac Domestic	4.00	2,000,000.00	1,995,000.00	1,995,000.00
08-29-25	02-25-30	CITY	3133ETUN5 Federal Farm Credit	4.45	5,000,000.00	5,000,000.00	5,000,000.00
08-28-25	02-25-30	CITY	3133ETUM7 Federal Farm Credit	4.53	5,000,000.00	5,000,000.00	5,000,000.00
09-17-25	09-15-28	CITY	3133ETXV4 Federal Farm Credit Bond	3.83	1,400,000.00	1,402,403.14	1,400,000.00
			TOTAL GOVERNMENT AGENCY PAPER		$ 74,550,000.00	$ 72,883,812.77	$ 73,493,140.05

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 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	241,276.80
01-04-24	12-28-28	CITY	09582YAV4 Blue Ridge Bank	4.09	240,000.00	240,948.00	241,135.20
06-11-24	06-11-26	CITY	38150VUZ0 Goldman Sachs Bank	5.05	245,000.00	245,033.90	247,179.52
06-13-24	06-13-29	CITY	89235MPP0 Toyota Financial SGS	4.65	245,000.00	245,000.00	250,250.86
06-14-24	06-15-26	CITY	34520LBC6 Forbright Bank	5.05	245,000.00	245,000.00	247,279.55
06-14-24	06-14-28	CITY	307811KA6 Farmers & Merchs Bank	5.00	245,000.00	245,000.00	246,517.02
06-17-24	06-17-26	CITY	8562855V9 State Bank of India	5.10	245,000.00	245,000.00	247,345.31
06-18-24	06-18-29	CITY	229083AA8 Evangeline Bank & Trust	5.30	245,000.00	245,000.00	245,115.79
06-20-24	06-22-26	CITY	06051XER9 Bank of America NA	5.05	245,000.00	245,000.00	247,339.38
06-21-24	06-22-26	CITY	35634MAE1 Freedom Bank/Maywood NJ	5.05	245,000.00	245,000.00	247,339.60
			TOTAL CERTIFICATES OF DEPOSIT		$ 2,440,000.00	$ 2,444,416.30	$ 2,460,779.03
05-17-23	03-01-26	CITY	30231GAT9 Exxon Mobile Corporation	3.04	1,000,000.00	982,084.11	992,306.58
05-17-23	03-02-26	CITY	194162AQ6 Colgate-Palmolive	4.80	1,000,000.00	1,035,553.33	1,004,192.41
05-17-23	01-26-26	CITY	742718FY0 Procter & Gamble	4.10	1,000,000.00	1,018,471.67	998,946.40
01-04-24	07-27-26	CITY	61761J3R8 Morgan Stanley	4.70	500,000.00	481,185.25	493,730.00
01-04-24	06-15-26	CITY	46625HRS1 JPMorgan Chase & CO	4.52	500,000.00	484,840.25	495,185.00
01-04-24	03-02-28	CITY	718172CE7 Philip Morris Intl Inc	4.49	500,000.00	474,395.25	487,000.00
01-04-24	04-01-27	CITY	808513BW4 Charles Schaw Corp	4.68	500,000.00	479,390.25	492,985.00
01-09-24	06-02-26	CITY	11271LAA0 Brookfield Fin Inc	5.13	500,000.00	490,115.25	498,735.00
01-09-24	11-28-28	CITY	05565QDH8 BP Capital Markets PLC	4.48	500,000.00	483,460.25	491,630.00
01-09-24	01-28-26	CITY	06406RAQ0 Bank OF NY Mellon Corp	4.52	500,000.00	463,355.25	489,620.00
01-09-24	07-09-27	CITY	22550L2K6 Crdit Suisse New York	4.92	500,000.00	500,910.25	507,650.00
01-09-24	08-15-28	CITY	797440CE2 San Diego G & E	4.49	500,000.00	509,340.25	510,425.00
01-09-24	07-01-27	CITY	75973QAA5 Reneissance Financial	5.01	500,000.00	475,470.25	492,385.00
01-09-24	01-27-26	CITY	780082AD5 Royal Bank of Canada	4.97	500,000.00	496,930.25	499,835.00
08-27-24	02-01-29	CITY	06406RBN6 Bank of NY Mellon Corp	4.20	656,000.00	663,116.29	660,965.92
08-27-25	07-26-29	CITY	06406RBK2 Bank of Melon Corp	4.09	1,000,000.00	1,021,952.92	1,021,952.92
08-27-25	08-09-29	CITY	89236TMK8 Toyota Motor Crdt Corp	4.03	500,000.00	510,587.75	510,587.75
08-27-25	05-13-30	CITY	91324PDX7 United Health Group Inc	4.15	1,000,000.00	914,211.92	914,211.92
			TOTAL CORPORATE BONDS		$11,656,000	$11,485,371	$ 11,562,343.90
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND							
09-01-84	n/a	CITY	98-19-620	0.78	54,629,095.75	54,629,095.75	54,629,095.75
9-19-2024	n/a	PFA	40-19-078		36,500,000.00	36,500,000.00	39,744,157.84
9-28-2021	n/a	ARPA	19-19-004	0.78	14,249,891.87	14,249,891.87	14,249,891.87
			TOTAL LAIF ACCOUNTS		$ 105,378,987.62	$ 105,378,987.62	$ 108,623,145.46
CAMP- CALIFORNIA ASSET MANAGEMENT PROGRAM							
6080-01	n/a	CITY	6080-01	0.30	53,535,437.20	53,535,437.20	53,535,437.20
			TOTAL CAMP ACCOUNTS		$ 53,535,437.20	$ 53,535,437.20	$ 53,535,437.20
UBS FINANCIAL SERVICES							
n/a	n/a	CITY		0.00	187,874.34	187,874.34	187,874.34
			TOTAL UBS FINANCIAL SERVICES ACCOUNTS		$ 187,874.34	$ 187,874.34	$ 187,874.34
			TOTAL CITY INVESTMENTS		$ 302,448,299.16	$ 300,883,739.55	$ 304,352,591.98

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 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			13,927.62
			TOTAL LIBRARY INVESTMENTS				$ 13,927.62
			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			121.80
05-10-95	n/a	IMPROVEMENT	95421222	0.10			177,012.62
			TOTAL SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1				$ 177,134.42
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			14.05
04-06-95	n/a	IMPV-ACQUI	95420884	0.01			2,946,382.88
04-06-95	n/a	BOND	95420887	0.15			0.15
			TOTAL RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1				$ 2,946,397.08
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			93.42
08-01-19	n/a	RESERVE	242969003	0.00			722,950.98
08-01-19	n/a	SP TAX - REFNDING BOND	242969004	0.01			15,151.79
			TOTAL ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1				$ 738,196.19
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			14,594.89
	n/a	RESERVE FUND	251009001	0.01			641,125.92
			TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021				$ 655,720.81

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 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			29,387.87
11-08-06	n/a	ADM EXP	106844002	0.01			1,821.48
11-08-06	n/a	RESERVE FUND	106844003	0.01			86,289.31
			TOTAL 2006-1 GODDE HILL ESTATE SEWER IMPROVEMENTS LOIB				$ 117,498.66
2015 HA DEBT SERVICE RESERVE							
Fiscal Agent: Bank of America							
11-19-15	n/a	DEBT SVC RESERVE	1257964992	0.08			40,971.57
			TOTAL 2015 HA DEBT SERVICE RESERVE				$ 40,971.57
PARS RESTRICTED CASH FOR PENSION STABILIZATION TRUST FUND							
05-23-18	n/a	CITY	104790895775 Public Agency Retirement Service	2.60			12,045,602.31
			TOTAL PARS PENSION TRUST FUND				$ 12,045,602.31
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			99,353.13
09-03-15	n/a	INTEREST ACCT	277067001	0.01			6.95
09-03-15	n/a	BOND RESERVE	277067003	0.00			281,019.72
09-03-15	n/a	REPAIR & REPLACE FUND	277067004	0.00			1,413,230.93
			TOTAL 2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS				$ 1,793,610.73

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 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			1.17
04-05-17	n/a	REVENUE REFUNDING BOND	271128001	n/a			0.05
$42,830	n/a	REVENUE REFUNDING BOND	271128002				0.10
		TOTAL 2017 PFA $17.4M LEASE REVENUE BONDS					$ 1.32
BOND PROCEEDS							
2023 A&B SERIES ACQUISITION & CONSTRUCTION REVENUE BOND							
Fiscal Agent: U.S. Bank National Association (fka First Trust)							
			248041000				9.21
11-30-23	n/a	INTEREST	248041001				505,004.62
11-30-23	n/a	PRINCIPAL	248041002				0.51
11-30-23	n/a	REVENUE FUND	248041004				13.54
11-30-23	n/a	INTEREST	248041007				0.57
11-30-23	n/a	REVENUE FUND	248041008				4,800,361.24
		TOTAL 2023 A&B SERIES B ACQUISITION & CONSTRUCTION REV BOND					$ 5,305,389.69
		GRAND TOTAL - FISCAL AGENT CASH					$ 23,820,522.78

SUMMARY OF CASH AND INVESTMENTS
Page 1 of 1

Cash on Hand			$ 11,936,662
Pooled Cash Investments			
City:	$ 302,730,831		
Insur Fund:	$ 1,621,761		$ 304,352,592
Library Investments			$ 13,928
Subtotal			$ 316,303,182
City/AD/CFD/PCA/PFA/HA Fiscal Agent Cash			$ 23,820,523
Grand total			$ 340,123,705

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 September, 2025

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 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				$ 54,629,095.75
Subtotal	$ -	$ -	$ -	$ 54,629,095.75
LAIF - PFA ACCOUNT 40-19-078				
Beginning Balance				$ 39,744,157.84
Subtotal	$ -	$ -	$ -	$ 39,744,157.84
LAIF - LIBRARY ACCOUNT 16-19-012				
Beginning Balance				$ 13,927.62
Subtotal	$ -	$ -	$ -	$ 13,927.62
LAIF - ARPA ACCOUNT 19-19-004				
Beginning Balance				$ 14,249,891.87
Subtotal	$ -	$ -	$ -	$ 14,249,891.87
CAMP				
Beginning Balance				$ 53,344,234.61
09-30-25			$ 191,202.59	
Subtotal	$ -	$ -	$ 191,202.59	$ 53,535,437.20
UBS Financial Services				
Beginning Balance				$ 368,347.77
09-30-25			$ 272,894.23	
09-30-25			$ 4,704,109.00	
09/30/25		$ (5,157,476.66)		
Subtotal	$ -	$ (5,157,476.66)	$ 4,977,003.23	$ 187,874.34
Total	$ -	$ (5,157,476.66)	$ 5,168,205.82	$ 162,360,384.62

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

CITY OF PALMDALE

POOLED CASH - INVESTMENTS MATURED OR CALLED

TN = US Treasury
FP = Federal Paper
CD = Certificate of Depo

C = Call
M = Maturity
CB = Corporate Bond

ISSUER	PURCHASE DATE	MATURITY DATE		FACE VALUE REDEEMED	INTEREST RECEIVED	NET FUNDS	INVESTED AMOUNT	GAIN/ (LOSS)
								-
3133EJYM5 Federal Farm Credit	05-11-21	09-04-25	FP	$ 1,000,000.00	$ 15,100.00	$ 1,015,100.00	997,370.00	2,630.00
3133EJYM5 Federal Farm Credit	05-11-21	09-04-25	FP	$ 2,000,000.00	$ 30,200.00	$ 2,030,200.00	1,994,740.00	5,260.00
46656MVH1 JPMorgan Chase Bank	01-04-24	11-30-27	CD	$ 240,000.00	$ 3,024.66	$ 243,024.66	240,544.80	(544.80)
3134GWUG9 Freddie Mac	12-20-21	09-24-25	FP	$ 10,000,000.00	$ 28,500.00	$ 10,028,500.00	9,910,247.80	89,752.20
59541KCV7 Mid-Missouri Bank	06-11-24	09-11-25	CD	$ 245,000.00	$ 1,071.62	$ 246,071.62	245,390.14	(390.14)
				$ 13,485,000.00	$ 77,896.28	$ 13,562,896.28	$ 13,388,292.74	$ 96,707.26

Total Number of Transactions:

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 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
3133ETXV4 Federal Farm Credit Bond	09-17-25	FP	09-15-28	$ 1,400,000.00	(2,403.14)	$ 1,402,403.14	$ 2,234.12	1,404,637.26	4.09
					-			-	4.03
					-			-	4.15
					-			-	4.45
					-			-	4.53
					-			-	
				$ 1,400,000.00	$ (2,403.14)	$ 1,402,403.14	$ 2,234.12	$ 1,404,637.26	

Total Number of Transactions:

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
September 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	3,942,545.58	
						$ 3,942,545.58
			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	545,562.11	
08-20-02	n/a	Interest Acct	94460701	0.04	42,263.77	
08-20-02	n/a	Principal Acct	94460702	0.04	377.84	
TOTAL CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						$ 588,203.72
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	11.61	
04-26-16	n/a	Interest Acc	245113001	N/A	0.00	
TOTAL 2016 SA $31.5M Tax Allocation Refunding Bonds Series A						$ 11.61
GRAND TOTAL - FISCAL AGENT CASH						

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand	$	6,200,425
Pooled Cash Investments	$	3,942,546
Successor Agency Fiscal Agent Cash	$	-
Grand total	$	10,142,971

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

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
September 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				3,942,545.58
Subtotal	$ -	$ -	$ -	$ 3,942,545.58

City of Palmdale: Flagship Lite

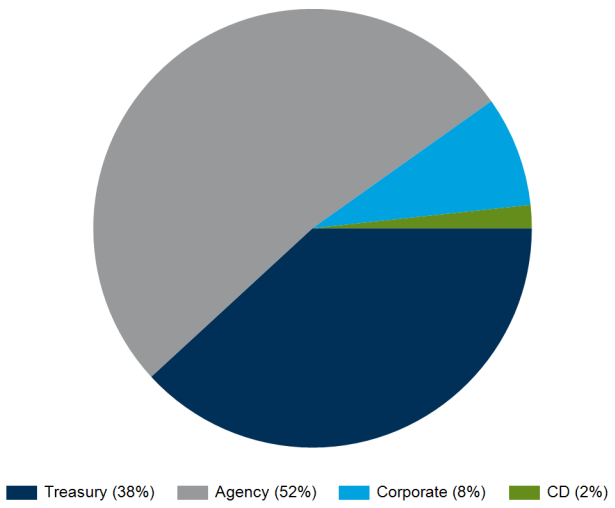
Palmdale, CA

As of Date: 09/30/2025 | Pricing as of: 09/30/2025 | Date of Analysis: 10/08/2025

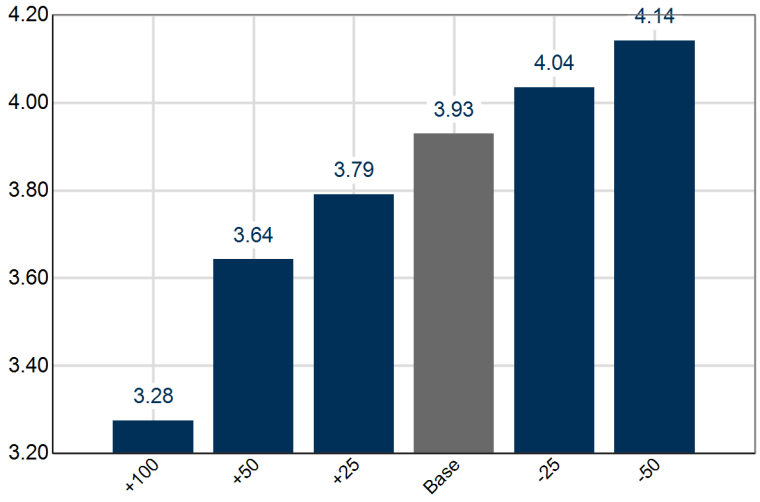
Portfolio Overview

Portfolio Attributes	
Curr. Face	143,346
Mkt. Value	142,527
Book Value	143,346
Est. Gain/Loss	-819
Ave. Mkt. Price	99.43
Ave. Bk. Price	100.00
Eff. Dur.	1.36
Eff. Conv.	-0.23
OAS	16.4
Mkt YTP	3.93
Bk YTP	3.18
WAL	1.79
Line Items	62

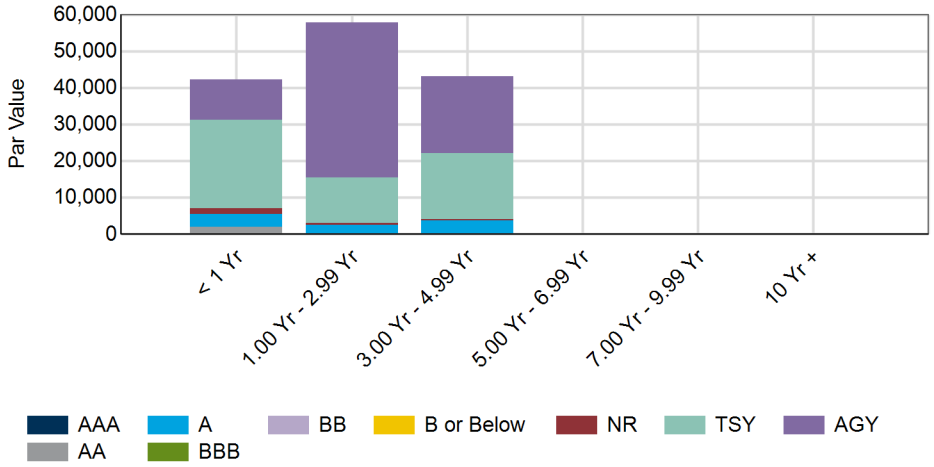
Sector Allocation



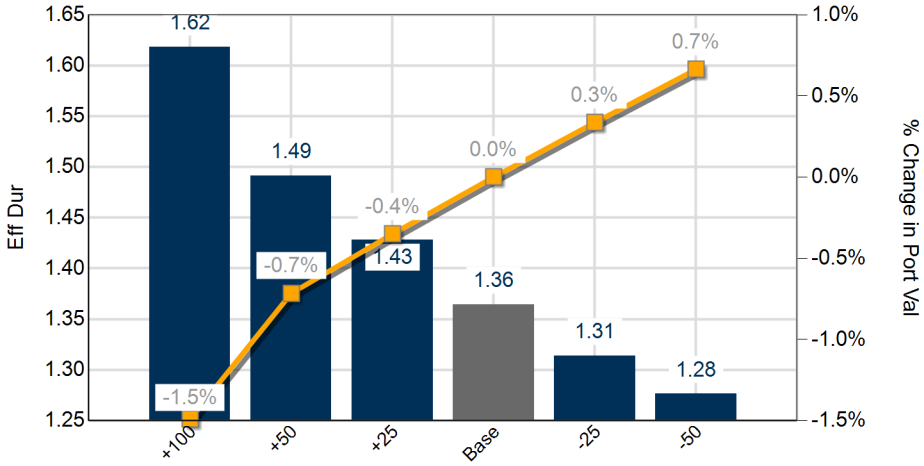
Projected TRR - 12 Mo Horizon



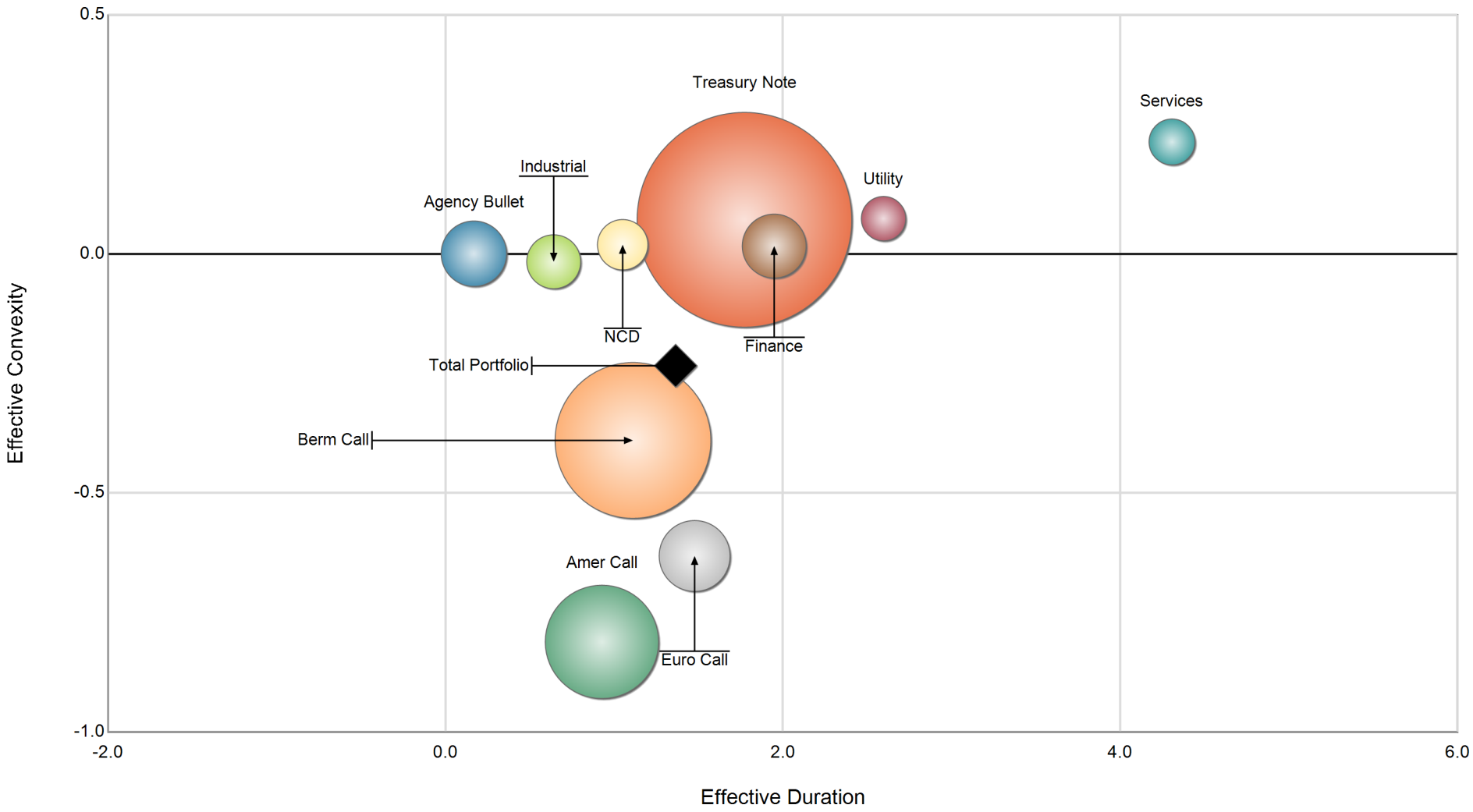
Combined Rating Distribution By Maturity



Pct. Chng in Port Val & Eff Dur (Inst. Rate Shock)



Duration / Convexity



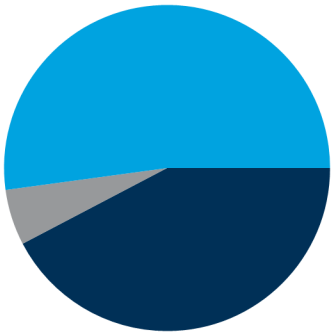
Eff. Dur.	1.36
Eff. Conv.	-0.23

Portfolio Sector Summary

Sector	Par Value	Market Value	% Port	Book Price	Market Price	Est G/L	Eff Conv	Bk Yld	Mkt Yld	Eff Dur +50	Eff Dur Base	Eff Dur -50	% Δ in Price +50	% Δ in Price Base	% Δ in Price -50
Treasury Note	54,700	54,657	38.2%	100.00	99.92	-43	0.07	3.33	3.79	1.76	1.77	1.78	-0.9%	0	0.9%
Berm Call	36,000	35,399	25.1%	100.00	98.33	-601	-0.39	2.47	3.92	1.31	1.11	0.91	-0.6%	0	0.5%
Amer Call	22,400	22,277	15.6%	100.00	99.45	-123	-0.81	3.88	4.17	1.35	0.93	0.69	-0.6%	0	0.4%
Euro Call	9,000	9,046	6.3%	100.00	100.51	46	-0.63	4.27	3.92	1.80	1.48	1.29	-0.8%	0	0.7%
Agency Bullet	7,150	7,112	5.0%	100.00	99.46	-38	0.00	0.67	3.99	0.17	0.17	0.17	-0.1%	0	0.1%
Finance	6,656	6,664	4.6%	100.00	100.12	8	0.02	3.84	4.17	1.96	1.95	1.93	-1.0%	0	1.0%
Industrial	3,500	3,487	2.4%	100.00	99.64	-13	-0.02	3.85	4.15	0.65	0.64	0.63	-0.3%	0	0.3%
NCD	2,440	2,467	1.7%	100.00	101.11	27	0.02	4.92	3.78	1.05	1.05	1.05	-0.5%	0	0.5%
Services	1,000	906	0.7%	100.00	90.55	-95	0.23	2.00	4.27	4.28	4.31	4.33	-2.1%	0	2.2%
Utility	500	512	0.3%	100.00	102.44	12	0.07	4.95	4.04	2.59	2.60	2.60	-1.3%	0	1.3%
Portfolio Totals	143,346	142,527	100.0%	100.00	99.43	-819	-0.23	3.18	3.93	1.50	1.36	1.27	-0.7%	0	0.7%

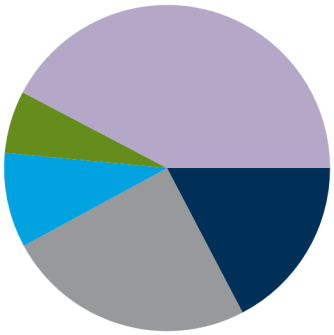
Agency/Sovereign - Summary

Subsector



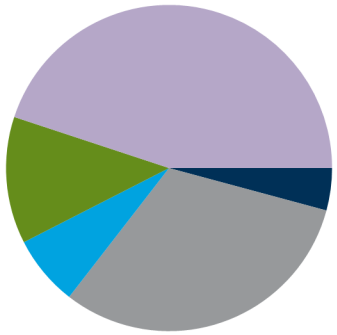
Treasury (42%) Callable Agency (52%) Agency Bullet (6%)

Issuer



FFCB (17%) FHLMC (9%) UST (42%) FHLB (25%) FNMA (6%)

Call Type

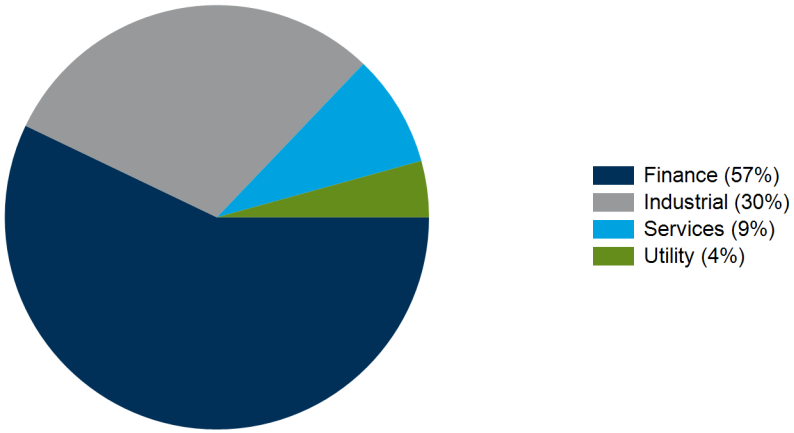


Annually (4%) One time (13%) Anytime (31%) Quarterly (45%) Monthly (7%)

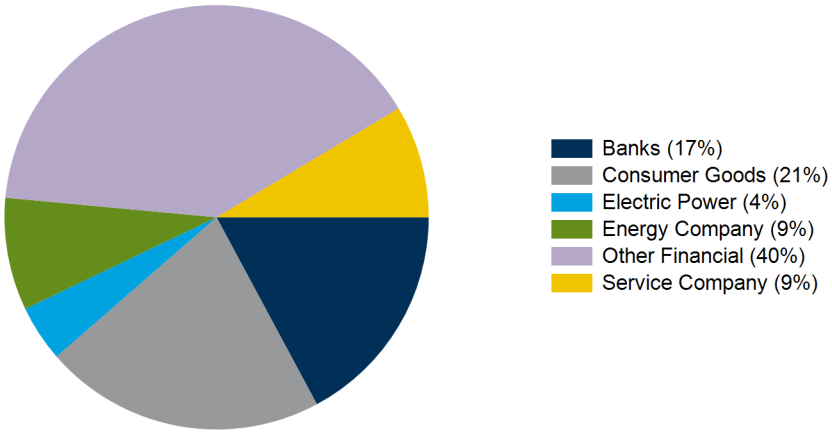
Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 100	G/L % Base + 100	WAL Base + 100	% Px Δ -50 +100	Dur Base	Cvx Base	AFS %
				1.9 yrs	100.00		99.92		-43	-0.1%	1.92	0.9	1.77	0.07	
Treasury (13)	42.3%	54,700	3.33		54,700	3.33	54,657	3.79	-1,000	-1.8%	1.92	-1.8			99.9%
				0.2 yrs	100.00		99.46		-38	-0.5%	0.17	0.1	0.17	0.00	
Agency Bullet (3)	5.5%	7,150	0.67		7,150	0.67	7,112	3.99	-50	-0.7%	0.17	-0.2			99.5%
				2.5 yrs	100.00		98.99		-678	-1.0%	1.89	0.5	1.10	-0.56	
Callable Agency (18)	52.1%	67,400	3.18	0.4 yrs	67,400	3.18	66,722	4.00	-1,603	-2.4%	2.50	-1.4			99.0%
				2.1 yrs	100.00		99.41		-759	-0.6%	1.80	0.6	1.33	-0.26	
Total (34)	100.0%	129,250	3.10	0.4 yrs	129,250	3.10	128,491	3.91	-2,654	-2.1%	2.12	-1.5			99.4%

Corporate - Summary

Sector Allocation



Industry Allocation



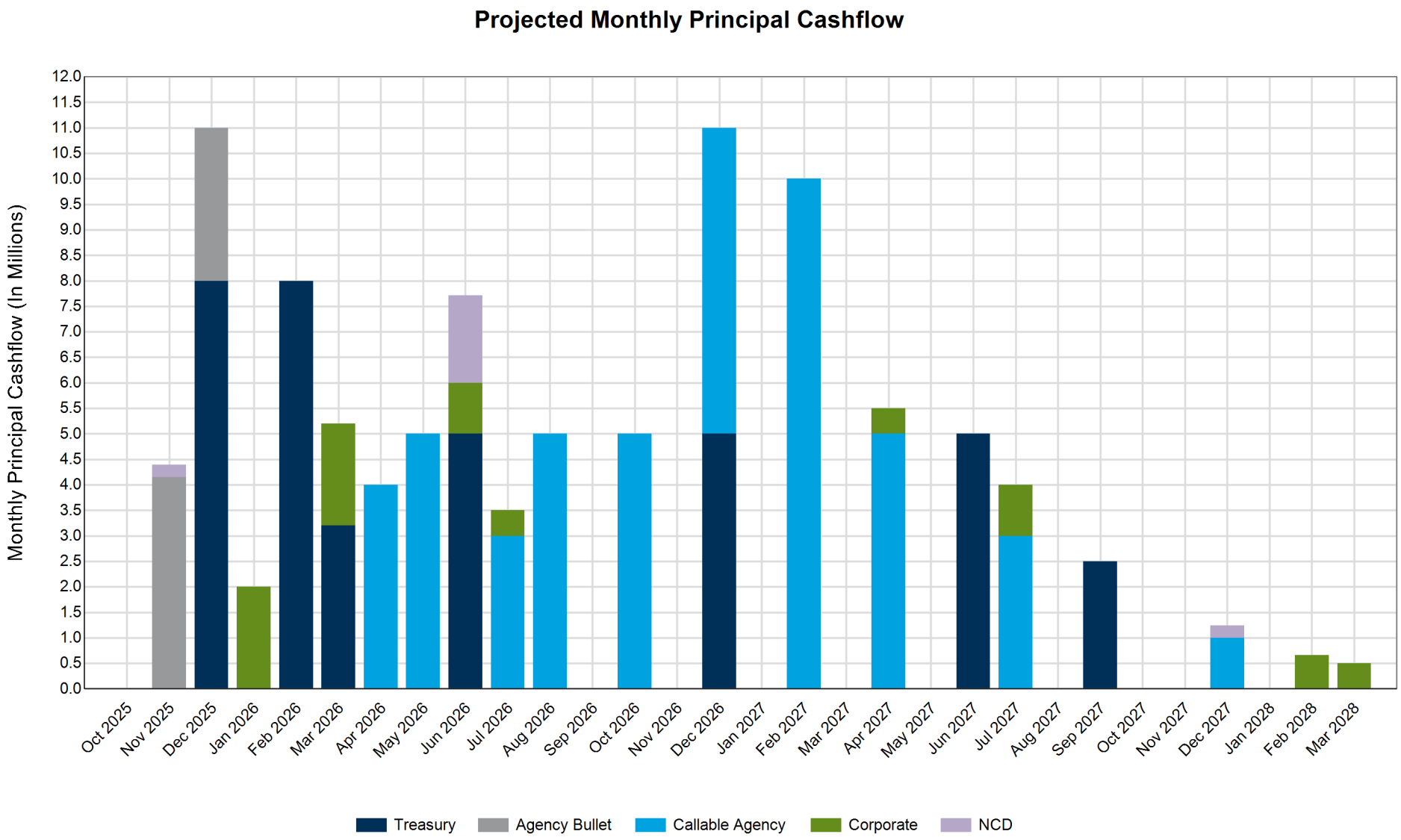
Subsector	Sector %	Par Value	Cpn	Maturity	Rating Moody's S&P	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 100	G/L % Base + 100	WAL Base + 100	% Px Δ -50 +100	Dur Base	Cvx Base	AFS %
					A1	100.00		100.12		8	0.1%	1.93	1.0	1.95	0.02	
Finance (12)	57.1%	6,656	3.84	2.2 yrs	A	6,656	3.84	6,664	4.17	-122	-1.8%	1.93	-2.0			100.1%
					Aa2	100.00		99.64		-13	-0.4%	0.67	0.3	0.64	-0.02	
Industrial (4)	30.0%	3,500	3.86	0.7 yrs	AA-	3,500	3.85	3,487	4.15	-35	-1.0%	0.67	-0.6			99.6%
					A2	100.00		90.55		-95	-9.5%	4.63	2.2	4.31	0.23	
Services (1)	8.6%	1,000	2.00	4.6 yrs	A+	1,000	2.00	906	4.27	-133	-13.3%	4.63	-4.2			90.6%
					A1	100.00		102.44		12	2.4%	2.87	1.3	2.60	0.07	
Utility (1)	4.3%	500	4.95	2.9 yrs	A	500	4.95	512	4.04	-1	-0.2%	2.88	-2.6			102.4%
					Aa3	100.00		99.25		-87	-0.7%	1.81	0.9	1.77	0.03	
Total (18)	100.0%	11,656	3.74	2.0 yrs	A+	11,656	3.73	11,569	4.16	-291	-2.5%	1.81	-1.8			99.3%

Peer Group Comparison

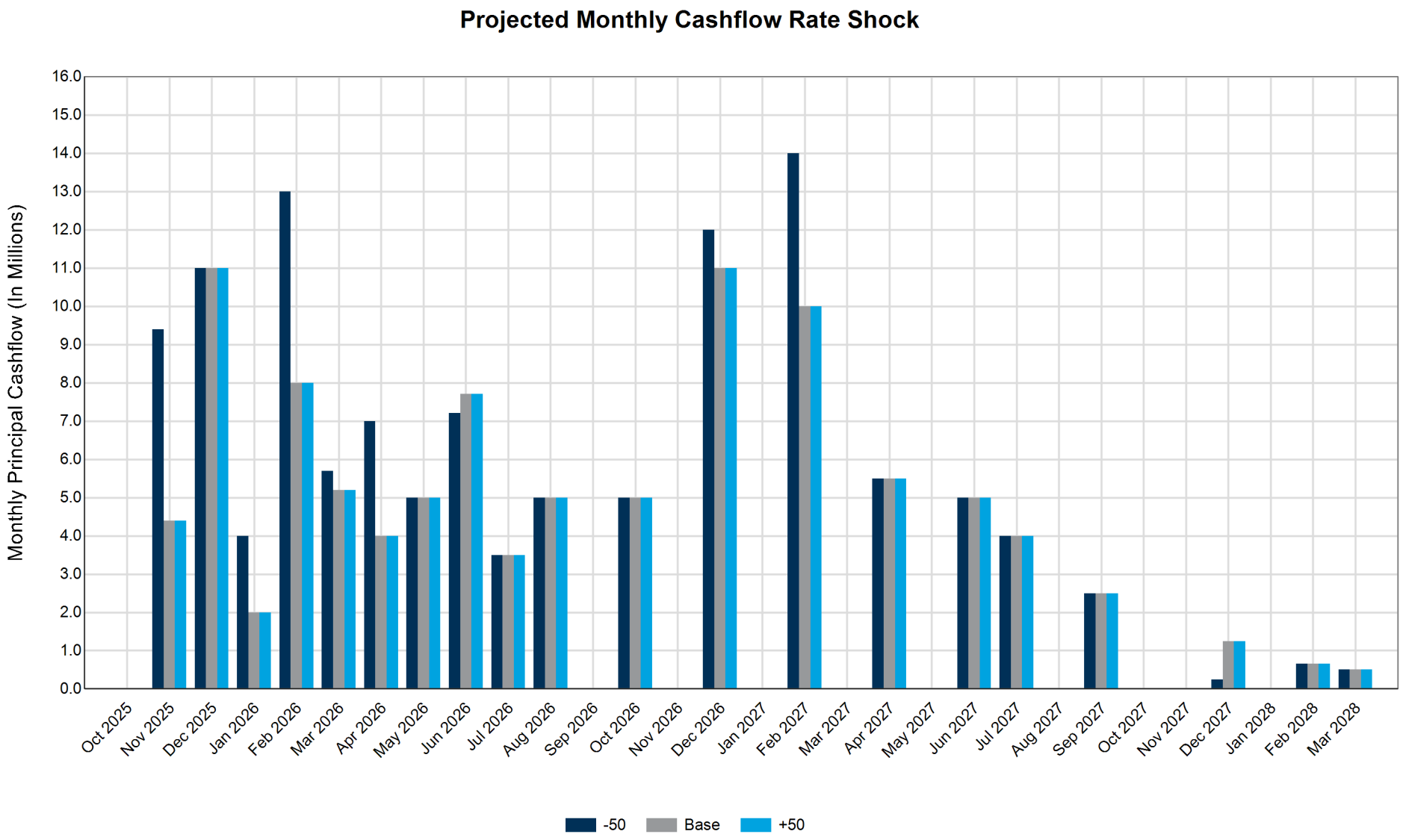
Peer	As of Date	Book Value	G/L %	Book Yield	Average Life Base	Average Life -50	Average Life +100	% Price Change -50	% Price Change +50	% Price Change +100	Effective Dur	Effective Cvx	UST Agy	Fix MBS	ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD	Other	% Fixed
1	07/25	141,843	0.5		2.3					0.0	2.1	0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
2	08/25	135,056	0.1	3.95	1.9		2.2			-1.8	1.8	-0.1	78%	0%	0%	0%	0%	0%	0%	0%	8%	10%	3%	0%	100%
3	08/25	132,167	-0.1	3.91	1.1		1.3			-1.0	0.9	-0.1	19%	0%	0%	0%	0%	3%	0%	0%	33%	1%	4%	40%	100%
4	09/25	157,311	0.1	4.60	3.2		3.6			-2.3	2.2	-0.2	1%	8%	13%	9%	11%	13%	8%	0%	14%	22%	0%	0%	73%
5	06/25	160,168	1.9		3.0					0.0	2.7	0.1	69%	0%	0%	0%	0%	0%	3%	0%	0%	28%	0%	0%	97%
6	06/25	165,583	-8.2		4.8		9.1			0.0	4.1	-0.3	15%	67%	1%	0%	0%	8%	1%	0%	7%	0%	0%	0%	99%
7	08/25	168,133	0.7	4.32	2.4		2.6			-2.3	2.3	0.0	77%	0%	0%	0%	0%	0%	0%	0%	0%	1%	22%	0%	100%
8	09/25	174,992	-0.5	3.32	0.7		1.8			-1.1	0.9	-0.4	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
9	09/25	110,653	-0.1	3.76	2.2		2.7			-2.2	2.2	-0.1	58%	1%	0%	0%	0%	8%	0%	9%	0%	14%	10%	0%	99%
10	08/25	110,000	0.5		1.5					0.0	1.6	-0.4	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
11	07/25	108,614	3.6		2.1					0.0	2.0	0.0	71%	0%	0%	0%	0%	0%	0%	0%	11%	18%	0%	0%	100%
12	08/25	108,396	0.4	3.95	3.3		3.3			-2.9	3.0	0.1	19%	0%	0%	0%	0%	57%	0%	0%	5%	3%	16%	0%	100%
13	09/25	101,320	1.4	4.30	2.2		2.2			-2.0	2.0	0.0	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
14	07/25	188,341	-3.7	3.26	5.0		5.1			-4.2	4.3	0.2	40%	1%	0%	0%	0%	28%	0%	0%	21%	10%	0%	0%	100%
15	07/25	197,013	0.8		1.3					0.0	1.2	0.0	91%	0%	0%	0%	0%	0%	0%	0%	4%	5%	0%	0%	100%
16	08/25	207,004	-0.9	2.77	1.2		1.7			-1.2	1.1	-0.2	67%	0%	0%	0%	0%	0%	0%	0%	6%	19%	8%	0%	100%
17	09/25	77,402	-0.4		3.4		5.5			0.0	2.4	-0.8	20%	12%	16%	12%	0%	0%	4%	0%	36%	1%	0%	0%	84%
18	07/25	76,320	-1.9	2.98	2.2		2.4			-2.0	2.0	0.0	75%	0%	0%	0%	0%	0%	0%	0%	20%	0%	5%	0%	100%
19	08/25	74,749	0.2		1.2					0.0	1.1	-0.8	74%	26%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
20	09/25	70,309	-7.2		8.9		14.4			0.0	5.6	-0.8	1%	21%	0%	2%	10%	1%	9%	0%	54%	3%	0%	0%	82%
21	08/25	70,245	-19.1		11.8		23.7			0.0	8.8	0.6	36%	0%	0%	0%	0%	0%	0%	0%	41%	21%	1%	0%	98%
22	09/25	217,500	-0.2		1.7		0.2			0.0	1.6	-0.2	86%	0%	0%	0%	0%	0%	0%	0%	14%	0%	0%	0%	99%
23	09/25	65,339	-1.5		1.8					0.0	1.6	-0.2	23%	77%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
24	07/25	64,166	-0.8	2.78	1.8		1.8			-1.6	1.6	0.0	69%	0%	0%	0%	0%	0%	0%	0%	10%	17%	3%	0%	100%
25	09/25	62,172	-0.5	2.93	2.0		2.1			-1.9	1.9	0.0	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Avg		125,792	-1.4	3.60	2.9		4.8			-1.1	2.4	-0.1	60%	9%	1%	1%	1%	5%	1%	0%	11%	7%	3%	2%	97%
Port	09/25	143,346	-0.6	3.18	1.8	1.4	2.1	0.7	-0.7	-1.5	1.4	-0.2	90%	0%	0%	0%	0%	0%	0%	0%	0%	8%	2%	0%	99%
Diff		17,554	0.8	-0.42	-1.1		-2.7			-0.4	-1.1	-0.1	31%	-9%	-1%	-1%	-1%	-5%	-1%	0%	-11%	1%	-1%	-2%	2%

* Peer group includes Public Entitys that have received portfolio analysis from Stifel in the last three months with the closest portfolio book values.

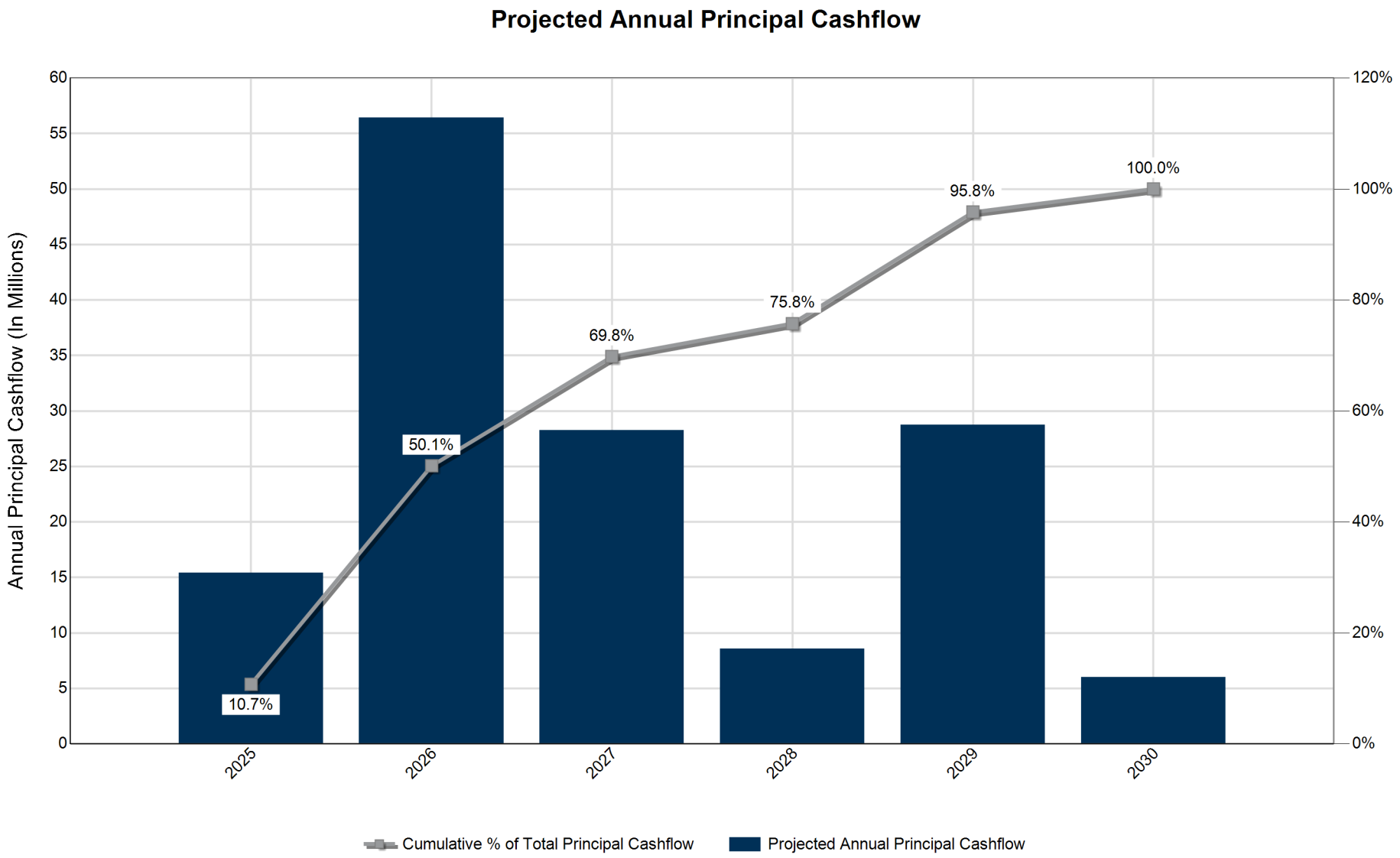
Monthly Cashflow Profile - Next 30 Months



Monthly Cashflow Rate Shock - Next 30 Months

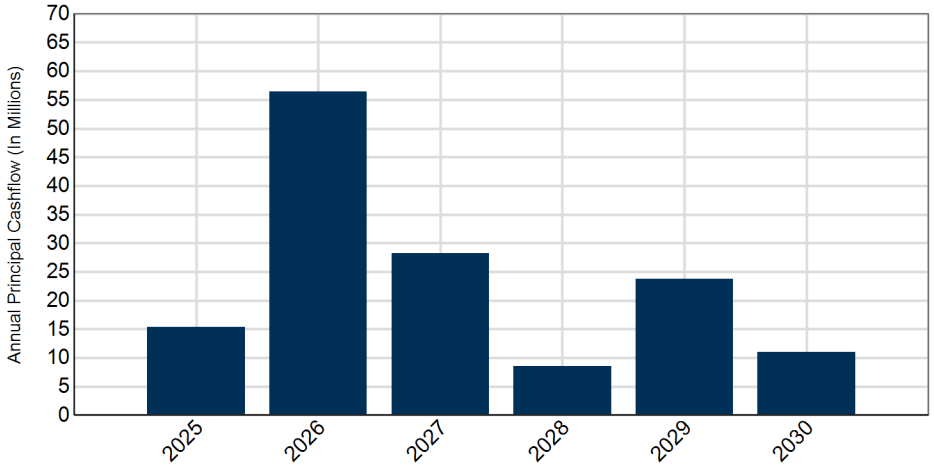


Annual Cashflow Profile

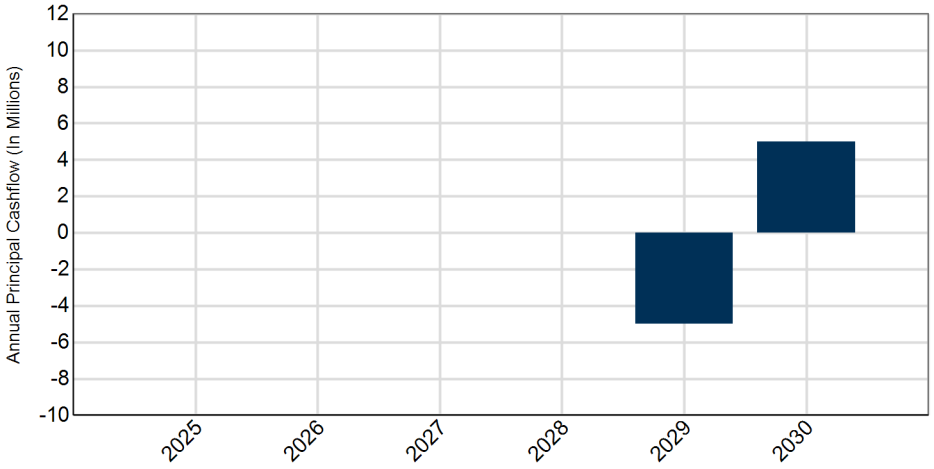


Annual Cashflow Rate Shock

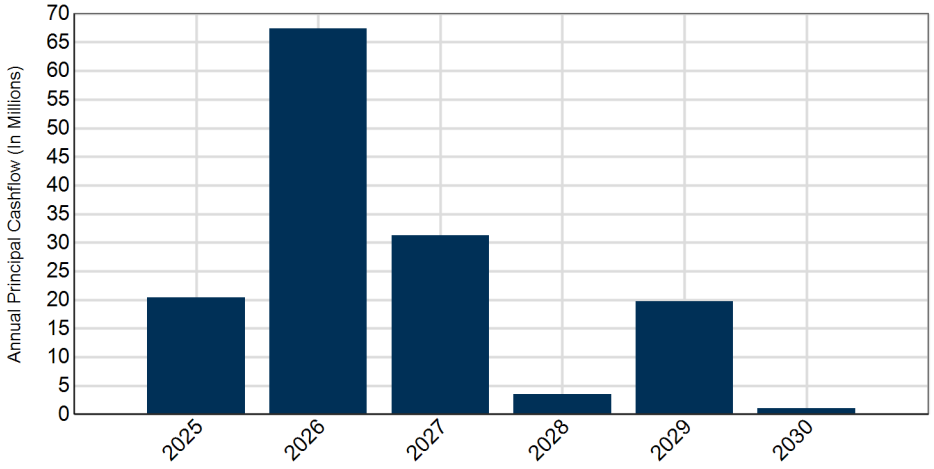
Projected Annual Principal Cashflow +50



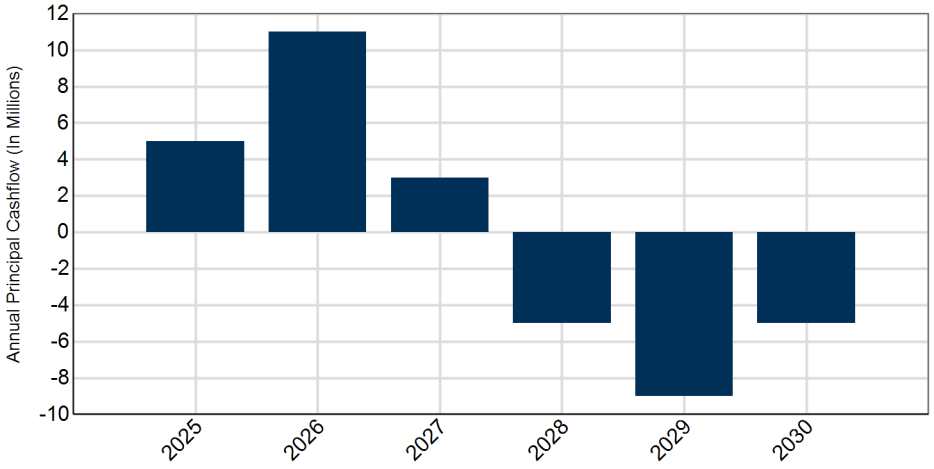
Change in Annual Principal Cashflow +50



Projected Annual Principal Cashflow -50



Change in Annual Principal Cashflow -50



5-Year Quarterly Principal Cash Flow Projections

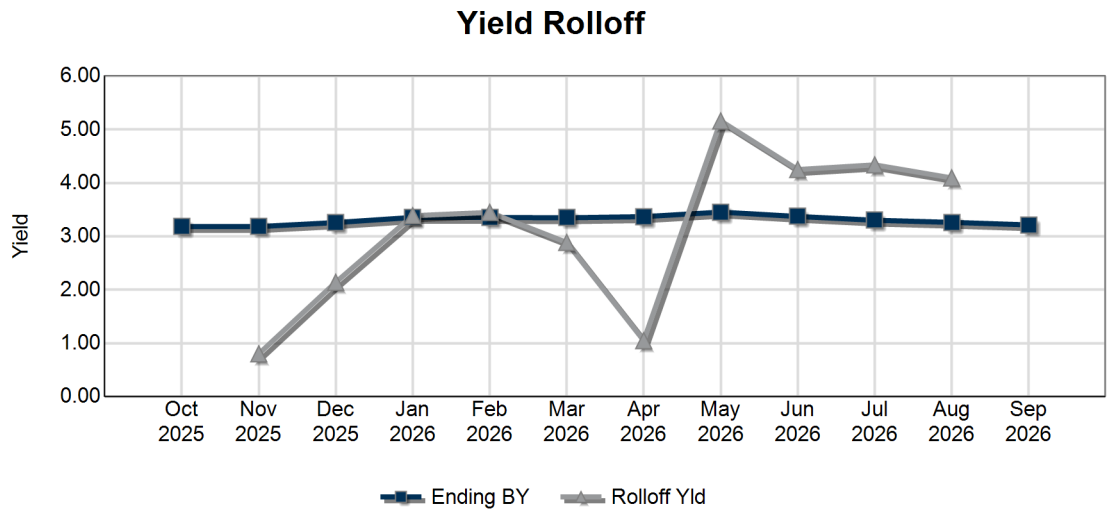
12-Month Principal Cash Flow Projections							Percentage of Total Cash Flow Projections					
Period	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
Oct 25	0.0	0.0	0.0	0.0	0.0	0.0	0%	0%	0%	0%	0%	0%
Nov 25	4.2	4.4	4.4	4.4	4.4	9.4	3%	3%	3%	3%	3%	3%
Dec 25	11.2	11.0	11.0	11.0	11.0	11.0	11%	11%	11%	11%	11%	11%
Jan 26	2.0	2.0	2.0	2.0	2.0	4.0	12%	12%	12%	12%	12%	12%
Feb 26	8.0	8.0	8.0	8.0	18.0	13.0	18%	18%	18%	18%	25%	25%
Mar 26	5.2	5.2	5.2	5.2	5.2	5.7	21%	21%	21%	21%	28%	28%
Apr 26	4.0	4.0	4.0	4.0	7.0	7.0	24%	24%	24%	24%	33%	33%
May 26	0.0	5.0	5.0	5.0	5.0	5.0	24%	28%	28%	28%	37%	37%
Jun 26	7.5	7.7	7.7	7.7	7.7	7.2	29%	33%	33%	33%	42%	42%
Jul 26	0.5	3.5	3.5	3.5	3.5	3.5	30%	35%	35%	35%	45%	45%
Aug 26	0.0	5.0	5.0	5.0	5.0	5.0	30%	39%	39%	39%	48%	48%
Sep 26	0.0	0.0	0.0	0.0	0.0	0.0	30%	39%	39%	39%	48%	48%

5-Year Quarterly Principal Cash Flow Projections							Percentage of Total Cash Flow Projections					
Period	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
4Q25	15.4	15.4	15.4	15.4	15.4	20.4	11%	11%	11%	11%	11%	14%
1Q26	15.2	15.2	15.2	15.2	25.2	22.7	21%	21%	21%	21%	28%	30%
2Q26	11.5	16.7	16.7	16.7	19.7	19.2	29%	33%	33%	33%	42%	43%
3Q26	0.5	8.5	8.5	8.5	8.5	8.5	30%	39%	39%	39%	48%	49%
4Q26	15.0	16.0	16.0	16.0	17.0	17.0	40%	50%	50%	50%	60%	61%
1Q27	10.0	10.0	10.0	10.0	10.0	14.0	47%	57%	57%	57%	67%	71%
2Q27	10.5	10.5	10.5	10.5	10.5	10.5	54%	64%	64%	64%	74%	78%
3Q27	3.5	6.5	6.5	6.5	6.5	6.5	57%	69%	69%	69%	79%	83%
4Q27	1.2	1.2	1.2	1.2	0.2	0.2	58%	70%	70%	70%	79%	83%
1Q28	1.2	1.2	1.2	1.2	3.2	1.2	59%	71%	71%	71%	81%	84%
2Q28	5.2	0.0	0.0	3.0	0.0	0.0	62%	71%	71%	73%	81%	84%
3Q28	11.9	3.9	3.9	3.9	1.9	1.9	71%	73%	73%	75%	82%	85%
4Q28	3.5	3.5	3.5	0.5	0.5	0.5	73%	76%	76%	76%	83%	86%
1Q29	0.0	0.0	0.0	0.0	0.0	0.0	73%	76%	76%	76%	83%	86%
2Q29	0.2	0.2	0.2	5.2	0.2	0.2	73%	76%	76%	79%	83%	86%
3Q29	13.5	10.5	10.5	10.5	10.5	6.5	83%	83%	83%	87%	90%	90%
4Q29	14.0	13.0	13.0	13.0	13.0	13.0	92%	92%	92%	96%	99%	99%
1Q30	10.0	10.0	10.0	5.0	0.0	0.0	99%	99%	99%	99%	99%	99%
2Q30	1.0	1.0	1.0	1.0	1.0	1.0	100%	100%	100%	100%	100%	100%

In Millions

Cash Flow and Rolloff Yield - Next 12 Months

Yield Rolloff				
Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Oct 2025	3.18	0		3.18
Nov 2025	3.18	4,395	0.80	3.26
Dec 2025	3.26	11,000	2.14	3.36
Jan 2026	3.36	2,000	3.39	3.36
Feb 2026	3.36	8,000	3.45	3.35
Mar 2026	3.35	5,200	2.89	3.37
Apr 2026	3.37	4,000	1.05	3.46
May 2026	3.46	5,000	5.16	3.37
Jun 2026	3.37	7,710	4.25	3.30
Jul 2026	3.30	3,500	4.34	3.26
Aug 2026	3.26	5,000	4.10	3.22
Sep 2026	3.22	0		3.22

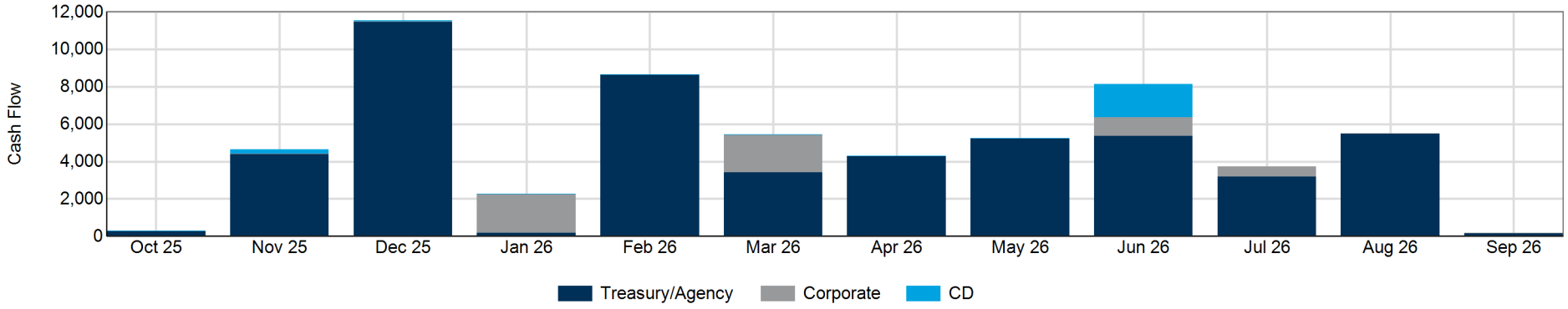


Shocked Principal and Interest Cash Flow Analysis							
Year	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
Oct 2025	295	295	295	295	295	295	295
Nov 2025	4,654	4,409	4,654	4,654	4,654	9,710	9,710
Dec 2025	11,549	11,549	11,549	11,549	11,549	11,549	11,549
Jan 2026	2,263	2,263	2,263	2,263	2,263	4,263	4,263
Feb 2026	8,658	8,658	8,658	8,658	18,657	13,544	13,544
Mar 2026	5,459	5,459	5,459	5,459	5,459	5,964	5,459
Apr 2026	4,293	4,293	4,293	4,293	7,293	7,293	7,800
May 2026	5,246	246	5,246	5,246	5,246	5,246	5,246
Jun 2026	8,138	7,893	8,138	8,138	8,138	7,628	7,628
Jul 2026	3,728	728	3,728	3,728	3,728	3,688	3,688
Aug 2026	5,518	518	5,518	5,518	5,294	5,294	5,294
Sep 2026	183	183	183	183	183	183	183

Sector Cash Flow - Next 12 Months

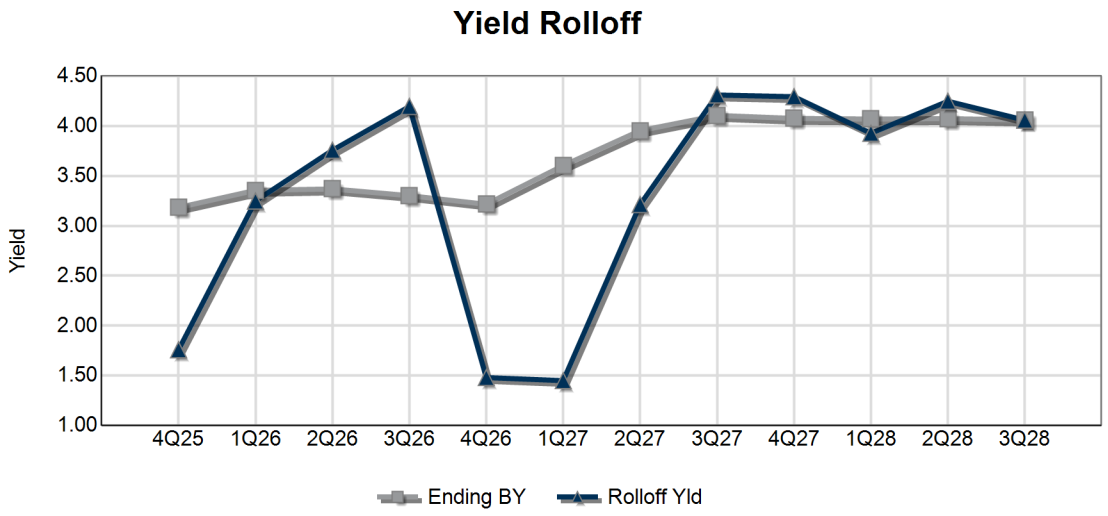
		Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Bk Yld Chg
Treasury/Agency	Cash Flow	285	4,387	11,482	176	8,618	3,411	4,283	5,226	5,361	3,176	5,480	176	
	End BY	3.10	3.19	3.29	3.29	3.28	3.31	3.40	3.31	3.26	3.22	3.16	3.16	0.06
Corporate	Cash Flow	8	19	19	2,086	39	2,047	8	19	1,019	552	39	8	
	End BY	3.73	3.73	3.73	3.80	3.80	3.77	3.77	3.77	3.78	3.84	3.84	3.84	0.10
CD	Cash Flow	2	247	48	1	1	1	1	1	1,758	0	0	0	
	End BY	4.92	4.86	4.86	4.86	4.86	4.86	4.86	4.86	4.43	4.43	4.43	4.43	-0.49
Total	Cash Flow	295	4,654	11,549	2,263	8,658	5,459	4,293	5,246	8,138	3,728	5,518	183	
	End BY	3.18	3.26	3.36	3.36	3.35	3.37	3.46	3.37	3.30	3.26	3.22	3.22	0.03

Total Cash Flows By Sector



Cash Flow and Rolloff Yield - Next 3 Years

Yield Rolloff				
Quarter	Begin BY	Principal CF	Rolloff Yld	Ending BY
4Q25	3.18	15,395	1.76	3.36
1Q26	3.36	15,200	3.25	3.37
2Q26	3.37	16,710	3.76	3.30
3Q26	3.30	8,500	4.20	3.22
4Q26	3.22	16,000	1.48	3.60
1Q27	3.60	10,000	1.45	3.95
2Q27	3.95	10,500	3.21	4.11
3Q27	4.11	6,500	4.31	4.08
4Q27	4.08	1,240	4.29	4.07
1Q28	4.07	1,156	3.93	4.07
2Q28	4.07	3,000	4.25	4.06
3Q28	4.06	3,900	4.06	4.06

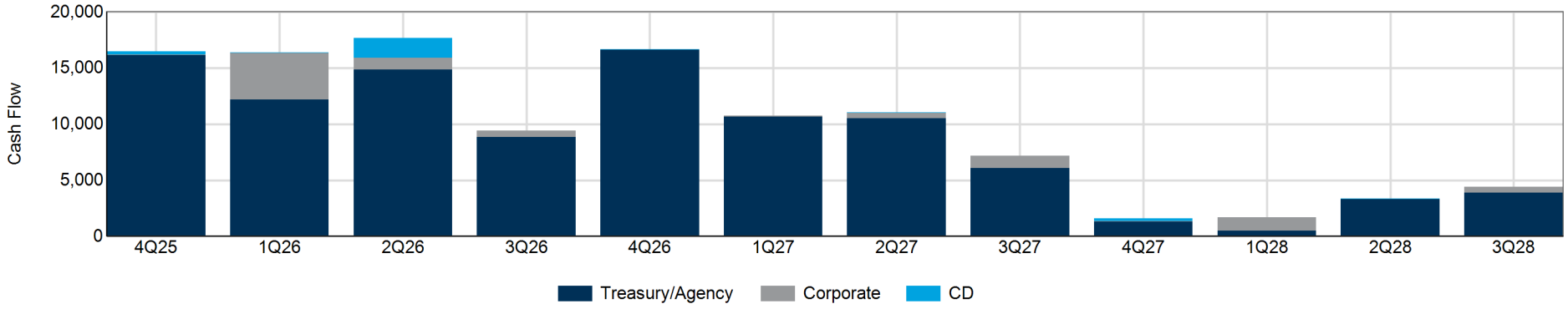


Shocked Principal and Interest Cash Flow Analysis							
Quarter	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
4Q25	16,498	16,253	16,498	16,498	16,498	21,555	21,555
1Q26	16,379	16,379	16,379	16,379	26,378	23,771	23,266
2Q26	17,677	12,432	17,677	17,677	20,677	20,166	20,673
3Q26	9,429	1,429	9,429	9,429	9,205	9,165	9,165
4Q26	16,660	15,660	16,660	16,660	17,596	17,596	17,596
1Q27	10,750	10,750	10,750	10,750	10,525	14,485	10,485
2Q27	11,037	11,037	11,037	11,037	10,952	10,952	10,952
3Q27	7,178	4,178	7,178	7,178	6,954	6,834	6,914
4Q27	1,612	1,612	1,612	1,612	527	527	527
1Q28	1,694	1,694	1,694	1,694	3,469	1,349	5,429
2Q28	343	343	343	343	279	279	279
3Q28	4,415	4,415	4,415	4,415	2,148	2,068	2,068

Sector Cash Flow - Next 3 Years

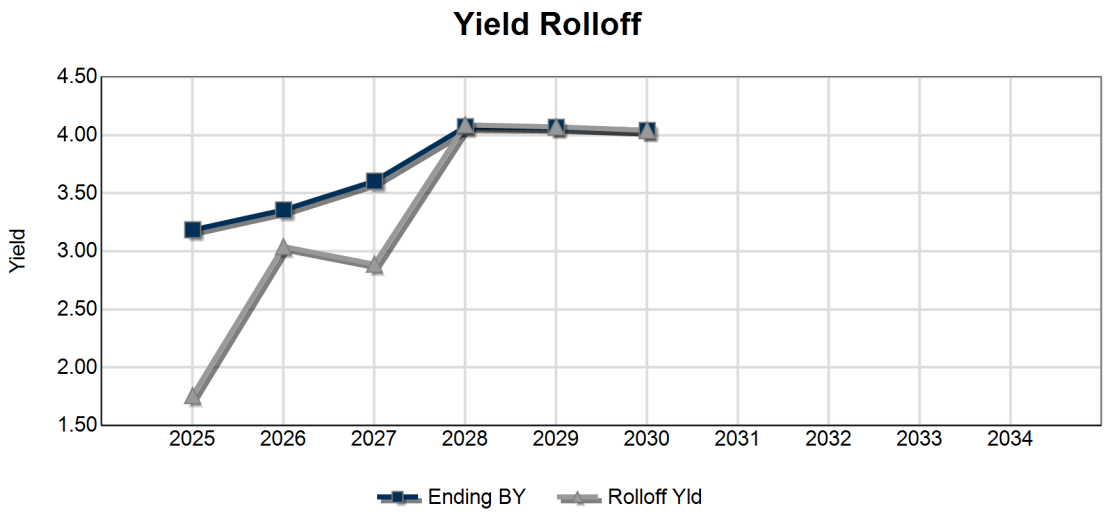
		4Q25	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27	1Q28	2Q28	3Q28	Bk Yld Chg
Treasury/Agency	Cash Flow	16,154	12,204	14,870	8,831	16,622	10,659	10,499	6,088	1,342	468	3,318	3,868	
	End BY	3.29	3.31	3.26	3.16	3.58	3.96	4.13	4.10	4.10	4.10	4.09	4.10	0.81
Corporate	Cash Flow	46	4,172	1,046	598	28	91	528	1,091	19	1,225	19	547	
	End BY	3.73	3.77	3.78	3.84	3.84	3.84	3.88	3.81	3.81	3.77	3.77	3.58	-0.16
CD	Cash Flow	298	3	1,760	0	11	0	11	0	251	0	6	0	
	End BY	4.86	4.86	4.43	4.43	4.43	4.43	4.43	4.43	4.65	4.65	4.65	4.65	-0.21
Total	Cash Flow	16,498	16,379	17,677	9,429	16,660	10,750	11,037	7,178	1,612	1,694	3,343	4,415	
	End BY	3.36	3.37	3.30	3.22	3.60	3.95	4.11	4.08	4.07	4.07	4.06	4.06	0.71

Total Cash Flows By Sector



Cash Flow and Rolloff Yield - Next 10 Years

Yield Rolloff				
Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2025	3.18	15,395	1.76	3.36
2026	3.36	56,410	3.04	3.60
2027	3.60	28,240	2.89	4.07
2028	4.07	8,556	4.09	4.07
2029	4.07	28,745	4.07	4.04
2030	4.04	6,000	4.04	
2031				
2032				
2033				
2034				

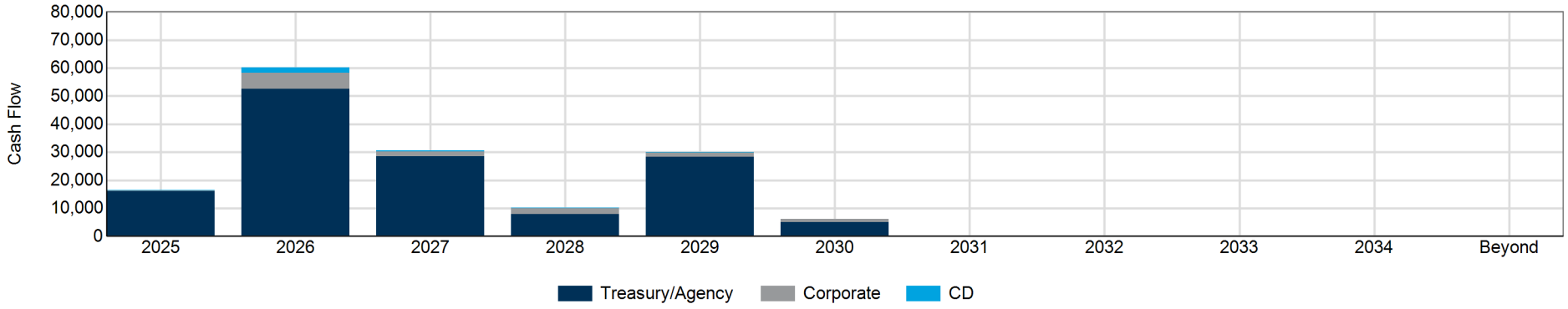


Shocked Principal and Interest Cash Flow Analysis							
Year	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
2025	16,498	16,499	16,498	16,498	16,498	21,555	21,555
2026	60,145	46,036	60,145	60,145	73,856	70,698	70,700
2027	30,577	28,234	30,577	30,577	28,957	32,797	28,877
2028	10,296	24,198	10,296	10,296	6,678	4,478	8,558
2029	25,152	29,332	25,152	25,152	24,703	20,543	20,543
2030	11,235	11,235	11,235	11,235	1,010	1,010	1,010

Sector Cash Flow - Next 10 Years

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Bk Yld Chg
Treasury/Agency	Cash Flow	16,154	52,527	28,588	7,910	28,236	5,111					
	End BY	3.29	3.58	4.10	4.10	4.45						
Corporate	Cash Flow	46	5,844	1,728	2,311	1,589	1,010					
	End BY	3.73	3.84	3.81	3.55	2.00						
CD	Cash Flow	298	1,774	261	11	251						
	End BY	4.86	4.43	4.65	4.65							
Total	Cash Flow	16,498	60,145	30,577	10,233	30,076	6,121					
	End BY	3.36	3.60	4.07	4.07	4.04						

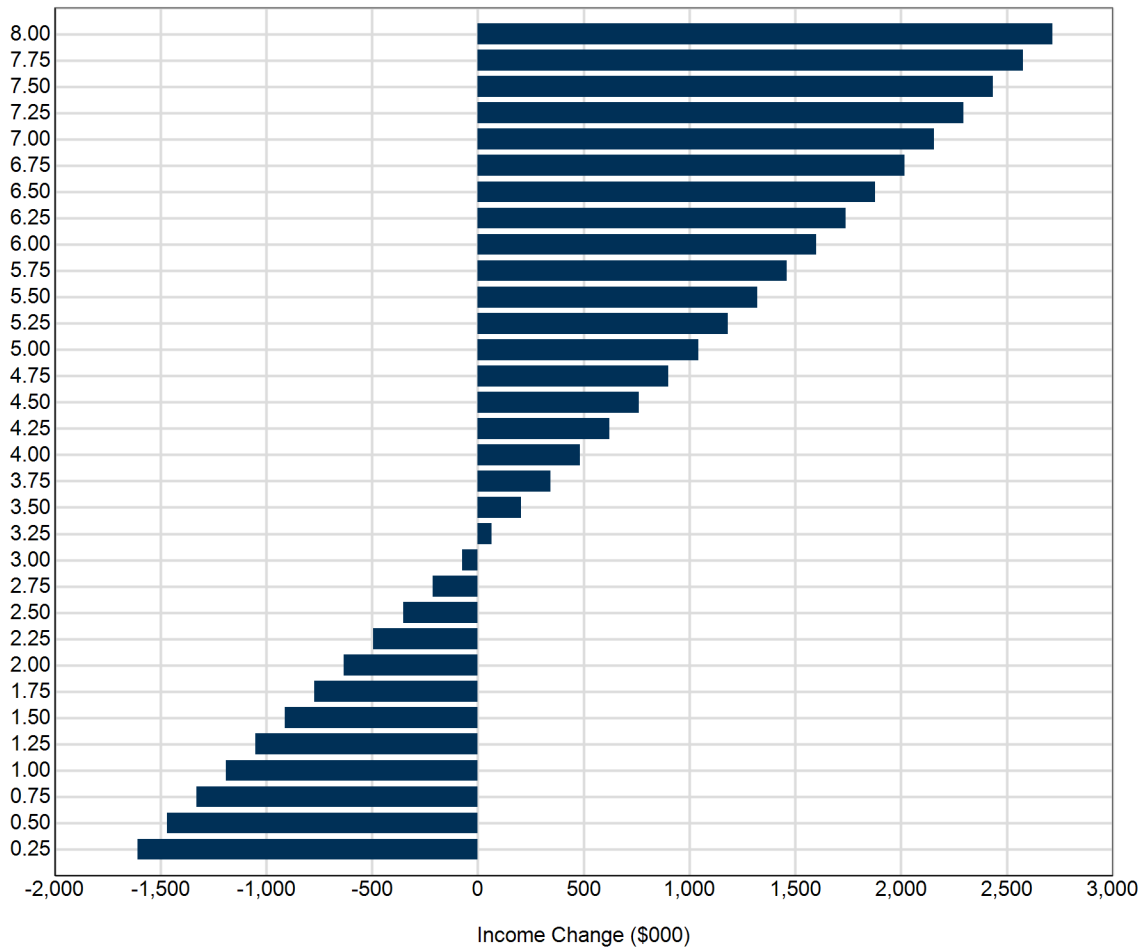
Total Cash Flows By Sector



Gap Analysis - Potential Income Impact of Principal Reinvestment

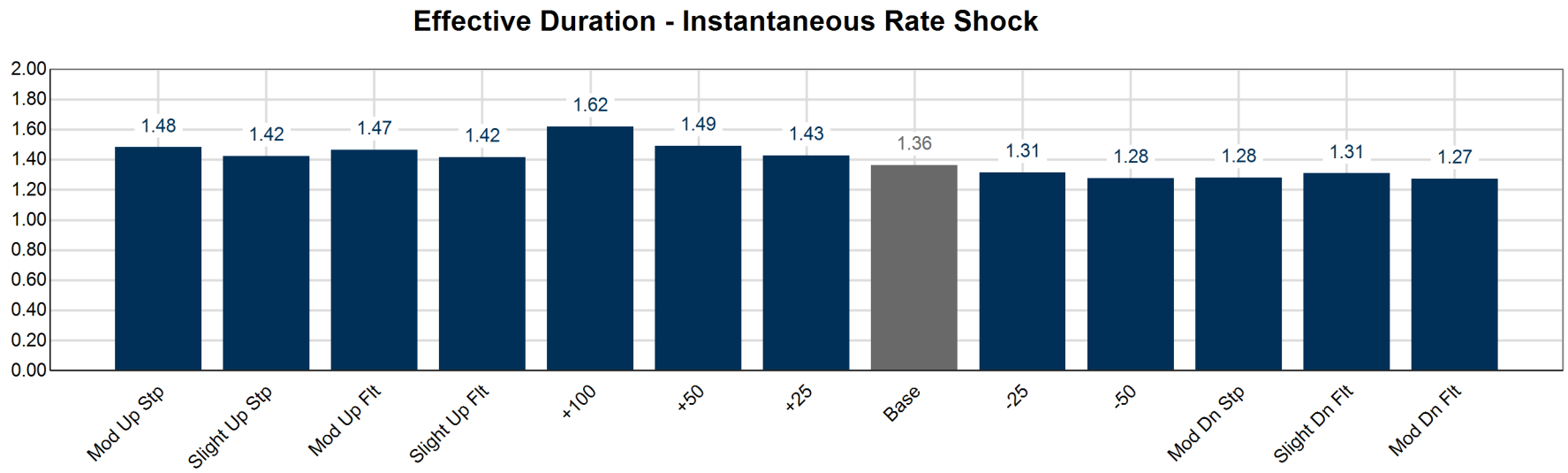
Principal Maturing(12 Mo.Horizon): $55,805
Current Book Yield of Principal Maturing: 3.13%
Est. Annual Income at Current Book Yield: $1,749

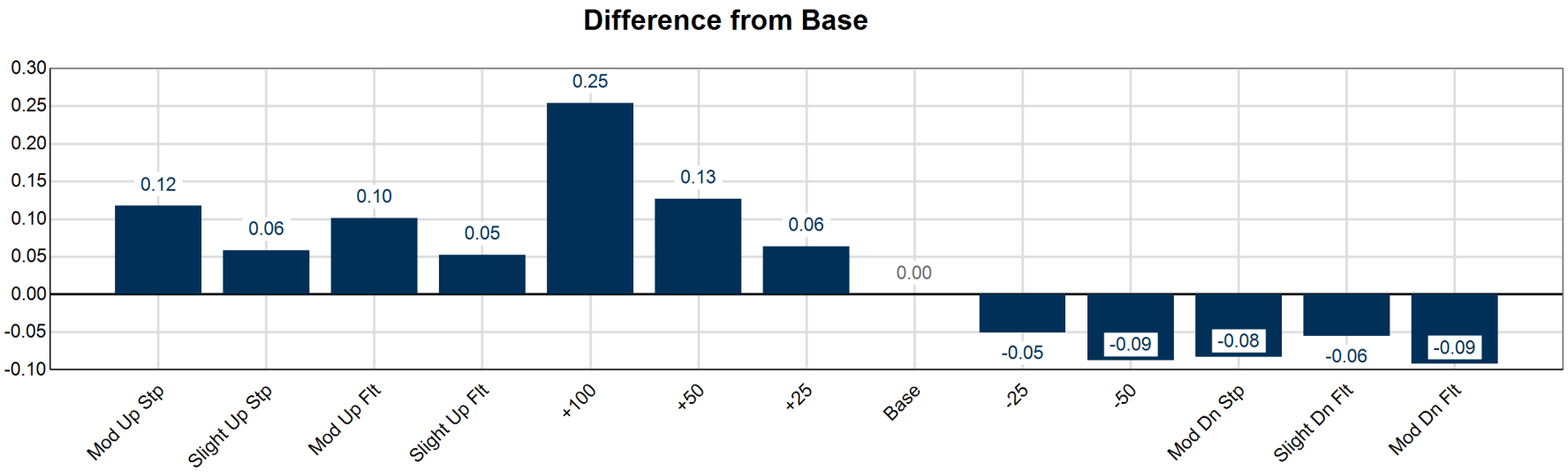
Estimated Impact on Income at Various Reinvestment Yields



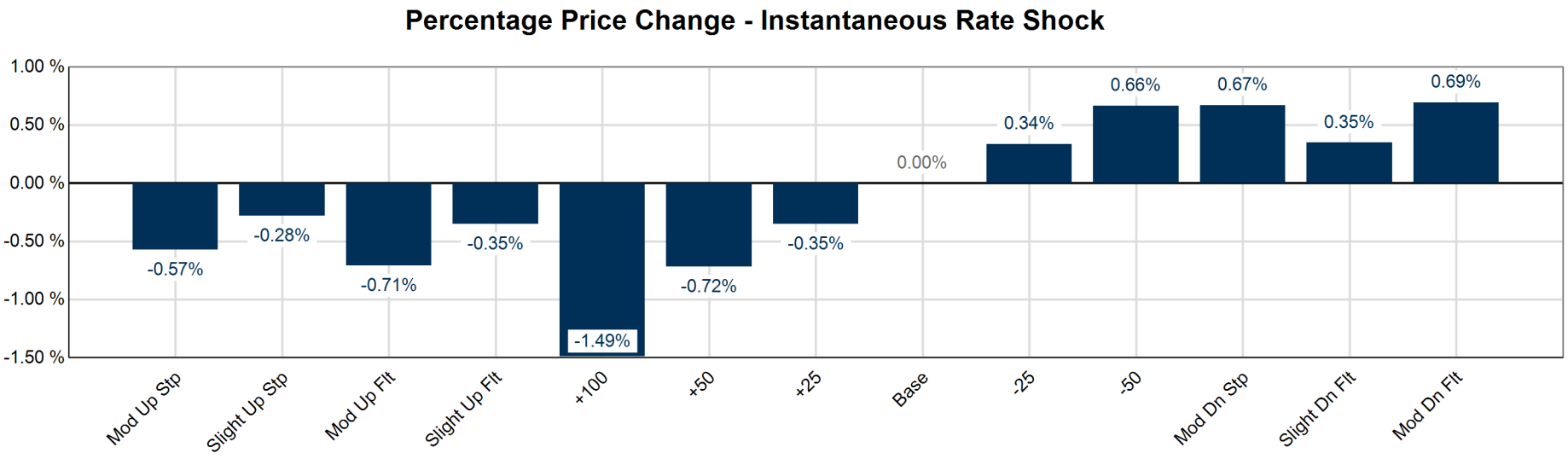
Assumed Reinvestment Yield	Estimated Annualized Income	Income Difference from Current Book	Resulting Book Yield
0.25	140	-1,610	2.06
0.50	279	-1,470	2.16
0.75	419	-1,331	2.26
1.00	558	-1,191	2.35
1.25	698	-1,052	2.45
1.50	837	-912	2.55
1.75	977	-773	2.65
2.00	1,116	-633	2.74
2.25	1,256	-493	2.84
2.50	1,395	-354	2.94
2.75	1,535	-214	3.03
3.00	1,674	-75	3.13
3.25	1,814	65	3.23
3.50	1,953	204	3.33
3.75	2,093	344	3.42
4.00	2,232	483	3.52
4.25	2,372	623	3.62
4.50	2,511	762	3.72
4.75	2,651	902	3.81
5.00	2,790	1,041	3.91
5.25	2,930	1,181	4.01
5.50	3,069	1,320	4.11
5.75	3,209	1,460	4.20
6.00	3,348	1,599	4.30
6.25	3,488	1,739	4.40
6.50	3,627	1,878	4.49
6.75	3,767	2,018	4.59
7.00	3,906	2,157	4.69
7.25	4,046	2,297	4.79
7.50	4,185	2,436	4.88
7.75	4,325	2,576	4.98
8.00	4,464	2,715	5.08

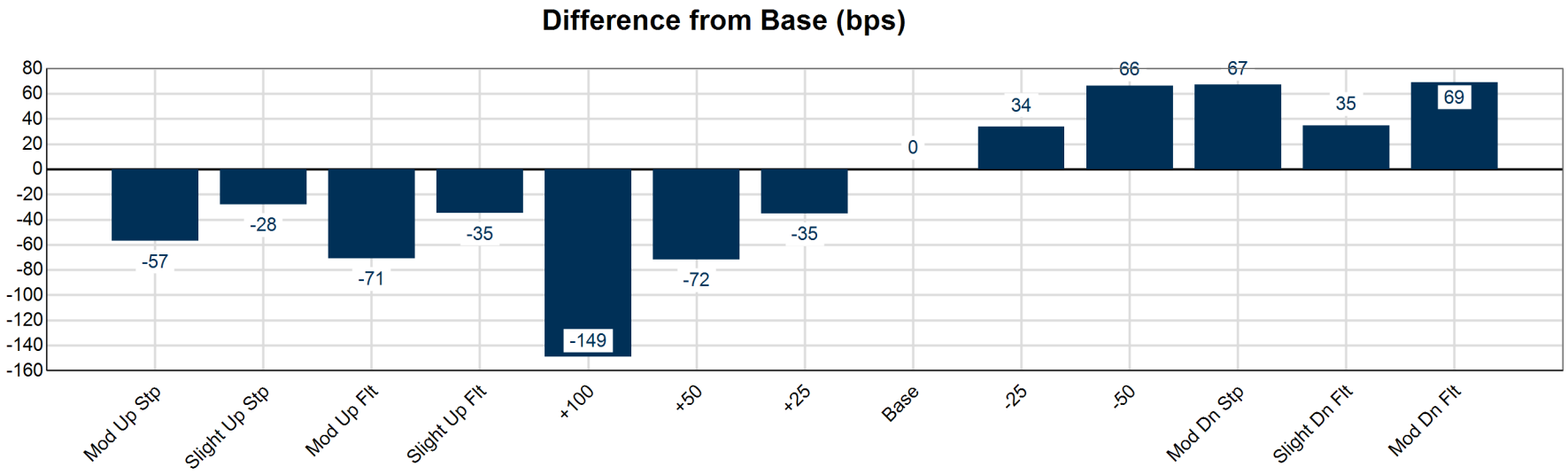
Effective Duration - Instantaneous Rate Shock



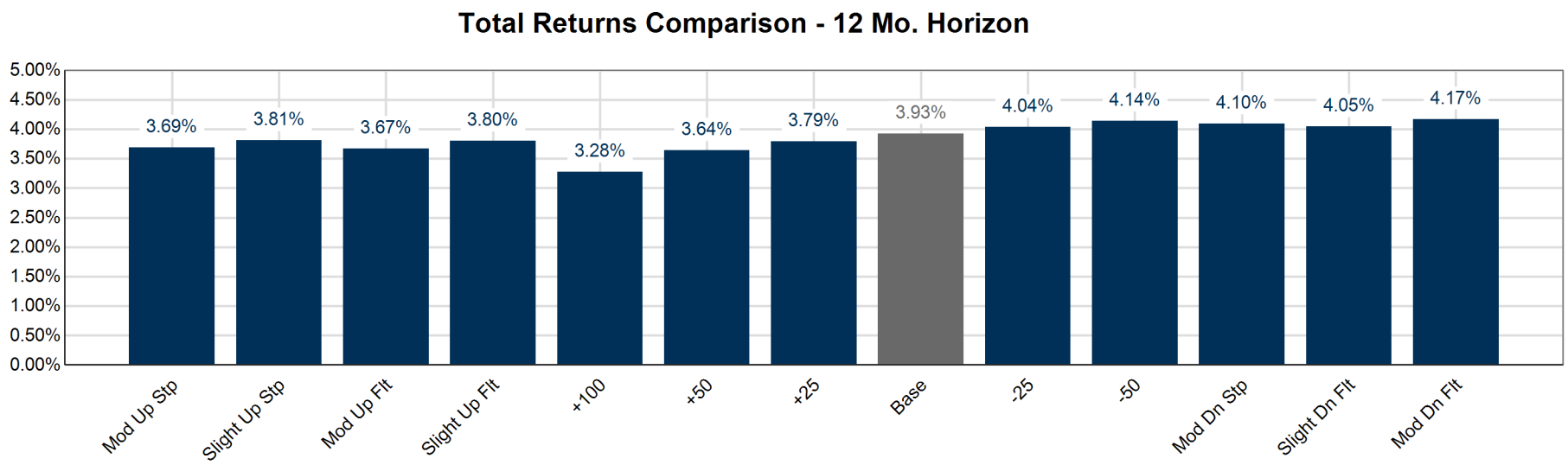


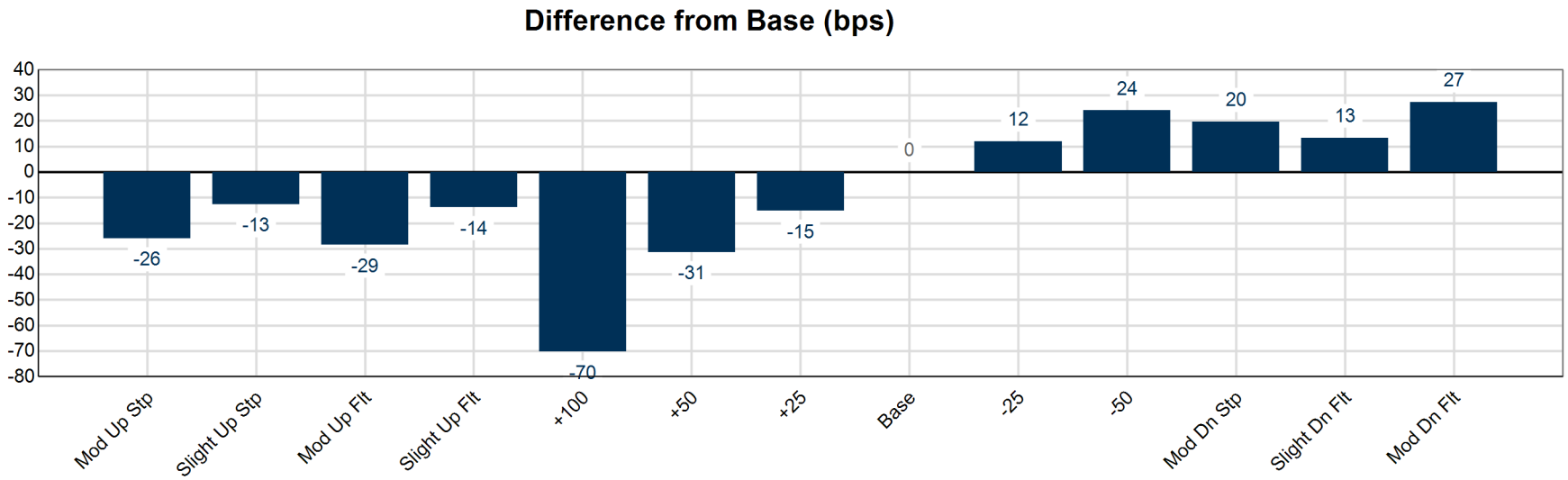
% Px Chng - Instantaneous Rate Shock



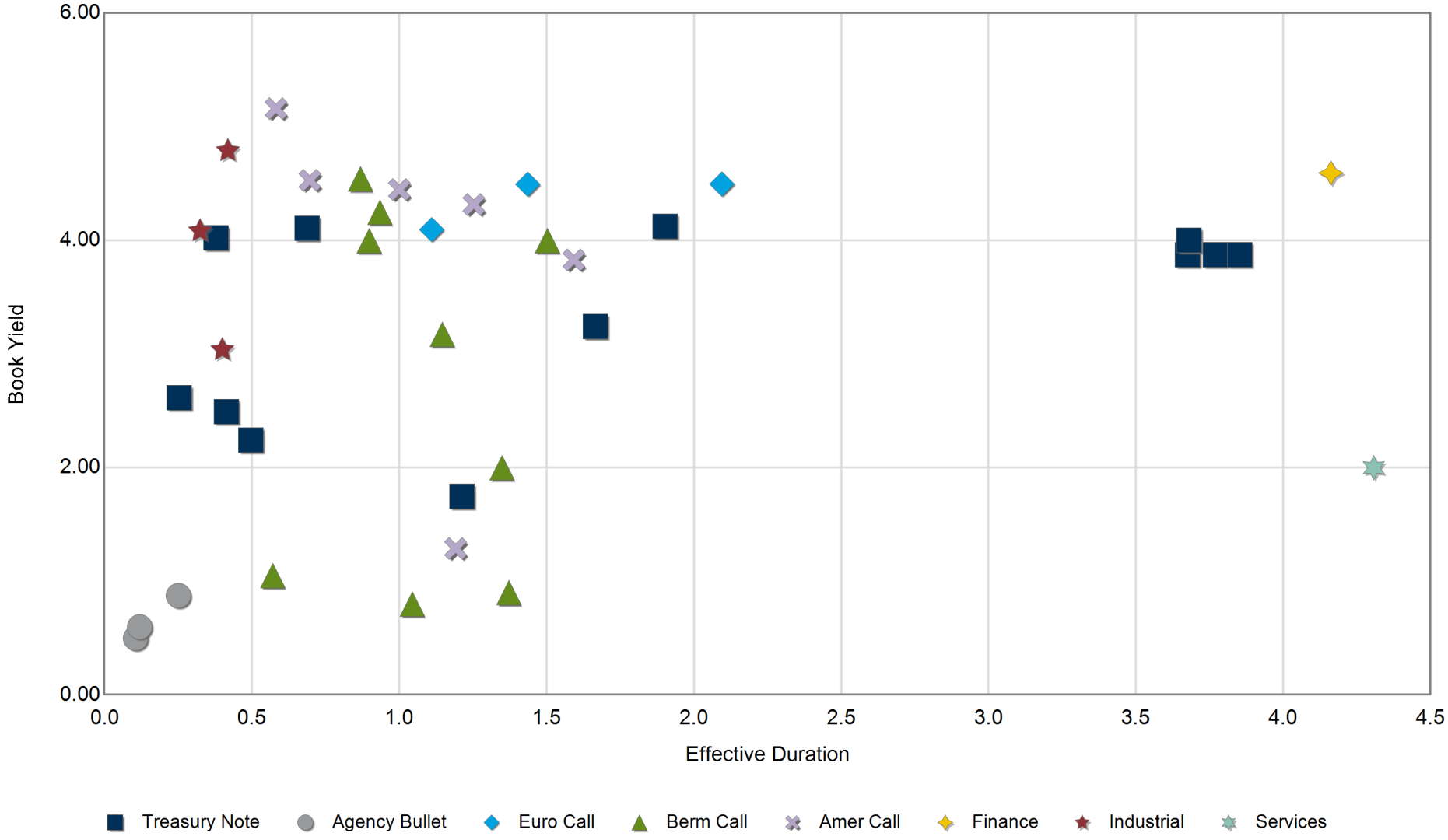


Total Returns - 12mo Horizon



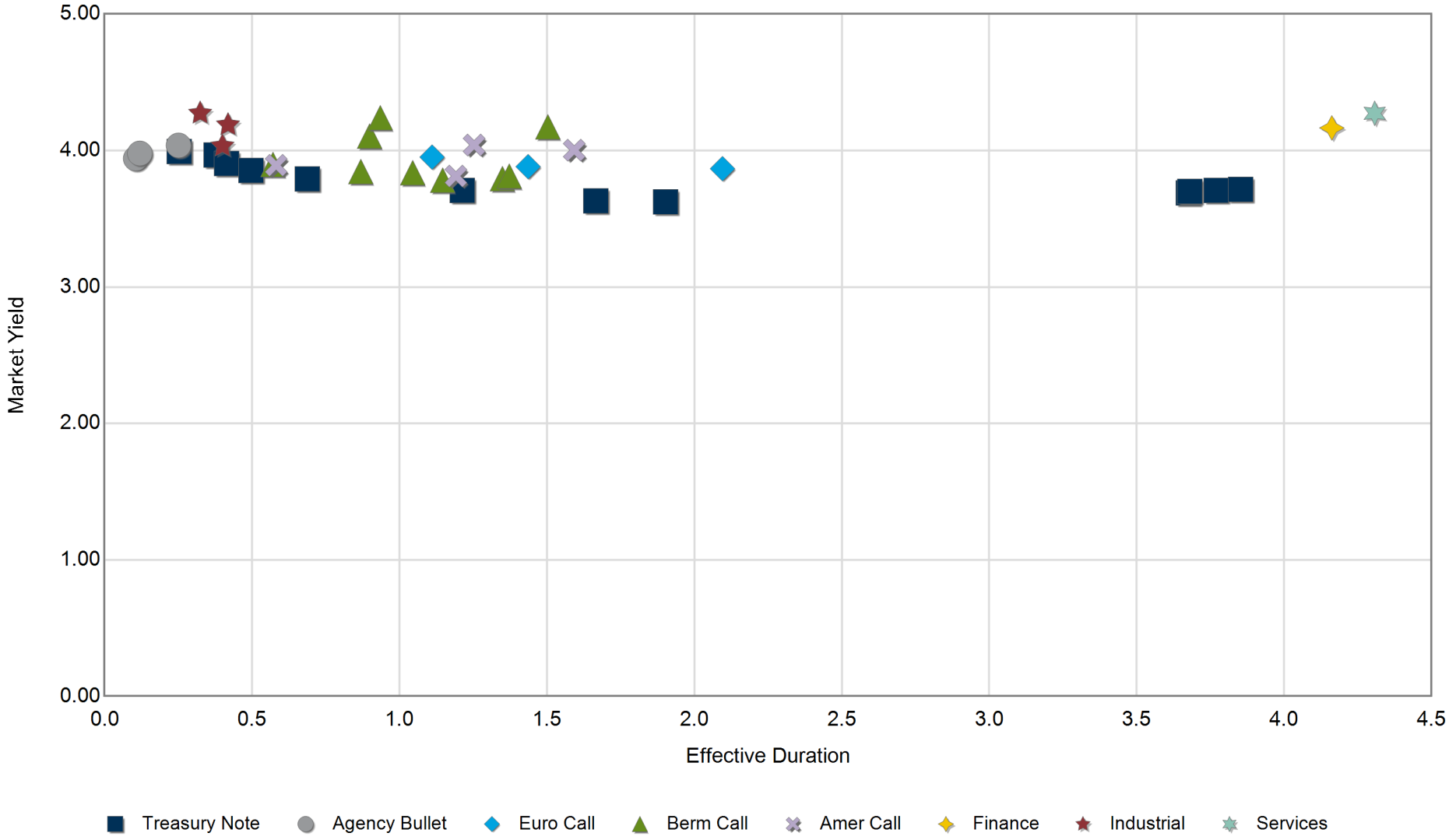


Book Yield / Duration



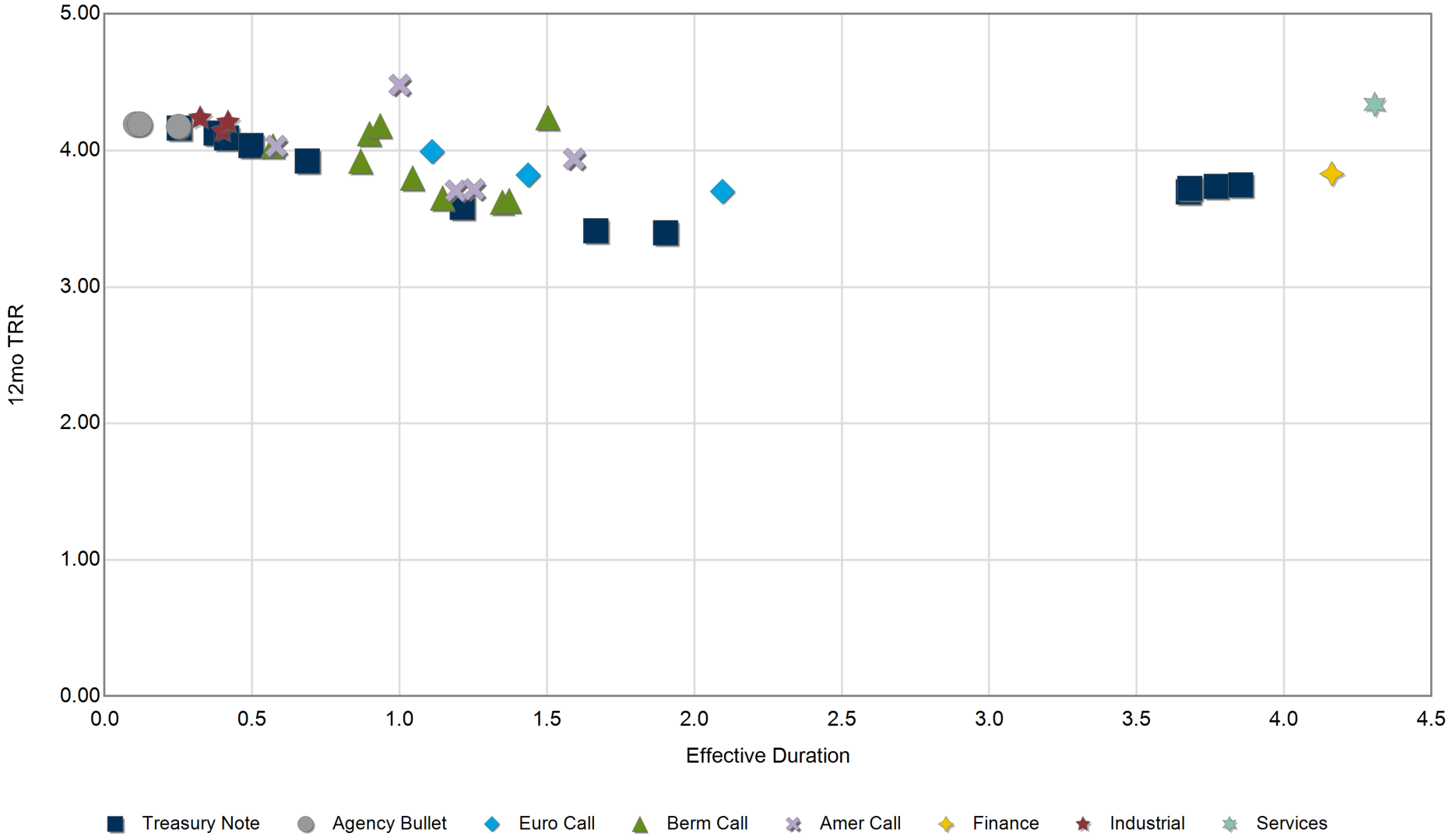
*Only securities >=$1mm shown

Market Yield / Duration



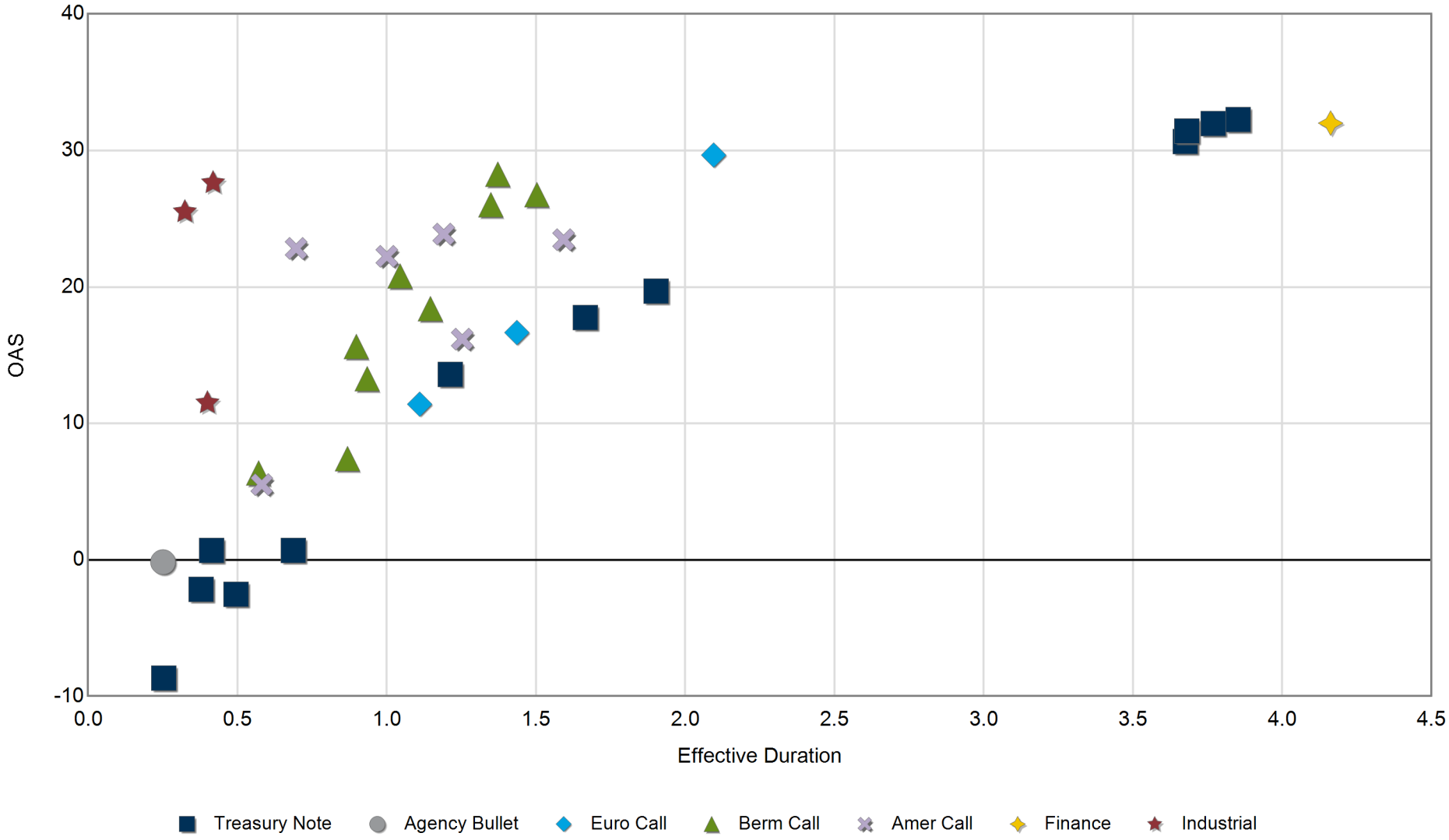
*Only securities >=$1mm shown

Total Return / Duration



*Only securities >=$1mm shown

OAS / Duration



*Only securities >=$1mm shown

Agency/Sovereign Option - Adjusted Analysis

Bond ID #	CUSIP	Security Description	Original Structure	Current Structure	Next Call Date	Proj. Redemp	Par Value	Book Price	Mkt Price	Est. G/L	at Book Price YTPC	at Book Price YTM	at Market Price YTPC	at Market Price YTM	OAS	Eff Dur	Eff Conv
1	3135G06G3	FNMA 0 1/2 11/07/25	5Yr Bullet	Bullet		11/07/25	3,000	100.00	99.65	-11	0.50	0.50	3.94	3.94	-28.5	0.11	0.00
2	3134GXBM5	FHLMC 0.6 11/12/25	5YrNC1Yr Berm	Bullet		11/12/25	1,150	100.00	99.61	-4	0.60	0.60	3.98	3.98	-21.9	0.12	0.00
4	3130AMRQ7	FHLB 0 7/8 12/30/25	4.5YrNC3mo Berm	0.25Yr Bullet		12/30/25	3,000	100.00	99.22	-23	0.87	0.87	4.04	4.04	-0.2	0.25	0.00
5	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	0.25Yr Bullet		12/31/25	3,000	100.00	99.66	-10	2.62	2.62	3.99	3.99	-8.7	0.25	0.00
6	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	0.25Yr Bullet		12/31/25	5,000	100.00	99.66	-17	2.62	2.62	3.99	3.99	-8.7	0.25	0.00
10	91282CGL9	T 4 02/15/26	3Yr Bullet	0.25Yr Bullet		02/15/26	5,000	100.00	100.02	1	4.02	4.02	3.97	3.97	-2.2	0.38	0.00
12	9128286F2	T 2 1/2 02/28/26	7Yr Bullet	0.5Yr Bullet		02/28/26	3,000	100.00	99.42	-17	2.49	2.49	3.91	3.91	0.7	0.41	0.00
14	9128286L9	T 2 1/4 03/31/26	7Yr Bullet	0.5Yr Bullet		03/31/26	3,200	100.00	99.21	-25	2.24	2.24	3.85	3.85	-2.5	0.50	0.00
16	3130AN5C0	FHLB 1.05 04/29/26	4.75YrNC3mo Berm	0.5YrNC1mo Berm	10/29/25	04/29/26	4,000	100.00	98.38	-65	1.05	1.05	3.90	3.90	6.4	0.57	0.01
17	3133ERCX7	FFCB 5.17 05/01/28	4YrNC2Yr Amer	2.5YrNC7mo Amer	05/01/26	05/01/26	5,000	100.00	100.73	37	5.16	5.17	3.89	4.86	5.5	0.58	-0.06
22	91282CHH7	T 4 1/8 06/15/26	3Yr Bullet	0.75Yr Bullet		06/15/26	5,000	100.00	100.22	11	4.11	4.11	3.79	3.79	0.7	0.69	0.01
24	3133ETUM7	FFCB 4.53 02/25/30	4.5YrNC3mo Amer	4.5YrNC2mo Amer	11/25/25	04/24/29	5,000	100.00	99.92	-4	4.53	4.53	4.55	4.55	22.8	0.70	-1.92
29	3130B4QA2	FHLB 4.55 07/21/28	3.5YrNC1.5Yr	2.75YrNC9mo	07/21/26	07/21/26	3,000	100.00	100.55	17	4.54	4.55	3.85	4.34	7.4	0.87	-0.15
30	3134HBWS6	FHLMC 4 07/07/28	3YrNC6mo Berm	2.75YrNC3mo Berm	01/07/26	07/07/28	2,000	100.00	99.72	-6	4.00	4.00	4.11	4.11	15.6	0.90	-1.18
31	3130B62E5	FHLB 4 1/4 10/30/28	3.5YrNC1Yr Berm	3YrNC7mo Berm	04/30/26	04/30/28	3,000	100.00	100.02	1	4.25	4.25	4.24	4.24	13.3	0.93	-0.68
32	3133ETUN5	FFCB 4.45 02/25/30	4.5YrNC6mo Amer	4.5YrNC5mo Amer	02/25/26	02/25/30	5,000	100.00	99.91	-5	4.45	4.45	4.47	4.47	22.3	1.00	-1.43
33	3134GW4C7	FHLMC 0.8 10/27/26	6YrNC3mo Berm	1YrNC1mo Berm	10/27/25	10/27/26	5,000	100.00	96.83	-159	0.80	0.80	3.84	3.84	20.8	1.04	0.02
34	3136GAGW3	FNMA 4.1 08/10/28	3.25YrNC1.3Yr 1x	2.75YrNC10mo 1x	08/10/26	08/10/26	5,000	100.00	100.12	6	4.10	4.10	3.95	4.05	11.4	1.11	-0.73
35	3130ARHJ3	FHLB 3.175 04/19/27	5YrNC1mo	1.5YrNC1mo	10/19/25	04/19/27	5,000	100.00	99.09	-46	3.17	3.17	3.78	3.78	18.4	1.15	-0.52
36	3133ENJC5	FFCB 1.29 12/22/26	5YrNC2Yr Amer	1.25YrNC1mo Amer	10/16/25	12/22/26	5,000	100.00	97.00	-150	1.29	1.29	3.81	3.81	23.9	1.19	0.02
37	912828YX2	T 1 3/4 12/31/26	7Yr Bullet	1.25Yr Bullet		12/31/26	5,000	100.00	97.63	-119	1.75	1.75	3.71	3.71	13.6	1.21	0.03
38	3133ERE23	FFCB 4.32 12/02/27	3YrNC2Yr Amer	2.25YrNC1.2Yr Amer	12/02/26	12/02/27	1,000	100.00	100.57	6	4.32	4.32	4.04	4.04	16.2	1.25	-0.19
40	3130AQRH8	FHLB 2 02/25/27	5YrNC3mo Berm	1.5YrNC2mo Berm	11/25/25	02/25/27	5,000	100.00	97.57	-122	2.00	2.00	3.79	3.79	26.0	1.35	-0.01
41	3130AL5A8	FHLB 0.9 02/26/27	6YrNC3mo Berm	1.5YrNC2mo Berm	11/26/25	02/26/27	5,000	100.00	96.05	-198	0.90	0.90	3.81	3.81	28.3	1.37	0.03
42	3130B3XP3	FHLB 4 1/2 12/04/29	5YrNC2Yr 1x	4.25YrNC1.2Yr 1x	12/04/26	12/04/26	1,000	100.00	100.70	7	4.49	4.50	3.88	4.31	16.7	1.44	-0.33
43	3134HADY6	FHLMC 4 08/14/29	5YrNC6mo Berm	3.75YrNC1mo Berm	11/14/25	08/14/29	4,000	100.00	99.38	-25	4.00	4.00	4.17	4.17	26.8	1.50	-1.67
44	3133ETXV4	FFCB 3.83 09/15/28	3YrNC1Yr Amer	3YrNC11mo Amer	09/15/26	09/15/28	1,400	100.00	99.52	-7	3.83	3.83	4.00	4.00	23.5	1.59	-0.71
46	91282CEW7	T 3 1/4 06/30/27	5Yr Bullet	1.75Yr Bullet		06/30/27	5,000	100.00	99.35	-33	3.24	3.24	3.63	3.63	17.8	1.67	0.04
48	91282CFM8	T 4 1/8 09/30/27	5Yr Bullet	2Yr Bullet		09/30/27	2,500	100.00	100.96	24	4.12	4.12	3.62	3.62	19.7	1.90	0.06
49	3130B4RC7	FHLB 4 1/2 07/27/29	4.5YrNC2.5Yr 1x	3.75YrNC1.8Yr 1x	07/27/27	07/27/27	3,000	100.00	101.10	33	4.50	4.50	3.87	4.18	29.7	2.10	-0.57
57	91282CFL0	T 3 7/8 09/30/29	7Yr Bullet	4Yr Bullet		09/30/29	5,000	100.00	100.69	35	3.87	3.87	3.69	3.69	30.7	3.68	0.18
58	91282CFT3	T 4 10/31/29	7Yr Bullet	4Yr Bullet		10/31/29	5,000	100.00	101.13	57	4.00	4.00	3.70	3.70	31.4	3.68	0.18
59	91282CFY2	T 3 7/8 11/30/29	7Yr Bullet	4.25Yr Bullet		11/30/29	5,000	100.00	100.64	32	3.87	3.87	3.71	3.71	32.0	3.77	0.19
60	91282CGB1	T 3 7/8 12/31/29	7Yr Bullet	4.25Yr Bullet		12/31/29	3,000	100.00	100.63	19	3.88	3.88	3.71	3.71	32.3	3.85	0.19
							129,250	100.00	99.41	-759	3.10	3.10	3.91	3.97	14.4	1.33	-0.26

Corporate Bond Option - Adjusted Analysis

Bond ID #	CUSIP	Security Description	Ticker	Cpn	Maturity Date	Opt Call	Cpn Type	Industry Sector	Mdy	S&P	Par Value	Book Price	Mkt Price	Book Yield	Market Yield	WAL	OAS	Eff Dur	Eff Conv
7	742718FY0	PG 4.1 01/26/26	PG	4.10	01/26/26	N	Fixed	Industrial	Aa3	AA-	1,000	100.00	99.94	4.09	4.27	0.32	25.5	0.32	0.00
8	780082AD5	RY 4.65 01/27/26	RY	4.65	01/27/26	N	Fixed	Finance	A3	A-	500	100.00	100.02	4.63	4.57	0.33	54.1	0.33	0.00
9	06406RAQ0	BK 0 3/4 01/28/26	BK	0.75	01/28/26	Y	Fixed	Finance	Aa3	A	500	100.00	98.88	0.75	4.22	0.33	21.1	0.33	0.00
11	30231GAT9	XOM 3.043 03/01/26	XOM	3.04	03/01/26	Y	Fixed	Industrial	Aa2	AA-	1,000	100.00	99.59	3.04	4.03	0.42	11.5	0.40	-0.07
13	194162AQ6	CL 4.8 03/02/26	CL	4.80	03/02/26	N	Fixed	Industrial	Aa3	A+	1,000	100.00	100.25	4.79	4.19	0.42	27.6	0.42	0.00
15	11271LAA0	BNCN 4 1/4 06/02/26	BNCN	4.25	06/02/26	Y	Fixed	Finance	A3	A-	500	100.00	99.96	4.24	4.30	0.67	35.3	0.50	-0.13
18	46625HRS1	JPM 3.2 06/15/26	JPM	3.20	06/15/26	Y	Fixed	Finance	A1	A	500	100.00	99.34	3.20	4.15	0.71	34.6	0.67	-0.07
28	61761J3R8	MS 3 1/8 07/27/26	MS	3.13	07/27/26	N	Fixed	Finance	A1	A-	500	100.00	99.20	3.12	4.12	0.83	37.9	0.80	0.01
39	808513BW4	SCHW 3.3 04/01/27	SCHW	3.30	04/01/27	Y	Fixed	Finance	A2	A-	500	100.00	98.96	3.30	4.02	1.50	47.8	1.34	-0.06
45	75973QAA5	RNR 3.45 07/01/27	RNR	3.45	07/01/27	Y	Fixed	Finance	A3	A-	500	100.00	98.62	3.45	4.27	1.75	77.7	1.60	-0.01
47	22550L2K6	UBS 5 07/09/27	UBS	5.00	07/09/27	N	Fixed	Finance	Aa2	A+	500	100.00	101.73	5.00	3.98	1.78	51.6	1.67	0.04
51	718172CE7	PM 3 1/8 03/02/28	PM	3.13	03/02/28	Y	Fixed	Industrial	A2	A-	500	100.00	97.93	3.12	4.03	2.42	60.0	2.24	0.01
52	797440CE2	SRE 4.95 08/15/28	SRE	4.95	08/15/28	Y	Fixed	Utility	A1	A	500	100.00	102.44	4.95	4.04	2.87	61.5	2.60	0.07
53	05565QDH8	BPLN 3.723 11/28/28	BPLN	3.72	11/28/28	Y	Fixed	Finance	A1	A-	500	100.00	98.90	3.72	4.10	3.16	67.4	2.83	0.02
54	06406RBN6	BK 4.543 02/01/29	BK	4.54	02/01/29	Y	Variable	Finance	Aa3	A	656	100.00	101.10	4.54	4.04	2.34	-11.1	2.99	0.00
56	89236TMK8	TOYOTA 4.55 08/09/29	TOYOTA	4.55	08/09/29	N	Fixed	Finance	A1	A+	500	100.00	101.53	4.55	4.12	3.86	72.1	3.50	0.16
61	06406RBK2	BK 4.596 07/26/30	BK	4.60	07/26/30	Y	Variable	Finance	Aa3	A	1,000	100.00	101.50	4.59	4.17	3.82	32.0	4.16	0.12
62	91324PDX7	UNH 2 05/15/30	UNH	2.00	05/15/30	N	Fixed	Services	A2	A+	1,000	100.00	90.55	2.00	4.27	4.63	86.1	4.31	0.23
				3.74							11,656	100.00	99.25	3.73	4.16	1.81	41.3	1.77	0.03

CD Option - Adjusted Analysis

Bond ID #	CUSIP	Security Description	Ticker	Cpn	Maturity Date	Opt Call	Cpn Type	Industry Sector	Par Value	Book Price	Mkt Price	Book Yield	Market Yield	WAL	OAS	Eff Dur	Eff Conv
3	229083AA8	EVANBT 5.35 06/18/29	EVANBT	5.35	06/18/29	Y	Fixed	NCD	245	100.00	100.18	5.45	4.06	0.13	-11.1	0.13	0.00
19	38150VUZ0	GS 5.05 06/11/26	GS	5.05	06/11/26	N	Fixed	NCD	245	100.00	100.85	5.03	3.79	0.70	-0.5	0.68	0.01
20	34520LBC6	FORBBK 5.05 06/15/26	FORBBK	5.05	06/15/26	N	Fixed	NCD	245	100.00	100.87	5.03	3.78	0.71	-1.0	0.69	0.01
21	05580A4Y7	BMW 4.65 06/15/26	BMW	4.65	06/15/26	N	Fixed	NCD	240	100.00	100.49	4.63	3.92	0.71	13.5	0.69	0.01
23	8562855V9	SBIIN 5.1 06/17/26	SBIIN	5.10	06/17/26	N	Fixed	NCD	245	100.00	100.91	5.08	3.78	0.71	-0.6	0.69	0.01
25	06051XER9	BAC 5.05 06/22/26	BAC	5.05	06/22/26	N	Fixed	NCD	245	100.00	100.89	5.03	3.78	0.73	0.3	0.70	0.01
26	35634MAE1	FREBNJ 5.05 06/22/26	FREBNJ	5.05	06/22/26	N	Fixed	NCD	245	100.00	100.89	5.03	3.78	0.73	0.2	0.70	0.01
27	307811KA6	FMBKWI 5 06/14/28	FMBKWI	5.00	06/14/28	Y	Fixed	NCD	245	100.00	100.82	5.04	3.84	0.71	4.5	0.71	-0.08
50	09582YAV4	RICBVA 4.2 12/28/27	RICBVA	4.20	12/28/27	N	Fixed	NCD	240	100.00	101.36	4.20	3.56	2.24	15.4	2.10	0.07
55	89235MPP0	TOYFBN 4.65 06/13/29	TOYFBN	4.65	06/13/29	N	Fixed	NCD	245	100.00	103.88	4.65	3.52	3.70	14.8	3.34	0.15
				4.92					2,440	100.00	101.11	4.92	3.78	1.11	3.5	1.05	0.02

Book Yield Table - Instantaneous Rate Shock

						Projected Call Date - Instantaneous Rate Shock						Book Yield Table - Instantaneous Rate Shock					
Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Book Price	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1	3135G06G3	FNMA 0 1/2 11/07/25	5Yr Bullet	3,000	100.00	11/7/25	11/7/25	11/7/25	11/7/25	11/7/25	11/7/25	0.50	0.50	0.50	0.50	0.50	0.50
2	3134GXBM5	FHLMC 0.6 11/12/25	5YrNC1Yr Berm	1,150	100.00	11/12/25	11/12/25	11/12/25	11/12/25	11/12/25	11/12/25	0.60	0.60	0.60	0.60	0.60	0.60
3	229083AA8	EVANBT 5.35	5YrNC6mo	245	100.00	12/18/25	11/18/25	11/18/25	11/18/25	11/18/25	11/18/25	5.40	5.45	5.45	5.45	5.45	5.45
4	3130AMRQ7	FHLB 0 7/8 12/30/25	4.5YrNC3mo Berm	3,000	100.00	12/30/25	12/30/25	12/30/25	12/30/25	12/30/25	12/30/25	0.87	0.87	0.87	0.87	0.87	0.87
5	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	3,000	100.00	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	2.62	2.62	2.62	2.62	2.62	2.62
6	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	5,000	100.00	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	2.62	2.62	2.62	2.62	2.62	2.62
7	742718FY0	PG 4.1 01/26/26	3YrNC1mo	1,000	100.00	1/26/26	1/26/26	1/26/26	1/26/26	1/26/26	1/26/26	4.09	4.09	4.09	4.09	4.09	4.09
8	780082AD5	RY 4.65 01/27/26	10Yr Bullet	500	100.00	1/27/26	1/27/26	1/27/26	1/27/26	1/27/26	1/27/26	4.63	4.63	4.63	4.63	4.63	4.63
9	06406RAQ0	BK 0 3/4 01/28/26	5YrNC4.9Yr Amer	500	100.00	1/28/26	1/28/26	1/28/26	1/28/26	1/28/26	1/28/26	0.75	0.75	0.75	0.75	0.75	0.75
10	91282CGL9	T 4 02/15/26	3Yr Bullet	5,000	100.00	2/15/26	2/15/26	2/15/26	2/15/26	2/15/26	2/15/26	4.02	4.02	4.02	4.02	4.02	4.02
11	30231GAT9	XOM 3.043 03/01/26	10YrNC9.8Yr Amer	1,000	100.00	3/1/26	3/1/26	3/1/26	3/1/26	3/1/26	3/1/26	3.04	3.04	3.04	3.04	3.04	3.04
12	9128286F2	T 2 1/2 02/28/26	7Yr Bullet	3,000	100.00	2/28/26	2/28/26	2/28/26	2/28/26	2/28/26	2/28/26	2.49	2.49	2.49	2.49	2.49	2.49
13	194162AQ6	CL 4.8 03/02/26	3YrNC1mo	1,000	100.00	3/2/26	3/2/26	3/2/26	3/2/26	3/2/26	3/2/26	4.79	4.79	4.79	4.79	4.79	4.79
14	9128286L9	T 2 1/4 03/31/26	7Yr Bullet	3,200	100.00	3/31/26	3/31/26	3/31/26	3/31/26	3/31/26	3/31/26	2.24	2.24	2.24	2.24	2.24	2.24
15	11271LAA0	BNCN 4 1/4 06/02/26	10YrNC9.8Yr Amer	500	100.00	6/2/26	6/2/26	6/2/26	6/2/26	6/2/26	3/2/26	4.24	4.24	4.24	4.24	4.24	4.25
16	3130AN5C0	FHLB 1.05 04/29/26	4.75YrNC3mo Berm	4,000	100.00	4/29/26	4/29/26	4/29/26	4/29/26	4/29/26	4/29/26	1.05	1.05	1.05	1.05	1.05	1.05
17	3133ERCX7	FFCB 5.17 05/01/28	4YrNC2Yr Amer	5,000	100.00	5/1/28	5/1/26	5/1/26	5/1/26	5/1/26	5/1/26	5.17	5.16	5.16	5.16	5.16	5.16
18	46625HRS1	JPM 3.2 06/15/26	10YrNC9.8Yr Amer	500	100.00	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	3.20	3.20	3.20	3.20	3.20	3.20
19	38150VUZ0	GS 5.05 06/11/26	2Yr Bullet	245	100.00	6/11/26	6/11/26	6/11/26	6/11/26	6/11/26	6/11/26	5.03	5.03	5.03	5.03	5.03	5.03
20	34520LBC6	FORBBK 5.05	2Yr Bullet	245	100.00	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	5.03	5.03	5.03	5.03	5.03	5.03
21	05580A4Y7	BMW 4.65 06/15/26	2.5Yr Bullet	240	100.00	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	4.63	4.63	4.63	4.63	4.63	4.63
22	91282CHH7	T 4 1/8 06/15/26	3Yr Bullet	5,000	100.00	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	4.11	4.11	4.11	4.11	4.11	4.11
23	8562855V9	SBIIN 5.1 06/17/26	2Yr Bullet	245	100.00	6/17/26	6/17/26	6/17/26	6/17/26	6/17/26	6/17/26	5.08	5.08	5.08	5.08	5.08	5.08
24	3133ETUM7	FFCB 4.53 02/25/30	4.5YrNC3mo Amer	5,000	100.00	2/25/30	2/25/30	2/25/30	4/24/29	2/24/26	11/25/25	4.53	4.53	4.53	4.53	4.52	4.55
25	06051XER9	BAC 5.05 06/22/26	2Yr Bullet	245	100.00	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	5.03	5.03	5.03	5.03	5.03	5.03
26	35634MAE1	FREBNJ 5.05	2Yr Bullet	245	100.00	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	5.03	5.03	5.03	5.03	5.03	5.03
27	307811KA6	FMBKWI 5 06/14/28	4YrNC2Yr	245	100.00	6/14/28	6/14/26	6/14/26	6/14/26	6/14/26	6/14/26	5.05	5.04	5.04	5.04	5.04	5.04
28	61761J3R8	MS 3 1/8 07/27/26	10YrNC6mo	500	100.00	7/27/26	7/27/26	7/27/26	7/27/26	7/27/26	7/27/26	3.12	3.12	3.12	3.12	3.12	3.12
29	3130B4QA2	FHLB 4.55 07/21/28	3.5YrNC1.5Yr	3,000	100.00	7/21/28	7/21/26	7/21/26	7/21/26	7/21/26	7/21/26	4.55	4.54	4.54	4.54	4.54	4.54
30	3134HBWS6	FHLMC 4 07/07/28	3YrNC6mo Berm	2,000	100.00	7/7/28	7/7/28	7/7/28	7/7/28	1/7/28	1/7/26	4.00	4.00	4.00	4.00	4.00	3.98
31	3130B62E5	FHLB 4 1/4 10/30/28	3.5YrNC1Yr Berm	3,000	100.00	10/30/28	10/30/28	10/30/28	4/30/28	4/30/26	4/30/26	4.25	4.25	4.25	4.25	4.24	4.24
32	3133ETUN5	FFCB 4.45 02/25/30	4.5YrNC6mo Amer	5,000	100.00	2/25/30	2/25/30	2/25/30	2/25/30	2/25/26	2/25/26	4.45	4.45	4.45	4.45	4.44	4.44
33	3134GW4C7	FHLMC 0.8 10/27/26	6YrNC3mo Berm	5,000	100.00	10/27/26	10/27/26	10/27/26	10/27/26	10/27/26	10/27/26	0.80	0.80	0.80	0.80	0.80	0.80

Book Yield Table - Instantaneous Rate Shock

						Projected Call Date - Instantaneous Rate Shock						Book Yield Table - Instantaneous Rate Shock					
Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Book Price	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
34	3136GAGW3	FNMA 4.1 08/10/28	3.25YrNC1.3Yr 1x	5,000	100.00	8/10/28	8/10/26	8/10/26	8/10/26	8/10/26	8/10/26	4.10	4.10	4.10	4.10	4.10	4.10
35	3130ARHJ3	FHLB 3.175 04/19/27	5YrNC1mo	5,000	100.00	4/19/27	4/19/27	4/19/27	4/19/27	4/19/27	4/19/27	3.17	3.17	3.17	3.17	3.17	3.17
36	3133ENJC5	FFCB 1.29 12/22/26	5YrNC2Yr Amer	5,000	100.00	12/22/26	12/22/26	12/22/26	12/22/26	12/22/26	12/22/26	1.29	1.29	1.29	1.29	1.29	1.29
37	912828YX2	T 1 3/4 12/31/26	7Yr Bullet	5,000	100.00	12/31/26	12/31/26	12/31/26	12/31/26	12/31/26	12/31/26	1.75	1.75	1.75	1.75	1.75	1.75
38	3133ERE23	FFCB 4.32 12/02/27	3YrNC2Yr Amer	1,000	100.00	12/2/27	12/2/27	12/2/27	12/2/27	12/2/26	12/2/26	4.32	4.32	4.32	4.32	4.32	4.32
39	808513BW4	SCHW 3.3 04/01/27	5.5YrNC5.3Yr Amer	500	100.00	4/1/27	4/1/27	4/1/27	4/1/27	4/1/27	4/1/27	3.30	3.30	3.30	3.30	3.30	3.30
40	3130AQRH8	FHLB 2 02/25/27	5YrNC3mo Berm	5,000	100.00	2/25/27	2/25/27	2/25/27	2/25/27	2/25/27	2/25/27	2.00	2.00	2.00	2.00	2.00	2.00
41	3130AL5A8	FHLB 0.9 02/26/27	6YrNC3mo Berm	5,000	100.00	2/26/27	2/26/27	2/26/27	2/26/27	2/26/27	2/26/27	0.90	0.90	0.90	0.90	0.90	0.90
42	3130B3XP3	FHLB 4 1/2 12/04/29	5YrNC2Yr 1x	1,000	100.00	12/4/29	12/4/26	12/4/26	12/4/26	12/4/26	12/4/26	4.50	4.49	4.49	4.49	4.49	4.49
43	3134HADY6	FHLMC 4 08/14/29	5YrNC6mo Berm	4,000	100.00	8/14/29	8/14/29	8/14/29	8/14/29	8/14/29	2/14/27	4.00	4.00	4.00	4.00	4.00	4.00
44	3133ETXV4	FFCB 3.83 09/15/28	3YrNC1Yr Amer	1,400	100.00	9/15/28	9/15/28	9/15/28	9/15/28	9/15/28	9/15/28	3.83	3.83	3.83	3.83	3.83	3.83
45	75973QAA5	RNR 3.45 07/01/27	10YrNC9.8Yr Amer	500	100.00	7/1/27	7/1/27	7/1/27	7/1/27	7/1/27	7/1/27	3.45	3.45	3.45	3.45	3.45	3.45
46	91282CEW7	T 3 1/4 06/30/27	5Yr Bullet	5,000	100.00	6/30/27	6/30/27	6/30/27	6/30/27	6/30/27	6/30/27	3.24	3.24	3.24	3.24	3.24	3.24
47	22550L2K6	UBS 5 07/09/27	5Yr Bullet	500	100.00	7/9/27	7/9/27	7/9/27	7/9/27	7/9/27	7/9/27	5.00	5.00	5.00	5.00	5.00	5.00
48	91282CFM8	T 4 1/8 09/30/27	5Yr Bullet	2,500	100.00	9/30/27	9/30/27	9/30/27	9/30/27	9/30/27	9/30/27	4.12	4.12	4.12	4.12	4.12	4.12
49	3130B4RC7	FHLB 4 1/2 07/27/29	4.5YrNC2.5Yr 1x	3,000	100.00	7/27/29	7/27/27	7/27/27	7/27/27	7/27/27	7/27/27	4.50	4.50	4.50	4.50	4.50	4.50
50	09582YAV4	RICBVA 4.2 12/28/27	4Yr Bullet	240	100.00	12/28/27	12/28/27	12/28/27	12/28/27	12/28/27	12/28/27	4.20	4.20	4.20	4.20	4.20	4.20
51	718172CE7	PM 3 1/8 03/02/28	10.25YrNC10.1Yr	500	100.00	3/2/28	3/2/28	3/2/28	3/2/28	3/2/28	3/2/28	3.12	3.12	3.12	3.12	3.12	3.12
52	797440CE2	SRE 4.95 08/15/28	5YrNC4.9Yr Amer	500	100.00	8/15/28	8/15/28	8/15/28	8/14/28	7/15/28	7/15/28	4.95	4.95	4.95	4.95	4.95	4.95
53	05565QDH8	BPLN 3.723 11/28/28	12YrNC11.8Yr Amer	500	100.00	11/28/28	11/28/28	11/28/28	11/28/28	11/28/28	11/28/28	3.72	3.72	3.72	3.72	3.72	3.72
54	06406RBN6	BK 4.543 02/01/29	6YrNC5Yr 1x	656	100.00	2/1/28	2/1/28	2/1/28	2/1/28	2/1/28	2/1/28	4.54	4.54	4.54	4.54	4.54	4.54
55	89235MPP0	TOYFBN 4.65	5Yr Bullet	245	100.00	6/13/29	6/13/29	6/13/29	6/13/29	6/13/29	6/13/29	4.65	4.65	4.65	4.65	4.65	4.65
56	89236TMK8	TOYOTA 4.55	5YrNC1mo	500	100.00	8/9/29	8/9/29	8/9/29	8/9/29	8/9/29	8/9/29	4.55	4.55	4.55	4.55	4.55	4.55
57	91282CFL0	T 3 7/8 09/30/29	7Yr Bullet	5,000	100.00	9/30/29	9/30/29	9/30/29	9/30/29	9/30/29	9/30/29	3.87	3.87	3.87	3.87	3.87	3.87
58	91282CFT3	T 4 10/31/29	7Yr Bullet	5,000	100.00	10/31/29	10/31/29	10/31/29	10/31/29	10/31/29	10/31/29	4.00	4.00	4.00	4.00	4.00	4.00
59	91282CFY2	T 3 7/8 11/30/29	7Yr Bullet	5,000	100.00	11/30/29	11/30/29	11/30/29	11/30/29	11/30/29	11/30/29	3.87	3.87	3.87	3.87	3.87	3.87
60	91282CGB1	T 3 7/8 12/31/29	7Yr Bullet	3,000	100.00	12/31/29	12/31/29	12/31/29	12/31/29	12/31/29	12/31/29	3.88	3.88	3.88	3.88	3.88	3.88
61	06406RBK2	BK 4.596 07/26/30	8YrNC7Yr 1x	1,000	100.00	7/26/29	7/26/29	7/26/29	7/26/29	7/26/29	7/26/29	4.59	4.59	4.59	4.59	4.59	4.59
62	91324PDX7	UNH 2 05/15/30	10YrNC1mo	1,000	100.00	5/15/30	5/15/30	5/15/30	5/15/30	5/15/30	5/15/30	2.00	2.00	2.00	2.00	2.00	2.00
				143,346	100.00							3.19	3.20	3.20	3.20	3.20	3.20

Market Yield Table - Instantaneous Rate Shock

						Projected Call Date - Instantaneous Rate Shock						Market Yield Table - Instantaneous Rate Shock					
Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Mkt Price	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1	3135G06G3	FNMA 0 1/2 11/07/25	5Yr Bullet	3,000	99.65	11/7/25	11/7/25	11/7/25	11/7/25	11/7/25	11/7/25	3.94	3.94	3.94	3.94	3.94	3.94
2	3134GXBM5	FHLMC 0.6 11/12/25	5YrNC1Yr Berm	1,150	99.61	11/12/25	11/12/25	11/12/25	11/12/25	11/12/25	11/12/25	3.98	3.98	3.98	3.98	3.98	3.98
3	229083AA8	EVANBT 5.35	5YrNC6mo	245	100.18	12/18/25	11/18/25	11/18/25	11/18/25	11/18/25	11/18/25	4.55	4.06	4.06	4.06	4.06	4.06
4	3130AMRQ7	FHLB 0 7/8 12/30/25	4.5YrNC3mo Berm	3,000	99.22	12/30/25	12/30/25	12/30/25	12/30/25	12/30/25	12/30/25	4.04	4.04	4.04	4.04	4.04	4.04
5	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	3,000	99.66	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	3.99	3.99	3.99	3.99	3.99	3.99
6	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	5,000	99.66	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	12/31/25	3.99	3.99	3.99	3.99	3.99	3.99
7	742718FY0	PG 4.1 01/26/26	3YrNC1mo	1,000	99.94	1/26/26	1/26/26	1/26/26	1/26/26	1/26/26	1/26/26	4.27	4.27	4.27	4.27	4.27	4.27
8	780082AD5	RY 4.65 01/27/26	10Yr Bullet	500	100.02	1/27/26	1/27/26	1/27/26	1/27/26	1/27/26	1/27/26	4.57	4.57	4.57	4.57	4.57	4.57
9	06406RAQ0	BK 0 3/4 01/28/26	5YrNC4.9Yr Amer	500	98.88	1/28/26	1/28/26	1/28/26	1/28/26	1/28/26	1/28/26	4.22	4.22	4.22	4.22	4.22	4.22
10	91282CGL9	T 4 02/15/26	3Yr Bullet	5,000	100.02	2/15/26	2/15/26	2/15/26	2/15/26	2/15/26	2/15/26	3.97	3.97	3.97	3.97	3.97	3.97
11	30231GAT9	XOM 3.043 03/01/26	10YrNC9.8Yr Amer	1,000	99.59	3/1/26	3/1/26	3/1/26	3/1/26	3/1/26	3/1/26	4.03	4.03	4.03	4.03	4.03	4.03
12	9128286F2	T 2 1/2 02/28/26	7Yr Bullet	3,000	99.42	2/28/26	2/28/26	2/28/26	2/28/26	2/28/26	2/28/26	3.91	3.91	3.91	3.91	3.91	3.91
13	194162AQ6	CL 4.8 03/02/26	3YrNC1mo	1,000	100.25	3/2/26	3/2/26	3/2/26	3/2/26	3/2/26	3/2/26	4.19	4.19	4.19	4.19	4.19	4.19
14	9128286L9	T 2 1/4 03/31/26	7Yr Bullet	3,200	99.21	3/31/26	3/31/26	3/31/26	3/31/26	3/31/26	3/31/26	3.85	3.85	3.85	3.85	3.85	3.85
15	11271LAA0	BNCN 4 1/4 06/02/26	10YrNC9.8Yr Amer	500	99.96	6/2/26	6/2/26	6/2/26	6/2/26	6/2/26	3/2/26	4.30	4.30	4.30	4.30	4.30	4.35
16	3130AN5C0	FHLB 1.05 04/29/26	4.75YrNC3mo Berm	4,000	98.38	4/29/26	4/29/26	4/29/26	4/29/26	4/29/26	4/29/26	3.90	3.90	3.90	3.90	3.90	3.90
17	3133ERCX7	FFCB 5.17 05/01/28	4YrNC2Yr Amer	5,000	100.73	5/1/28	5/1/26	5/1/26	5/1/26	5/1/26	5/1/26	4.86	3.89	3.89	3.89	3.89	3.89
18	46625HRS1	JPM 3.2 06/15/26	10YrNC9.8Yr Amer	500	99.34	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	4.15	4.15	4.15	4.15	4.15	4.15
19	38150VUZ0	GS 5.05 06/11/26	2Yr Bullet	245	100.85	6/11/26	6/11/26	6/11/26	6/11/26	6/11/26	6/11/26	3.79	3.79	3.79	3.79	3.79	3.79
20	34520LBC6	FORBBK 5.05	2Yr Bullet	245	100.87	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	3.78	3.78	3.78	3.78	3.78	3.78
21	05580A4Y7	BMW 4.65 06/15/26	2.5Yr Bullet	240	100.49	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	3.92	3.92	3.92	3.92	3.92	3.92
22	91282CHH7	T 4 1/8 06/15/26	3Yr Bullet	5,000	100.22	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	6/15/26	3.79	3.79	3.79	3.79	3.79	3.79
23	8562855V9	SBIIN 5.1 06/17/26	2Yr Bullet	245	100.91	6/17/26	6/17/26	6/17/26	6/17/26	6/17/26	6/17/26	3.78	3.78	3.78	3.78	3.78	3.78
24	3133ETUM7	FFCB 4.53 02/25/30	4.5YrNC3mo Amer	5,000	99.92	2/25/30	2/25/30	2/25/30	4/24/29	2/24/26	11/25/25	4.55	4.55	4.55	4.55	4.72	5.08
25	06051XER9	BAC 5.05 06/22/26	2Yr Bullet	245	100.89	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	3.78	3.78	3.78	3.78	3.78	3.78
26	35634MAE1	FREBNJ 5.05	2Yr Bullet	245	100.89	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	6/22/26	3.78	3.78	3.78	3.78	3.78	3.78
27	307811KA6	FMBKWI 5 06/14/28	4YrNC2Yr	245	100.82	6/14/28	6/14/26	6/14/26	6/14/26	6/14/26	6/14/26	4.72	3.84	3.84	3.84	3.84	3.84
28	61761J3R8	MS 3 1/8 07/27/26	10YrNC6mo	500	99.20	7/27/26	7/27/26	7/27/26	7/27/26	7/27/26	7/27/26	4.12	4.12	4.12	4.12	4.12	4.12
29	3130B4QA2	FHLB 4.55 07/21/28	3.5YrNC1.5Yr	3,000	100.55	7/21/28	7/21/26	7/21/26	7/21/26	7/21/26	7/21/26	4.34	3.85	3.85	3.85	3.85	3.85
30	3134HBWS6	FHLMC 4 07/07/28	3YrNC6mo Berm	2,000	99.72	7/7/28	7/7/28	7/7/28	7/7/28	1/7/28	1/7/26	4.11	4.11	4.11	4.11	4.13	5.04
31	3130B62E5	FHLB 4 1/4 10/30/28	3.5YrNC1Yr Berm	3,000	100.02	10/30/28	10/30/28	10/30/28	4/30/28	4/30/26	4/30/26	4.24	4.24	4.24	4.24	4.21	4.21
32	3133ETUN5	FFCB 4.45 02/25/30	4.5YrNC6mo Amer	5,000	99.91	2/25/30	2/25/30	2/25/30	2/25/30	2/25/26	2/25/26	4.47	4.47	4.47	4.47	4.67	4.67
33	3134GW4C7	FHLMC 0.8 10/27/26	6YrNC3mo Berm	5,000	96.83	10/27/26	10/27/26	10/27/26	10/27/26	10/27/26	10/27/26	3.84	3.84	3.84	3.84	3.84	3.84

Market Yield Table - Instantaneous Rate Shock

						Projected Call Date - Instantaneous Rate Shock						Market Yield Table - Instantaneous Rate Shock					
Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Mkt Price	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
34	3136GAGW3	FNMA 4.1 08/10/28	3.25YrNC1.3Yr 1x	5,000	100.12	8/10/28	8/10/26	8/10/26	8/10/26	8/10/26	8/10/26	4.05	3.95	3.95	3.95	3.95	3.95
35	3130ARHJ3	FHLB 3.175 04/19/27	5YrNC1mo	5,000	99.09	4/19/27	4/19/27	4/19/27	4/19/27	4/19/27	4/19/27	3.78	3.78	3.78	3.78	3.78	3.78
36	3133ENJC5	FFCB 1.29 12/22/26	5YrNC2Yr Amer	5,000	97.00	12/22/26	12/22/26	12/22/26	12/22/26	12/22/26	12/22/26	3.81	3.81	3.81	3.81	3.81	3.81
37	912828YX2	T 1 3/4 12/31/26	7Yr Bullet	5,000	97.63	12/31/26	12/31/26	12/31/26	12/31/26	12/31/26	12/31/26	3.71	3.71	3.71	3.71	3.71	3.71
38	3133ERE23	FFCB 4.32 12/02/27	3YrNC2Yr Amer	1,000	100.57	12/2/27	12/2/27	12/2/27	12/2/27	12/2/26	12/2/26	4.04	4.04	4.04	4.04	3.81	3.81
39	808513BW4	SCHW 3.3 04/01/27	5.5YrNC5.3Yr Amer	500	98.96	4/1/27	4/1/27	4/1/27	4/1/27	4/1/27	4/1/27	4.02	4.02	4.02	4.02	4.02	4.02
40	3130AQRH8	FHLB 2 02/25/27	5YrNC3mo Berm	5,000	97.57	2/25/27	2/25/27	2/25/27	2/25/27	2/25/27	2/25/27	3.79	3.79	3.79	3.79	3.79	3.79
41	3130AL5A8	FHLB 0.9 02/26/27	6YrNC3mo Berm	5,000	96.05	2/26/27	2/26/27	2/26/27	2/26/27	2/26/27	2/26/27	3.81	3.81	3.81	3.81	3.81	3.81
42	3130B3XP3	FHLB 4 1/2 12/04/29	5YrNC2Yr 1x	1,000	100.70	12/4/29	12/4/26	12/4/26	12/4/26	12/4/26	12/4/26	4.31	3.88	3.88	3.88	3.88	3.88
43	3134HADY6	FHLMC 4 08/14/29	5YrNC6mo Berm	4,000	99.38	8/14/29	8/14/29	8/14/29	8/14/29	8/14/29	2/14/27	4.17	4.17	4.17	4.17	4.17	4.47
44	3133ETXV4	FFCB 3.83 09/15/28	3YrNC1Yr Amer	1,400	99.52	9/15/28	9/15/28	9/15/28	9/15/28	9/15/28	9/15/28	4.00	4.00	4.00	4.00	4.00	4.00
45	75973QAA5	RNR 3.45 07/01/27	10YrNC9.8Yr Amer	500	98.62	7/1/27	7/1/27	7/1/27	7/1/27	7/1/27	7/1/27	4.27	4.27	4.27	4.27	4.27	4.27
46	91282CEW7	T 3 1/4 06/30/27	5Yr Bullet	5,000	99.35	6/30/27	6/30/27	6/30/27	6/30/27	6/30/27	6/30/27	3.63	3.63	3.63	3.63	3.63	3.63
47	22550L2K6	UBS 5 07/09/27	5Yr Bullet	500	101.73	7/9/27	7/9/27	7/9/27	7/9/27	7/9/27	7/9/27	3.98	3.98	3.98	3.98	3.98	3.98
48	91282CFM8	T 4 1/8 09/30/27	5Yr Bullet	2,500	100.96	9/30/27	9/30/27	9/30/27	9/30/27	9/30/27	9/30/27	3.62	3.62	3.62	3.62	3.62	3.62
49	3130B4RC7	FHLB 4 1/2 07/27/29	4.5YrNC2.5Yr 1x	3,000	101.10	7/27/29	7/27/27	7/27/27	7/27/27	7/27/27	7/27/27	4.18	3.87	3.87	3.87	3.87	3.87
50	09582YAV4	RICBVA 4.2 12/28/27	4Yr Bullet	240	101.36	12/28/27	12/28/27	12/28/27	12/28/27	12/28/27	12/28/27	3.56	3.56	3.56	3.56	3.56	3.56
51	718172CE7	PM 3 1/8 03/02/28	10.25YrNC10.1Yr	500	97.93	3/2/28	3/2/28	3/2/28	3/2/28	3/2/28	3/2/28	4.03	4.03	4.03	4.03	4.03	4.03
52	797440CE2	SRE 4.95 08/15/28	5YrNC4.9Yr Amer	500	102.44	8/15/28	8/15/28	8/15/28	8/14/28	7/15/28	7/15/28	4.04	4.04	4.04	4.04	4.02	4.02
53	05565QDH8	BPLN 3.723 11/28/28	12YrNC11.8Yr Amer	500	98.90	11/28/28	11/28/28	11/28/28	11/28/28	11/28/28	11/28/28	4.10	4.10	4.10	4.10	4.10	4.10
54	06406RBN6	BK 4.543 02/01/29	6YrNC5Yr 1x	656	101.10	2/1/28	2/1/28	2/1/28	2/1/28	2/1/28	2/1/28	4.04	4.04	4.04	4.04	4.04	4.04
55	89235MPP0	TOYFBN 4.65	5Yr Bullet	245	103.88	6/13/29	6/13/29	6/13/29	6/13/29	6/13/29	6/13/29	3.52	3.52	3.52	3.52	3.52	3.52
56	89236TMK8	TOYOTA 4.55	5YrNC1mo	500	101.53	8/9/29	8/9/29	8/9/29	8/9/29	8/9/29	8/9/29	4.12	4.12	4.12	4.12	4.12	4.12
57	91282CFL0	T 3 7/8 09/30/29	7Yr Bullet	5,000	100.69	9/30/29	9/30/29	9/30/29	9/30/29	9/30/29	9/30/29	3.69	3.69	3.69	3.69	3.69	3.69
58	91282CFT3	T 4 10/31/29	7Yr Bullet	5,000	101.13	10/31/29	10/31/29	10/31/29	10/31/29	10/31/29	10/31/29	3.70	3.70	3.70	3.70	3.70	3.70
59	91282CFY2	T 3 7/8 11/30/29	7Yr Bullet	5,000	100.64	11/30/29	11/30/29	11/30/29	11/30/29	11/30/29	11/30/29	3.71	3.71	3.71	3.71	3.71	3.71
60	91282CGB1	T 3 7/8 12/31/29	7Yr Bullet	3,000	100.63	12/31/29	12/31/29	12/31/29	12/31/29	12/31/29	12/31/29	3.71	3.71	3.71	3.71	3.71	3.71
61	06406RBK2	BK 4.596 07/26/30	8YrNC7Yr 1x	1,000	101.50	7/26/29	7/26/29	7/26/29	7/26/29	7/26/29	7/26/29	4.17	4.17	4.17	4.17	4.17	4.17
62	91324PDX7	UNH 2 05/15/30	10YrNC1mo	1,000	90.55	5/15/30	5/15/30	5/15/30	5/15/30	5/15/30	5/15/30	4.27	4.27	4.27	4.27	4.27	4.27
				143,346	99.43							3.99	3.93	3.93	3.93	3.94	3.97

Percentage Price Change / 12 Month Total Return

						Price Change - Instantaneous Rate Shock						Projected TRR - 12mo. Horizon					
Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Mkt Price	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1	3135G06G3	FNMA 0 1/2 11/07/25	5Yr Bullet	3,000	99.65	-0.11	-0.05	-0.03	0.00	0.03	0.05	4.65	4.42	4.31	4.19	4.08	3.97
2	3134GXBM5	FHLMC 0.6 11/12/25	5YrNC1Yr Berm	1,150	99.61	-0.12	-0.06	-0.03	0.00	0.03	0.06	4.64	4.41	4.30	4.19	4.08	3.97
3	229083AA8	EVANBT 5.35 06/18/2	5YrNC6mo	245	100.18	-0.15	-0.07	-0.03	0.00	0.03	0.07	4.71	4.41	4.31	4.20	4.09	3.99
4	3130AMRQ7	FHLB 0 7/8 12/30/25	4.5YrNC3mo Berm	3,000	99.22	-0.25	-0.13	-0.06	0.00	0.06	0.13	4.63	4.40	4.29	4.18	4.06	3.95
5	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	3,000	99.66	-0.25	-0.13	-0.06	0.00	0.06	0.13	4.62	4.39	4.28	4.16	4.05	3.94
6	9128285T3	T 2 5/8 12/31/25	7Yr Bullet	5,000	99.66	-0.25	-0.13	-0.06	0.00	0.06	0.13	4.62	4.39	4.28	4.16	4.05	3.94
7	742718FY0	PG 4.1 01/26/26	3YrNC1mo	1,000	99.94	-0.32	-0.16	-0.08	0.00	0.08	0.16	4.62	4.43	4.33	4.24	4.14	4.05
8	780082AD5	RY 4.65 01/27/26	10Yr Bullet	500	100.02	-0.33	-0.16	-0.08	0.00	0.08	0.16	4.72	4.52	4.43	4.33	4.24	4.14
9	06406RAQ0	BK 0 3/4 01/28/26	5YrNC4.9Yr Amer	500	98.88	-0.33	-0.16	-0.08	0.00	0.08	0.16	4.60	4.41	4.32	4.22	4.13	4.03
10	91282CGL9	T 4 02/15/26	3Yr Bullet	5,000	100.02	-0.38	-0.19	-0.09	0.00	0.09	0.19	4.52	4.32	4.22	4.13	4.03	3.93
11	30231GAT9	XOM 3.043 03/01/26	10YrNC9.8Yr Amer	1,000	99.59	-0.41	-0.20	-0.10	0.00	0.10	0.19	4.54	4.34	4.24	4.14	4.04	3.94
12	9128286F2	T 2 1/2 02/28/26	7Yr Bullet	3,000	99.42	-0.41	-0.21	-0.10	0.00	0.10	0.21	4.49	4.29	4.19	4.09	3.99	3.89
13	194162AQ6	CL 4.8 03/02/26	3YrNC1mo	1,000	100.25	-0.42	-0.21	-0.10	0.00	0.11	0.21	4.60	4.41	4.31	4.21	4.11	4.01
14	9128286L9	T 2 1/4 03/31/26	7Yr Bullet	3,200	99.21	-0.49	-0.25	-0.12	0.00	0.12	0.25	4.40	4.22	4.13	4.04	3.95	3.86
15	11271LAA0	BNCN 4 1/4 06/02/26	10YrNC9.8Yr Amer	500	99.96	-0.58	-0.27	-0.13	0.00	0.12	0.24	4.55	4.41	4.34	4.28	4.21	4.08
16	3130AN5C0	FHLB 1.05 04/29/26	4.75YrNC3mo Berm	4,000	98.38	-0.57	-0.29	-0.14	0.00	0.14	0.29	4.32	4.18	4.11	4.03	3.96	3.89
17	3133ERCX7	FFCB 5.17 05/01/28	4YrNC2Yr Amer	5,000	100.73	-0.67	-0.31	-0.15	0.00	0.15	0.29	4.37	4.19	4.11	4.03	3.95	3.87
18	46625HRS1	JPM 3.2 06/15/26	10YrNC9.8Yr Amer	500	99.34	-0.69	-0.34	-0.17	0.00	0.17	0.33	4.41	4.29	4.23	4.17	4.11	4.05
19	38150VUZ0	GS 5.05 06/11/26	2Yr Bullet	245	100.85	-0.68	-0.34	-0.17	0.00	0.17	0.34	4.17	4.05	3.98	3.92	3.86	3.80
20	34520LBC6	FORBBK 5.05 06/15/2	2Yr Bullet	245	100.87	-0.69	-0.35	-0.17	0.00	0.17	0.35	4.15	4.03	3.97	3.91	3.85	3.79
21	05580A4Y7	BMW 4.65 06/15/26	2.5Yr Bullet	240	100.49	-0.69	-0.35	-0.18	0.00	0.17	0.35	4.25	4.13	4.07	4.01	3.96	3.90
22	91282CHH7	T 4 1/8 06/15/26	3Yr Bullet	5,000	100.22	-0.69	-0.35	-0.17	0.00	0.17	0.35	4.16	4.04	3.98	3.92	3.86	3.80
23	8562855V9	SBIIN 5.1 06/17/26	2Yr Bullet	245	100.91	-0.70	-0.35	-0.18	0.00	0.18	0.35	4.14	4.03	3.97	3.91	3.85	3.79
24	3133ETUM7	FFCB 4.53 02/25/30	4.5YrNC3mo Amer	5,000	99.92	-1.58	-0.57	-0.23	0.00	0.11	0.18	3.45	4.19	4.43	4.59	4.33	4.15
25	06051XER9	BAC 5.05 06/22/26	2Yr Bullet	245	100.89	-0.71	-0.36	-0.18	0.00	0.18	0.36	4.12	4.01	3.96	3.90	3.85	3.80
26	35634MAE1	FREBNJ 5.05 06/22/2	2Yr Bullet	245	100.89	-0.71	-0.36	-0.18	0.00	0.18	0.36	4.12	4.01	3.96	3.90	3.85	3.80
27	307811KA6	FMBKWI 5 06/14/28	4YrNC2Yr	245	100.82	-0.81	-0.37	-0.18	0.00	0.17	0.35	4.12	4.08	4.02	3.96	3.90	3.84
28	61761J3R8	MS 3 1/8 07/27/26	10YrNC6mo	500	99.20	-0.80	-0.40	-0.20	0.00	0.20	0.40	4.28	4.21	4.17	4.14	4.10	4.06
29	3130B4QA2	FHLB 4.55 07/21/28	3.5YrNC1.5Yr	3,000	100.55	-1.11	-0.49	-0.22	0.00	0.21	0.42	3.66	4.00	3.96	3.92	3.88	3.84
30	3134HBWS6	FHLMC 4 07/07/28	3YrNC6mo Berm	2,000	99.72	-1.48	-0.61	-0.26	0.00	0.19	0.32	3.14	3.72	3.94	4.12	4.24	4.22
31	3130B62E5	FHLB 4 1/4 10/30/28	3.5YrNC1Yr Berm	3,000	100.02	-1.41	-0.58	-0.26	0.00	0.22	0.40	3.32	3.87	4.06	4.18	4.13	4.05
32	3133ETUN5	FFCB 4.45 02/25/30	4.5YrNC6mo Amer	5,000	99.91	-1.75	-0.68	-0.29	0.00	0.20	0.36	3.24	4.04	4.30	4.48	4.31	4.22
33	3134GW4C7	FHLMC 0.8 10/27/26	6YrNC3mo Berm	5,000	96.83	-1.04	-0.52	-0.26	0.00	0.26	0.53	3.73	3.76	3.78	3.80	3.82	3.84
34	3136GAGW3	FNMA 4.1 08/10/28	3.25YrNC1.3Yr 1x	5,000	100.12	-1.50	-0.65	-0.30	0.00	0.26	0.50	3.20	4.06	4.02	3.99	3.96	3.93
35	3130ARHJ3	FHLB 3.175 04/19/27	5YrNC1mo	5,000	99.09	-1.33	-0.63	-0.31	0.00	0.27	0.51	3.14	3.40	3.53	3.65	3.77	3.89
36	3133ENJC5	FFCB 1.29 12/22/26	5YrNC2Yr Amer	5,000	97.00	-1.18	-0.59	-0.30	0.00	0.30	0.60	3.48	3.59	3.65	3.71	3.76	3.82

Percentage Price Change / 12 Month Total Return

						Price Change - Instantaneous Rate Shock						Projected TRR - 12mo. Horizon					
Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Mkt Price	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
37	912828YX2	T 1 3/4 12/31/26	7Yr Bullet	5,000	97.63	-1.20	-0.61	-0.30	0.00	0.31	0.61	3.34	3.46	3.52	3.58	3.65	3.71
38	3133ERE23	FFCB 4.32 12/02/27	3YrNC2Yr Amer	1,000	100.57	-1.41	-0.67	-0.32	0.00	0.31	0.61	3.16	3.51	3.63	3.72	3.77	3.82
39	808513BW4	SCHW 3.3 04/01/27	5.5YrNC5.3Yr Amer	500	98.96	-1.38	-0.69	-0.34	0.00	0.34	0.67	3.39	3.62	3.74	3.85	3.97	4.08
40	3130AQRH8	FHLB 2 02/25/27	5YrNC3mo Berm	5,000	97.57	-1.35	-0.68	-0.34	0.00	0.34	0.67	3.22	3.42	3.52	3.62	3.72	3.82
41	3130AL5A8	FHLB 0.9 02/26/27	6YrNC3mo Berm	5,000	96.05	-1.36	-0.68	-0.34	0.00	0.34	0.69	3.23	3.43	3.53	3.63	3.74	3.84
42	3130B3XP3	FHLB 4 1/2 12/04/29	5YrNC2Yr 1x	1,000	100.70	-1.83	-0.81	-0.37	0.00	0.35	0.67	3.37	3.72	3.78	3.82	3.86	3.90
43	3134HADY6	FHLMC 4 08/14/29	5YrNC6mo Berm	4,000	99.38	-2.20	-0.95	-0.43	0.00	0.32	0.55	2.62	3.56	3.94	4.24	4.46	4.60
44	3133ETXV4	FFCB 3.83 09/15/28	3YrNC1Yr Amer	1,400	99.52	-1.95	-0.89	-0.42	0.00	0.37	0.72	2.68	3.39	3.69	3.94	4.13	4.26
45	75973QAA5	RNR 3.45 07/01/27	10YrNC9.8Yr Amer	500	98.62	-1.62	-0.81	-0.40	0.00	0.40	0.80	3.36	3.71	3.88	4.06	4.23	4.40
46	91282CEW7	T 3 1/4 06/30/27	5Yr Bullet	5,000	99.35	-1.66	-0.83	-0.42	0.00	0.42	0.85	2.71	3.06	3.24	3.41	3.59	3.77
47	22550L2K6	UBS 5 07/09/27	5Yr Bullet	500	101.73	-1.66	-0.84	-0.42	0.00	0.42	0.85	3.05	3.41	3.58	3.76	3.94	4.12
48	91282CFM8	T 4 1/8 09/30/27	5Yr Bullet	2,500	100.96	-1.87	-0.94	-0.47	0.00	0.48	0.96	2.47	2.93	3.16	3.40	3.63	3.87
49	3130B4RC7	FHLB 4 1/2 07/27/29	4.5YrNC2.5Yr 1x	3,000	101.10	-2.34	-1.10	-0.54	0.00	0.51	1.00	2.49	3.19	3.46	3.70	3.92	4.12
50	09582YAV4	RICBVA 4.2 12/28/27	4Yr Bullet	240	101.36	-2.09	-1.05	-0.53	0.00	0.53	1.07	2.25	2.82	3.10	3.39	3.67	3.96
51	718172CE7	PM 3 1/8 03/02/28	10.25YrNC10.1Yr A	500	97.93	-2.23	-1.12	-0.56	0.00	0.56	1.12	2.56	3.21	3.54	3.87	4.19	4.50
52	797440CE2	SRE 4.95 08/15/28	5YrNC4.9Yr Amer	500	102.44	-2.57	-1.30	-0.65	0.00	0.66	1.32	2.26	3.08	3.49	3.91	4.32	4.73
53	05565QDH8	BPLN 3.723 11/28/28	12YrNC11.8Yr Amer	500	98.90	-2.84	-1.43	-0.72	0.00	0.72	1.44	2.09	3.05	3.53	4.00	4.47	4.94
54	06406RBN6	BK 4.543 02/01/29	6YrNC5Yr 1x	656	101.10	-2.99	-1.50	-0.75	0.00	0.75	1.51	1.16	2.20	2.72	3.24	3.76	4.27
55	89235MPP0	TOYFBN 4.65 06/13/2	5Yr Bullet	245	103.88	-3.31	-1.68	-0.84	0.00	0.85	1.71	1.13	2.32	2.91	3.51	4.12	4.73
56	89236TMK8	TOYOTA 4.55 08/09/2	5YrNC1mo	500	101.53	-3.44	-1.74	-0.87	0.00	0.88	1.78	1.57	2.83	3.47	4.11	4.75	5.40
57	91282CFL0	T 3 7/8 09/30/29	7Yr Bullet	5,000	100.69	-3.59	-1.82	-0.91	0.00	0.92	1.86	0.98	2.33	3.01	3.70	4.39	5.08
58	91282CFT3	T 4 10/31/29	7Yr Bullet	5,000	101.13	-3.65	-1.85	-0.93	0.00	0.94	1.89	1.00	2.35	3.04	3.72	4.41	5.11
59	91282CFY2	T 3 7/8 11/30/29	7Yr Bullet	5,000	100.64	-3.72	-1.89	-0.95	0.00	0.96	1.93	0.92	2.32	3.03	3.74	4.45	5.17
60	91282CGB1	T 3 7/8 12/31/29	7Yr Bullet	3,000	100.63	-3.79	-1.92	-0.97	0.00	0.98	1.97	0.85	2.29	3.02	3.75	4.48	5.22
61	06406RBK2	BK 4.596 07/26/30	8YrNC7Yr 1x	1,000	101.50	-4.12	-2.08	-1.04	0.00	1.05	2.11	0.58	2.20	3.01	3.83	4.64	5.46
62	91324PDX7	UNH 2 05/15/30	10YrNC1mo	1,000	90.55	-4.23	-2.14	-1.08	0.00	1.09	2.20	0.98	2.65	3.49	4.34	5.19	6.05
				143,346	99.43	-1.49	-0.72	-0.35	0.00	0.34	0.66	3.28	3.64	3.79	3.93	4.04	4.14

Redemption at Next Call Date - Instantaneous Rate Shock

						Probability of Redemption at NEXT Call Date						BPs CURRENTLY Away From Par					
Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Next Call Date	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
3	229083AA8	EVANBT 5.35 06/18/2	5YrNC6mo	245	11/18/25	83%	100%	100%	100%	100%	100%	-10	-59	-84	-109	-134	-159
9	06406RAQ0	BK 0 3/4 01/28/26	5YrNC4.9Yr Amer	500	12/29/25	0%	0%	0%	0%	0%	0%	458	407	381	355	330	304
11	30231GAT9	XOM 3.043 03/01/26	10YrNC9.8Yr Amer	1,000	12/01/25	0%	0%	0%	0%	3%	3%	230	178	153	127	102	76
15	11271LAA0	BNCN 4 1/4 06/02/26	10YrNC9.8Yr Amer	500	03/02/26	2%	12%	34%	66%	66%	88%	109	59	33	8	-17	-42
16	3130AN5C0	FHLB 1.05 04/29/26	4.75YrNC3mo Berm	4,000	10/29/25	0%	0%	0%	0%	0%	0%	426	374	348	322	296	270
17	3133ERCX7	FFCB 5.17 05/01/28	4YrNC2Yr Amer	5,000	05/01/26	63%	84%	95%	99%	99%	100%	-6	-56	-81	-106	-131	-156
18	46625HRS1	JPM 3.2 06/15/26	10YrNC9.8Yr Amer	500	03/15/26	0%	0%	2%	2%	12%	12%	211	160	135	110	84	59
24	3133ETUM7	FFCB 4.53 02/25/30	4.5YrNC3mo Amer	5,000	11/25/25	0%	0%	17%	17%	83%	83%	115	65	39	14	-11	-36
27	307811KA6	FMBKWI 5 06/14/28	4YrNC2Yr	245	06/14/26	62%	83%	94%	94%	99%	100%	-1	-50	-74	-99	-123	-148
29	3130B4QA2	FHLB 4.55 07/21/28	3.5YrNC1.5Yr	3,000	07/21/26	62%	81%	93%	93%	98%	98%	44	-6	-31	-56	-81	-106
30	3134HBWS6	FHLMC 4 07/07/28	3YrNC6mo Berm	2,000	01/07/26	0%	6%	30%	30%	70%	70%	144	93	68	42	17	-8
31	3130B62E5	FHLB 4 1/4 10/30/28	3.5YrNC1Yr Berm	3,000	04/30/26	16%	37%	37%	63%	84%	84%	98	48	23	-2	-27	-52
32	3133ETUN5	FFCB 4.45 02/25/30	4.5YrNC6mo Amer	5,000	02/25/26	1%	9%	32%	68%	68%	91%	111	61	36	10	-15	-40
33	3134GW4C7	FHLMC 0.8 10/27/26	6YrNC3mo Berm	5,000	10/27/25	0%	0%	0%	0%	0%	0%	467	414	388	362	337	311
34	3136GAGW3	FNMA 4.1 08/10/28	3.25YrNC1.3Yr 1x	5,000	08/10/26	39%	61%	80%	80%	92%	97%	90	40	15	-10	-35	-60
35	3130ARHJ3	FHLB 3.175 04/19/27	5YrNC1mo	5,000	10/19/25	0%	0%	0%	0%	0%	0%	232	181	155	130	104	78
36	3133ENJC5	FFCB 1.29 12/22/26	5YrNC2Yr Amer	5,000	10/16/25	0%	0%	0%	0%	0%	0%	427	375	349	323	297	271
38	3133ERE23	FFCB 4.32 12/02/27	3YrNC2Yr Amer	1,000	12/02/26	41%	59%	59%	76%	88%	88%	57	7	-18	-43	-68	-93
39	808513BW4	SCHW 3.3 04/01/27	5.5YrNC5.3Yr Amer	500	01/01/27	6%	13%	25%	25%	41%	59%	179	129	104	79	54	29
40	3130AQRH8	FHLB 2 02/25/27	5YrNC3mo Berm	5,000	11/25/25	0%	0%	0%	0%	0%	0%	353	301	276	250	225	199
41	3130AL5A8	FHLB 0.9 02/26/27	6YrNC3mo Berm	5,000	11/26/25	0%	0%	0%	0%	0%	0%	464	413	388	362	337	311
42	3130B3XP3	FHLB 4 1/2 12/04/29	5YrNC2Yr 1x	1,000	12/04/26	59%	76%	76%	88%	95%	95%	56	7	-18	-43	-68	-93
43	3134HADY6	FHLMC 4 08/14/29	5YrNC6mo Berm	4,000	11/14/25	0%	0%	0%	0%	17%	17%	173	122	96	71	46	20
44	3133ETXV4	FFCB 3.83 09/15/28	3YrNC1Yr Amer	1,400	09/15/26	9%	21%	21%	40%	60%	60%	132	83	58	33	8	-17
45	75973QAA5	RNR 3.45 07/01/27	10YrNC9.8Yr Amer	500	04/01/27	3%	15%	15%	27%	42%	42%	188	138	113	88	63	38
49	3130B4RC7	FHLB 4 1/2 07/27/29	4.5YrNC2.5Yr 1x	3,000	07/27/27	42%	58%	72%	83%	83%	91%	50	1	-24	-49	-74	-99
51	718172CE7	PM 3 1/8 03/02/28	10.25YrNC10.1Yr A	500	12/02/27	6%	11%	19%	19%	30%	30%	194	145	120	94	69	44
52	797440CE2	SRE 4.95 08/15/28	5YrNC4.9Yr Amer	500	07/15/28	44%	56%	68%	78%	78%	86%	8	-42	-67	-92	-118	-143
53	05565QDH8	BPLN 3.723 11/28/28	12YrNC11.8Yr Amer	500	08/28/28	15%	22%	33%	33%	44%	56%	139	89	64	39	14	-11
54	06406RBN6	BK 4.543 02/01/29	6YrNC5Yr 1x	656	02/01/28	1%	2%	3%	3%	7%	7%	-10	-59	-84	-109	-134	-159
61	06406RBK2	BK 4.596 07/26/30	8YrNC7Yr 1x	1,000	07/26/29	2%	4%	7%	7%	12%	12%	25	-24	-49	-74	-99	-124
				74,546													

Portfolio Changes

New Securities 6/2025-9/2025

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent
06406RBK2	Corporate	BK 4.596 07/26/30	07/26/2030	4.60	1,000,000	100.00	AFS
3133ETUM7	Treasury/Agency	FFCB 4.53 02/25/30	02/25/2030	4.53	5,000,000	100.00	AFS
3133ETUN5	Treasury/Agency	FFCB 4.45 02/25/30	02/25/2030	4.45	5,000,000	100.00	AFS
3133ETXV4	Treasury/Agency	FFCB 3.83 09/15/28	09/15/2028	3.83	1,400,000	100.00	AFS
3134HBWS6	Treasury/Agency	FHLMC 4 07/07/28	07/07/2028	4.00	2,000,000	100.00	AFS
89236TMK8	Corporate	TOYOTA 4.55 08/09/29	08/09/2029	4.55	500,000	100.00	AFS
91324PDX7	Corporate	UNH 2 05/15/30	05/15/2030	2.00	1,000,000	100.00	AFS

Securities Sold/Redeemed 6/2025-9/2025

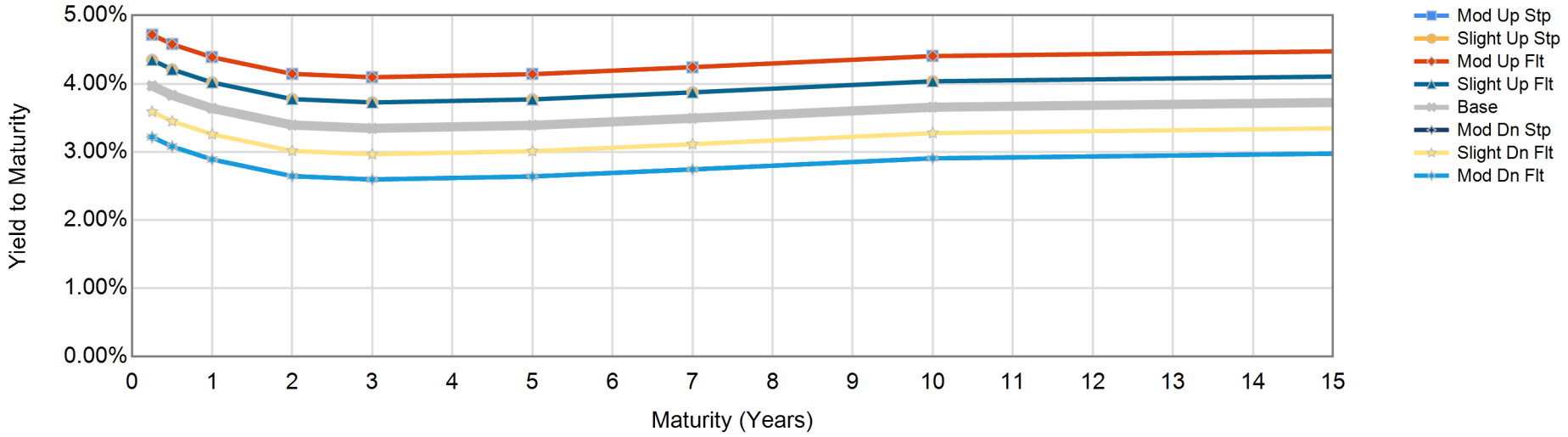
CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent	Redemption Type
3133EPKC8	Treasury/Agency	FFCB 5.39 05/18/27	05/18/2027	5.39	5,000,000	100.00	AFS	Called
46656MVH1	CD	JPM 5 11/30/27	11/30/2027	5.00	240,000	100.00	AFS	Called
3133ETGK7	Treasury/Agency	FFCB 4.73 05/14/29	05/14/2029	4.73	5,000,000	100.00	AFS	Called
3133ETFB8	Treasury/Agency	FFCB 4 3/4 04/30/29	04/30/2029	4.75	5,000,000	100.00	AFS	Called
3133EPLE3	Treasury/Agency	FFCB 4.67 05/30/28	05/30/2028	4.67	2,815,000	100.00	AFS	Called
59541KCV7	CD	MIDMIB 5.15 06/12/28	06/12/2028	5.15	245,000	100.00	AFS	Called
69503PAB7	CD	PACVYB 5.2 06/14/29	06/14/2029	5.20	245,000	100.00	AFS	Called
3133EJYM5	Treasury/Agency	FFCB 3.02 09/04/25	09/04/2025	3.02	3,000,000	100.00	AFS	Expired/Matured
3136G4ZP1	Treasury/Agency	FNMA 0.65 07/30/25	07/30/2025	0.65	3,500,000	100.00	AFS	Expired/Matured
3134GWUG9	Treasury/Agency	FHLMC 0.57 09/24/25	09/24/2025	0.57	10,000,000	100.00	AFS	Expired/Matured
3133EL3P7	Treasury/Agency	FFCB 0.53 08/12/25	08/12/2025	0.53	1,810,000	100.00	AFS	Expired/Matured
PLMDLCAMP	Other	CAMP- CALIFORNIA ASSET MANAGEMENT P	07/30/2025	0.30	53,535,437	100.00	AFS	Partial Sale
PLMDLLA1F	Other	STATE OF CALIFORNIA LOCAL AGENCY INV	07/30/2025	0.78	105,378,988	100.00	AFS	Partial Sale

Shocked Assumptions

Scenarios

		Mod Up Stp	Slight Up Stp	Mod Up Flt	Slight Up Flt	+100	+50	+25	Base	-25	-50	Mod Dn Stp	Slight Dn Flt	Mod Dn Flt
Shift Amount	3mo	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
	6mo	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
	12mo	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
	2yr	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
	3yr	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
	5yr	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
	10yr	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
	30yr	75	38	75	38	100	50	25	0	-25	-50	-75	-38	-75
Shock Horizon		0 Months	0 Months	0 Months	0 Months	0 Months	0 Months	0 Months	0 Months	0 Months	0 Months	0 Months	0 Months	0 Months
Total Return Horizon		12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Shift Timing to Horizon		Ramped	Ramped	Ramped	Ramped	Ramped	Ramped	Ramped	Ramped	Ramped	Ramped	Ramped	Ramped	Ramped
Curve Type		Static	Static	Static	Static	Static	Static	Static	Static	Static	Static	Static	Static	Static

SOFRSwap Curve | Scenarios



Assumptions

• Calculation Engine	The Yield Book © and ZM Financial
• Prepayment Model	The Yield Book ©
• Data Sources	The Yield Book ©, Reuters, Intex, KDS and Stifel
• Curve Date	Same as Portfolio As Of Date
• Curve Type Used	SOFRSwap Curve
• Market Prices	Market prices are indications only, provided by Reuters unless otherwise specified
• Horizon Price Methodology	Constant OAS where possible; constant nominal spread change as a secondary method
• Horizon Period	0 month horizon for immediate rate shock scenarios; 12 month horizon for total return scenarios
• Reinvestment Rate	SOFR
• Cost of Funds	0.00%
• Tax Rate	00.0%
• Subtotal Weightings	Overall totals and subtotals are weighted by market value

Additional Information

Adjustable Rate Securities - YTM for ARMs and floaters assumes the coupon resets based on index levels implied by the static curve.

Projected Call Methodology - The method used to determine the call assumes a small internal margin to account for the "cost to call."

Municipals - For taxable institutions, the above tax rate detailed - along with TEFRA adjustments for BQs - is used to calculate TEY unless otherwise noted.

Original Face - If original face was not supplied, original face was estimated by dividing current face by current factor.

Dollar Amounts - Unless otherwise specified, dollar amounts are displayed in thousands (000s).

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STIFEL

Performance Profile

City of Palmdale - Successor Agency

Palmdale, CA

September 2025

Stifel.com

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Executive Summary

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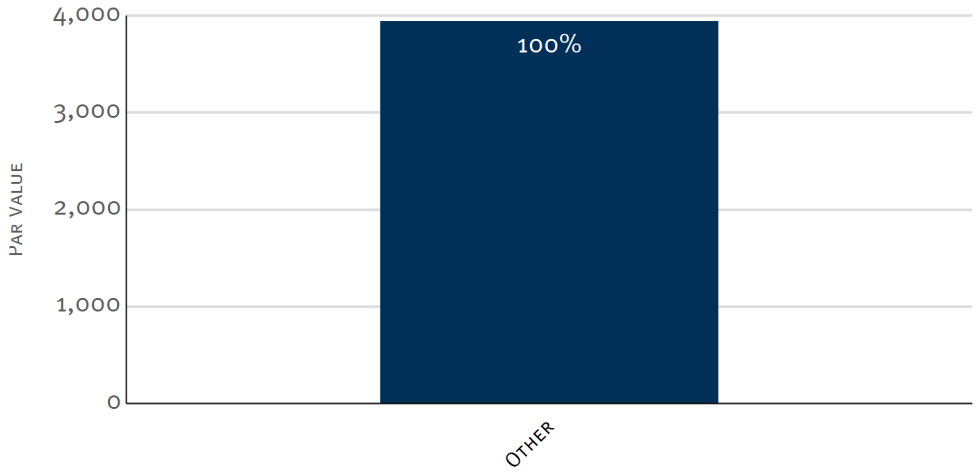
Executive Summary

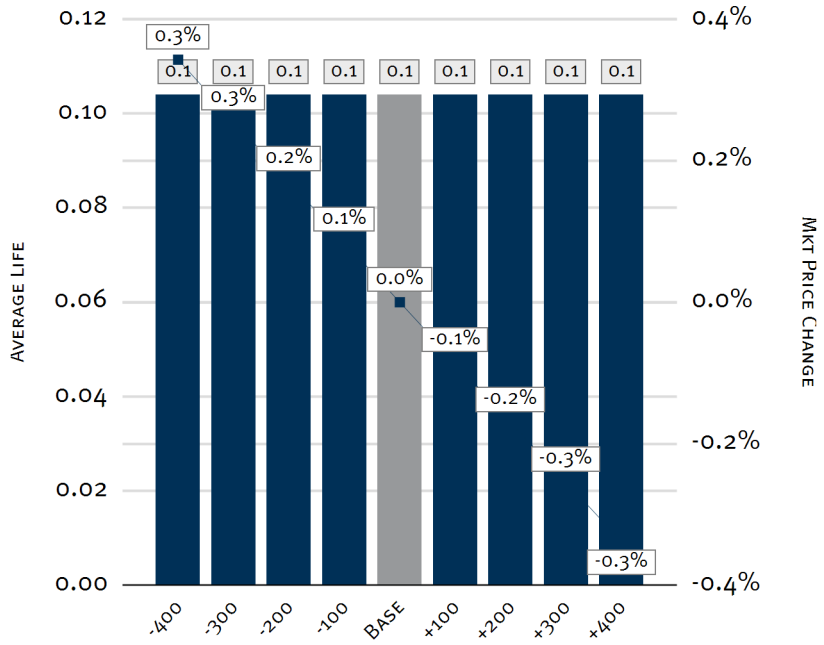
Portfolio Snapshot

Book Value	**3,942,546**
# Securities	1
Average Size (Book)	3,942,546
Yield @ Book Price	0.78
Internal Rate of Return	0.77
Yield @ Book Price +100bps	0.78
Yield @ Book Price -100bps	0.78
Market Yield	0.78
$ Gain Loss	
% Gain Loss	0.0%
Average Life	0.1
Average Life +300bps	0.1
% Price Change +100bps	-0.1
% Price Change +300bps	-0.3
Effective Duration	0.1
Effective Convexity	0.0
AFS / HTM %	100% / 0%
Fixed / Floating	100% / 0%
ESG / Green Par (000's)	$0 / $0

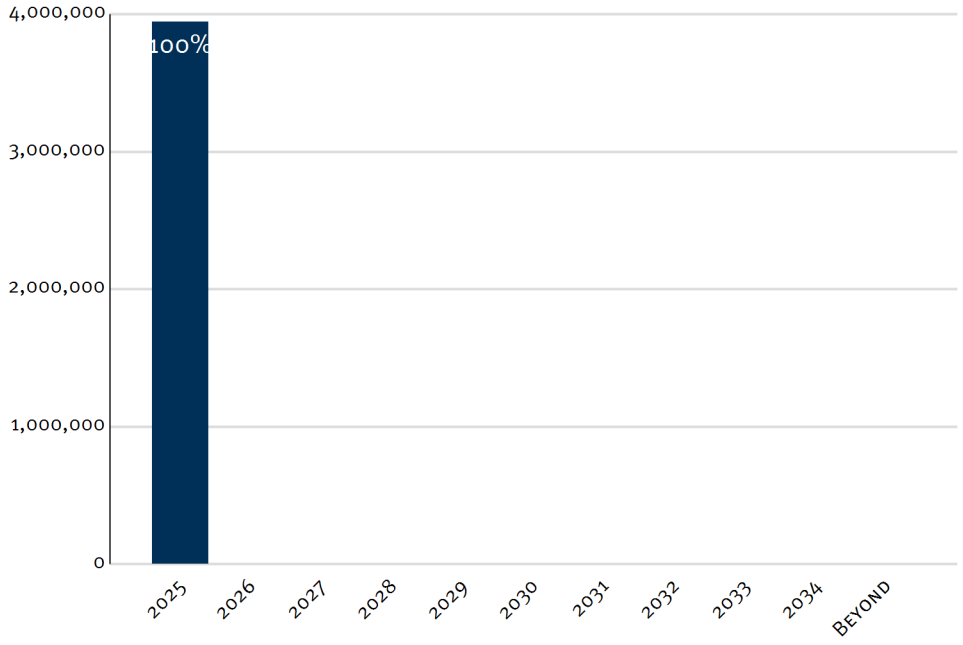
Sector Allocation



Average Life vs Price Sensitivity



Projected Principal Cash Flows



Executive Summary

Historical Portfolio Overview

	09/30/2025	06/30/2025		
Book Value	3,942,546	3,899,819		
Yield @ Book Price	0.78	0.78		
Yield @ Book Price (+100)	0.78	0.78		
Yield @ Book Price (+300)	0.78	0.78		
Yield @ Book Price (-100)	0.78	0.78		
WAL	0.1	0.1		
WAL (+100)	0.1	0.1		
WAL (+300)	0.1	0.1		
WAL (-100)	0.1	0.1		
% Price Change (+100)	-0.1%	-0.1%		
% Price Change (+300)	-0.3%	-0.3%		
% Price Change (-100)	0.1%	0.1%		
Effective Duration	0.1	0.1		
Effective Convexity	0.0	0.0		
$ Gain/Loss	0	0		
% Gain/Loss	0.0%	0.0%		
$ Gain/Loss (+300)	-10,014	-10,034		
Principal Cash Flow 2 yrs out	100%	100%		
Principal Cash Flow 2 yrs out (+100)	100%	100%		
Principal Cash Flow 2 yrs out (+300)	100%	100%		
Principal Cash Flow 2 yrs out (-100)	100%	100%		

Executive Summary

Portfolio Sector Summary

Sector	Portfolio Curr Par %	Par Value	Cpn	Maturity	Book Value	Yld @ Book	Market Value	Market Yield	% Price Change -100	% Price Change +100	% Price Change +300	Gain/(Loss) $	Gain/(Loss) %	WAL	Effective Dur	Effective Cvx	AFS %
Cash & Other (1)	100.0%	3,942,546	0.78	0.1	3,942,546	0.78	3,942,546	0.78	0.1	-0.1	-0.3	0	0.0%	0.1	0.1	0.0	100%
Other (1)	100.0%	3,942,546	0.78	0.1	3,942,546	0.78	3,942,546	0.78	0.1	-0.1	-0.3	0	0.0%	0.1	0.1	0.0	100%
Total (1)	100.0%	3,942,546	0.78	0.1	3,942,546	0.78	3,942,546	0.78	0.1	-0.1	-0.3	0	0.0%	0.1	0.1	0.0	100%

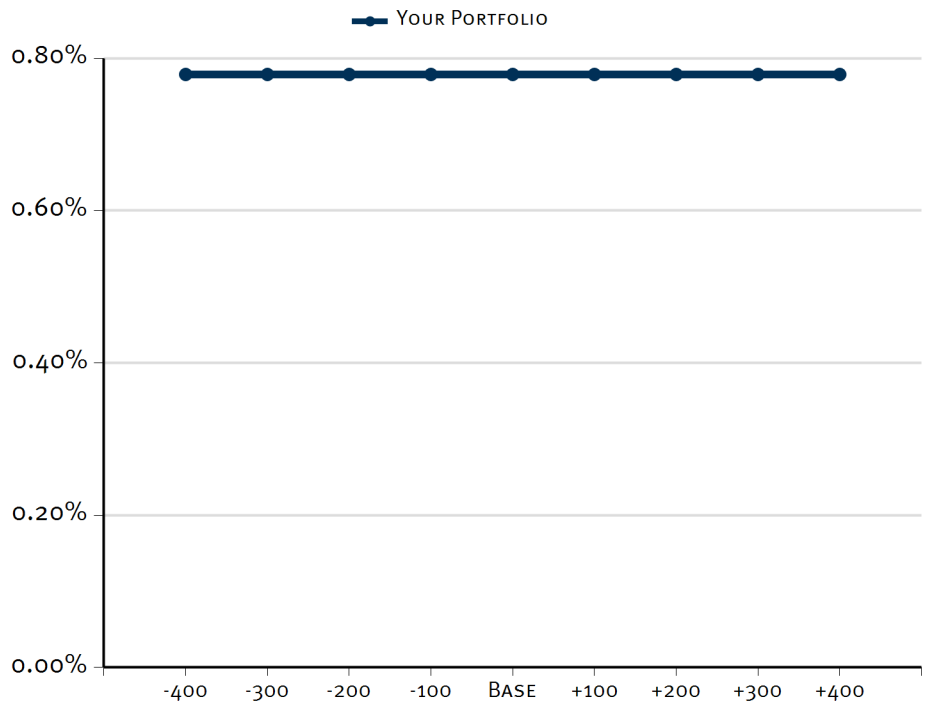
Executive Summary

Portfolio Analysis - Interest Rate Shock

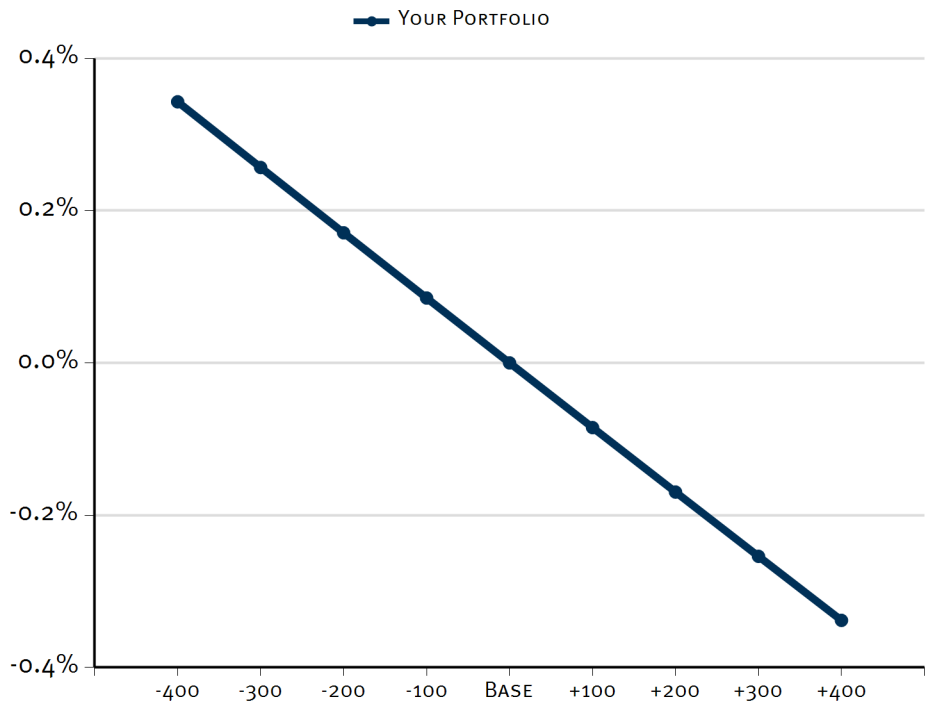
Total Portfolio

	-400	-300	-200	-100	Base	+100	+200	+300	+400
Number Bonds	1	1	1	1	**1**	1	1	1	1
Current Face	3,942,546	3,942,546	3,942,546	3,942,546	**3,942,546**	3,942,546	3,942,546	3,942,546	3,942,546
Book Value	3,942,546	3,942,546	3,942,546	3,942,546	**3,942,546**	3,942,546	3,942,546	3,942,546	3,942,546
Book Price	100.00	100.00	100.00	100.00	**100.00**	100.00	100.00	100.00	100.00
Projected Yield At Book Price	0.78%	0.78%	0.78%	0.78%	**0.78%**	0.78%	0.78%	0.78%	0.78%
Market Value	3,956,061	3,952,663	3,949,280	3,945,905	**3,942,546**	3,939,199	3,935,859	3,932,532	3,929,216
Market Price	100.34	100.26	100.17	100.09	**100.00**	99.92	99.83	99.75	99.66
Market Yield	-3.29%	-2.28%	-1.26%	-0.24%	**0.78%**	1.80%	2.83%	3.86%	4.89%
% Price Change	0.3%	0.3%	0.2%	0.1%	**0.0%**	-0.1%	-0.2%	-0.3%	-0.3%
Book Gain/Loss	13,515	10,117	6,734	3,359	**0**	-3,347	-6,687	-10,014	-13,330
Gain/Loss %	0.3%	0.3%	0.2%	0.1%	**0.0%**	-0.1%	-0.2%	-0.3%	-0.3%
Average Life	0.1	0.1	0.1	0.1	**0.1**	0.1	0.1	0.1	0.1
Effective Duration	0.1	0.1	0.1	0.1	**0.1**	0.1	0.1	0.1	0.1
Effective Convexity	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0

Projected Portfolio Yield at Book



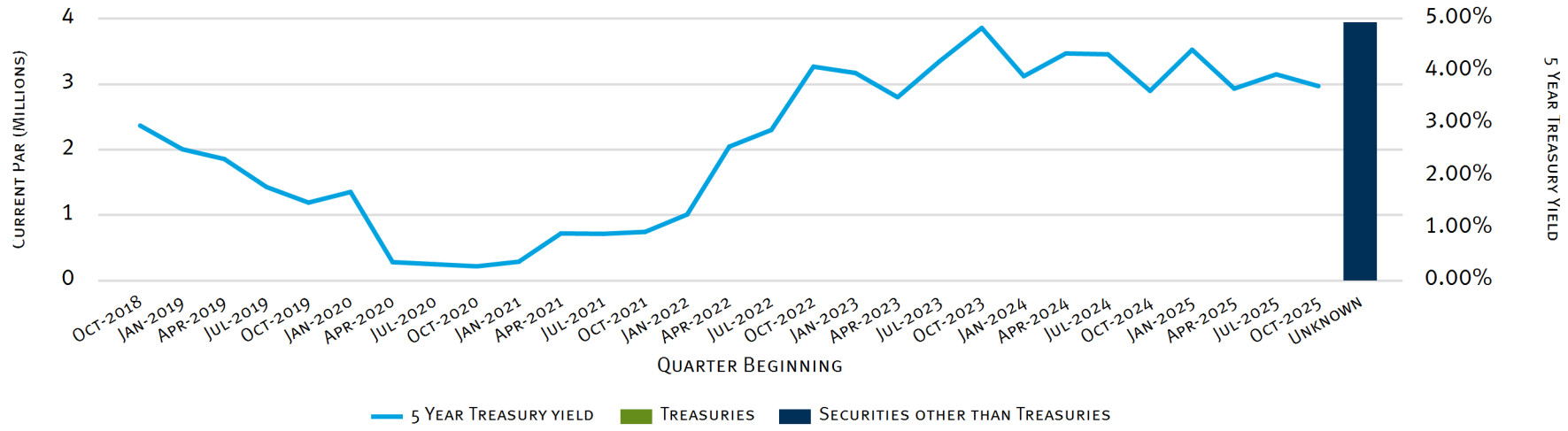
Total Portfolio Price Volatility



[1]Stifel Portfolio Median refers to the median portfolio value for other institutions analyzed by Stifel within the past three months.

Market Timing Analysis

Historical Purchases vs 5 Year Treasury Yield



5 Year Treasury Average: 2.58% / Median 2.72%

Securities Purchased by Rate Environment

The highest quartile is composed of the seven quarters over the past seven years in which rates were the highest, the second quartile is the next seven highest quarters, and so on.

Executive Summary

Key Market Rates

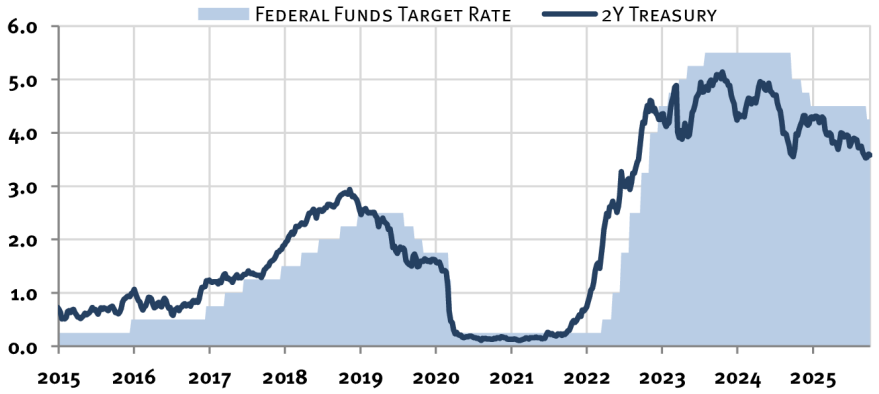
KEY MARKET RATES

Treasury Yields	9/30/2025	9/30/2024	YOY Δ
3M Treasury Bill	3.94	4.63	(0.69)
6M Treasury Bill	3.84	4.41	(0.57)
2Y Treasury Note	3.61	3.64	(0.03)
3Y Treasury Note	3.62	3.55	0.07
5Y Treasury Note	3.74	3.56	0.18
10Y Treasury Note	4.15	3.78	0.37
30Y Treasury Bond	4.73	4.12	0.61
10Y TIPS	1.78	1.60	0.19

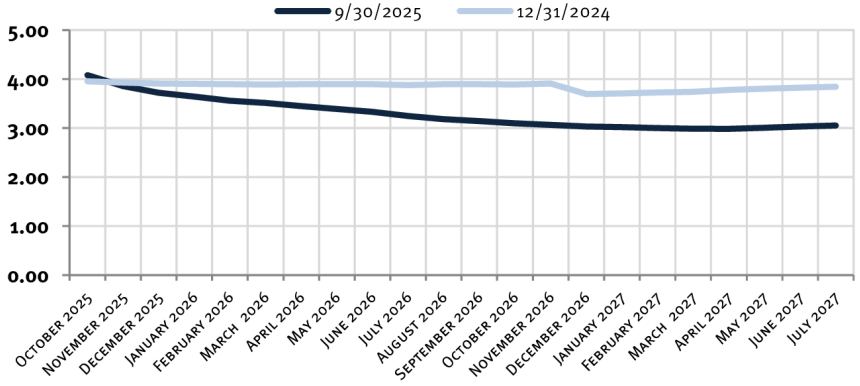
Other Key Interest Rates	9/30/2025	9/30/2024	YOY Δ
Fed Funds Target Rate	4.25	5.00	(0.75)
Fed Funds Effective Rate	4.22	5.13	(0.91)
Interest on Reserves	4.15	4.90	(0.75)
SOFR	4.24	4.96	(0.72)
SOFR 30-Day Average	4.31	5.16	(0.86)
Discount Rate	4.25	5.00	(0.75)
Prime	7.25	8.00	(0.75)
FNMA 30Y Mortgage Rate	6.30	6.08	0.22

Stocks and Commodities	9/30/2025	9/30/2024	YOY Δ
Dollar Index	97.78	100.78	-3.0%
CRB Commodity Index	545.88	540.27	1.0%
Brent Crude Oil	67.02	71.77	-6.6%
Gold	3,859	2,635	46.5%
DJIA	46,398	42,330	9.6%
S&P 500	6,688	5,762	16.1%
Russell 2000	2,436	2,230	9.3%
NASDAQ	22,660	18,189	24.6%

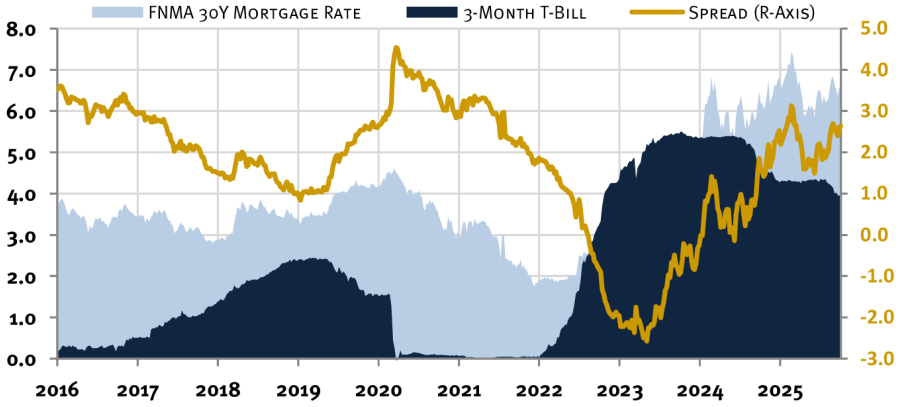
FEDERAL FUNDS TARGET RATE AND 2-YEAR TREASURY YIELD



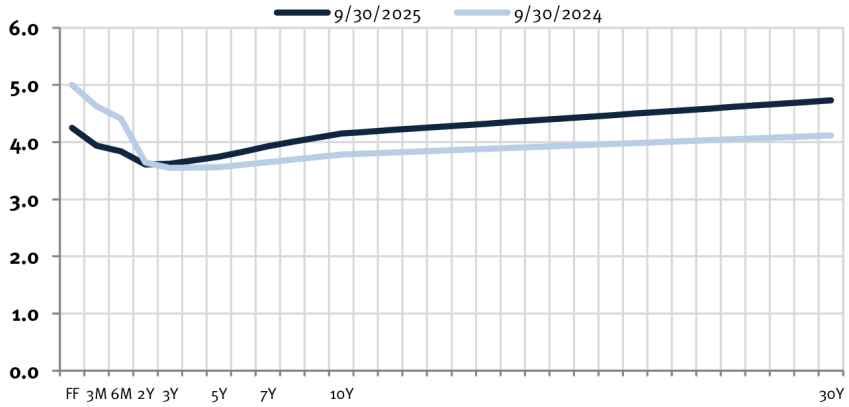
FED FUNDS FUTURES



FUNDING COSTS vs. FNMA 30Y MORTGAGE RATES



CURRENT TREASURY YIELD CURVE vs. ONE YEAR AGO



KEY ECONOMIC DATA

Gross Domestic Product (Chain-Weighted)	Jun-25	Mar-25	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22	Jun-22
GDP *($ Billions)*	**23,771**	23,548	23,587	23,479	23,287	23,082	23,034	22,841	22,581	22,440	22,278	22,126	21,967
GDP *(QoQ, SAAR)*	**3.8%**	-0.6%	1.9%	3.3%	3.6%	0.8%	3.4%	4.7%	2.5%	2.9%	2.8%	2.9%	0.6%
Personal Consumption ($ Billions)	**16,446**	16,346	16,321	16,166	16,010	15,858	15,790	15,672	15,554	15,496	15,326	15,296	15,224
Personal Consumption (QoQ, SAAR)	**2.5%**	0.6%	3.9%	4.0%	3.9%	1.7%	3.0%	3.1%	1.5%	4.5%	0.8%	1.9%	3.3%
Real Disposable Personal Income ($ Billions)	**18,082**	17,943	17,843	17,755	17,701	17,596	17,417	17,269	17,183	17,002	16,519	16,354	16,097
Real Disposable personal Income (QoQ, SAAR)	**3.1%**	2.3%	2.0%	1.2%	2.4%	4.2%	3.5%	2.0%	4.3%	12.2%	4.1%	6.5%	-2.0%
Private Investment ($ Billions)	**4,383**	4,548	4,316	4,392	4,382	4,296	4,313	4,276	4,181	4,109	4,185	4,105	4,177
Private Investment (QoQ, SAAR)	**-13.7%**	23.3%	-6.8%	0.9%	8.2%	-1.6%	3.6%	9.4%	7.2%	-7.1%	8.0%	-6.7%	-8.6%
Business Fixed Investment ($ Billions)	**4,381**	4,334	4,260	4,281	4,265	4,250	4,219	4,171	4,132	4,040	3,992	3,997	4,020
Business Fixed Investment (QoQ, SAAR)	**4.4%**	7.1%	-1.9%	1.5%	1.4%	3.0%	4.6%	3.8%	9.5%	4.9%	-0.5%	-2.2%	1.9%
Residential Fixed Investment ($ Billions)	**779**	789	791	783	792	796	781	778	757	749	762	809	864
Residential Fixed Investment (QoQ, SAAR)	**-5.1%**	-1.0%	4.3%	-4.8%	-2.0%	8.2%	1.5%	11.5%	4.2%	-6.6%	-21.3%	-23.0%	-11.1%
Change in Business Inventories ($ Billions)	**(190)**	155	(52)	(6)	63	(49)	(6)	50	(26)	(117)	81	(35)	(113)
Government Spending ($ Billions)	**3,993**	3,994	4,004	3,971	3,919	3,887	3,865	3,821	3,774	3,743	3,705	3,668	3,652
Government Spending (QoQ, SAAR)	**-0.1%**	-1.0%	3.3%	5.4%	3.3%	2.3%	4.7%	5.2%	3.3%	4.1%	4.1%	1.7%	-1.4%
Federal Government Spending ($ Billions)	**1,517**	1,537	1,560	1,543	1,512	1,496	1,493	1,480	1,456	1,456	1,442	1,411	1,415
Federal Government Spending ($ Billions)	**-5.3%**	-5.6%	4.4%	8.6%	4.3%	0.8%	3.4%	6.8%	-0.1%	4.1%	9.1%	-1.3%	-3.7%
State and Local Government Spending ($ Billions)	**2,475**	2,456	2,445	2,429	2,407	2,391	2,372	2,341	2,317	2,287	2,264	2,256	2,237
State and Local Government Spending (QoQ, SAAR)	**3.1%**	1.9%	2.7%	3.6%	2.8%	3.2%	5.4%	4.2%	5.4%	4.1%	1.4%	3.5%	-0.1%
Net External Trade ($ Billions)	**(1,058)**	(1,381)	(1,069)	(1,065)	(1,032)	(964)	(934)	(926)	(928)	(912)	(945)	(953)	(1,093)
Net External Trade (QoQ, SAAR)	**65.5%**	-178.3%	-1.5%	-13.3%	-31.4%	-13.5%	-3.5%	0.8%	-7.2%	13.0%	3.6%	42.2%	4.9%
Exports ($ Billions)	**2,647**	2,660	2,659	2,664	2,608	2,604	2,575	2,537	2,509	2,544	2,520	2,539	2,452
Exports (QoQ, SAAR)	**-1.8%**	0.2%	-0.9%	8.9%	0.7%	4.6%	6.1%	4.4%	-5.3%	3.8%	-2.9%	15.0%	13.1%
Imports ($ Billions)	**3,705**	4,040	3,727	3,729	3,640	3,568	3,509	3,463	3,437	3,456	3,465	3,492	3,545
Imports (QoQ, SAAR)	**-29.3%**	38.0%	-0.2%	10.1%	8.4%	6.9%	5.4%	3.0%	-2.1%	-1.0%	-3.1%	-5.8%	7.1%

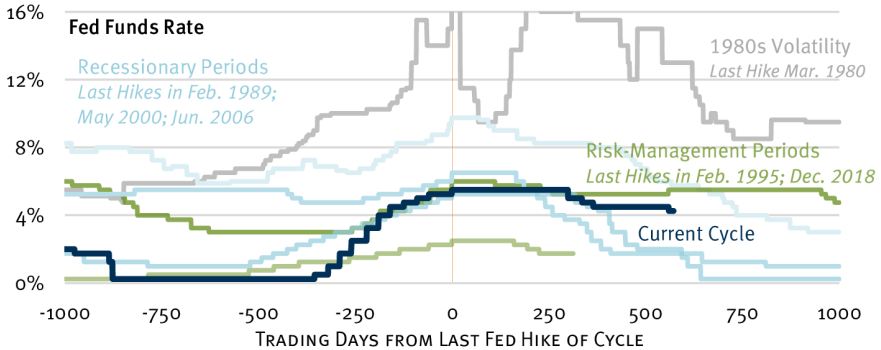
Labor	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24
Unemployment Rate	4.3%	4.2%	4.1%	4.2%	4.2%	4.2%	4.1%	4.0%	4.1%	4.2%	4.1%	4.1%	4.2%
Monthly Change in Nonfarm Payrolls (000s)	22	79	-13	19	158	120	102	111	323	261	44	240	71
Average Weekly Hours Worked Nonfarm	34.2	34.2	34.2	34.3	34.3	34.3	34.2	34.1	34.2	34.3	34.3	34.2	34.3
Average Hourly Earnings Nonfarm (YoY)	3.7%	3.9%	3.7%	3.8%	3.8%	3.9%	3.9%	3.9%	4.0%	4.2%	4.1%	3.9%	4.0%

Inflation	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24
Consumer Price Index (YoY)		2.7%	2.7%	2.4%	2.3%	2.4%	2.8%	3.0%	2.9%	2.7%	2.6%	2.4%	2.5%
Core Consumer Price Index (YoY)		3.1%	2.9%	2.8%	2.8%	2.8%	3.1%	3.3%	3.2%	3.3%	3.3%	3.3%	3.2%
Core Personal Consumption Expenditure (YoY)		2.9%	2.8%	2.8%	2.6%	2.7%	3.0%	2.8%	3.0%	3.0%	3.0%	2.8%	2.9%

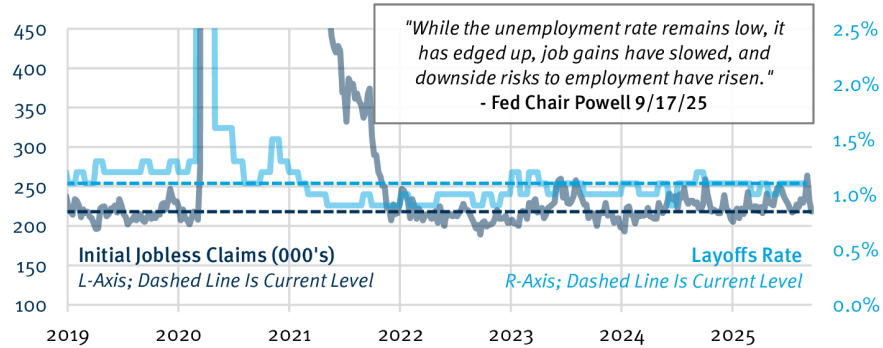
Housing	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24
New Home Sales (000s, Annualized)		664	676	627	706	660	642	662	718	675	621	717	693
Existing Home Sales (Millions, Annualized)		4.01	3.93	4.04	4.00	4.02	4.27	4.09	4.29	4.17	4.03	3.90	3.93
Homebuilder Confidence Index	32	33	32	34	40	39	42	47	46	46	43	41	39
Housing Starts (000s, Annualized)		1,429	1,382	1,282	1,398	1,355	1,490	1,358	1,514	1,295	1,352	1,357	1,391
Building Permits (000s, Annualized)		1,362	1,393	1,394	1,422	1,481	1,454	1,460	1,480	1,508	1,428	1,434	1,476

Other	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24
Industrial Production (YoY Change in Output)		1.3%	0.9%	0.7%	1.2%	1.0%	1.1%	1.4%	0.4%	-0.9%	-0.4%	-0.7%	-0.1%
ISM Manufacturing Index	48.7	48.0	49.0	48.5	48.7	49.0	50.3	50.9	49.2	48.4	46.9	47.5	47.5
ISM Non-Manufacturing Index	52.0	50.1	50.8	49.9	51.6	50.8	53.5	52.8	54.0	52.5	55.8	54.5	51.6
ISM Economy-Weighted Composite index	51.7	49.9	50.6	49.8	51.3	50.6	53.2	52.6	53.5	52.1	54.9	53.8	51.2
Auto Sales (Millions, Annualized)	16.07	16.41	15.34	15.65	17.27	17.77	16.00	15.60	16.80	16.50	16.04	15.77	15.13
Consumer Confidence (U of M)	58.2	61.7	60.7	52.2	52.2	57.0	64.7	71.7	74.0	71.8	70.5	70.3	67.9

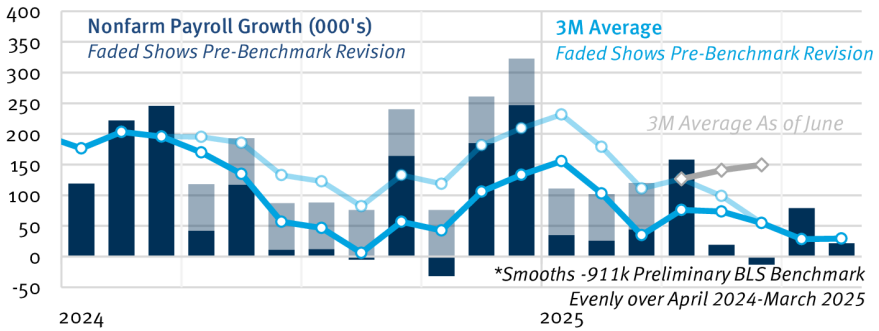
THE FED CUT IN SEPTEMBER IN RESPONSE TO A SHIFT IN ITS RISK ASSESSMENT



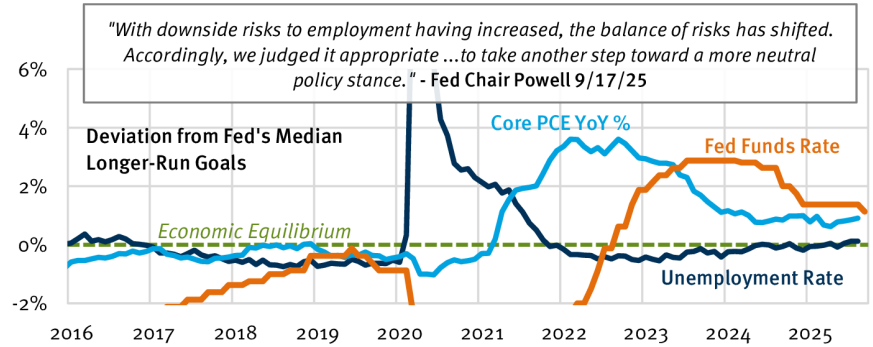
CLEAR EVIDENCE OF LABOR DESTRUCTION REMAINS SPARSE



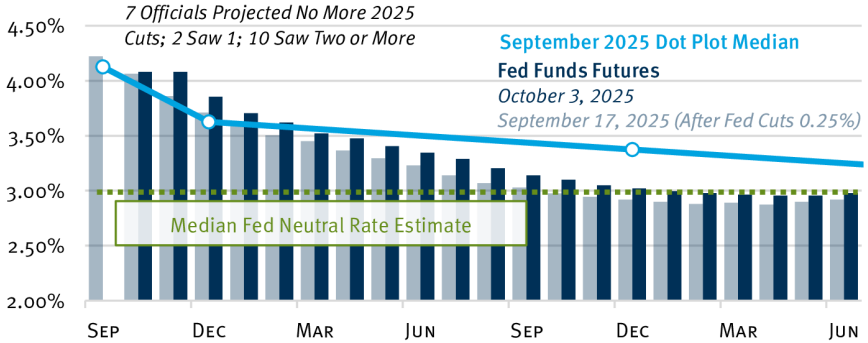
RECENT DATA, HOWEVER, SHOW A CONVINCINGLY WEAKER TREND FOR LABOR DEMAND



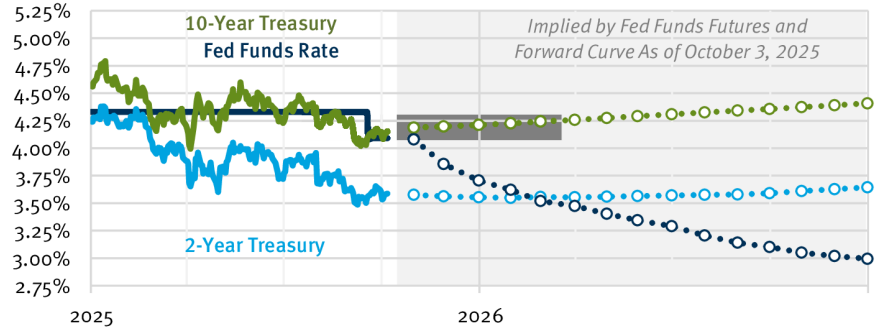
THAT OFFICIALS BELIEVED WARRANTED A STEP IN THE DIRECTION OF NEUTRAL



NEVERTHELESS, THE FED REMAINS DIVIDED ON NEXT STEPS AMID STICKY INFLATION



AND THE OUTLOOK FOR INTEREST RATES REMAINS CLOUDED BY UNCERTAINTY



Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, Federal Reserve, Bloomberg Finance L.P., Stifel

Sector Analysis

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Sector Analysis

Other Sector Portfolio

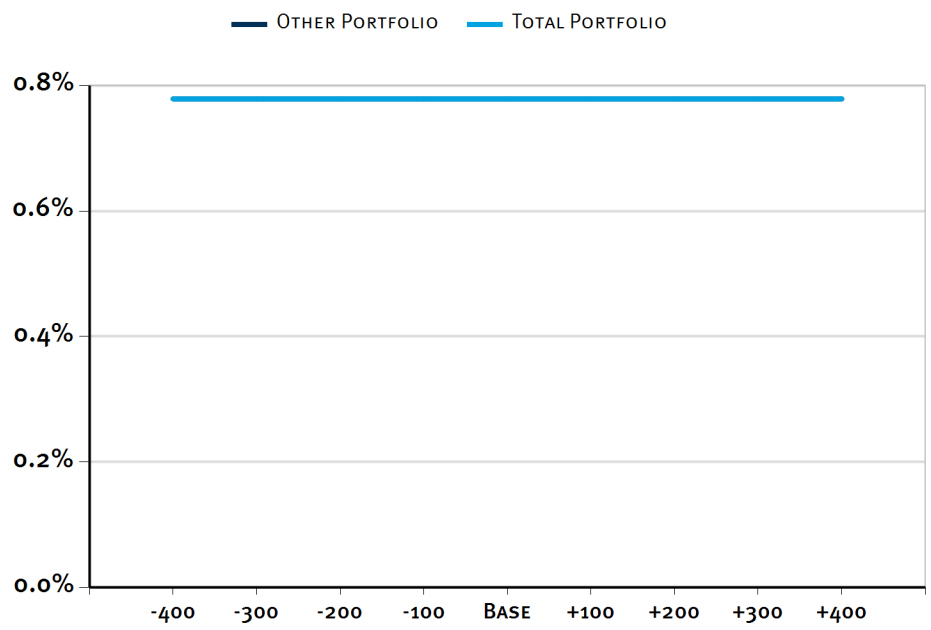
	-400	-300	-200	-100	Base	+100	+200	+300	+400
Number Bonds	1	1	1	1	1	1	1	1	1
Current Face	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546
Book Value	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546	3,942,546
Book Price	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Proj. Yld. At Book Px.	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Market Value	3,956,061	3,952,663	3,949,280	3,945,905	3,942,546	3,939,199	3,935,859	3,932,532	3,929,216
Market Price	100.34	100.26	100.17	100.09	100.00	99.92	99.83	99.75	99.66
Market Yield	-3.29%	-2.28%	-1.26%	-0.24%	0.78%	1.80%	2.83%	3.86%	4.89%
% Price Change	0.3%	0.3%	0.2%	0.1%	0.0%	-0.1%	-0.2%	-0.3%	-0.3%
Book Gain/Loss	13,515	10,117	6,734	3,359	0	-3,347	-6,687	-10,014	-13,330
Gain/Loss %	0.34%	0.26%	0.17%	0.09%	0.00%	-0.08%	-0.17%	-0.25%	-0.34%
Average Life	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Effective Duration	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Effective Convexity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Other Contribution to Total Portfolio Measures

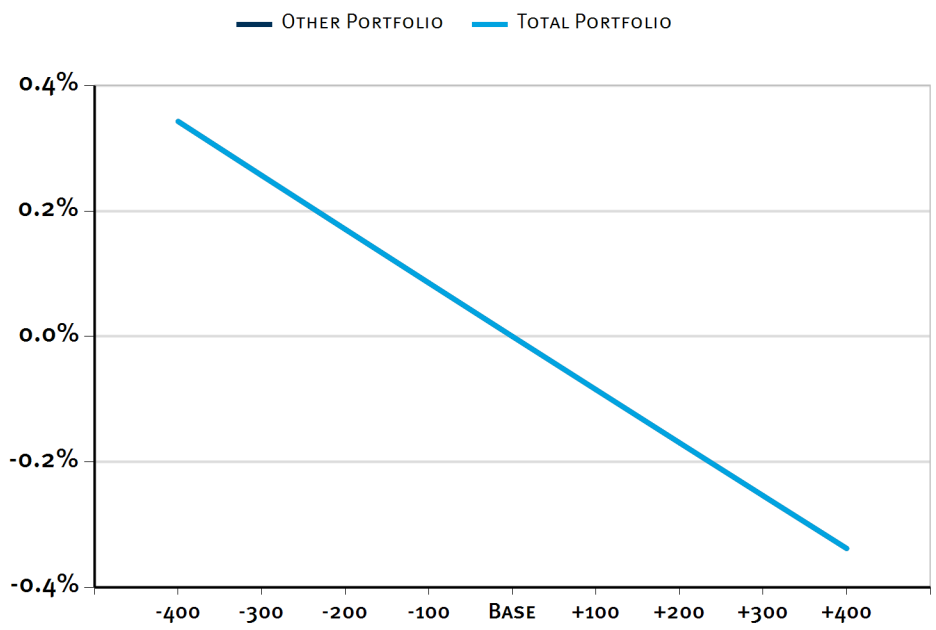
Allocation, Mkt Val	100.0%
Px Risk Contribution[1]	100.0%
Yield Contribution[2]	100.0%

[1] Risk - Sector px. vol. +300 as % of total port. px. vol
[2] Yield - Sector yield as a % of total port. yield.

Other Sector Yield @ Book vs Total Portfolio



Other Sector Price Volatility vs Total Portfolio



Cashflow Analysis

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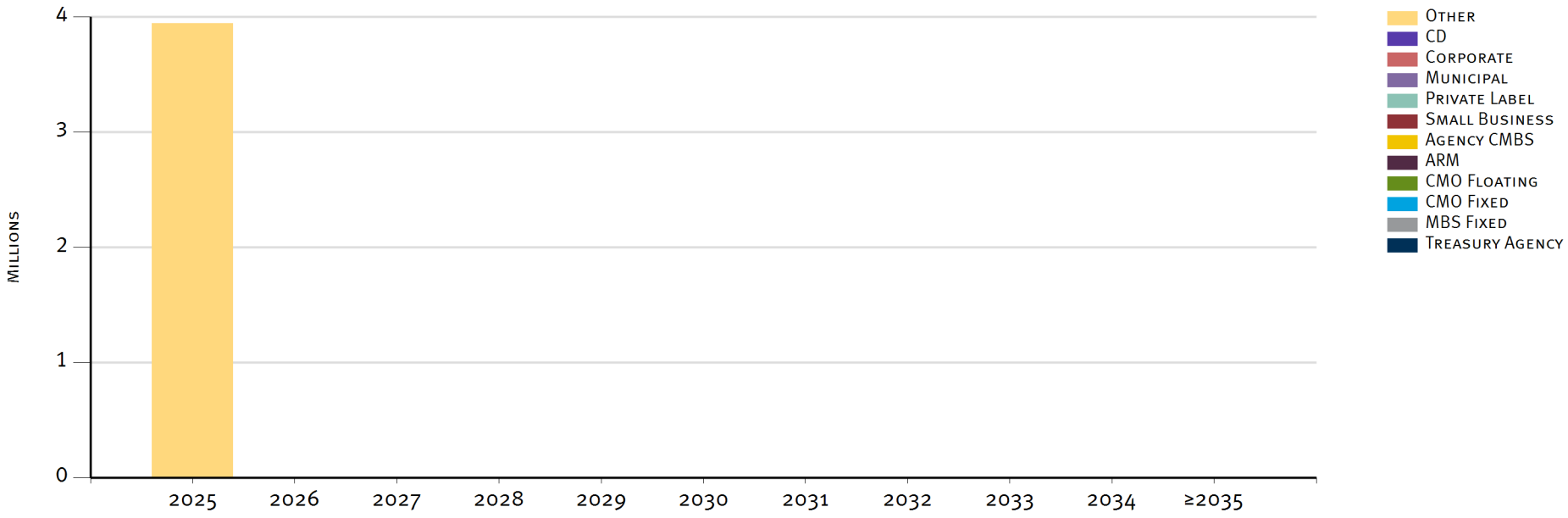
Cash Flow Analysis

Annual Base

Annual Cash Flows by Sector (Base)

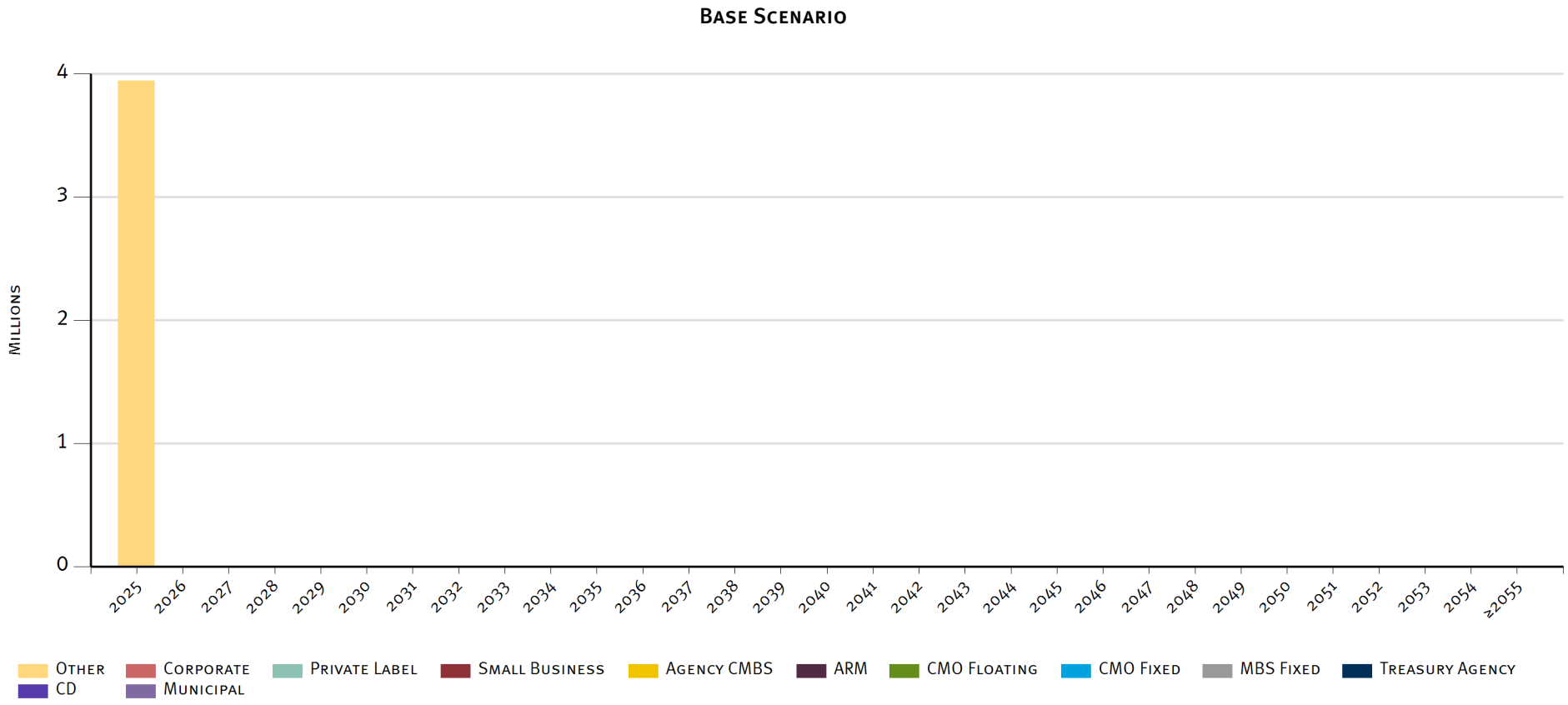
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	≥2035
Treasury/Agency	0	0	0	0	0	0	0	0	0	0	0
MBS Fixed	0	0	0	0	0	0	0	0	0	0	0
ARM	0	0	0	0	0	0	0	0	0	0	0
CMO Fixed	0	0	0	0	0	0	0	0	0	0	0
CMO Floating	0	0	0	0	0	0	0	0	0	0	0
Agency CMBS	0	0	0	0	0	0	0	0	0	0	0
Small Business	0	0	0	0	0	0	0	0	0	0	0
Private Label	0	0	0	0	0	0	0	0	0	0	0
Municipal	0	0	0	0	0	0	0	0	0	0	0
Corporate	0	0	0	0	0	0	0	0	0	0	0
CD	0	0	0	0	0	0	0	0	0	0	0
Other	3,942,546	0	0	0	0	0	0	0	0	0	0
Total	**3,942,546**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
% of Total Portfolio	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Annual Cash Flows by Sector (Base)



Cash Flow Analysis

Cash Flows By Sector - Next 30 Years



Cash Flow Analysis

Annual Shocked

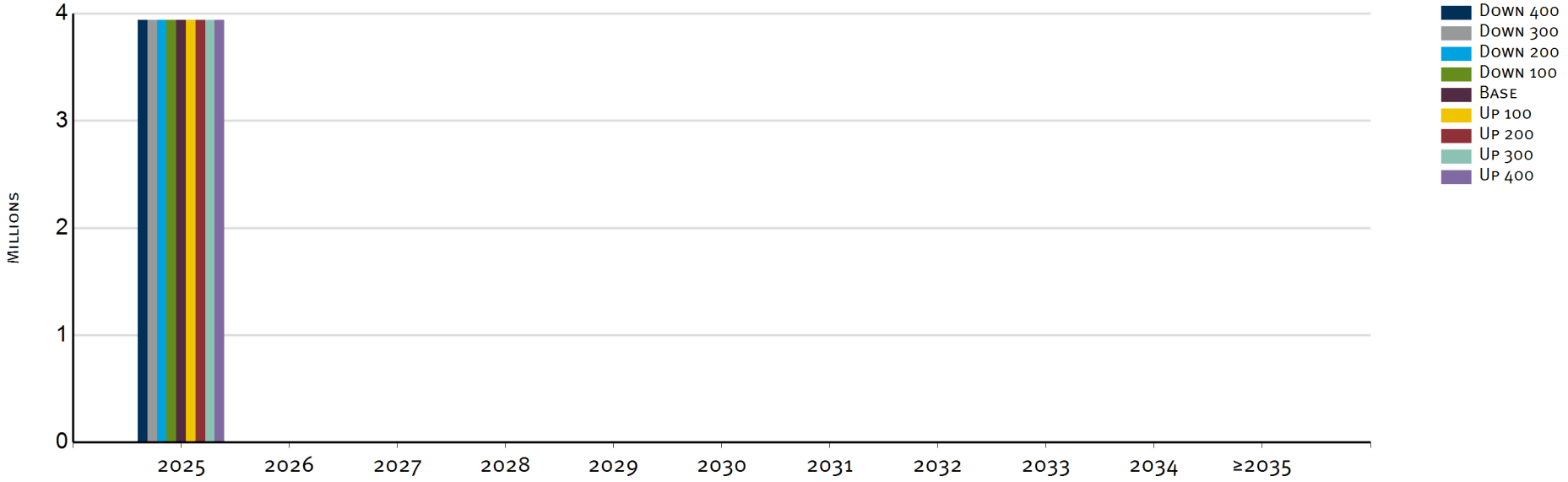
Shocked Annual Portfolio Cash Flows

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	≥ 2035
Down 400	3,942,546	0	0	0	0	0	0	0	0	0	0
Down 300	3,942,546	0	0	0	0	0	0	0	0	0	0
Down 200	3,942,546	0	0	0	0	0	0	0	0	0	0
Down 100	3,942,546	0	0	0	0	0	0	0	0	0	0
Base	**3,942,546**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Up 100	3,942,546	0	0	0	0	0	0	0	0	0	0
Up 200	3,942,546	0	0	0	0	0	0	0	0	0	0
Up 300	3,942,546	0	0	0	0	0	0	0	0	0	0
Up 400	3,942,546	0	0	0	0	0	0	0	0	0	0

Change in Shocked Annual Portfolio Cash Flows from Base

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	≥ 2035
Down 400	0	0	0	0	0	0	0	0	0	0	0
Down 300	0	0	0	0	0	0	0	0	0	0	0
Down 200	0	0	0	0	0	0	0	0	0	0	0
Down 100	0	0	0	0	0	0	0	0	0	0	0
Up 100	0	0	0	0	0	0	0	0	0	0	0
Up 200	0	0	0	0	0	0	0	0	0	0	0
Up 300	0	0	0	0	0	0	0	0	0	0	0
Up 400	0	0	0	0	0	0	0	0	0	0	0

Shocked Annual Portfolio Cash Flows

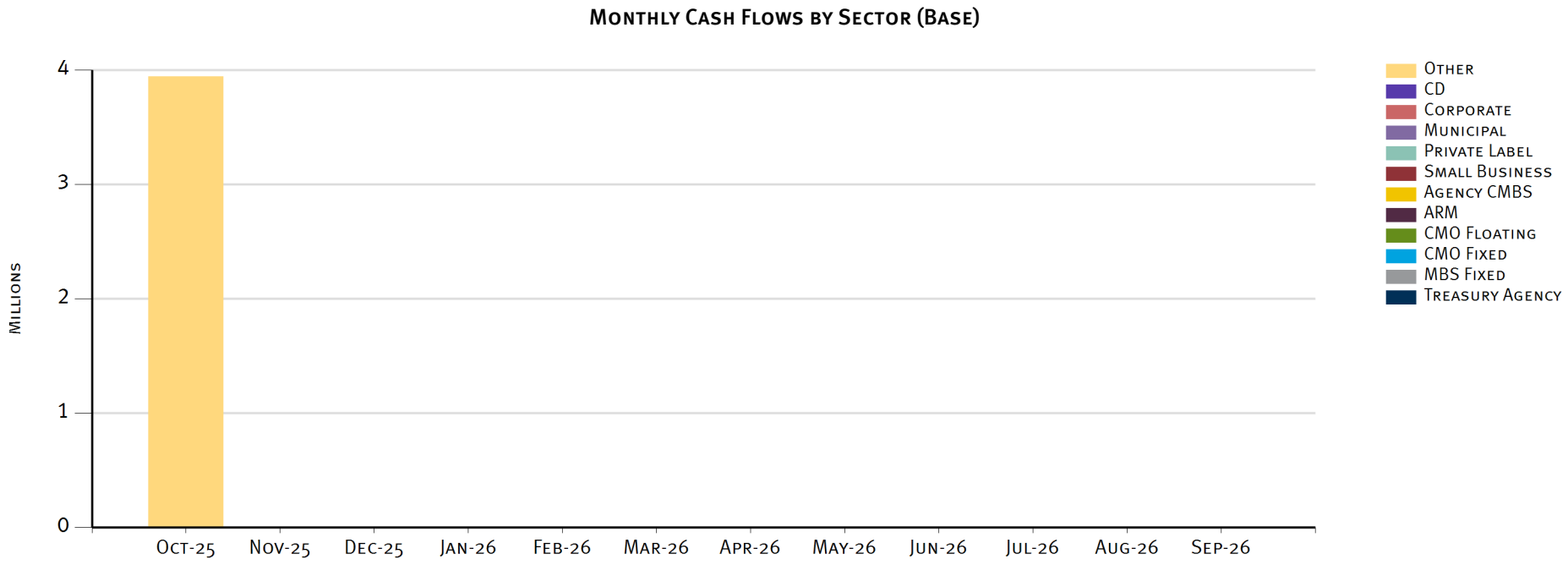


Cash Flow Analysis

Monthly Base

Monthly Cash Flows by Sector (Base)

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Total	% of Total Portfolio
Treasury/Agency	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
MBS Fixed	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
ARM	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
CMO Fixed	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
CMO Floating	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Agency CMBS	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Small Business	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Private Label	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Municipal	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Corporate	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
CD	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Other	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546	100.0%
Total	**3,942,546**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,942,546**	**100.0%**
% of Total Portfolio	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	



Cash Flow Analysis

Monthly Shocked

Shocked Monthly Portfolio Cash Flows (Year 1)

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Total
Down 400	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546
Down 300	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546
Down 200	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546
Down 100	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546
Base	**3,942,546**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,942,546**
Up 100	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546
Up 200	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546
Up 300	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546
Up 400	3,942,546	0	0	0	0	0	0	0	0	0	0	0	3,942,546

Change in Monthly Cash Flows from Base (Year 1)

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Total
Down 400	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 300	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 200	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 100	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 100	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 200	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 300	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 400	0	0	0	0	0	0	0	0	0	0	0	0	0

Shocked Monthly Portfolio Cash Flows (Year 2)

	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Total
Down 400	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 300	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 200	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 100	0	0	0	0	0	0	0	0	0	0	0	0	0
Base	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Up 100	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 200	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 300	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 400	0	0	0	0	0	0	0	0	0	0	0	0	0

Change in Monthly Cash Flows from Base (Year 2)

	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Total
Down 400	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 300	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 200	0	0	0	0	0	0	0	0	0	0	0	0	0
Down 100	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 100	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 200	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 300	0	0	0	0	0	0	0	0	0	0	0	0	0
Up 400	0	0	0	0	0	0	0	0	0	0	0	0	0

Cash Flow Analysis

Yield Forecaster

	Down 100 (3.17% Assumed Reinvestment Rate)[1]					Base Case (4.17% Assumed Reinvestment Rate)[1]					Up 100 (5.17% Assumed Reinvestment Rate)[1]				
	Principal Cash Flow	Cuml. Pay Down	Rolloff Yield	Rem. Port. Yield	Reinvest Port. Yield	Principal Cash Flow	Cuml. Pay Down	Rolloff Yield	Rem. Port. Yield	Reinvest Port. Yield	Principal Cash Flow	Cuml. Pay Down	Rolloff Yield	Rem. Port. Yield	Reinvest Port. Yield
Oct-25	3,942,546	100.0%	0.78	0.00	3.17	3,942,546	100.0%	0.78	0.00	4.17	3,942,546	100.0%	0.78	0.00	5.17
Nov-25	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Dec-25	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jan-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Feb-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Mar-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Apr-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
May-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jun-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jul-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Aug-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Sep-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Oct-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Nov-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Dec-26	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jan-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Feb-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Mar-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Apr-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
May-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jun-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jul-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Aug-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Sep-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Oct-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Nov-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Dec-27	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jan-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Feb-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Mar-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Apr-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
May-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jun-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Jul-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Aug-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17
Sep-28	0	100.0%	0.00	0.00	3.17	0	100.0%	0.00	0.00	4.17	0	100.0%	0.00	0.00	5.17

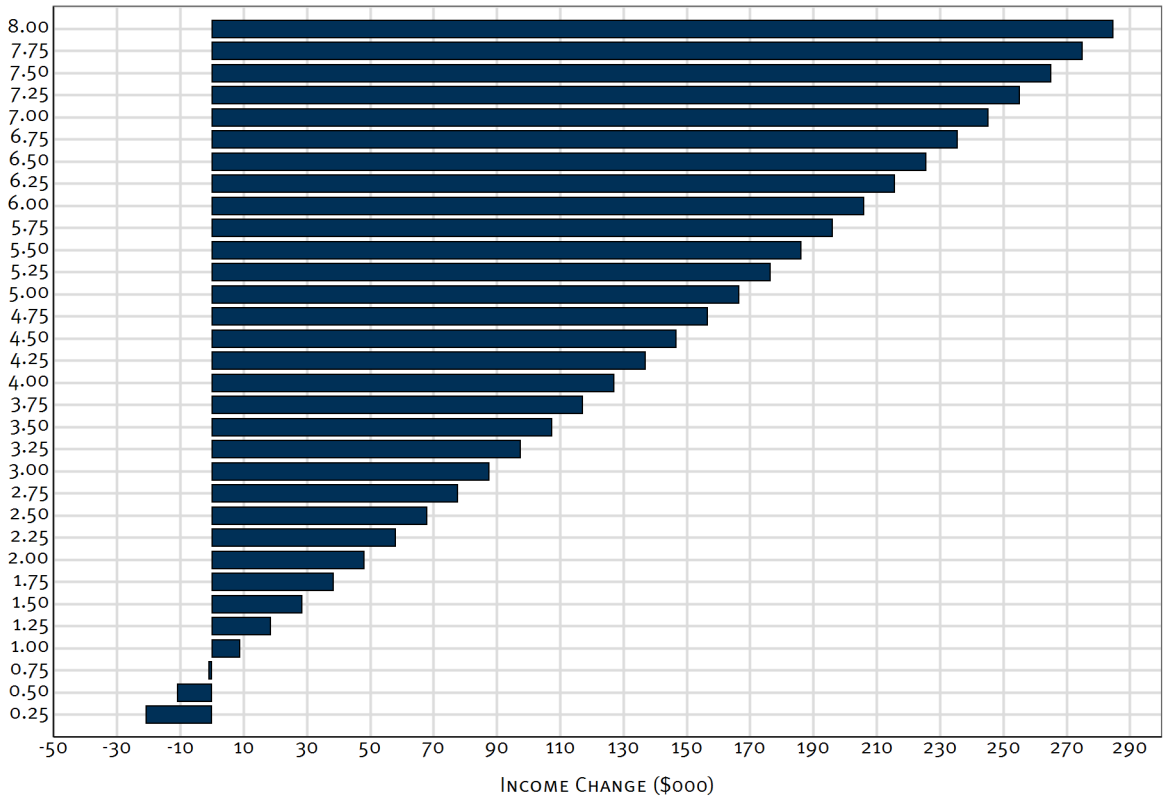
[1] Base reinvestment set at 5 Year Treasury rate +50 basis points

Cash Flow Analysis

Gap Analysis - Potential Income Impact of Principal Reinvestment

Principal Maturing (12 Mo Horizon)	3,943
Current Book Yield of Principal Maturing	0.78%
Estimated Annual Income at Current Book Yield	$31

Estimated Impact on Income at Various Reinvestment Yields



Assumed Reinvestment Yield	Estimated Annualized Income	Income Difference From Current Book	Resulting Book Yield
0.25	10	-21	0.25
0.50	20	-11	0.50
0.75	30	-1	0.75
1.00	39	9	1.00
1.25	49	19	1.25
1.50	59	28	1.50
1.75	69	38	1.75
2.00	79	48	2.00
2.25	89	58	2.25
2.50	99	68	2.50
2.75	108	78	2.75
3.00	118	88	3.00
3.25	128	97	3.25
3.50	138	107	3.50
3.75	148	117	3.75
4.00	158	127	4.00
4.25	168	137	4.25
4.50	177	147	4.50
4.75	187	157	4.75
5.00	197	166	5.00
5.25	207	176	5.25
5.50	217	186	5.50
5.75	227	196	5.75
6.00	237	206	6.00
6.25	246	216	6.25
6.50	256	226	6.50
6.75	266	235	6.75
7.00	276	245	7.00
7.25	286	255	7.25
7.50	296	265	7.50
7.75	306	275	7.75
8.00	315	285	8.00

Cash Flow Analysis

Projected Call and Maturity Report

Projected Call and Maturity Dates by Rate Scenario (Next 12 Months)

Description	CUSIP	Maturity	Next Call Date	Coupon	Current Face	Book Gain/Loss	Yld @ Book	Projected Call / Maturity Date								
								-400	-300	-200	-100	Base	+100	+200	+300	+400

Supplemental Analysis

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Sector Supplemental Analysis

Key Portfolio Sorts

Top 10 Up 300 Market Value Changes (%)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Mkt Price	G/L	Yld @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff Dur	INT
PLMDLLA1F	Cash & Other	STATE OF CALIFORNIA LOCAL	0.78	10/31/25	3,942,546	100.00	100.00		0.78	0.1	-0.3	-10,014	-10,014	0.1	AFS
			0.78		3,942,546	100.00	100.00		0.78	0.1	-0.3	-10,014	-10,014	0.1	

Top 10 Up 300 Market Value Changes ($)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Mkt Price	G/L	Yld @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff Dur	INT
PLMDLLA1F	Cash & Other	STATE OF CALIFORNIA LOCAL	0.78	10/31/25	3,942,546	100.00	100.00		0.78	0.1	-0.3	-10,014	-10,014	0.1	AFS
			0.78		3,942,546	100.00	100.00		0.78	0.1	-0.3	-10,014	-10,014	0.1	

Sector Supplemental Analysis

Key Portfolio Sorts

Top 10 Marked To Market Up 300 Loss Positions

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Mkt Price	G/L	Yld @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff Dur	INT
PLMDLLA1F	Cash & Other	STATE OF CALIFORNIA LOCAL	0.78	10/31/25	3,942,546	100.00	100.00		0.78	0.1	-0.3	-10,014	-10,014	0.1	AFS
			0.78		3,942,546	100.00	100.00		0.78	0.1	-0.3	-10,014	-10,014	0.1	

Top 10 Average Life Extension Up 300bps

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Mkt Price	G/L	Yld @ Book	% Px Δ +300	Eff Dur	WAL	WAL +300	Chg in WAL	INT
PLMDLLA1F	Cash & Other	STATE OF CALIFORNIA LOCAL	0.78	10/31/25	3,942,546	100.00	100.00		0.78	-0.3	0.1	0.1	0.1	0.0	AFS
			0.78		3,942,546	100.00	100.00		0.78	-0.3	0.1	0.1	0.1	0.0	

CUSIP Details

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CUSIP Details

Security Details - Other Sector

					Coupon										% Price Change			
CUSIP	FAS	Description	Structure	Current	Type	Rate	Next Step	Maturity	Book Price	Yld @ Book	Mkt Price	Gain/Loss	G/L %	Avg Life	-100	+100	+300	Eff Dur
PLMDLLA1F	AFS	STATE OF CALIFORNIA LOCAL	Bullet	3,942,546	Fixed	0.780		10/31/25	100.00	0.78	100.00	0	0.0%	0.1	0.1	-0.1	-0.3	0.1
TOTAL		**OTHER**		**3,942,546**		**0.780**		**10/31/25**	**100.00**		**100.00**	**0**	**0.0%**	**0.1**	**0.1**	**-0.1**	**-0.3**	**0.1**

Scenario Yield and Price Analysis

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Scenario Yield and Price Analysis

Interest Rate Risk / Reward - Other Sector

		Book			Projected Yield At Book Price									% Change in Market Price							
CUSIP	Description	Value	Price	Market Price	-400	-300	-200	-100	Base	+100	+200	+300	+400	-400	-300	-200	-100	+100	+200	+300	+400
PLMDLLA1F	STATE OF CALIFORNIA LOCAL AGENCY I	3,942,546	100.00	100.00	0.78	0.78	0.78	0.78	**0.78**	0.78	0.78	0.78	0.78	0.3	0.3	0.2	0.1	-0.1	-0.2	-0.3	-0.3
TOTAL	**OTHER SECTOR**	**3,942,546**	**100.00**	**100.00**	**0.78**	**0.78**	**0.78**	**0.78**	**0.78**	**0.78**	**0.78**	**0.78**	**0.78**	**0.3**	**0.3**	**0.2**	**0.1**	**-0.1**	**-0.2**	**-0.3**	**-0.3**

* n.m.: Yield not meaningful

Addendum

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Portfolio Exceptions

	Exception Description	CUSIP	Sector	Sub Sector	Sub Sub Sector	Security Description	Current Par	Book Price	Market Price
No bonds were excluded from your portfolio									

Portfolio Exceptions Summary

Total Current Par	Excluded Current Par	Included Current Par	Excluded Pct	Total Count	Excluded Count	Included Count	Excluded Pct
3,942,546	0	3,942,546	0.00%	1	0	1	0.00%

Addendum

Disclaimer and Notes

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	Applied	Notes
Date Requested	10/07/2025	The Performance Profile was requested on this date
Book Date	09/30/2025	The portfolio's book (holding) price is as of this date
As-Of Date	09/23/2025	Market pricing for this portfolio is as of this date.
Call Report	n.a.	Most recent institution call report available on Date Requested
Risk Manager	n.a.	The most recent Risk Manager information as of Date Requested
Tax Rate Applied	21.00%	Adjustable, defaults to 21.00% C-Corp Bank, 29.60% S-Corp Bank, 0.00% Credit Union
Cost of Funds	1.0%	Used to calculate Tax-Equivalent Yields where appropriate for depositories
TEFRA	Tax-Free Munis	C-Corp Bank (20% BQ, 100% GM); S-Corp Bank (0% BQ, 100% GM); all else n.a.
Portfolio Statistics	10/07/2025	The most recent Stifel portfolio summary statistics as of Date Requested

Addendum

Key Terms and Definitions

Term	Definition
Adjustment Frequency	For adjustable-rate mortgages (ARMs), the number of months between the loan's or security's coupon adjustment dates. GNMA ARMs adjust annually in one of the following months: January, April, July, or October; FNMA and FHLMC issues also usually have annual reset dates although the adjustment dates occur at any time during the year.
Book Yield	Usually provided from Bond Accounting reports and represents the Annualized yield to maturity (or call) based on the book value of a bond and projected cash flows. Similar to "Projected Yield at Book" except 3mo Historical Speeds are commonly employed in calculating Book Yield for amortizing securities rather than a forward looking estimate.
Collateral	Assets that are used to secure payment of certain bonds, for example, real estate is a source of collateral for mortgage backed securities.
Coupon	The stated interest rate on a bond that is used to calculate interest payments that are payable to bond holders. A coupon rate of interest can be fixed over the life of the bond or a variable rate of interest that is calculated using a formula described in the offering documents. Floating coupon rates are generally a simple spread (or margin) relative to a stated index (such as LIBOR). Many bonds include caps and floors on the coupon interest rate and some contain more complex formulas.
Convexity	An incremental measure (along with the linear measure of duration) to capture the curvature of a bond's price/yield relationship. Practically, negative convexity indicates the upside price of a bond is limited if rates fall due to embedded options (mortgage prepayments or an issuers ability to call the bond).
Current Face (Par Amount)	Computed by multiplying the original face by the current factor, represents principal remaining for an investor to receive.
Current Index	The level of the index at a specified moment in time that is used in conjunction with the margin to establish the security's coupon.
Effective Duration	Or "option-adjusted duration" measures interest rate risk of a security considering the impact of optionality and possible changes in future interest rates. It is calculated by averaging the percentage changes in the security's value under the higher and lower rate environments, while 25bp, 50bp or other sized yield shifts are commonly used, the rate of change is restated as a 100bp equivalent by simple multiplication.
Enhanced Credit Rating	A rating that reflects the underlying issue's standalone credit quality as well as any credit support provided by a state credit enhancement program.
Factor	Relevant for bonds that pay amortizing principal to bond holders. The factor equals the percentage of the original face that is outstanding.
Floor	For adjustable-rate securities, it is the lowest level to which a coupon can fall over the life of the security
Forward Curve	The forward curve is a graph that defines the prices (yields) at which a contract for future delivery or payment can be concluded today, it represents a term structure of forward rates.
Gross WAC	The weighted-average mortgage rate of all the loans in a pool.
Initial Reset Date	The date on which an adjustable-rate mortgage (ARM) or underlying mortgage in an ARM pool can reset for the first time.
Internal Rate of Return	A sector or portfolio yield to expected maturity based on the portfolio's expected cash flows, treated as a single instrument. The reflects the overall yield to expected maturity of the portfolio, not a monthly earnings rate. On a single bond, IRR is the same as yield.
Lifetime Cap	For adjustable-rate securities, it is the highest level that a coupon may attain over the life of the security.
Margin	The amount added to the index of a floating rate loan or security (such as an adjustment rate mortgage security) in order to calculate a coupon rate of interest.
Market Yield	The yield of a bond at current market price. For a bond you own, an indication of what yield the market will pay you today for the bond.
Months to Roll (MTR)	Months remaining until a bond's coupon will next reset
Pay Window	For CMO's, the expected date range to receive principal payments.
Prepay Speeds	Prepayments occur when a servicer receives principal payments above the scheduled amount. The velocity of the prepayments is measured using prepayment speeds, typically measured using conditional prepayment rate (CPR) or prepayment speed assumption (PSA).
Price Volatility	The percentage change in price for a given a change in interest rates. Price volatility is generally calculated using a parallel, instantaneous shock in a benchmark yield curve assuming constant spreads relative to the benchmark curve.
Projected Call	The date at which a callable bond is projected to be redeemed at a given level of interest rates. All things equal, higher rates should extend the date and lower rates should accelerate the redemption date.
Projected Yield at Book	Annualized yield to maturity (or call) based on the book value of a bond and projected cash flows given the market conditions at the time of the analysis.
Roll Date	The date (or weighted average date) that a bond's coupon can reset
Static Cash Flow Gap Estimate	In the absence of more robust Earnings at Risk simulations, an estimate of how sensitive a depository's margin is to movements in interest rates by comparing the amount and sensitivity of repricing Assets and Liabilities. A positive gap indicates more assets repricing than liabilities (asset sensitive) and a negative gap indicates more liabilities repricing than assets (liability sensitive).
Tranche	Class of debt securities issued as part of a bond instrument, each part (tranche) characterized by a unique set of features such as maturity, interest (coupon) rate, interest payment date, to suit the needs of different investors.
Underlying Credit Rating	A rating issued by an agency assessing the ability of an issuer to repay its debt. The assessment of creditworthiness is based solely on the obligor and does not include enhancements from a third party.
Weighted Average Life (WAL)	The weighted-average time in years that the principal of a security is expected to be outstanding. For mortgage securities and callable bonds, average life varies with prepayment speeds and yield curve assumptions.
Weighted Average Loan Age (WALA)	The average age of all mortgages in a pool, weighted by current balance.
Weighted Average Maturity (WAM)	The average remaining maturity of the underlying mortgages in a pool, weighted by current balance.
Yield at Book Price	On a sector or portfolio summary level, this is a book value-weighted average yield. It reflects expected earnings in the current month. Over time, relatively low (or high) yields may mature, increasing (or decreasing) subsequent months' expected earnings versus the initial weighted average.
Yield Contribution	For a given a sectors weight, how much yield does it contribute to the overall portfolio.

Addendum

Key Terms and Definitions

Yield to Maturity (YTM)	The single yield that makes the present value of the cash flows to maturity equal to the price plus accrued interest.
Yield to Call (YTC)	The single yield that makes the present value of the cash flows to the call date equal to the price plus accrued interest.
Yield to Worst (YTW)	The lower of the yield to maturity and the yield to call.

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **OPERATIONS DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT WITH WILLDAN FINANCIAL SERVICES FOR COMPREHENSIVE PROFESSIONAL SERVICES TO COMPLETE A FULL COST-OF-SERVICE AND USER FEE STUDY FOR THE CITY OF PALMDALE, FOR A TOTAL NOT TO EXCEED AMOUNT OF $150,000 FOR A TERM OF 1 YEAR**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve Agreement No. A-9597 with Willdan Financial Services for comprehensive professional services to complete a full cost-of-service and user fee study for the City of Palmdale, for a total not to exceed amount of $150,00 for a term of 1 year; and,

2. Authorize the Interim City Manager or his designee to execute Agreement No. A-9597 with Willdan Financial Services, including minimal and/or non-substantial changes.

BACKGROUND

The Government Finance Officers Association (GFOA) Best Management Practices recommend that fees be reviewed and updated periodically. Regular review ensures fees reflect current practices, accurately account for the full cost of providing services, include overhead and indirect costs, and maximize appropriate cost recovery. The City's most recent fee study was completed in 2018.

User fees help fund programs and services that primarily benefit individual users rather than the community as a whole. When these fees are not set at full cost recovery, the General Fund subsidizes the difference, reducing funds available for broader community needs. Cities have flexibility in determining fee levels and the extent of any subsidy.

The City's fees are based on the cost recovery principle, meaning revenues from fees cannot exceed the reasonable cost of providing the related service. Fees are calculated using fully burdened hourly rates multiplied by the average time spent delivering each service.

Given inflation and operational changes since 2018, a new fee study is needed to ensure current fees align with the true cost of services. This study will likely result in fee adjustments, removal of outdated charges, and introduction of new fees where appropriate.

DISCUSSION

On August 5, 2025, the City released Request for Proposal (RFP) No. 26-001-1800 through PlanetBids, which was also published in the Antelope Valley Press. The RFP sought qualified professional firms to conduct a comprehensive citywide user fee and cost-of-service study that complies with the California Constitution and Statutes (including Propositions 26 & 218), the California Code of Regulations, and the Palmdale Municipal Code (PMC).

The scope of work will include, but not be limited to:

- Evaluating the City's current fee structure for compliance and effectiveness;
- Recommending cost recovery strategies tailored to the operational realities of each department;
- Identifying best practices for establishing and maintaining user fees;
- Comparing the City's fee structure with surrounding jurisdictions;
- Exploring opportunities for new and updated revenue sources; and,
- Potentially support public outreach or stakeholder engagement related to the study.

Four proposals were received by the September 9, 2025, deadline, and are summarized below:

Bidder	Location
Government Consulting Partners, Inc.	Granite Bay, CA
Matric Consulting Group, LTD.	San Mateo, CA
MGT Impact Solutions, LLC	Tampa, FL
Willdan Financial Services	Anaheim, CA

Staff evaluated each proposal based on four criteria: project management and methodology, project approach and capabilities, project staffing, and cost. Based on this review, Willdan Financial Services submitted the most responsive proposal.

FISCAL IMPACT

$150,000; Funds are budgeted and available in FY 2025-26.

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.

Prepared by:	Janelle Samson, Director of Operations
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Agrmt No. A-9597 with Willdan Financial Services

AGREEMENT NO. A-9597
CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF PALMDALE AND WILLDAN FINANCIAL SERVICES

THIS CONTRACT FOR CONSULTANT 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 WILLDAN FINANCIAL SERVICES (hereinafter called "CONSULTANT"). This Contract shall become effective on the date of the last signatory.

RECITALS

WHEREAS**,** City desires to engage CONSULTANT to provide certain consultant services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in this Contract. And, if required, is duly registered under the laws of the State of California; and

WHEREAS, CONSULTANT desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages CONSULTANT, and CONSULTANT accepts such engagement, to provide the following services:

The CONSULTANT shall provide comprehensive professional services to complete a full cost-of-service and user fee study for the City of Palmdale. The study shall identify the total cost of providing City services and recommend appropriate fees based on a cost recovery analysis.

1. Project Management and Methodology

• CONSULTANT will provide the CITY with a detailed description of the proposed approach and methodology for completing the study.

• CONSULTANT will identify any additional tasks or recommendations beyond those listed in this RFP that are necessary to meet the CITY'S objectives.

• CONSULTANT will ensure that all work is conducted in a manner that is transparent, collaborative, and tailored to meet the specific needs of the CITY.

2. Project Initiation and Stakeholder Engagement

• CONSULTANT will Collaborate with designated CITY staff to define the objectives,

intended uses, and scope of the fee study.

• CONSULTANT will review the project schedule, clarify study components, and address questions during an initial kickoff meeting.

• CONSULTANT will meet with key department representatives within the CITY and conduct interviews, as needed, to understand current service delivery processes, operations, and fee structures.

• CONSULTANT will maintain regular communication with the CITY'S project team to ensure alignment, clarity, and timely issue resolution.

3. Data Collection and Analysis

• CONSULTANT will conduct a comprehensive review of all existing CITY user fees, rates, and charges.

• CONSULTANT will work with the Finance Division and other departments to develop clear service definitions, cost categories, and cost allocation methodologies.

• CONSULTANT will Identify the full cost of providing each CITY service at the appropriate activity level, in compliance with applicable federal, state, and local laws and guidelines (e.g., OMB 2 CFR Part 225 and Circular A-87, Proposition 26, Proposition 218).

• CONSULTANT will compare calculated service costs with current recovery levels and highlight service areas where adjustments may be warranted.

• CONSULTANT will Identify the full cost of providing each CITY service consistent with all applicable laws, statutes, rules, and regulations governing the collection of fees, rates, and charges by public entities.

• CONSULTANT will evaluate opportunities to establish fees for services currently offered at no cost, especially in comparison to peer or neighboring jurisdictions.

• CONSULTANT will Identify any factors such as statutory limitation, market conditions or other policy and service considerations which could prevent the implementation of a fee structure based on recovery of costs.

• CONSULTANT will review costs of municipalities/jurisdictions with similar demographics to compare (i.e. Lancaster, Victorville)

• CONSULTANT will review and provide guidance for subsidized Parks and Recreation programs and activities fee structures by evaluating similar programs in

other municipalities/jurisdictions.

• CONSULTANT will review and provide guidance for fees related to specialists the City may need to procure for the review of plans. (Structural, Mechanical, etc.).

• CONSULTANT will review and offer recommendations for construction impact fees.

4. Fee Recommendations and Revenue Strategy

• CONSULTANT will recommend new or updated fees and charges based on cost analysis, operational demands, and policy considerations.

• CONSULTANT will recommend cost recovery levels and appropriate subsidy percentages where full recovery is not feasible or desired.

• CONSULTANT will identify best practices and strategies for cost recovery tailored to each department's operations and complexities.

• CONSULTANT will provide technology recommendations along with anticipated costs/fees for that technology to support the suggested activity/service.

• CONSULTANT will provide guidance on long-term fee maintenance, including policy and procedural recommendations for future fee updates.

• CONSULTANT will provide fee structure and valuation table for tenant improvements, relating specifically to Building Permits

5. Deliverables and Fee Model

• CONSULTANT will prepare a draft report summarizing the full cost of service for each applicable fee, current and proposed fee levels, service charges, and recommended cost recovery strategies. Include at a detailed level the present fees, recommended fees, percentage change, cost recovery percentage, revenue impact, and fee comparisons with other neighboring cities or cities in the region that are comparable to Palmdale.

•Develop and deliver an Excel-based fee model that:

- CONSULTANT will Calculate the fully burdened hourly rates, including salary, benefits, and overhead;

- CONSULTANT will track and documents changes in personnel (e.g., new hires, salary steps, and reclassifications);

- CONSULANT Includes annual inflator options for benefit cost increases (e.g., CalPERS, insurance premiums, payroll taxes);

-CONSULTANT will include inflators for annual increases in contracted service costs;

- CONSULTANT will allow for fee updates based on changes to cost assumptions or policy decisions.

- CONSULTANT will include methodology for adjusting fees for the next five years, ensuring staff are trained to update annually.

6. Presentations and Final Report

• CONSULTANT will present findings, draft recommendations, and the fee model to City staff, City Council, and other stakeholders for review and input. Comments and concerns should be collected during this draft phase for inclusion in the final study.

• CONSULTANT will be prepared to present findings for key areas based on current and upcoming developments.

• CONSULTANT will prepare an Executive Level Summary with key takeaways, essential information, and recommendations.

• CONSULTANT will participate in meetings and workshops, including presentations to City Council and/or advisory committees as determined by staff. These meetings /workshops will be at the guidance and discretion of City Management. Document all comments and concerns for the final version of the Study.

• CONSULTANT will collect feedback from staff and Council members, incorporate edits, and finalize the report accordingly. Document all comments and concerns for the final version of the Study.

• CONSULTANT will provide all final documents, models, and supporting materials in both editable and PDF formats. Attend the City Council meeting where the final Master Fee Study is presented to respond to questions as needed.

7. Additional Considerations

• CONSULTANT will identify and report any additional findings, opportunities, or issues that come to the consultant’s attention during the course of the study that, in the CONSULTANT'S professional opinion, should be brought to the CITY'S attention for consideration.

• CONSULTANT will consult with CITY staff should it become necessary to defend the CITY'S fees as a result of any legal or other challenge.

CONSULTANT shall perform and complete all such work and services in a manner satisfactory to CITY.

1.2 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion. CITY shall have the right to review and inspect the work during the course of its performance at such times as may be specified by CITY.

1.3 CONSULTANT shall not accept any change of scope, or change in contract provisions, 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.

1.4 CITY shall provide to CONSULTANT, 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 CITY PROJECT MANAGER

To provide the services required by this Contract, CONSULTANT shall act under the authority and approval of a Project Manager appointed by CITY. The City Project Manager will oversee the work under this Contract, assist CONSULTANT with any necessary information, audit billings, and approve payments. CONSULTANT shall channel reports, deliverables, and special requests through the City Project Manager.

3 CONSULTANT'S KEY PERSONNEL

CONSULTANT's Team and Key Personnel are as follows:

Tony Thrasher, Principal Consultant

This Consultant Services Contract has been awarded to CONSULTANT based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed herein. CONSULTANT shall not deviate nor substitute any of these team members without prior written approval by CITY.

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 0 additional terms of one year each.

5 TAXES

5.1 CONSULTANT shall pay all sales, consumer, use, and other similar taxes required to be paid by CONSULTANT in accordance with state and local laws.

5.2 CONSULTANT 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 CONSULTANT or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 CONSULTANT 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.

6 PATENT FEES AND ROYALTIES

CONSULTANT 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, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or device is specified by CITY 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. CONSULTANT 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, product or device not specified by CITY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

CONSULTANT shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. CONSULTANT shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY -furnished information.

8 CONSULTANT’S PERSONNEL

8.1 All services required under this Contract shall be performed by CONSULTANT, or under CONSULTANT’S direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 CONSULTANT 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.

8.3 CONSULTANT shall be responsible for payment of all CONSULTANT'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.

8.4 CONSULTANT shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONSULTANT's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, CITY shall pay to CONSULTANT an amount not to exceed the sum of ONE HUNDRED AND FIFTY THOUSAND dollars ($150000), payable as follows:

PLEASE SEE EXHIBIT A

The Contract Price is CONSULTANT'S estimate of its charges for all of the services, including all labor, equipment, material, subcontractor and reimbursable costs, to be provided under this Agreement. Progress payments shall be made on a time and material basis. Final payment shall be made upon completion of all services and City acceptance of all deliverables, not-to-exceed the Contract Price.

9.2 CONSULTANT shall perform no work in excess of the total contract price without prior written approval of CITY. Total contract price includes expenses related to travel to and from CITY to meet with City and to appear, if so required, before City Council or any other board or commission of CITY.

9.3 CONSULTANT shall maintain adequate records and shall permit inspection and audit by CITY of CONSULTANT's charges under this Contract. CONSULTANT 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 CONSULTANT 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 CONSULTANT shall retain its records for the time required by such laws.

9.4 No payment made hereunder by CITY to CONSULTANT, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by CONSULTANT of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT and any contractors or 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 CONSULTANT, its contractors or subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, CONSULTANT and, as applicable, any contractors or 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. CONSULTANT shall ensure that the contract of any contractor or subcontractor working under this agreement contain an indemnity agreement, requiring the contractor or subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONSULTANT 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.

11 INSURANCE

11.1 CONSULTANT, 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 11.8, must be reviewed and accepted by the City Attorney**.

11.1.1 <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

11.1.2 <u>Professional Liability (Errors & Omissions) Insurance*</u>

- $1,000,000 limit on a per occurrence basis

11.1.3 <u>Commercial General Liability</u>

- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability

- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of CONSULTANT'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.

11.3 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, in the same manner as the named 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 certificate and endorsements shall state: "The City of Palmdale, the Successor Agency of the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Industrial Development Authority of the City of Palmdale, Palmdale Airport Authority, their officers, agents, employees and volunteers are named as additional insured's."

B. "Severability of Interest" clause.

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

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

11.6 Any policy or policies of insurance that CONSULTANT 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.

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 listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

11.8.3 *When professional (E&O) 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.

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

11.10 CONSULTANT shall require any and all subcontractor's 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 CONSULTANT shall be subject to all other insurance requirements that are stated herein.

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

12 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, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. CONSULTANT shall also surrender to CITY all finished or unfinished documents or programs and other materials, which shall be City’s property. As compensation in full for services performed to the date of such termination, the CONSULTANT 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.

13 TERMINATION FOR CAUSE

13.1 If the City determines that the CONSULTANT 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, the City shall give written notice to the CONSULTANT specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the City's dissatisfaction and suggest corrective measures. If, after thirty days, the CONSULTANT has failed to implement the corrective measures, the City may elect to terminate this Contract, in whole or in part.

13.2 In the event the City terminates this Contract in whole or in part as provided herein above, the City may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

13.3 If this Contract is terminated as provided above, the City may require the CONSULTANT to provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by the CONSULTANT. Upon such termination, the CONSULTANT shall be paid an amount equal to the value of the services provided and work performed as of the date of termination. Such payment by the City may take into consideration the costs associated with hiring another CONSULTANT to complete the services. In the event no new CONSULTANT is employed, the CONSULTANT shall be paid an amount equal to the value of the work performed. 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 the City.

13.4 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that CONSULTANT 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 12.

14 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and CONSULTANT 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.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, research, field notes, investigations, analysis, and studies which are prepared in the performance of this Contract are to be, and remain the property of CITY. CONSULTANT shall furnish CITY, upon its

request, originals or reproducible or electronic copies of reports, studies and of all other documents listed above.

16 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

16.1 CONSULTANT shall not delegate, subcontract 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 CONSULTANT from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegates or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegates or subcontractor shall include the following:

A. The amount involved, together with CONSULTANT's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

16.2 Any assignment, delegation or subcontract shall be made in the name of CONSULTANT and shall not bind or purport to bind CITY and shall not release CONSULTANT 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 CONSULTANT under this Contract.

17 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

17.1 In performance of this Contract, CONSULTANT shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. CONSULTANT 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, marital status, sexual orientation or age. 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.

17.2 The provisions of subsection 17.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONSULTANT for personnel to perform any

services under this Contract. CITY shall have access to all documents, data and records of CONSULTANT 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.

18 FINANCIAL INTEREST CERTIFICATION

18.1 CONSULTANT 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 CONSULTANT's firm.

18.2 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.

19 CONFLICT OF INTEREST

19.1 CONSULTANT 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 CONSULTANT 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.

19.2 CONSULTANT shall not employ any City official or employee to perform any work required pursuant to this Contract.

19.3 If CONSULTANT is a registered professional engineer or licensed land surveyor and the scope of work requires CONSULTANT'S recommendation of the actual formula to spread the costs of an assessment district's improvements, then CONSULTANT shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) CONSULTANT has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which CONSULTANT received the income. In the event a conflict of interest does arise in that context, City shall select a different CONSULTANT to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to CONSULTANT.

19.4 To the extent required by the City Manager/designee, CONSULTANT 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.

20 COMPLIANCE WITH LAW

20.1 CONSULTANT 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 CONSULTANT uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONSULTANT.

20.2 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.

21 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.

22 ENTIRE CONTRACT AND AMENDMENTS

22.1 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.

22.2 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 CONSULTANT hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

22.3 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.

23 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:

Salvador Mendez
Interim City Manager
Janelle Samson
Oct 15, 2025, 6:37 PM UTC

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

WILLDAN FINANCIAL SERVICES:
Robert C. Fisher
Oct 27, 2025, 3:36 PM PDT

Chris Fisher
Vice President/Director

ADDRESS FOR NOTICE:
WILLDAN FINANCIAL SERVICES
27368 Via Industria Suite 200
Temecula, CA 92590

APPROVE AS TO FORM:

Alexandra Severino
City Attorney

ATTEST:

Roxanne Faber
City Clerk

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

■Certificate(s) and Endorsement(s) attached
■Confirmed business name on contract with certificate(s)
■Attached Agreement Checklist and met all requirements

Record of Signing

For
Name
Title

Janelle Samson

Signed on Oct 15, 2025 6:37 PM UTC

Secured by Concord™
DocumentID: 031KRa7hOuS4S2G4w3REmE
SigningID: 031KRa7h0jb4VAjUehrkA8
UTC Signing time: 2025-10-15 18:37:32 UTC
IP Address: 206.171.111.149
Email: jsamson@cityofpalmdaleca.gov

For
Name
Title

Robert C. Fisher

Signed on Oct 27, 2025 3:36 PM PDT

Secured by Concord™
DocumentID: 031KRa7hOuS4S2G4w3REmE
SigningID: 031RNWLoydvGO7TCuLhoGM
UTC Signing time: 2025-10-27 22:36:45 UTC
IP Address: 137.83.224.213
Email: cfisher@willdan.com

concord™
Where agreements happen.

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

G. Cost Proposal

Willdan proposes a ***fixed fee of $39,730*** to conduct the Comprehensive Fee Study on the City's behalf. The table below provides a breakdown of the fee to complete each study by task and project team member.

City of Palmdale Comprehensive Fee Study Fee Proposal		C. Fisher Principal-in-Charge	T. Thrasher Project Manager	P. Patel Senior Analyst	S. Labitan Analytical Support	R. Quaid QA/Tech Advisor	Total	
		$ 310	$ 270	$ 210	$ 150	$ 270	Hours	Cost
Scope of Services								
Task 1:	Initial Document Request	-	-	1.0	1.0	-	2.0	$ 360
Task 2:	Compile Inventory of Current and Potential Fees	-	1.0	1.0	2.0	-	4.0	780
Task 3:	Kick-off /Refine Scope	-	1.0	1.0	-	-	2.0	480
Task 4:	Develop User Fee Model/Incorporate Overhead	1.0	4.0	12.0	16.0	1.0	34.0	6,580
Task 5:	Staff Interviews and On-site Information Gathering	-	6.0	10.0	4.0	-	20.0	4,320
Task 6:	Data Analysis and Final Fee and Rate Schedule	1.0	3.0	40.0	40.0	1.0	85.0	15,790
Task 7:	Common Fees Comparison	0.5	2.0	3.0	8.0	-	13.5	2,525
Task 8:	Prepare and Present Draft Report	1.0	2.0	6.0	12.0	1.0	22.0	4,180
Task 9:	Revise Draft/Determine Cost Recovery Levels	0.5	2.0	4.0	2.0	-	8.5	1,835
Task 10:	Prepare and Present Final Report/Train Staff on Model	-	6.0	6.0	-	-	12.0	2,880
Total – Fee Study		4.0	27.0	84.0	85.0	3.0	203.0	$ 39,730

Notes

- Our fee includes all direct expenses associated with the project.
- We will invoice the City monthly based on percentage of project completed.
- If the City wishes for Willdan to attend additional in-person meetings, the fee is $1,850 per meeting.
- The City shall reimburse Willdan for any costs Willdan incurs, including without limitation, copying costs, digitizing costs, travel expenses, employee time and attorneys' fees, to respond to the legal process of any governmental agency relating to City or relating to the project. Reimbursement shall be at Willdan's rates in effect at the time of such response.
- The cost of preparing the user fee study can be included in the resulting new user fee schedule. Therefore, over time, the City can recover the initial outlay of funds that was required to complete the studies.
- Willdan will rely on the validity and accuracy of the City's data and documentation to complete the analysis. Willdan will rely on the data as being accurate without performing an independent verification of accuracy and will not be responsible for any errors that result from inaccurate data provided by the client or a third party.

Hourly Rates

Additional services may be authorized in writing by the City and will be billed at our then current hourly consulting rates. Our current hourly rates are identified in the table below.

Willdan Financial Services Hourly Rate Schedule					
Position	Team Member	Hourly Rate	Position	Team Member	Hourly Rate
Vice President / Director	Chris Fisher	$310	Managing Principal		$300
Principal Consultant	Tony Thrasher	$270	Principal Consultant	Bob Quaid	$270
Senior Project Manager		$250	Project Manager	Priti Patel	$210
Senior Project Analyst	Samantha Labitan	$150	Senior Analyst		$135
Analyst II		$120	Analyst I		$110

CITY OF PALMDALE
CALIFORNIA

Comprehensive Fee Study

WILLDAN

Cost Proposal – Exhibit J

September 9, 2025

Purchasing Division
City of Palmdale
38250 Sierra Highway, 2nd Floor
Palmdale, CA 93550

Re: Proposal to Conduct a Comprehensive Fee Study for the City of Palmdale

Dear Purchasing Division,

Willdan Financial Services ("Willdan") is pleased to present the following fee proposal to the City of Palmdale ("City") for a Comprehensive Fee Study.

This submission reflects our understanding of the City's Request for Proposal (RFP).

Willdan is excited about this opportunity to serve the City of Palmdale. To discuss any aspect of our technical and/or fee proposal, please contact me directly at (951) 587-3528 or via e-mail at CFisher@Willdan.com.

Sincerely,

WILLDAN FINANCIAL SERVICES

Chris Fisher
Vice President / Director

G. Cost Proposal

Willdan proposes a ***fixed fee of $39,730*** to conduct the Comprehensive Fee Study on the City's behalf. The table below provides a breakdown of the fee to complete each study by task and project team member.

City of Palmdale
Comprehensive Fee Study
Fee Proposal

		C. Fisher Principal-in-Charge	T. Thrasher Project Manager	P. Patel Senior Analyst	S. Labitan Analytical Support	R. Quaid QA/Tech Advisor	Total	
		$ 310	$ 270	$ 210	$ 150	$ 270	Hours	Cost
Scope of Services								
Task 1:	Initial Document Request	-	-	1.0	1.0	-	2.0	$ 360
Task 2:	Compile Inventory of Current and Potential Fees	-	1.0	1.0	2.0	-	4.0	780
Task 3:	Kick-off /Refine Scope	-	1.0	1.0	-	-	2.0	480
Task 4:	Develop User Fee Model/Incorporate Overhead	1.0	4.0	12.0	16.0	1.0	34.0	6,580
Task 5:	Staff Interviews and On-site Information Gathering	-	6.0	10.0	4.0	-	20.0	4,320
Task 6:	Data Analysis and Final Fee and Rate Schedule	1.0	3.0	40.0	40.0	1.0	85.0	15,790
Task 7:	Common Fees Comparison	0.5	2.0	3.0	8.0	-	13.5	2,525
Task 8:	Prepare and Present Draft Report	1.0	2.0	6.0	12.0	1.0	22.0	4,180
Task 9:	Revise Draft/Determine Cost Recovery Levels	0.5	2.0	4.0	2.0	-	8.5	1,835
Task 10:	Prepare and Present Final Report/Train Staff on Model	-	6.0	6.0	-	-	12.0	2,880
Total – Fee Study		4.0	27.0	84.0	85.0	3.0	203.0	$ 39,730

Notes

- Our fee includes all direct expenses associated with the project.
- We will invoice the City monthly based on percentage of project completed.
- If the City wishes for Willdan to attend additional in-person meetings, the fee is $1,850 per meeting.
- The City shall reimburse Willdan for any costs Willdan incurs, including without limitation, copying costs, digitizing costs, travel expenses, employee time and attorneys' fees, to respond to the legal process of any governmental agency relating to City or relating to the project. Reimbursement shall be at Willdan's rates in effect at the time of such response.
- The cost of preparing the user fee study can be included in the resulting new user fee schedule. Therefore, over time, the City can recover the initial outlay of funds that was required to complete the studies.
- Willdan will rely on the validity and accuracy of the City's data and documentation to complete the analysis. Willdan will rely on the data as being accurate without performing an independent verification of accuracy and will not be responsible for any errors that result from inaccurate data provided by the client or a third party.

Hourly Rates

Additional services may be authorized in writing by the City and will be billed at our then current hourly consulting rates. Our current hourly rates are identified in the table below.

Willdan Financial Services
Hourly Rate Schedule

Position	Team Member	Hourly Rate	Position	Team Member	Hourly Rate
Vice President / Director	Chris Fisher	$310	Managing Principal		$300
Principal Consultant	Tony Thrasher	$270	Principal Consultant	Bob Quaid	$270
Senior Project Manager		$250	Project Manager	Priti Patel	$210
Senior Project Analyst	Samantha Labitan	$150	Senior Analyst		$135
Analyst II		$120	Analyst I		$110

27368 Via Industria, Suite 200
Temecula, CA 92590-4856
951.587.3500 | 800.755.6864 | Fax: 951.587.3510

www.willdan.com

WILLDAN

Comprehensive Fee Study

Our proposed work plan, described in detail by task, is provided below. We explain how each task will be accomplished and identify associated meetings and deliverables. We want to ensure our scope provides quality and clarity and is responsive to the City's needs and specific local circumstances. We will work in concert with the City to adjust the scope as needed during the course of the study.

Task 1:	Initial Document Request
Objective:	Initial due diligence; and obtain study-related data.
Description:	Prior to the kick-off meeting, we will obtain and review relevant documentation to further enhance our understanding of the services, fees, and rates to be studied. A written request for data will be sent to the City. Please note that Time Survey data is not part of this request and will be gathered during the interviews described in Task 5. We will request information, data sets, and documentation on current fees and fee programs, activity levels, and budget and staffing information (to the extent not already available) related specifically to programs and activities which have associated fees. We will also request detail and data from the City's existing financial records and cost allocation information so that overhead costs can be incorporated into the cost-of-service analysis to support updated fee recommendations.
Deliverables:	**Willdan:** Submit information request to City. **City:** Provide requested data to Willdan (prior to Task 3, Kick-off Meeting/Refine Scope). We will follow up with the City to confirm receipt of requested data and information and highlight data elements that are outstanding.

Task 2:	Compile and Review List of Current and Potential Fees/Review Existing Cost Allocation Method
Objective:	Willdan will identify the schedule of fees and develop the methodology for calculating the fees, obtain and review the City's current CAP methodology and approach to allocating indirect service costs, and obtain staffing, salary, and benefit information.
Description:	Based on the results of the initial document request and independent research, incorporate into our model the existing fees, provided by the City, to comprise the parameters of the fee study. We will review the existing fee schedule to ensure consistency and that it addresses areas where fees could be charged for services being provided and confer with Staff to identify potential new fees. As mentioned in the Project Understanding, we will work with staff to incorporate reasonable indirect overhead factors from the City's current Cost Allocation Plan to ensure the costs associated with central service overhead support are included in the full cost of providing services. Reasonable indirect cost allocation percentages will be used in Task 4 to calculate departmental overhead rates and fully-burdened hourly personnel rates. We will gather and review data and supporting analysis as necessary, related to the City's cost allocation approach. This information will be used to verify or calculate the allocation of indirect service costs to operating departments, and then will be incorporated with staffing, and salary and benefit data to develop a comprehensive schedule of Fully-Burdened Hourly Rates (FBHR). These rates will form a basis for the calculation of the costs of providing services to residents and customers, for which fees are charged.
Meetings:	It is possible that a conference call with the City may be necessary to discuss new fees to implement or existing fees that may no longer be required.
Deliverables:	**Willdan:** One (1) draft list of current fees based on initial data provided (to be discussed and finalized during the kick-off call). **City:** Review completed fee schedules with comments/revisions to be discussed during the kick-off meeting.

Task 3:	Kick-off / Refine Project Requirements, Objectives and Scope
Objective:	Confirm goals and objectives for the Comprehensive User Fee Study. Identify and discuss policy matters typically raised, address gaps in data, and refine appropriate existing or new fee categories (based on Task 2).
Description:	Verify our understanding of the City's goals, the City's cost-recovery policies for user fees, and fill gaps in data/information necessary for the project. It is important for the City and Willdan to identify and address any foreseeable problems and maintain open communication throughout the process. During this discussion, we will ask that the City identify a project manager who will serve as the primary contact for the project. The project manager shall have responsibility for ensuring that all available data is provided in a timely manner, thereby maintaining adherence to the project's schedule.
Meetings:	One (1) project kick-off call/web meeting to initiate the project, discuss data needs, and address policy matters.
Deliverables:	**Willdan:** 1) Revised project approach, scope and schedule (if needed); and 2) brief summary of policy decisions (if needed). **City:** 1) Provide further data needs; and 2) determine/introduce City's project manager.

Task 4:	Develop Comprehensive Fee Model/Incorporate Overhead/Develop Overhead Rates & FBHR
Objective:	Develop and test fee model and incorporate overhead factors.
Description:	This task involves the development of the model ultimately used to calculate fees, based on data and information gathered in previous tasks and in the Time Survey Interviews described in Task 5. To ensure that City policies are met through the imposition of the calculated fees, the model will be formatted to include appropriate costs. We will utilize the data from the City's current Cost Allocation Plan to develop and determine the appropriate indirect cost factors and overhead rates to apply to personnel rates, to ***develop fully burdened hourly rates*** per the City's employee structure. These rates will serve as a basis for calculating the full cost of providing services. Alternatively, a simplified indirect rate could be calculated as part of this phase to determine a citywide indirect rate to use for central service cost inclusion in the cost of services. Key model inputs will include staff and allocated overhead costs per position, and relevant budget data on staffing, salaries and benefits. This information will be obtained directly from the City and incorporated directly into the user fee model. We will request clarification and/or additional data if necessary. We will also update, as appropriate, available fee volumes (occurrences) and revenue generation. The model will provide an allocation of administrative and overhead costs to fee related activities, so that fees and billable rate schedules incorporate applicable costs. Furthermore, the fees and rates charged to customers will also reflect the cost of the services being provided, to the extent possible given policy and/or political considerations.
Deliverables:	**Willdan:** One (1) user-friendly model in Microsoft Excel format, which, when finalized, City Staff can use to calculate fee changes annually, or as often as deemed appropriate by the City Council, and a schedule of Fully-Burdened Hourly Rates.

Task 5:	Time Survey Interviews and On-site or Virtual Information Gathering
Objective:	Meet with City Staff to complete Time Surveys and verify staffing and structure to better understand service delivery processes.
Description:	In order to assist staff with the completion of the survey worksheets, we will schedule up to one-and-a-half business (1.5) days of meetings with staff; however, the number of meetings needed may vary depending on the number of staff involved. The Willdan Team will conduct interviews with managers, as well as other staff, as deemed appropriate and/or necessary, to understand the processes and staffing involved in delivering fee-based City services and determine the average time required by City Staff to provide each of the services. During this process we will identify instances of cross-departmental support and calculate associated costs.

The fee model is designed so that full cost recovery fees are calculated immediately upon input of staff time. These full costs are also compared to current cost recovery levels.

This will allow Willdan and City Staff to conclude with a final meeting to review the draft full cost recovery fees and adjust any times as necessary once all information has been compiled and input into the fee model. We will schedule the interviews with City Staff to minimize any disruption to their normal workflow.

Meetings: One-and-a-half (1.5) business days of meetings/staff interviews. These will likely be conducted virtually using Zoom or WebEx, depending on City Staff availability. We have received feedback that many cities find virtual meetings to be more efficient as they allow for more flexible scheduling and more focused conversation. We will discuss this with City Staff and if in-person meetings are preferred, we can adjust and proceed accordingly.

Over the past three years we have used these virtual tools very successfully and found them to be highly effective and efficient, particularly for follow-up questions and/or discussions.

Deliverables: **Willdan and City:** Time surveys and draft full cost recovery fees.

Task 6:	Data Analysis, Calculate Full Cost of Providing Services, Final Fee Schedule

Objective: Incorporate information obtained from interviews and surveys to fully develop model and calculate the cost of providing services.

Description: We will update the model, based on information received during the interviews with City Staff, to generate a comprehensive fee schedule. In addition, it is quite common that a supplemental data request may be necessary, based on new fees identified that the City is not currently collecting.

Where appropriate, we will suggest and discuss with staff alternate approaches to existing fee programs (i.e. deposit vs. straight fee, valuation, etc.) and suggest potential areas where fees could be collected, where they are not currently.

We will calculate and present the full and total cost of service and full cost recovery level for fees, both current and projected under the new calculated fees, and revenue projections, given certain assumptions about the levels of subsidy for different fees.

We will begin the discussion of subsidies and fee-setting, and the implementation of policy and political objectives. We will provide guidance based upon our recent experience as to policy factors and approaches used by other similar cities.

Current levels of cost recovery will be compared to actual full costs calculated during the course of this study. Cost will be calculated at reasonable activity levels and include all appropriate direct and indirect costs and overhead. We will review fee programs for compliance with Propositions 218 and 26.

The fee data analysis and model development may take three (3) to five (5) weeks with frequent correspondence with City Staff to discuss current cost recovery amounts, necessary to recover full cost and frequency activity.

Meetings: Virtual meetings and/or conference calls, as necessary, to gather additional input, complete analysis and finalize fee schedule.

Deliverables: Final user fee model for the City Council presentation and discussion.

Task 7:	Common Fees Comparison

Objective: Examine up to fifteen (15) fees from up to five (5) comparable cities/agencies in Los Angeles County, or jurisdictions that are similar in either geography or profile to the City of Palmdale.

Description: We will access and use our knowledge of other jurisdictions to benchmark all applicable fees for up to five projects as determined by City Staff and Willdan. The purpose is to select sample projects (such as a 5-unit residential project or a 10,000 square foot commercial building) that the City may reasonably expect to encounter, and determine the total fee burden, as compared to the other selected cities.

Fee schedules are rarely readily or directly comparable from agency to agency due to definitional and operational differences. For example, a grading permit in one jurisdiction may include the plan check service, while the same permit in another jurisdiction may not, resulting in similar sounding services with widely varying costs.

The survey will contain the following, a comparison of fees and charges used by the City and other jurisdictions for comparable sample projects; current and proposed fees and charges unique to the City of Palmdale; fees and charges used by other public entities not currently used in the City; and if possible,

identify characteristics and processes unique to the City that account for significant variances in fees and charges used by other jurisdictions.

Deliverables: **Willdan:** Recommendations provided in Task 8 will incorporate the data gathered during our examination.

Task 8:	Prepare and Present Draft Results and Report, Conduct Presentations

Objective: Prepare and present draft results and report.

Description: This task involves the preparation of the draft report that discusses the study's background, the methodologies utilized in the study. As noted below, meetings may occur during this or the next task as appropriate. The calculations used to generate the user fee study will be included textually, as well as in easy to understand tables. Individual fee summaries and a comprehensive fee schedule will be included as well. The draft report will include the following:

- Key results and findings;
- Current and recommended fees and charges, including percentage changes;
- Basic descriptions of each service;
- The full cost of each service and current cost recovery levels;
- Costs broken down graphically into indirect and direct components, with a graphic display of the level of cost recovery;
- Fee recommendations with associate levels of cost recovery;
- Projections of potential fee revenue;
- Assessment of reasonableness of each City's costs;
- Fee comparisons completed in Task 7;
- As appropriate, recommend alternative methodologies for building permit fee calculation; and
- Summary and recommendations.

The objective of the report is to communicate the recommendation of appropriate fees, which include the appropriate subsidy percentage for those fees where full cost recovery may be unrealistic.

Meetings: One (1) web meeting with City Staff to present the report, recommended fee structure, methodology and draft results, address questions, and receive feedback.

Deliverables: **Willdan:** Draft report for City review and comment.

City: Review of draft report, with comments and edits.

Task 9:	Discuss and Revise Draft Report/Determine Cost Recovery Levels for Recommended Adoption

Objective: Review and discussion of draft results, fee structure, methodology, report, and fee model.

Description: The goal of this task is to conduct an in-depth review of the draft results, report and model, incorporate feedback and changes as a result of previous discussions and meetings. Based on these discussions, and incorporating City fiscal objectives and limitations for subsidies, we will work with City Staff to arrive at a optimum fee levels and structures. During this Task, we will finalize the actual fee levels, with consideration given to policy and current practices.

Often through the course of an engagement, City Staff will volunteer insightful likes and dislikes regarding the existing fee structure. We listen to this feedback carefully because your staff members know the community best. Comments usually revolve around issues of:

- Understandability;
- Fairness to applicants;
- Ease of calculation;
- Appropriate levels of cost recovery; and
- Full cost recovery hourly rates.

When adjusting fee recovery levels, we believe it is important to address these concerns.

Up to two (2) meetings with City Staff and the City's advisory committee to present the recommended fee structure, methodology and draft results, address questions, and receive feedback.

	Following one (1) round of comments and feedback from City staff and the task force on the methodology and draft report, we will prepare the final report for presentation to the City Council.
Meetings:	Two (2) web meetings to review the model and report and finalize cost recovery levels.
Deliverables:	Draft report, revised draft /final report.

Task 10:	**Prepare and Present Final Report/Instruct Staff on Model**
Objective:	Prepare and present final report to the project study task force and City Council. Instruct staff on the operation and use of the model for future modifications.
Description:	This task is the culmination of the entire project. Based on staff comments received regarding the draft report, we will prepare the final report for presentation. We will provide Staff with guidance on how to update the model in future years, to incorporate cost increases and changes in staffing or processes.
Meetings:	One (1) conference call/web meeting with City Staff to discuss the presentation of the results. One (1) meeting to present recommended fee structure and methodology to the City Council to facilitate their understanding of the approach, analysis, results, recommendations and implications of the study. We will also provide staff training on the operation and use of the model on the same day, during regular business hours. Follow-up offline discussions may occur as necessary with City Staff to review questions and/or requested clarifications from the City Council. If requested, we will provide up to three (3) hours of consultation with the City should it be necessary to defend the City's fees as a result of a legal or other challenge. Further time necessary to respond to a legal challenge would be beyond this scope of services, and would be billed at our hourly rates.
Deliverables:	Provide one (1) bound hard copy, and one (1) electronic PDF file copy of the final report and models. Using Microsoft Word and Excel, an updateable electronic copy of the study and models, as well as related schedules, will also be provided on CD/ROM.

Project Disclaimer

Willdan is a registered municipal advisory firm with the U.S. Securities and Exchange Commission ("SEC"), as such the City of Palmdale represents, acknowledges, and agrees that Willdan is not acting as a "municipal advisor" (as defined by the SEC), to the City of Palmdale, in any capacity as it relates to the project proposed in this Comprehensive Fee Study RFP.

(i) The City uses, or may use, the services of one or more municipal advisors registered with the SEC to advise it in connection with municipal financial products and the issuance of municipal securities;

(ii) The City is not looking to Willdan to provide, and the City shall not otherwise request or require Willdan to provide any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues);

(iii) The provisions of this proposal and the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations adopted thereunder;

(iv) For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the City with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the City , (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the City , in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and

(v) Notwithstanding all of the foregoing, the City recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, the City will work with Willdan throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by Willdan hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that the City is not asking Willdan to provide, and Willdan is not in fact providing or required to provide, any municipal advisory services.

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

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

DISTRICT: **1**

SUBJECT: **RECEIVE AND FILE THE ANNUAL ACTIVITY REPORT FOR DEVELOPMENT AGREEMENT PERTAINING TO THE OASIS WELLNESS VILLAGE PROJECT LOCATED AT THE SOUTHEAST CORNER OF PALMDALE BOULEVARD AND TIERRA SUBIDA AVENUE**

RECOMMENDATION

Staff recommend that the City Council:

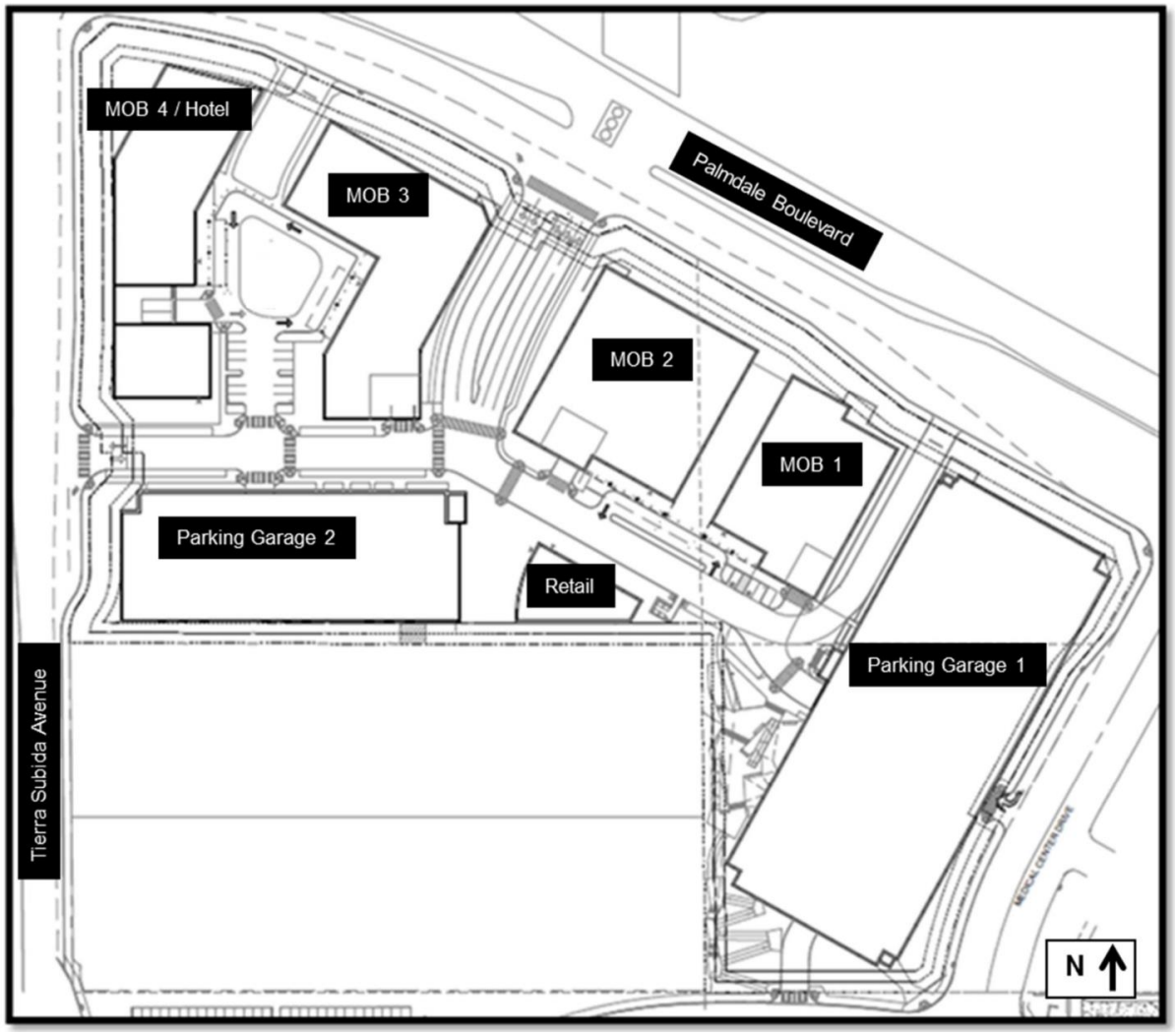
1. Receive and file the annual activity report for Development Agreement (DA) No. A-5595 pertaining to the Oasis Wellness Village project located at the southeast corner of Palmdale Boulevard and Tierra Subida Avenue.

BACKGROUND

On October 5, 2016, the City Council approved General Plan Amendment 15-001, Zone Change 15-001, and DA No. A-5595 (Resolution No. CC 2016-083) and, subsequently, on January 12, 2017, the Planning Commission approved Planned Development 16-001, Tentative Parcel Map 73748, and Site Plan Review 15-006 (Resolution No. PC-2017-005) for the Oasis Wellness Village project.

The development, located at the southeast corner of Palmdale Boulevard and Tierra Subida Avenue, includes construction of a campus-style, mixed-use project composed of services and businesses centered on a theme of wellness and healthy living (Figure 1).

FIGURE 1 – SITE PLAN



DISCUSSION

In compliance with Section 9 of the DA and California Government Code Sections 65865.1 and 66006, the City is required to periodically review the DA (at least every 12 months). During the review period, the applicant or successor in interest must demonstrate good faith compliance with the terms of the agreement. If the review determines that the applicant or successor in interest has not complied with the terms or conditions of the agreement, the City may terminate or modify the agreement.

The DA requires the developer to provide certain benefits, outlined in Exhibits C and D of the agreement, and pay the City fees at specific timeframes during the development process. No fees or public benefit payments were required during the review period

(November 1, 2024, to November 1, 2025) as no development was proposed. Therefore, the applicant remains in compliance with the terms and conditions of the DA.

FISCAL IMPACT

$290 revenue; The applicant paid the processing fee specified within the City's fee resolution

STRATEGIC PLAN

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

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

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, Interim City Manager
Approved as to form:	Alexandra Serevino, City Attorney

ATTACHMENT

Agrmt No. A-5595 Oasis Wellness Village Project

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20170628795

Pages:
0036

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Recorder's Office, Los Angeles County,
California

06/07/17 AT 01:05PM

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TAXES:	0.00
OTHER:	0.00
PAID:	0.00

LEADSHEET

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DAR - Counter (Upfront Scan)

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06/07/2017

20170628795

RECORDED AT REQUEST OF
AND WHEN RECORDED RETURN TO:
City of Palmdale
38250 Sierra Highway
Palmdale, California 93550
Attn: City Manager

Fee Exempt – Gov't Code § 6103

(Space above for Recorder's Use)

DEVELOPMENT AGREEMENT

between

THE CITY OF PALMDALE,
a California municipal corporation

and

PALMDALE INVESTMENT COMPANY, LLC,
a California limited liability company

A-5595

This Development Agreement (the "Agreement") is entered by and between the City of Palmdale, a California municipal corporation ("City"), and Palmdale Investment Company, LLC, a California limited liability company ("Owner"). City and Owner shall be referred to jointly within this Agreement as the "Parties."

RECITALS

A. To strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the Legislature of the State of California adopted the "Development Agreement Statute," Sections 65864 et seq., of the Government Code. City, a general law city, is authorized by the Development Agreement Statute to enter into development agreements with persons and entities having legal or equitable interests in real property for the purpose of establishing predictability for both City and the property owner in the development process.

B. Owner has requested that City enter into a development agreement for property with the City and more particularly described in Exhibit "A" and depicted on Exhibit "B" (the "Property"). City enters into this Agreement pursuant to the provisions of the California Government Code, the City's General Plan, the City Municipal Code, and applicable City policies.

C. Owner has a legal or equitable interest in the Property and desires to develop on the Property the Oasis Wellness Village (the "Project"), a collection of state-of-the-art continuum care facilities adjacent to the Palmdale Regional Medical Center which will bring critically-needed healthcare facilities within easy reach of the estimated 40-50% of the region's residents who now travel extended distances to obtain their medical care.

D. The City has a significant interest in enhancing the health and welfare of the community by creating opportunities for increased access to quality health care facilities.

E. Owner has filed with the City its request for approval of the following discretionary actions pertaining to the Property:

1. General Plan Amendment 15-001, a request to amend the General Plan land use designation for an approximately 9.9-acre portion of the Project site from CC (Community Commercial) to RC (Regional Commercial) (the "General Plan Amendment"); and

2. Zone Change 15-001, a request to change the zoning designation for an approximately 9.9-acre portion of the Project site from C-3 (General Commercial) to C-4 (Commercial Center) (the "Zone Change").

F. In addition to the General Plan Amendment and the Zone Change, Owner plans in the future to file with the City applications for approval of discretionary actions which more specifically will describe and implement the Project (the "Future Applications"). The Future Applications will include, but are not be limited to, applications for approval of:

1. The "Oasis Wellness Village Planned Development" pursuant to Section 28.05 of the City's Zoning Ordinance; and

2. Tentative Parcel Map No. 73748, a request to subdivide three contiguous parcels totaling approximately 12.13 acres (the "Tentative Parcel Map").

G. This Agreement assures that development of the Property will occur in accordance with City's General Plan, as amended by the General Plan Amendment. The development of the Property pursuant to this Agreement shall be referred to as the "Development Plan."

H. This Agreement constitutes a current exercise of City's police powers to provide predictability to both the City and Owner in the development approval process by vesting the permitted use(s), density, intensity of use, and timing and phasing of development consistent with the Development Plan, thus maximizing the opportunity to achieve the significant enhancement of the community's access to quality health which will result from implementation of the Development Plan (the "Public Benefits").

AGREEMENT

City and Owner agree as follows:

1. INTEREST OF OWNER. Owner represents that it has a legal or equitable interest in the Property and is authorized to enter into this Agreement.

2. PUBLIC HEARINGS. On September 22, 2016, after providing notice as required by law, the Planning Commission of the City held a public hearing on this Agreement and recommended to the City Council the adoption of this Agreement. On October 5, 2016, after providing notice as required by law, the City Council held a public hearing on this Agreement and made the findings set forth in Section 3.

3. CITY COUNCIL FINDINGS. The City Council finds that:

3.1 Subject to the approval of the General Plan Amendment becoming effective on or before the Effective Date, this Agreement is consistent with City's General Plan.

3.2 This Agreement strengthens the public planning process, encourages private participation in comprehensive planning, particularly with respect to the implementation of the City's General Plan, and reduces the economic costs of development and government.

3.3 The best interests of the residents of the City and their public health, safety, and welfare will be served by entering into this Agreement.

4. CONTINUING OBLIGATIONS. This Agreement binds the Parties now and in the future. By approving this Agreement, the City Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than deferring its actions to some undetermined future date. The terms and conditions of this Agreement have been reviewed by City staff and the City Council and have been found to be fair, just, and reasonable.

5. DEFINITIONS. In this Agreement, unless the context otherwise requires, the following terms and phrases shall have the following meanings:

5.1 "Administrative Fees" shall mean any fee routinely charged by the City to all development projects within the City for the time expended by full-time City employees in providing services related to the development of the Project. Administrative Fees do not, however, include "Development Fees" as defined in Section 5.11 below.

5.2 "Agreement" shall mean this Development Agreement between the City and Owner. The term "Agreement" shall include any amendment properly approved and executed pursuant to Section 7.5.

5.3 "Approval Date" means the date on which the City Council conducted the first reading of the ordinance adopting this Agreement. That date is October 5, 2016.

5.4 "City" shall mean the City of Palmdale, a California municipal corporation.

5.5 "City Council" shall mean the governing body of the City.

5.6 "City Municipal Code" shall mean the Palmdale Municipal Code. However, changes to the Palmdale Municipal Code occurring between the Approval Date and the Effective Date shall not be considered part of the City Municipal Code for purposes of this Agreement without Owner's prior written consent.

5.7 "Day" refers to a calendar day unless specifically stated as a "business day."

5.8 "Default" refers to the material and substantial failure by a Party to comply with one or more material provisions of this Agreement.

5.9 "Development" refers to the improvement of the Property for the purposes of completing all structures, improvements, and facilities comprising the Project.

5.10 "Development Approvals" refers to all permits and other entitlements approved or issued by the City for the use of, construction upon, and/or development of the Property. Development Approvals shall be deemed to include, but are not limited to, the following (and related amendments):

- This Agreement;
- Amendments to the General Plan;
- Master Plans;
- Tentative Maps, Final Maps, including parcel maps;
- Planned Developments, as set forth in Section 28.05 of the City's Zoning Ordinance;
- Conditional use permits, use permits, and site development permits;
- Variances;
- Grading and building permits;
- Certificates of compliance and/or lot line adjustments;
- Street, drainage, utility, storm water, and landscape permits;
- Occupancy permits; and
- Environmental review documents for the Project.

5.11 "Development Fees" refers to all fees established by the City for entitlement and construction activities which, but for this Agreement, could be imposed upon the Project. Development Fees include, but are not limited to, development impact fees, (for example, traffic and fire facility) that could be imposed pursuant to the Mitigation Fee Act (California Government Code Section 66000 et seq.). Other examples of Development Fees include, but are not limited to, fees for demolition, utility connections, site plan review, traffic review, application filing, inspections, plan check, geotechnical review, storm water management, permit issuance, insurance, school fees, occupancy, design review, flow test, and drainage.

5.12 "Development Plan" means Owner's plan for development of the Property consisting of the Existing Land Use Regulations, this Agreement, the Subsequent Land Use Regulations to which Owner has consented in writing, and Subsequent Development Approvals.

5.13 "Effective Date" shall mean the later of (i) date the ordinance adopting this Agreement becomes effective and (ii) the expiration of the period provided by

applicable law, including but not limited to Government Code Section 65009, for challenging the General Plan Amendment.

5.14 "Existing Land Use Regulations" means all Land Use Regulations in effect on the Effective Date, including, but not limited to, the General Plan as amended by the General Plan Amendment and the provisions of the City Municipal Code falling within the definition of "Land Use Regulations" (see Section 5.17 below), including, but not limited to, Title 16 (Subdivisions) and Title 17 (Zoning). However, changes to Land Use Regulations occurring between the Approval Date and the Effective Date shall be considered part of the Existing Land Use Regulations only with Owner's written consent. Owner has consented to the General Plan Amendment and the Zone Change, which shall be considered part of the Existing Land Use Regulations.

5.15 "General Plan" shall mean the general plan of the City.

5.16 "General Plan Amendment" shall refer to the amendment of the City's General Plan on October 5, 2016, for the Property.

5.17 "Land Use Regulations" shall mean all ordinances, resolutions, codes, rules, regulations and official policies of the City governing the development and use of land, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement, construction, and initial occupancy standards and specifications applicable to the Project. Land Use Regulations do not include any City ordinance, resolution, code, rule, regulation or official policy governing:

- The conduct or taxation of businesses, professions, and occupations applicable to all businesses, professions, and occupations in the City;

- Taxes and assessments of general application upon all residents of the City, provided that the taxes and assessments are not imposed for the purpose of taxing the right, power or privilege of developing or improving land (e.g., excise tax) or to directly finance the acquisition or dedication of open space or any other public improvement in respect of which the Owner is paying any fee (directly or through an assessment or similar financing district) or providing any improvement pursuant to this Agreement; or

- The control and abatement of nuisances.

"Land Use Regulations" also do not include any county, state, or federal ordinances, resolutions, codes, rules, regulations and official policies or any City ordinances, resolutions, codes, rules, regulations and official policies, the specific provisions of which are mandated (as opposed to permitted) by county, state, or federal law.

5.18 "Minor Changes" refers to any change to the Project that is otherwise consistent with the Development Plan and which does not result in a change in the type of use, an increase in density or intensity of use, significant new or increased environmental impacts that cannot be mitigated, or violations of any applicable health and safety regulations in effect on the Effective Date.

5.19 "Mortgage" refers to any mortgage, deed of trust, or other security device recorded against some or all of the Property or improvements to the Property for the purpose of securing a debt or other obligation.

5.20 "Mortgagee" refers to a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security device, a lender, and their successors and assigns.

5.21 "Operating Memorandum" refers to the written memorialization of the Parties' mutual consent to adopting "Minor Changes" to the Project.

5.22 "Owner" refers to Palmdale Investment Company, LLC, a California limited liability company, and Owner's successors and assigns.

5.23 "Owner's Vested Right" refers to Owner's guaranteed right to develop the Property as set forth in this Agreement.

5.24 "Paragraph" means a lettered or numbered paragraph of an Exhibit to this Agreement, unless specifically stated to refer to another document or matter. A reference to a Paragraph includes all subparagraphs of that Paragraph.

5.25 "Parcel Map" means a Final Parcel Map approved by the City as a ministerial action.

5.26 "Parking District" refers to an anticipated parking district which will be formed by the City to provide bond financing as a means to fund the construction of the Parking Facilities.

5.27 "Parking Facilities" refers to the two parking structures which are part of the proposed Development Plan, all internal Project streets, each of which provides direct or indirect access to at least one of the parking structures, and all utilities and infrastructure installed and/or constructed beneath those streets.

5.28 "Parking Structures" refers to the two parking structures which are part of the Parking Facilities.

5.29 The "Parties" means the City and Owner. A "Party" refers to either the City or the Owner.

5.30 "Pass-Through Fees" means those fees assessed against the Project and/or the Development by other public agencies, but which are collected (as opposed to imposed) by the City and which, after collection, are "passed through" to the public agency which imposed the fee in the first instance.

5.31 "Project" means the development of the Property as set forth in the Development Plan.

5.32 "Property" means the real property described in Exhibit "A" and depicted on Exhibit "B".

5.33 "Public Benefits" refers to those benefits provided to the residents of the City and the surrounding community by the development of the health care facilities contemplated by the Development Plan. Some of the Public Benefits are listed on Exhibit "C".

5.34 "Reservation of Authority" means the rights and authority specifically reserved to City as described in Section 8.6.

5.35 "Section" refers to a numbered section of this Agreement, unless specifically stated to refer to another document or matter.

5.36 "Subsequent Development Approvals" means all Development Approvals approved, granted, or issued after the Effective Date for the Project which are required or permitted by the Existing Land Use Regulations, the Subsequent Land Use Regulations to which Owner has consented in writing, and this Agreement. Subsequent Development Approvals include, without limitation, all development review approvals required under the Subdivision Map Act, the City's subdivision ordinance and/or other provisions of the City Municipal Code, site development permits, excavation, grading, building, construction, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, drainage, landscape, or other permits or approvals necessary for the grading, construction, marketing, use and occupancy of the Project.

5.37 "Subsequent Land Use Regulations" means those Land Use Regulations which are both adopted and effective after the Approval Date and which are not included within the definition of Existing Land Use Regulations. "Subsequent

Land Use Regulations" include any Land Use Regulations adopted by moratorium by initiative, City action, or otherwise

5.38 "Tentative Map" shall mean a tentative parcel map, as defined in the Subdivision Map Act and the City Municipal Code, for the Project.

5.39 "Term" means the term of this Agreement as set forth in Section 7.2 of this Agreement.

5.40 "Zone Change" means the amendment to the City's Municipal Code with respect to the zoning designation for the Property which was approved by the City Council on the Approval Date.

6. EXHIBITS. All exhibits attached to this Agreement are incorporated as a part of this Agreement. Those exhibits are:

Exhibit	Description
"A"	Legal Description of the Property
"B"	Depiction of the Property
"C"	Public Benefits
"D"	Fees

7. GENERAL PROVISIONS.

7.1 Binding Effect of Agreement. This Agreement shall be recorded against the Property and shall run with the land. The Development shall be carried out in accordance with the terms of this Agreement.

7.2 Term of Agreement. The Term shall commence on the Effective Date. The Term shall continue for a period of twenty-five years from the Effective Date, but shall be extended for periods equal to the time during which:

- Litigation is pending which challenges any matter, including compliance with CEQA or any other local, state, or federal law, related in any way to the approval or implementation of all or any part of the Development Plan. Any such extension shall be equal to the time between the filing of litigation, on the one hand, and the entry of final judgment or dismissal, on the other. All such extensions shall be cumulative.

- Any application by Owner for a regulatory permit and/or approval from an agency other than City which is required for the Project, but has been pending more than one year after its submittal, beginning on the 366th day following its submittal for approval.

- Any other delay occurs which is beyond the control of the Parties, as described in Section 13.10.

7.3 Termination. This Agreement shall be deemed terminated and of no further effect upon the earlier occurrence of any of the following events:

- Expiration of the Term as set forth in Section 7.2;

- Completion of the Project in accordance with the terms of this Agreement, including issuance of all required occupancy permits and acceptance, as required by state law, by City, or the applicable public agency, of all required dedications and the satisfaction of all of Owner's obligations under this Agreement; and

- As may be provided by other specific provisions of this Agreement.

7.4 Effect of Termination. Subject to Section 8.10, upon any termination of this Agreement, the only rights or obligations under this Agreement which either Party shall have are:

- The completion of obligations which were to have been performed prior to termination, subject to Section 11; and

- The performance and cure rights set forth in Section 11.

7.5 Amendment or Cancellation of Agreement. This Agreement may be amended from time to time or canceled only by the written consent of both City and Owner in the same manner as its adoption, as set forth in California Government Code Section 65868. Any amendment or cancellation shall be in a form suitable for recording in the Official Records of Los Angeles County, California. An amendment or other modification of this Agreement will continue to relate back to the Effective Date of this Agreement (as opposed to the effective date of the amendment or modification), unless the amendment or modification expressly states otherwise.

7.6 Release of Obligations With Respect to Individual Parcels Upon Certification of Occupancy. Notwithstanding any other provision of this Agreement:

7.6.1 When any individual parcel has been finally subdivided and sold, leased, or made available for lease to a member of the public or any other ultimate user, and a certificate of occupancy has been obtained for the building(s) on the lot, that lot and its owner shall have no further obligations under and shall be released from this Agreement.

7.6.2 Upon the conveyance of any lot, parcel, or other portion of the Property to a property owners' association or public or quasi-public entity, that lot, parcel, or portion of the Property and its owner shall have no further obligations under and shall be released from this Agreement.

No formal action by the City is required to effect this release, but, upon Owner's request, City shall sign an estoppel certificate or other document to evidence the release.

7.7 Minor Changes. The provisions of this Agreement require a close degree of cooperation between the Parties and "Minor Changes" to the Project may be required from time to time to accommodate design changes, engineering changes, and other refinements related to the details of the Parties' performance. "Minor Changes" shall mean changes to the Project that are otherwise consistent with the Development Plan, and which do not result in a change in the type of use, an increase in density or intensity of use, significant new or increased environmental impacts that cannot be mitigated, or violations of any applicable health and safety regulations in effect on the Effective Date.

Accordingly, the Parties may mutually consent to adopting "Minor Changes" through their signing of an "Operating Memorandum" reflecting the Minor Changes. Neither the Minor Changes nor any Operating Memorandum shall require public notice or hearing. The City Attorney and City Manager shall be authorized to determine whether proposed modifications and refinements are "Minor Changes" subject to this Section 7.7 or more significant changes requiring amendment of this Agreement. The City Manager may execute any Operating Memorandum without City Council action.

7.8 Term of Map(s) and Other Development Approvals.

7.8.1 Subdivision Maps. Pursuant to Government Code Section 66452.6, the term of all parcel maps that are approved for all or any portion of the Property shall be extended to a date coincident with the Term and, where not prohibited by State law, with any extension of the Term.

7.8.2 Site Development Permits. Site Development Permits for the Project shall have terms that coincide with the term of the subdivision or parcel map for the portion of the Property to which a particular Site Development Permit pertains.

7.8.3 Other Development Approvals. Pursuant to Government Code Section 65863.9, any and all other Development Approvals, including, but not limited to, those discretionary approvals listed in Recital E above, for any portion of the Project shall automatically be extended for a term ending concurrently with the applicable tentative maps for the Project. Pursuant to Section 7.8.1, those terms shall be the same as the Term of this Agreement.

7.8.4 Decisions of Planning Manager. Any decision of the Planning Manager with respect to Subsequent Development Approvals may be appealed to the City's Planning Commission pursuant to the procedures of the City's Municipal Code. Decisions of the Planning Commission on appeal may be appealed to the City Council pursuant to the procedures of the City's Municipal Code.

7.9 Relationship of City and Owner. The contractual relationship between City and Owner arising out of this Agreement is one of independent contractor and not agency. This Agreement does not create any third-party beneficiary rights.

7.10 Notices. All notices, demands, and correspondence required or permitted by this Agreement shall be in writing and delivered in person or mailed by first class or certified mail, postage prepaid, addressed as follows:

If to City, to:

City of Palmdale
38300 Sierra Highway
Palmdale, California 93550
Attn: City Manager

With a copy to:

City of Palmdale
38300 Sierra Highway, Suite A
Palmdale, CA 93550
Attn: City Attorney

If to Owner, to:

Palmdale Investment Company, LLC
1146 N. Central Ave., #441
Glendale, CA 91202-2502
Attn: John Thomas
john@thomaspartners.com

With a copy to:

Tim Paone
Cox, Castle & Nicholson
3121 Michelson Drive
Suite 200
Irvine, CA 92612
tpaone@coxcastle.com

City or Owner may change its address by giving notice in writing to each of the other names and addresses listed above. Thereafter, notices, demands, and correspondence shall be addressed and transmitted to the new address. Notice shall be deemed given upon personal delivery or, if mailed, two (2) business days following deposit in the United States mail.

8. DEVELOPMENT OF THE PROPERTY.

8.1 Owner's Vested Right. Owner shall have the vested right to complete Development of the Property in accordance with the Development Plan ("Owner's Vested Right").

8.2 Governing Land Use Regulations. The Land Use Regulations applicable to the Project and the Property shall be those contained in the Development Plan. An amendment or other modification of this Agreement will not change these applicable Land Use Regulations unless the amendment or modification expressly provides otherwise. Subsequent Land Use Regulations shall not apply to the Property unless the Parties mutually agree in writing that the Project will be subject to one or more Subsequent Land Use Regulations. Owner's application for a Subsequent Land Use Regulation and the City's approval of that application as submitted or as otherwise agreed to in writing by Owner shall be deemed an effective mutual written agreement of the Parties.

Nothing contained in this Agreement shall be deemed to authorize City to withhold any building permit, approval, and/or certificate of occupancy based on Owner's failure to comply with any Land Use Regulation that, as a result of this Agreement, is not applicable to the Project.

8.3 Permitted Uses. The permitted uses on the Property shall be as provided in the Development Plan.

8.4 Density and Intensity; Requirement for Reservation and Dedication of Land. The density and intensity of use for all Development on the Property, and the requirements for reservation and dedication of land, shall be as provided in the Development Plan.

8.5 Subdivision Map Processing.

8.5.1 *The Parcel Map*. Processing, filing, and recording of the Parcel Map shall be as provided within the Subdivision Map Act and subject only to the Existing Land Use Regulations.

8.5.2 *Phased Final Maps*. Pursuant to Section 66452.6(a)(1) of the California Subdivision Map Act, through this Agreement Owner has requested and City agrees to permit the filing of up to four "phased final maps," as that term is used in Section 66452.6(a)(1), for the Project. This request by Owner shall be deemed to be in effect at the approval of the Tentative Map.

8.6 Reservation of Authority. The following Land Use Regulations or Subsequent Land Use Regulations shall apply to the Property and the Project:

- Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals, and any other matter of procedure;

- Provided that they are uniformly applied to all development projects within the City and are not applied retroactively to any Development Approval issued before their adoption or amendment, uniform codes governing engineering and construction standards and specifications adopted by the City pursuant to state law (such codes include, without limitation, the City's adopted version of the Uniform Administrative Code, California Building Code, California Plumbing Code, California Mechanical Code, California Electrical Code, and California Fire Code); and

- Regulations which may be in conflict with this Agreement, but which are objectively required (and there are no available reasonable alternatives) to protect the public health and safety in the event of a sudden, unexpected occurrence involving a clear and imminent danger, and demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services within the immediate community. Such regulations must be a valid exercise of the City's police power and must be applied and construed so as to provide Owner, to the maximum extent possible, with the rights and assurances provided in this Agreement. To apply to the Property, such regulations must be adopted after a public hearing and must be based upon findings of necessity established by a preponderance of the evidence. Any regulations, including moratoria, enacted by City and imposed on the Property to protect the public health and safety in the circumstances described above shall toll the Term and any time periods for performance by Owner and City set forth in this Agreement.

8.7 Assessment District or Other Public Financing. Subject to all procedural requirements of State and City law, City shall use its best efforts to conduct proceedings to consider and utilize one or more of a number of alternative public financing mechanisms authorized by state law, which may include, but are not limited to, Enhanced Infrastructure Financing Districts, Mello Roos Districts, Community Facilities Districts, Parking/ Public Improvement Districts, Landscaping and Lighting Assessment Districts, Utility Authority, other land based secured assessment districts, lease leaseback transaction structures, project specific tax revenue reimbursement, as well as other allowed financing mechanisms (collectively, "Public Financing Mechanisms"). These Public Financing Mechanisms may, at the City's sole and absolute discretion, be used to provide public financing for one or more of the following: (i) the acquisition of the land designated in the Development Plan for the construction of the two parking structures (the "Parking Structures") and all interior streets of the Project which provide direct or indirect access to at least one of those Parking Structures (collectively, the "Parking Facilities") (ii) the construction of the Parking Facilities, and (iii) the construction of infrastructure and other public amenities such as water, sewer and storm water facilities, parks, public pavilions, pedestrian areas, and any other projects authorized by state law governing the particular financing mechanism. It is anticipated that the City may consider creating and/or utilizing a Special Purpose Authority ("Authority"), and that a separate financing agreement(s) will be required by and between the City and/or the Authority and Owner.

8.7.1 *Owner's Financial Capacity*. Prior to any determination of public financing and/or funding of the Parking Facilities, City and, if applicable, Authority must be satisfied that the Owner has the ability and financial capacity to develop the Project and, therefore, provide the significant benefit of making high quality health care facilities reasonably accessible to residents of City and surrounding communities. Based on the foregoing determination in conjunction with an independent determination by special counsel that such financing complies with applicable federal and State regulations, the City or the Authority may authorize (i) construction and operation of the Parking Facilities by Owner and (ii) issuance and sale of future bonds, if any, that shall be based on prevailing municipal financing practices and criteria and sold in a mutually agreeable timeframe that would consider the timing as follows: (a) the first Parking Structure shall be complete and available for use prior to occupancy of the first non-parking building that is part of the Project and (b) the second Parking Structure shall be complete and available for use as agreed based on the future occupancy of the Project.

8.7.2 *Project Contingent on Public Financing Mechanism.* Owner recognizes that City cannot commit to a Public Financing Mechanism through this Agreement, and must comply with all aspects of local, state, and federal law relevant to the formation of a Public Financing Mechanism prior to making such a commitment. City, however, recognizes that Owner cannot commit to development of the Project unless City exercises its discretion to form/provide a Public Financing Mechanism to, at a minimum, finance the construction of the Parking Facilities.

8.7.3 *Project Contingent on Owner's Management of Parking Structures.* City recognizes that, subject to compliance with all state and federal regulations, Owner cannot commit to development of the Project unless City and Owner enter into an agreement for a term of no less than 75 years granting to Owner the right to (i) manage construction of the Parking Structures, (ii) when completed, manage and maintain the two Parking Structures at Owner's expense, and (iii) collect and retain the revenues from the Parking Structures.

8.7.4 *Project Contingent on Owner's Management of Parking Structures.* City recognizes that, subject to compliance with all state and federal regulations and any bond financing restrictions and/or covenants, Owner cannot commit to development of the Project unless City and Owner enter into an agreement granting to Owner an option for Owner to purchase at fair market value either one or both of the

Parking Structures (whether separately, jointly, or at different times) at any time during Owner's management of the Parking Structures.

8.8 Fees. Because of the City's desire for the development of the Property to provide reasonable access for the residents of the City and surrounding communities to high quality health care, Development Fees (see Section 5.11) and, Administrative Fees (see Section 5.1) shall be as set forth on Exhibit "D". In the case of any ambiguity or uncertainty as to whether a particular fee is an Administrative Fee or a Development Fee, it shall be treated as a Development Fee. As noted on Exhibit "D", Pass-Through Fees (see Section 5.30) shall not be capped or waived.

Owner is solely responsible for obtaining a determination by the Department of Industrial Relations regarding the adjustment of Development Fees pursuant to this Agreement or any public subsidy for the Project to determine whether it meets the exemption of "de minimis in the context of the project" as outlined in Section 1720(c)(3) of the California Labor Code.

8.9 Adequacy of Required Infrastructure. The City acknowledges and agrees that, upon Owner's completion of the Project pursuant to the City's conditions of approval, there will be sufficient capacity to accommodate the Project in the infrastructure and services owned, operated, outsourced, controlled, and/or provided by the City, including, without limitation, traffic circulation, storm drainage, trash collection, and flood control. Where City renders or outsources such services or owns such infrastructure, City shall serve the Project and there shall be no restrictions placed upon Owner concerning hookups or service for the Project, except for reasons beyond City's control.

8.10 Vested Rights Upon Termination. Termination of this Agreement shall not invalidate any Land Use Regulations or terminate any Subsequent Development Approvals obtained prior to the date of termination. Upon any termination of this Agreement, Owner's vested rights, if any, shall be determined by this Agreement to the extent development has occurred on the Property, and as to the remainder of the Project, by state and federal statutes and case law and then current factual state of the Development.

8.11 Staffing and Expedited Processing. City shall employ all lawful actions capable of being undertaken by City to (i) promptly receive and, when complete, accept all applications for Subsequent Development Approvals and related environmental analysis, if any (collectively, "Applications"), and (ii) expeditiously process and take action upon the Applications in accordance with applicable law.

8.12 Changes in Federal and State Law. The Property may be subject to subsequently enacted state or federal laws or regulations which preempt local regulations or mandate the adoption of local regulations that conflict with or impede implementation of the Development Plan. Upon discovery of such a subsequently enacted federal or state law, City or Owner shall provide the other Party with written notice, a copy of the state or federal law or regulation, and a written explanation of the legal or regulatory conflict created. Within ten (10) days thereafter, City and Owner shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation. In such negotiations, City and Owner agree to preserve the terms of this Agreement and the rights of Owner and City as derived from this Agreement to the maximum feasible extent while resolving the conflict. City agrees to cooperate with Owner in resolving the conflict in a manner which minimizes any financial impact of the conflict upon Owner or City. City also agrees to process, in the same expedited manner as set forth for Applications in Section 8.11, Owner's proposed changes to the Development Plan as needed to comply with such federal or state law, and to process those changes in accordance with City procedures. Any delays caused by such changes in state or federal law shall toll the term of this Agreement and the time periods for performance by Owner and City set forth in this Agreement.

8.13 Timing of Development. Because the California Supreme Court held *in Pardee Construction Co. v. City of Camarillo*, 37 Cal. 3d 465 (1984), that the failure of the parties in that case to provide for the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over the parties' agreement, it is the specific intent of the Parties to provide for the timing of the Project in this Agreement. Therefore, subject to any State requirement related to the completion of construction for which a building permit has been issued, Owner shall have the right, but not the obligation, to complete the Project in such order, at such rate, at such times, and in as many development phases and sub-phases as Owner deems appropriate in its sole subjective business judgment.

8.14 Conditions, Covenants and Restrictions. Owner shall have the right, but not the obligation, to reserve and record such covenants, conditions, and restrictions (CC&Rs) against the Property as Owner deems appropriate, in its sole and absolute discretion.

9. ANNUAL REVIEW.

9.1 Timing of Annual Review. Pursuant to Government Code Section 65865.1, at least once during every twelve (12) month period of the Term, City shall review the good faith compliance of Owner with the terms of this Agreement ("Annual Review").

9.2 Standards for Annual Review. During the Annual Review, Owner shall demonstrate good faith compliance with the terms of this Agreement. "Good faith compliance" shall be established if Owner is in substantial compliance with the material terms and conditions of this Agreement.

9.3 Procedures for Annual Review. The Annual Review shall be conducted by the City Council or its designee. Owner shall be given a minimum of sixty (60) days' notice of any date scheduled for an Annual Review. Owner shall not be limited in the information it presents to the City Council for the Annual Review and may, if needed, provide information to the City Council in the first instance at the City Council hearing on the Annual Review. Should the City Council designate a party other than itself to conduct the Annual Review, these same notice and procedural requirements shall apply to the conduct by the designee of the Annual Review.

9.4 Certificate of Compliance. At any time during any year that the City Council or its designee finds that Owner is not in Default under this Agreement, City shall, upon written request by Owner, provide Owner with a written certificate of good faith compliance within fifteen (15) days of City's receipt of that request.

10. THIRD PARTY LITIGATION.

10.1 Third Party Litigation Concerning Agreement. Owner shall, at Owner's expense, indemnify and hold City, its officers, employees and independent contractors engaged in project planning or implementation, harmless from any third-party claim, action or proceeding against City, its agents, officers or employees to attack, set aside, void, or annul the approval of this Agreement (collectively, "Third-Party Claims"). City shall promptly notify Owner of any Third-Party Claim and City shall cooperate in the defense.

10.2 Duty to Defend. Owner shall defend City against all Third-Party Claims at Owner's expense with legal counsel selected by Owner. Owner shall advise City of its choice of counsel and consider, but not be obligated by, any input the City may provide regarding the retention of that counsel. With respect to any Third-Party Claim, if Owner asks City to participate in the defense of a Third-Party Claim, City shall participate. Even if not requested, City may elect to participate in the defense of any Third-Party Claim. Under either circumstance, (i) City may

select its own legal counsel to represent City in that defense and (ii) Owner shall reimburse City for the reasonable cost of that defense. For purposes of this Section 10.2, to "participate" in the defense of a Third-Party Claim shall mean that, whether through the City Attorney's office or outside counsel, the City shall appear in court hearings and trials, prepare and file briefs, and otherwise directly engage in litigation related to the Third-Party Claim.

10.3 Processing During Third Party Litigation. The filing of any third party lawsuit(s) against City or Owner relating to this Agreement, the General Plan, any Development Approvals, including Subsequent Development Approvals, or other development issues affecting the Property shall not delay or stop the development, processing, or construction of the Project, approval of Subsequent Development Approvals, or issuance of Development Approvals unless the third party obtains a court order preventing such activity. City shall not stipulate to the issuance of any such order without Owner's prior written consent.

11. DEFAULTS, REMEDIES, AND WAIVERS.

11.1 Notice. Before either Party may declare a Default under this Agreement this Agreement, the procedures of this Section must be followed. In the case of a Default arising from the conduct of an Annual Review, the procedures of this Section shall be strictly followed and shall constitute a second and independent review of the good faith compliance of Owner.

The Party asserting a Default (the "Non-Defaulting Party") may elect to do so by providing written notice to the Party alleged to be in Default (the "Defaulting Party") setting forth the nature of the Default and the actions, if any, required by the Defaulting Party to cure the Default. The Defaulting Party shall be deemed in Default if the Defaulting Party fails to cure the Default within thirty (30) business days after the date of such notice (for monetary defaults) or within sixty business (60) days after the date of such notice (for non-monetary defaults)("Cure Periods"). If the nature of the alleged Default is such that it cannot reasonably be cured within the applicable Cure Period, the Defaulting Party shall not be deemed to be in Default if it has commenced efforts to cure the Default within the applicable Cure Period and continues to diligently pursue completion of the cure.

11.2 Default Remedies. A Party who complies with the notice of Default and opportunity to cure requirements of this Section may, at its option, institute legal action to cure, correct, or remedy the alleged Default, enjoin any threatened or attempted violation, enforce the terms of this Agreement by specific performance, or pursue any other legal or equitable remedy, with the

exception of termination of this Agreement. These remedies shall be cumulative rather than exclusive, except as otherwise provided by law.

11.3 Standard of Review. Any determination that a Party is in Default shall be based upon the preponderance of evidence. In any legal action alleging or challenging a Party's determination of Default, the court shall conduct a de novo review of compliance based on the administrative record and determine if the preponderance of evidence supports the claim of Default.

11.4 Waiver; Remedies Cumulative. There are no implied waivers. All waivers of performance must be in a writing signed by the Party granting the waiver. Failure by either Party to insist upon the strict performance of any provision of this Agreement, irrespective of the length of time for which such failure continues, shall not constitute a waiver of the right to demand strict compliance with this Agreement in the future.

A written waiver affects only the performance specifically waived and defines the scope and duration of the waiver. Unless expressly stated in a written waiver, future performance of the same or any other condition is not waived.

A Party who complies with the notice and opportunity to cure requirements of this Agreement, where applicable, and pursues a legal or equitable remedy available under this Agreement does not waive its right to pursue any other remedy available under this Agreement, unless prohibited by statute, court rules, or judicial precedent.

Delays, tolling, and other actions arising under this Agreement shall not be considered waivers subject to this Section.

12. ENCUMBRANCES, ASSIGNMENTS, AND RELEASES.

12.1 Discretion to Encumber. This Agreement shall not prevent or limit Owner, in any manner, at Owner's sole discretion, from encumbering some or all of the Property or any improvement on the Property with a Mortgage (see Section 5.19).

12.2 Mortgagee Protection. City acknowledges that any lender(s) providing financing secured by the Property and/or its improvements may require Minor Changes. If requested by Owner or a lender, City shall meet with Owner and representatives of the lender(s) to negotiate in good faith any such Minor Changes. City will not unreasonably withhold or delay its consent to a requested Minor Change provided the Minor Change is consistent with the intent and purposes of this Agreement. The following terms and conditions apply to all Mortgages:

12.2.1 Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value.

12.2.2 If City timely receives a request from a Mortgagee requesting a copy of any notice of Default given to Owner under the terms of this Agreement, City shall provide a copy of that notice to the Mortgagee within ten (10) days after receiving the Mortgagee's request. The Mortgagee shall have the right, but not the obligation, to cure the Default during the remaining cure period allowed Owner under this Agreement.

12.2.3 Except as otherwise provided within this Agreement, any Mortgagee who comes into possession of some or all of the Property pursuant to foreclosure of a Mortgage or deed in lieu of such foreclosure or otherwise, shall:

- Take the property acquired subject to the terms of this Agreement and as Owner's successor;
- Have the rights and obligations of an Assignee as set forth in Sections 12.3 and 12.4;
- Have the right to rely on the provisions of Section 8 of this Agreement, provided that any development proposed by the Mortgagee is in substantial conformance with the terms of this Agreement; and
- Not be liable for any Defaults, whether material or immaterial, or monetary obligations of Owner arising prior to acquisition of title to the Property by the Mortgagee, except that the Mortgagee may not pursue development pursuant to this Agreement until all delinquent and current fees and other monetary obligations, if any, due to the City under this Agreement for the portions of the Property acquired by the Mortgagee have been paid to City.

12.3 Assignments of Interest in Agreement. Owner shall have the right to sell, transfer, or assign some or all of the Property at any time during the Term (a "Property Conveyance"). Any sale, transfer, or assignment of Owner's rights and obligations under this Agreement (collectively, an "Assignment") in connection with a Property Conveyance, however, shall be subject to the requirements outlined below.

12.3.1 *Assignments Requiring City's Consent.* The qualifications and identity of Owner are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with Owner. The City has negotiated the terms of this Agreement in contemplation of the construction of the Parking Facilities. Accordingly, from the Effective Date until the issuance of a Release of Construction Covenants for the Parking Facilities, all Assignments by Owner shall be subject to the terms of this Section 12.3.

12.3.2 *Assignments Permitted Without City's Consent.* Notwithstanding any other provision of this Agreement, Assignments related to the following Property Conveyances and other transactions shall not require City consent:

- The conveyance or dedication of any portion of the Property to a public agency, including the City.
- The granting of easements or permits to facilitate construction of the Parking Facilities.
- The granting of easements or permits for utility purposes.
- Transactions for financing purposes, including the grant of a deed of trust to secure the funds necessary for land acquisition, construction, and/or permanent financing of any portion of the Project.
- The acquisition of some or all of the Property by a Mortgagee in its capacity as a Mortgagee, such as through foreclosure or a deed in lieu of foreclosure.
- If Owner is a publicly held corporation, real estate investment trust or publicly held partnership, a transfer of stock or other shares, provided there is no material change in the actual management and control of Owner.
- Transactions with an Owner affiliate, provided that, following the transaction, Owner shall (i) retain an ownership and operational interest in the Project (directly or indirectly) and (ii) Owner's current representatives shall remain the primary Owner representative(s) for purposes of communication with the City.

- Transactions which have the effect of merging Owner's interest in the Property with current or acquired interests of other entities, provided that, following the transaction, Owner shall (i) retain an ownership and operational interest in the Project (directly or indirectly) and (ii) Owner's current representatives shall remain the primary Owner representative(s) for purposes of communication with the City.

- Entering into reciprocal easement agreements and CC&Rs with tenants and end users, related to some or all of the Project.

12.3.3 *City Consideration of Requested Assignment.* The City agrees that it will not unreasonably withhold, condition, or delay approval of a request for approval of an Assignment made pursuant to this Section 12.3 which requires the City's approval, provided the Owner delivers written notice to the City requesting such approval. Such notice shall be accompanied by evidence regarding the proposed assignee's development and/or operational qualifications and experience and its financial commitments and resources in sufficient detail to enable the City to evaluate the proposed assignee pursuant to the criteria set forth in this Section 12.3. The City may, in considering any such request, take into consideration such factors as, without limitation, the assignee's experience and expertise, the assignee's past performance as developer or operator of similar developments, and the assignee's current financial condition and capabilities.

12.3.4 *Assignment and Assumption Agreement.* Prior to any Assignment (whether or not an Assignment requiring the City's consent), Owner shall give written notice to City of the Assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement all of the Owner's obligations set forth in this Agreement (an "Assignment and Assumption Agreement"). The Assignment and Assumption Agreement shall be in a form reasonably satisfactory to the City's legal counsel.

12.3.5 *City's Action on Request for Consent.* Within fifteen (15) days after the receipt of the Owner's written Notice requesting City approval of an Assignment, the City shall either approve or disapprove the proposed assignment or shall respond in writing by stating what further information, if any, the City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Owner shall promptly provide to the City the requested information. Within fifteen

(15) days after the receipt of such information, the City shall approve or disapprove the requested Assignment. Upon the effective date of an assignment approved by the City, Owner shall be released from all obligations to the City under this Agreement with respect to the portion of the Property which is the subject of the Assignment.

12.4 Effect of Assignment. Unless otherwise stated within the Assignment, upon an Assignment:

- The Assignee shall be liable for the performance of all remaining obligations of Owner with respect to those portion of the Property which are conveyed pursuant to the Property Conveyance (the "Transferred Property"), but shall have no obligations with respect to any portions of the Property not conveyed (the "Retained Property").

- The owner of the Retained Property shall be liable for the performance of all obligations of Owner with respect to the Retained Property, but shall have no further obligations with respect to the Transferred Property.

- The Assignee's exercise, use, and enjoyment of the Transferred Property shall be subject to the terms of this Agreement to the same extent as if the Assignee were the Owner.

13. MISCELLANEOUS PROVISIONS.

13.1 Rules of Construction. The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory; "may" is permissive.

13.2 Entire Agreement. This Agreement constitutes the entire understanding and agreement of City and Owner with respect to the matters set forth in this Agreement. This Agreement supersedes all negotiations or previous agreements between City and Owner respecting the subject matter of this Agreement.

13.3 Recorded Statement Upon Termination. Upon the completion of performance of this Agreement or its cancellation or termination, a statement evidencing completion, cancellation, or termination signed by the appropriate agents of the Parties shall be recorded in the Official Records of Los Angeles County, California.

13.4 Project as a Private Undertaking. It is specifically understood by the Parties that (i) the Project is a private development, (ii) City has no responsibility to third parties concerning any improvements to the Property unless City accepts the improvements pursuant to the provisions of this Agreement or in connection with subdivision map approvals, and (iii) Owner shall have exclusive control of the Property.

13.5 Incorporation of Recitals. Each of the Recitals set forth at the beginning of this Agreement are part of this Agreement.

13.6 Captions. The captions of this Agreement are for convenience and reference only and shall not define, explain, modify or aid in the interpretation, construction, or meaning of any of the provisions of this Agreement.

13.7 Consent. Where the consent or approval of City or Owner is needed to implement Development under this Agreement, the consent or approval shall not be unreasonably withheld, delayed, or conditioned.

13.8 Covenant of Cooperation. The Parties shall cooperate and act in good faith to assist each other in the performance of the provisions of this Agreement.

13.9 Execution and Recording. The City Clerk shall cause a copy of this Agreement to be signed by the appropriate representatives of the City and recorded with the Office of the County Recorder of Los Angeles County, California, within ten (10) days following the effective date of the ordinance adopting this Agreement. The failure of the City to sign and/or record this Agreement shall not affect the validity of this Agreement.

13.10 Delay for Events Beyond the Parties' Control. Performance by either Party of its obligations under this Agreement shall be excused, and the Term shall be extended, for periods equal to the time during which (1) litigation is pending which challenges any matter, including compliance with CEQA or any other local, state, or federal law, related in any way to the approval or implementation of all or any part of the Development Plan or (2) a delay caused by any event beyond the control of the performing Party prevents or delays performance by that Party of an obligation under this Agreement. All such extensions shall be cumulative. Such events shall include, by way of example and not limitation, acts of nature, enactment of new federal or state laws or regulations, judicial actions such as the issuance of restraining orders and injunctions, delay in the issuance of bonds or formation of the Parking District, riots, strikes, and damage to work in process by reason of fire, mud, rain, floods, earthquake, or other such casualties. With respect to litigation, any such extension shall be equal to the time between the filing of litigation, on the one hand, and the entry of final judgment or dismissal, on the other.

If either Party seeks excuse from performance, it shall provide written notice of such delay to the other Party within thirty (30) days after the commencement of such delay. Any disagreement between the Parties with respect to whether this Section applies to a particular delay or default is subject to the filing by either Party of an action for judicial review of the matter, including requests for declaratory and/or injunctive relief.

13.11 Interpretation and Governing Law. In any dispute regarding this Agreement, the Agreement shall be governed and interpreted in accordance with the laws of the State of California. Venue for any litigation concerning this Agreement shall be in Los Angeles County, California.

13.12 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

13.13 Estoppel Certificate. Within ten (10) business days following a written request by either of the Parties, the other Party shall execute and deliver to the requesting Party a statement certifying that (i) either this Agreement is unmodified and in full force and effect or there have been specified (date and nature) modifications to the Agreement, but it remains in full force and effect as modified; and (ii) either there are no known current uncured Defaults under this Agreement or the responding Party alleges that specified (date and nature) Defaults exist. The statement shall also provide any other reasonable information requested. The failure to timely deliver this statement shall constitute a conclusive presumption that this Agreement is in full force and effect without modification, except as may be represented by the requesting Party and that there are no uncured Defaults in the performance of the requesting Party, except as may be represented by the requesting Party. Owner shall pay to City all reasonable administrative costs incurred by City in connection with the issuance of estoppel certificates under this Section prior to City's issuance of such certificates.

13.14 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

13.15 Future Litigation Expenses.

13.15.1 Payment to Prevailing Party. If either Party brings a legal or equitable proceeding against the other Party which arises in any way out of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and all other reasonable costs and expenses incurred in that proceeding.

13.15.2 Scope of Fees. Attorneys' fees under this Section shall include attorneys' fees on any appeal and in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the termination of this Agreement.

13.15.3 Limitation of Liability. Owner's obligations under this Agreement are solely those of Owner. In no event shall any present, past or future officer, director, shareholder, member, employee, partner, affiliate,

manager, representative or agent of Owner (a "Related Party") have any personal liability, directly or indirectly, under this Agreement. Recourse in any way connected with or arising from this Agreement shall not be available against any Related Party

Owner and City have executed this Agreement on the dates set forth below.

CITY

City of Palmdale

By: _____
James C. Ledford, Jr.
Mayor

DATE:

OWNER

Palmdale Investment Company, LLC,
a California limited liability company

By: _____
George E. Thomas
Its: Managing Member

DATE:

ATTEST:

for Bryanne Fabor, D.C.C.
Rebecca Smith,
City Clerk

APPROVED AS TO FORM:

By: _____
Wm. Matthew Ditzhazy
City Attorney

DATE:

A-5595

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)
) ss:
COUNTY OF Los Angeles)

On 2-11-17, 2017 before me, SHABBIR AZAM NOTARY PUBLIC
(insert name and title of the officer),

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

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

WITNESS my hand and official seal.

Signature: _____

[Seal]

SHABBIR AZAM
COMM. # 2147421
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
MY COMM. EXP. APR. 21, 2020

A-5595

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)
) ss:
COUNTY OF Los Angeles)

On May 25, 2017 before me, Lisa Roxanne Faber, Notary Public
(insert name and title of the officer),

personally appeared James C. Ledford, JR., 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: Lisa Roxanne Faber

[Seal]

LISA ROXANNE FABER
Notary Public - California
Los Angeles County
Commission # 2179363
My Comm. Expires Feb 9, 2021

EXHIBIT "A"

LEGAL DESCRIPTION

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA BEING THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 27 TOWNSHIP 6 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 27; THENCE, ALONG THE SOUTHERLY LINE OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 27, SOUTH 89°53'26" EAST, 50.00 FEET TO A POINT ON THE EASTERLY LINE OF THE EASEMENT DESCRIBED IN PART A OF THE ROAD DEED RECORDED FEBRUARY 3, 1967 AS INSTRUMENT NO. 1895, OFFICIAL RECORDS OF SAID COUNTY, SAID POINT BEING THE **TRUE POINT OF BEGINNING**; THENCE, ALONG SAID EASTERLY LINE THE FOLLOWING FOUR (4) COURSES:

1. NORTH 00°32'20" WEST, 71.77 FEET;
2. NORTH 01°22'13" EAST, 300.17 FEET;
3. NORTH 00°32'20" WEST, 218.53 FEET TO THE BEGINNING OF A CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 27.00 FEET;
4. NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 96°11'04" AN ARC LENGTH OF 45.33 FEET TO THE BEGINNING OF A COMPOUND CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 950.00 FEET, A RADIAL LINE FROM SAID BEGINNING OF CURVE BEARS SOUTH 05°38'44" WEST, SAID COMPOUND CURVE BEING THE SOUTHERLY LINE OF THE EASEMENT DESCRIBED IN THE ROAD DEED RECORDED FEBRUARY 1, 1957 IN BOOK 53536, PAGE 146, OFFICIAL RECORDS OF SAID COUNTY.

THENCE, ALONG SAID SOUTHERLY LINE, THE FOLLOWING TWO (2) COURSES:

1. EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 23°13'29" AN ARC LENGTH OF 385.08 FEET;
2. SOUTH 61°07'47" EAST, 432.47 FEET TO THE SOUTHWESTERLY LINE OF THE EASEMENT DESCRIBED IN THE DOCUMENT ENTITLED "AMENDED FINAL ORDER OF CONDEMNATION" RECORDED MAY 17, 2011 AS INSTRUMENT NO. 20110695447, OFFICIAL RECORDS OF SAID COUNTY;

THENCE, ALONG THE SOUTHWESTERLY, WESTERLY AND NORTHWESTERLY LINES OF THE PARCELS DESCRIBED IN SAID DOCUMENT, THE FOLLOWING SIX (6) COURSES:

1. SOUTH 51°38'47" EAST, 254.92 FEET;
2. SOUTH 61°07'47" EAST, 64.35 FEET;
3. SOUTH 16°06'22" EAST, 34.40 FEET;
4. SOUTH 29°03'41" WEST, 290.26 FEET TO THE BEGINNING OF A CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 466.50 FEET;

5. SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 18°42'32" AN ARC LENGTH OF 152.33 FEET;

6. SOUTH 54°17'21" WEST, 23.09 FEET TO THE SOUTHERLY LINE OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 27;

THENCE, ALONG SAID LINE, NORTH 89°55'37" WEST, 209.72 FEET TO THE EASTERLY LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 27;

THENCE, ALONG SAID LINE, NORTH 00°37'42" WEST, 335.60 FEET TO SAID SOUTHERLY LINE OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 27; THENCE, ALONG SAID SOUTHERLY LINE, NORTH 89°53'26" WEST, 619.58 FEET TO THE **TRUE POINT OF BEGINNING.**

THE ABOVE DESCRIBED PARCEL CONTAINS 12.13 ACRES, MORE OR LESS.

EXHIBIT "B"

DEPICTION OF THE PROPERTY

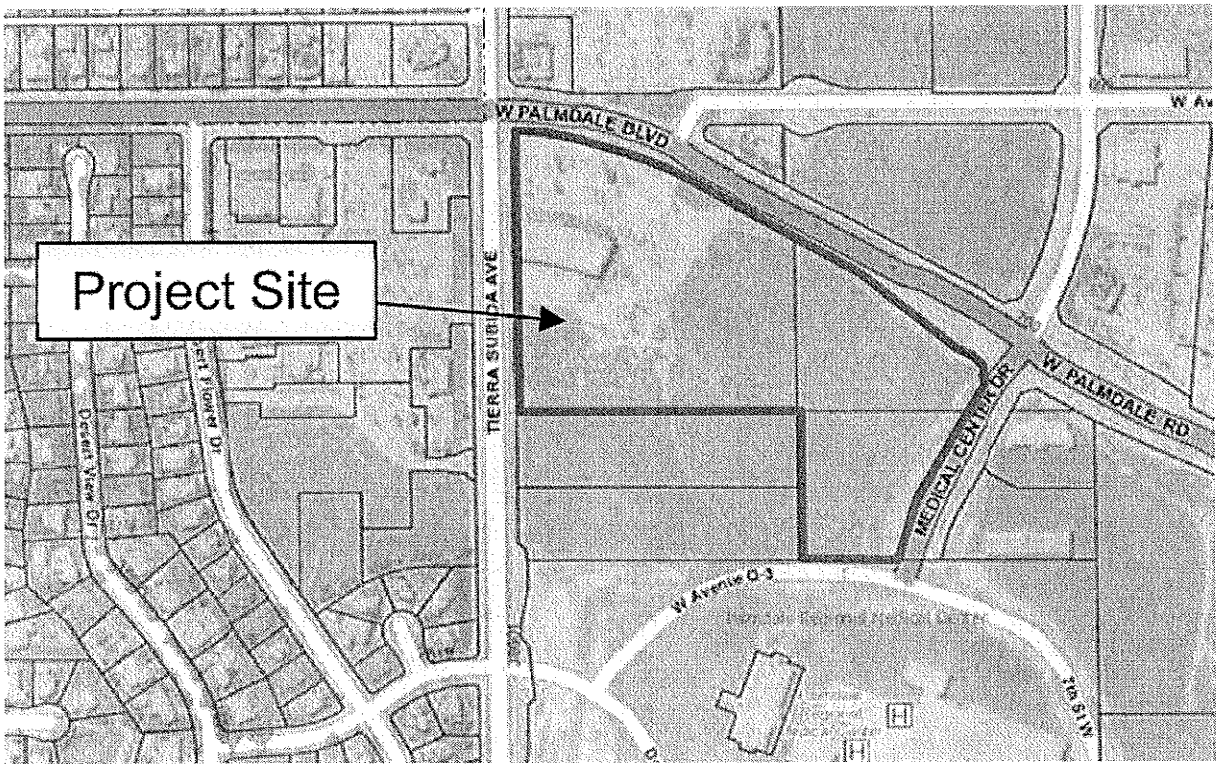

EXHIBIT "C"

ADDITIONAL PUBLIC BENEFITS

Public Benefit	Description	Timing
1 **Donation to Palmdale Community Foundation**	Owner shall pay Seventeen Thousand Five Hundred Dollars ($17,500.00) to the Palmdale Community Foundation to be used to support community activities related to healthy lifestyle.	$7,500 upon occupancy of second medical office building within the Project, with $2,500 per year paid on the four anniversary dates of that first payment.
2 **Sustainability**	The Project will comply with all mandatory provisions of the California Green Building Standards Code.	At the times required under applicable regulations.
3 **Charging Stations**	The Project's parking structures shall include up to 10% (as determined by Owner), more charging stations than otherwise required by applicable regulations.	As built.
4 **Public Spaces**	Owner shall provide the City with criteria for the use of public spaces within the Project area for activities such as health fairs, education seminars, marathons, festivals, special health screenings, and other healthy-living themed events.	Prior to occupancy of the third medical office building within the Project.
5 **Non-Profit Health Care Provider Leases**	Owner shall develop a program to facilitate short-term, below-market leases to local non-profit health care providers for up to a cumulative total of 2,000 sf of office space.	After completion of the Project and occupancy of all buildings within the Project.
6 **Hiring**	To the extent within its control, commercially feasible and reasonable, and consistent with all applicable laws, Owner shall encourage the hiring of local, women-owned, and minority-owned firms or local residents, women and minority individuals (i) for Project construction and (ii) by future tenants of the Project.[1]	As applicable.
7 **Shuttle Access**	Developer shall use its best efforts to develop a commercially feasible and reasonable program for a service to transport seniors within the City to the Project.	After the Project is complete and fully leased.

[1] Where applicable, one example of how this provision may be satisfied with respect to tenants is that, prior to the occupancy of space by a tenant, Owner may provide a written statement to the tenant which includes words to the effect of *"Owner encourages Tenant to hire or contract with local, women-owned, or minority-owned firms or local residents, women, and minorities as part of its business practices."*

EXHIBIT "D"

FEES

	Fee Category	Disposition	Timing of Payment
1	**Development Fees (See Section 5.11)**	Development Fees shall be paid for those Development Fees in effect on the Effective Date at the rates in effect on the Effective Date. If, after the Effective Date, the City cumulatively decreases the rate of any Development Fee by 50% or more, the Project shall be subject only to the reduced rate. Under no circumstance shall Owner be required to pay more than Three Million Dollars ($3,000,000) toward the combined amount of (the "Combined Fee Cap"): • Development Fees (including the full amount of all Development Fees paid through the Parking District with respect to the Parking Facilities); and • Administrative Fees (see Item 2 below).	Subject to the Combined Fee Cap, Development Fees incurred before completion of construction of the second parking structure for the Project shall be paid upon completion of that construction and the certification by the City that the second parking structure is available for use. Development Fees incurred after that date shall be paid when due under applicable City regulation.
2	**Administrative Fees (See Section 5.1)**	Owner shall pay all Administrative Fees which would normally be charged for all projects within the City under City regulations in effect at the time payment is due. Under no circumstance shall Owner be required to pay more than the Combined Fee Cap toward: • Development Fees (including the full amount of all Development Fees paid through the Parking District with respect to the Parking Facilities); and • Administrative Fees.	Subject to the Combined Fee Cap, Administrative Fees shall be paid at the time those fees would normally be paid for all projects within the City under City regulations in effect when that payment is normally due.
3	**Pass-Through Fees (See Section 5.30)**	Owner shall pay all Pass-Through Fees which are collected, but not imposed, by the City.	Pass-Through Fees shall be paid at the time those fees would normally be paid for all projects within the City, provided that no Pass-Through Fees shall be collected from the Project more than thirty (30) days before those fees are required to be delivered to the pass-through agencies.

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **APPROVE THE SECOND AMENDMENT TO AGREEMENT WITH FRAZIER CAPITAL VALUATION, INC., FOR PROPERTY VALUATION, APPRAISALS AND BROKER SERVICES, INCREASING THE AGREEMENT BY $100,000 FOR A TOTAL NOT TO EXCEED AMOUNT OF $140,000 AND EXERCISE THE FINAL ONE-YEAR EXTENSION THROUGH JANUARY 20, 2027; AND ADOPT RESOLUTION NO. CC 2025-090, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE THE SECOND AMENDMENT TO AGREEMENT WITH FRAZIER CAPITAL VALUATION, INC., AND GRANTING AUTHORIZATION TO PAY ALL FEES**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve the Second Amendment to Agreement No. A-7570, with Frazier Capital Valuation, Inc., for property valuation, appraisals, and broker services, increasing the agreement by $100,000 for a total not to exceed amount of $140,000 and exercise the final one-year extension through January 20, 2027; and,

2. Adopt Resolution No. CC 2025-090, a Resolution of the City Council of the City of Palmdale authorizing the Interim City Manager to execute the Second Amendment to the Agreement No. A-7570, including minimal and/or non-substantial changes, with Frazier Capital Valuation, Inc., and granting authorization to pay all fees.

BACKGROUND

On January 20, 2022, the City Council awarded a Request for Proposal (RFP) and entered into an agreement with Frazier Capital Valuation, Inc., for the provision of professional appraisal services. Frazier Capital Valuation, Inc. demonstrated a comprehensive knowledge of applicable Federal, State, and local reporting requirements.

The appraisal services have supported the City's housing and economic development initiatives by providing analyses related to property acquisitions, dispositions, and rehabilitation cost estimates. On December 17, 2024, the City exercised its first one-year option to extend the agreement through January 20, 2026, in order to ensure continuity of services for ongoing work with projects.

DISCUSSION

Frazier Capital Valuation, Inc. has continued to provide appraisal services that support the goals and objectives of the City's General Plan and related land use documents. The firm has demonstrated a strong understanding of Federal, State, and local regulations governing grant funding and reporting requirements. Through recent collaboration, it was determined that additional services, such as brokers' opinions of value and transactional representation, would enhance efficiency and support ongoing projects. To facilitate these services, the City proposes to further amend the existing agreement to establish a fee schedule for the remainder of the contract term, ensuring timely and consistent service delivery.

FISCAL IMPACT

$100,000; Funds are budgeted and available in the Economic and Community Development Department Measure AV Funds and the Housing Department for FY 2025-26.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

E. Transform housing inventory to meet the changing lifestyle and market demands.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Agrmt No. A-7570 Second Amendment with Frazier Capital Valuation, Inc.
Agrmt No. A-7570 First Amendment with Frazier Capital Valuation, Inc.
Agrmt No. A-7570 with Frazier Capital Valuation, Inc.
Reso. No. CC 2025-090

2nd AMENDMENT TO AGREEMENT A- 7570
BETWEEN THE CITY OF PALMDALE AND FRAZIER CAPITAL VALUATION, INC.

This Second Amendment to Agreement No. A-7570 (“Agreement”) is made and entered into by and between the City of Palmdale (hereinafter called “CITY”) and FRAZIER CAPITAL VALUATION, INC. (hereinafter called "CONSULTANT"). This Contract shall become effective on the date of the last signatory.

WHEREAS, on July 27, 2021 ("Original Agreement") the CITY and CONSULTANT entered into an agreement to provide:

Appraisal services for vacant land, single family residencies, mobilehomes, mobilehome park, 1-4 unit multi-family residences, 5 or more unit multi-family residences, or commercial properties.

WHEREAS, the parties desire to amend the Original Agreement to:

A) Update Article 1. Description of Work to allow for additional services to be provided to the City and update the total compensation for the contract.
B) Update Article 4. Fee Schedule to provide clarity on the costs for the additional services.
C) Update Article 5. Contract Term and Delivery to exercise the final one-year option to extend through January 20, 2027.

NOW THEREFORE, the parties agree as follows:

Article 1. Description of Work
Amend to provide additional services to the City of Palmdale. The added services are expanded to include brokerage services and brokers' opinions on vacant land and parcel values, and to increase the total compensation by One Hundred Thousand Dollars ($100,000.00), not to exceed One Hundred and Forty Thousand Dollars ($140,000.00).
Original Contract: $40,000.00
Amendment 1: No change
Amendment 2: $100,000.00

Article 4. Fee Schedule
The Fee Schedule is amended to include the following services:

Original Contract:
Appraisals
Vacant Land - $1,000-$4,000
Single Family Residence - $900-$1,200
Multi-Family 2 - 4 Units - $1,500-$1,900
Multi-Family 5 or more units - $2,100-$5,000
Commercial Property - $2,500-$4,000

Amendment 1: No change

Amendment 2:

Broker Opinion of Value
If less than two hours of time - Free
If more than two hours of time - $500-$900 per parcel

Brokerage Commission
10% buyer representation, if representing the City on a targeted acquisition, and there is no buyer broker.

5% buyer representation if the property is listed by another broker.

Article 5. Contract Term and Delivery
Original Contract: Executed January 20, 2022, for a term of three (3) years, expiring on January 20, 2025, with an option to extend the term for two additional terms of one year each.
Amendment 1: Exercise the first one-year option to extend through January 20, 2026.
Amendment 2: Exercise the final one-year option to extend through January 20, 2027.

All other terms and conditions of the Original Agreement not amended herein, remain in full force and effect.

REST OF PAGE INTENTIONALLY LEFT BLANK

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
Interim City Manager

SIGNATURE AREA

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Highway
Palmdale, CA 93550

APPROVE AS TO FORM:

SIGNATURE AREA

Alexandra Severino
City Attorney

ATTEST:

SIGNATURE AREA

Roxanne Faber
City Clerk

FRAZIER CAPITAL VALUATION, INC.:

SIGNATURE AREA

Stephen K. Bethel
President

ADDRESS FOR NOTICE:
FRAZIER CAPITAL VALUATION, INC.
633 West Fifth Street, Ste 5870
Los Angeles, CA 90071

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

- Certificate(s) and Endorsement(s) attached
- Confirmed business name on contract with certificate(s)
- Original contract and previous amendment(s) (if any) are attached
- Attached Agreement Checklist and met all requirements

1st AMENDMENT TO AGREEMENT A- 7570
BETWEEN THE CITY OF PALMDALE AND FRAZIER CAPITAL VALUATION, INC.

This 1st Amendment to Agreement No. A-7570 (“Agreement”) is made and entered into by and between the City of Palmdale (hereinafter called “CITY”) and FRAZIER CAPITAL VALUATION, INC. (hereinafter called "CONSULTANT"). This Contract shall become effective on the date of the last signatory.

WHEREAS, on July 27, 2021 ("Original Agreement") the CITY and CONSULTANT entered into an agreement to provide:

Appraisal Services for City Projects

WHEREAS, the parties desire to amend the Original Agreement to:

Exercise option to extend agreement for additional one year term, leaving the second option for one additional year available.

NOW THEREFORE, the parties agree as follows:

Section 5.1 Contract Term - Consultant and City agree to exercise the option in Section 5 to extend the agreement for an additional one year term through January 20, 2026, leaving one additional option available.

All other terms and conditions of the Original Agreement not amended herein, remain in full force and effect.

REST OF PAGE INTENTIONALLY LEFT BLANK

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:

Ronda Perez
Signed: 12/12/2024

Ronda Perez
City Manager

Sophia Reyes
Signed: 12/11/2024

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Highway
Palmdale, CA 93550

FRAZIER CAPITAL VALUATION, INC.:

Stephen Bethel
Signed: 12/11/2024

Stephen K. Bethel
President

ADDRESS FOR NOTICE:
FRAZIER CAPITAL VALUATION, INC.
633 West Fifth Street, Ste 5870
Los Angeles, CA 90071

APPROVE AS TO FORM:

William Patrick Curley III
Signed: 12/11/2024

William P. Curley, III
City Attorney

ATTEST:

Rochelle Scott for
Signed: 12/17/2024

Roxanne Faber
City Clerk

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

■Certificate(s) and Endorsement(s) attached
■Confirmed business name on contract with certificate(s)
■Original contract and previous amendment(s) (if any) are attached
■Attached Agreement Checklist and met all requirements

Record of Signing

For
Name
Title

Sophia Reyes

Signed on 2024-12-11 16:30:18 GMT

Secured by Concord™
DocumentID: 02yUq2LRm7D1j1XgsbyTAz
SigningID: 02yUq2LRg4Ujm70aflZ3mi
Signing date: 12/11/2024
IP Address: 206.171.111.149
Email: sreyes@cityofpalmdale.org

For
Name
Title

Stephen Bethel

Signed on 2024-12-11 18:54:06 GMT

Secured by Concord™
DocumentID: 02yUq2LRm7D1j1XgsbyTAz
SigningID: 02yUtZ8XcsGMtLOsB71Q9I
Signing date: 12/11/2024
IP Address: 108.214.21.195
Email: sbethel@fraziercapital.com

For
Name
Title

William Patrick Curley III

Signed on 2024-12-11 20:35:59 GMT

Secured by Concord™
DocumentID: 02yUq2LRm7D1j1XgsbyTAz
SigningID: 02yUw49dj3ToCzKOISwn9k
Signing date: 12/11/2024
IP Address: 107.131.11.226
Email: wcurley@harperburns.com

For
Name
Title

Ronda Perez

Signed on 2024-12-12 06:17:28 GMT

Secured by Concord™
DocumentID: 02yUq2LRm7D1j1XgsbyTAz
SigningID: 02yVAKvDsi3y22vhfVzMiZ
Signing date: 12/12/2024
IP Address: 47.150.162.162
Email: rperez@cityofpalmdale.org

For
Name
Title

Rochelle Scott for

Signed on 2024-12-17 22:50:59 GMT

Secured by Concord™
DocumentID: 02yUq2LRm7D1j1XgsbyTAz
SigningID: 02yYPPhEDdJCeaKEv3tiS3
Signing date: 12/17/2024
IP Address: 206.171.111.149
Email: rscott@cityofpalmdale.org

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Where agreements happen.

Signed with www.concordnow.com

ORIGINAL

AGREEMENT NO. A-7570
ONGOING CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF PALMDALE AND FRAZIER CAPITAL VALUATION, INC.

THIS CONTRACT FOR CONSULTANT SERVICES ("Contract" herein) is made and entered into this 27th day of July, 2021, by and between the City of Palmdale, a municipal corporation (hereinafter referred to as "CITY"), and FRAZIER CAPITAL VALUATION, INC., (hereinafter called "CONSULTANT").

RECITALS

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the professional services described in this Contract.

NOW THEREFORE, CITY and CONSULTANT, in consideration of the mutual covenants hereinafter set forth, agree as follows:

1 DESCRIPTION OF WORK

1.1 This is an indefinite quantity and indefinite delivery Ongoing Contract to provide professional services including ppraisal services for vacant land, single family residences, mobilehomes, mobilehome parks, 1 – 4 unit multi-family residences, 5 or more unit multi-family residences, or commercial properties. Funding sources include federal, state and local funds including Community Development Block Grant, Neighborhood Stabilization Grant, HOME Investment Partnerships Program, Housing Asset Funds, Housing Authority Funds, Redevelopment Funds, and other funds to be identified. Provide appraisal reports in accordance with federal, state and local regulations and funding guidelines, inspect each property with the owner, if possible, and document with pictures and diagrams for use in the report, perform market research to support the selected appraisal methodologies and will document and confirm comparable sales information. The candidate must be familiar with State Health and Safety Regulations including but not limited to Housing Authority Law, Community Redevelopment Law, and Mobilehome Act Laws. Consultant shall prepare a narrative appraisal report that conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal study and report are intended to serve as acquisition, disposition, or rehabilitation appraisal and will be prepared in a summary format consistent with the specifications for narrative appraisal reports. Services may include requests for Review Appraisal or Restricted Report Appraisal Letter. The Consultant will be responsible for submitting electronic copies of the Appraisals and all software applications or computer files generated for graphics, text, and/or pictorial will be supplied to the City in a format acceptable to the City. Use of the software shall be on a system that is compatible with the City's applications or converted from a given application to a City application. All data, documents and other products used or developed during this project shall become the property of the City of Palmdale. For any work or project determined by CITY to be appropriate for this Ongoing Contract, CITY will issue a request for a proposal to CONSULTANT, and upon agreement, the parties will execute an Authorization Agreement specifying the scope of work, cost, staffing, subcontractors, deliverables, type of pricing (fixed priced or time & materials) and completion schedule for that project. **Although CITY anticipates that CONSULTANT will be issued a substantial amount of work, the total cost of work issued to the CONSULTANT**

by the City of Palmdale will not exceed Forty Thousand Dollars ($40,000.00) for the entire term of the Contract. CONSULTANT is not guaranteed any minimum amount of work or any jobs at all. CONSULTANT is aware that there is more than one CONSULTANT who has been awarded an Ongoing Contract for this type of work. CITY reserves the right and will issue Authorization Agreements based on ability of the contractor to meet CITY's work schedule and the availability of expertise in relation to each project.

1.2 CONSULTANT shall have no claim for compensation for any services or work, which has not been authorized by CITY's Authorization to Proceed.

1.3 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion.

1.4 CONSULTANT shall not accept any change of scope, or change in contract provisions, to this Ongoing Contract nor to any Authorization Agreement, 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.

1.5 CITY shall provide to CONSULTANT, 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 CITY PROJECT MANAGER

To provide the professional services required by this Contract, CONSULTANT shall act under the authority and approval of Mike Miller Director of Public Works/designee. For each project a City project manager will be appointed who shall oversee the Authorization Agreement, assist the CONSULTANT with any necessary information, audit billings, and approve payments. The CONSULTANT shall channel reports and special requests through the City project manager.

3 CONSULTANT'S KEY PERSONNEL

3.1 CITY reserves the right to review and approve CONSULTANT'S staff including all subcontractors and sub consultants to be assigned to any project by CONSULTANT during the term of this Contract.

3.2 All services required under this Contract shall be performed by CONSULTANT, or under CONSULTANT'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 CONSULTANT 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.

3.4 CONSULTANT shall be responsible for payment of all CONSULTANT's employees' and sub consultant's wages and benefits, and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

3.5 CONSULTANT shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONSULTANT'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 FEE SCHEDULE

4.1 CITY shall pay CONSULTANT for each project an amount not to exceed that amount specified in each Authorization Agreement based on the following rates:

Vacant Land	$1,000 to $3,000
Single Family Residence	$ 900 to $1,200
Multi-family 2 - 4 units	$1,500 to $1,900
Multi-family 5 or more units	$2,100 to $5,000
Commercial Property	$2,500 to $4,000

The Fee Schedule may, by mutual agreement of the parties, be annually amended to reflect changes in CONSULTANT's rates, on January 1st of each year, but in no event shall the Fee Schedule be amended within the first year of this Contract. CONSULTANT must notify City in writing ninety - (90) days in advance of any requested amendment and such amendment shall not take effect until CONSULTANT has received written consent from CITY. CONSULTANT shall perform no work in excess of the total contract price without prior written amendment to this Contract, executed by both parties. Total contract price includes expenses related to travel to and from the City to meet with City and to appear before the City Council or any other board or commission of the City.

4.2 An application for payment form must be submitted to CITY which shall include the following: a clear, detailed invoice reflecting hours 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.

4.3 CONSULTANT shall maintain adequate records and shall permit inspection and audit by CITY of CONSULTANT's charges under this Contract and any Authorization Agreements. CONSULTANT 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 CONSULTANT 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 CONSULTANT shall retain its records for the time required by such laws.

5 CONTRACT TERM AND DELIVERY

5.1 The term of Contract is three (3) years, commencing on the date the Contract is executed by the last party to sign, and option for two (2) additional one (1) year terms with a maximum total term of five (5) years.

5.2 Within ten (10) days of the date CITY issues a request for a Proposal for a Authorization Agreement, CONSULTANT shall submit to CITY a schedule indicating the times for starting and completing the various stages of the work, including any Milestones specified in the Authorization Agreement and as more fully described therein. The schedule shall be satisfactory in form and substance to CITY.

5.3 Upon acceptance of these schedules by CITY, they shall be incorporated into the Authorization Agreement.

5.4 Time is of the essence. All of the time limits for Milestones, if any, and completion of the work as stated in the Authorization Agreement, are of the essence of both the Authorization Agreement and this Ongoing Contract.

5.5 Failure of CONSULTANT to perform any covenant or condition contained herein and in the Authorization Agreement within the time periods specified therein, shall constitute a material breach of both the Authorization Agreement and this Ongoing Contract, entitling CITY to terminate either or both the Authorization Agreement and this Ongoing Contract, unless CONSULTANT applies for and receives an extension of time in accordance with the procedures set forth herein.

5.6 Extension of Time for Completion of Work.
If, at any time, the work is delayed due to a suspension order by CITY, or due to any other cause which, in the reasonable opinion of CITY, is unforeseeable and beyond the control and not attributable to the fault or negligence of CONSULTANT, then CONSULTANT shall be entitled to an extension of time equal to said delay, subject to CITY's right to terminate this Contract as provided herein.

5.6.1 CONSULTANT shall submit to CITY a written request for an extension of time within ten (10) days after the discovery of such delay, and failure to do so shall constitute a waiver thereof. CITY shall, in its sole discretion, determine whether and to what extent any extensions of time shall be permitted.

5.6.2 No extension of time requested or granted hereunder shall entitle CONSULTANT to additional compensation unless, as a consequence of such extension, additional work must be performed. In such event, CITY shall, in good faith, consider any request for additional compensation submitted by CONSULTANT.

6 TAXES

6.1 CONSULTANT shall pay all sales, consumer, use, and other similar taxes required to be paid by CONSULTANT in accordance with state and local laws.

6.2 CONSULTANT 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 CONSULTANT or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

6.3 CONSULTANT shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before the first Authorization Agreement is issued.

7 RESERVE

8 STANDARDS OF PERFORMANCE

CONSULTANT shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. CONSULTANT shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY-furnished information.

9 INDEMNIFICATION

Consultant agrees to indemnify, defend and hold harmless CITY, its officers, agents and employees, from and against all claims, losses, obligations, or liability which arise out of, or are in any way related to, the CONSULTANT's acts, errors or omissions, or those of its employees or agents under Agreement.

10 INSURANCE

10.1 CONSULTANT, 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 -- $1,000,000.00 each accident
-- $1,000,000.00 policy limit bodily injury
-- $1,000,000.00 each employee bodily injury by disease

10.1.2 Professional Liability Insurance*
-$1,000,000.00 limit on per occurrence basis
-$2,000,000.00 general aggregate limit

10.1.3 Commercial General Liability
-$1,000,000.00 limit on per occurrence basis
-$2,000,000.00 general aggregate limit

10.1.4 Commercial Automobile Liability
-$1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

10.2 All of CONSULTANT'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 Certificate and endorsements shall state that: "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 on execution of this Contract, and prior to commencement of any work, CONSULTANT shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONSULTANT has the

required coverage and showing the required named insureds. Within five (5) days of written request from the CITY, CONSULTANT 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 CONSULTANT are not intended to and shall not in any manner limit or qualify CONSULTANT's liabilities and obligations under this Contract.

10.6 Any policy or policies of insurance that CONSULTANT 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 coverages must be maintained throughout the duration of this Contract.

10.8 Acceptable Proof of Insurance:

10.8.1 ACORD Certificate of Insurance listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; 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 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

10.8.3 *When 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 for all claims made by CITY arising out of any acts or omissions of 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 CONSULTANT fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

11 TERMINATION WITHOUT CAUSE

CITY reserves the right to terminate this Contract, any Authorization Agreement or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub consultants to cease such work. CONSULTANT shall also surrender to CITY all finished or unfinished documents or programs and other materials, which shall be City's property. As compensation in full for services performed to the date of such termination, the CONSULTANT 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 the Authorization Agreement or this Contract.

12 TERMINATION FOR CAUSE

If CITY determines that CONSULTANT 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 or in any Authorization Agreement, CITY shall give written notice to CONSULTANT 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, CONSULTANT has failed to implement the corrective measures, CITY may elect to terminate this Contract or any Authorization Agreement, in whole or in part.

12.1 In the event CITY terminates this Contract or any Authorization Agreement, 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 CONSULTANT shall provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by CONSULTANT within fifteen (15) working days after notice of termination. Upon such termination, CONSULTANT 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 consultant 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 CONSULTANT 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 CONSULTANT arising out of, or relating to this Contract or any Authorization Agreement, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

14 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, research, field notes, investigations, analysis and studies which are prepared in the performance of this Contract are to be, and remain the property of CITY. CONSULTANT shall furnish CITY, upon its request, originals or reproducible or electronic copies of reports, studies and of all other documents listed above.

15 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

15.1 CONSULTANT shall not delegate, subcontract 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 CONSULTANT from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the

proposed assignee, delegee or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegee or subcontractor shall include the following:

A. The amount involved, together with CONSULTANT's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

15.2 Any assignment, delegation or subcontract shall be made in the name of CONSULTANT and shall not bind or purport to bind CITY and shall not release CONSULTANT from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to CONSULTANT under this Contract.

16 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

16.1 In performance of this Contract, CONSULTANT shall not discriminate against any employee, subcontractor or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation or age. CONSULTANT 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, marital status, sexual orientation or age. 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 CONSULTANT for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONSULTANT 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 CONSULTANT 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 CONSULTANT'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 CONSULTANT 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 CONSULTANT 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 CONSULTANT shall not employ any City official or employee to perform any work required pursuant to this Contract.

18.3 If CONSULTANT is a registered professional CONSULTANT or licensed land surveyor and the scope of work requires CONSULTANT's recommendation of the actual formula to spread the costs of an assessment district's improvements, then CONSULTANT shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) CONSULTANT has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which the CONSULTANT received the income. In the event a conflict of interest does arise in that context, City shall select a different consultant to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to CONSULTANT.

18.4 To the extent required by the City Manager or his designee, CONSULTANT 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 CONSULTANT 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 CONSULTANT uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONSULTANT.

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.

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 AUTHORITY TO EXECUTE AUTHORIZATION AGREEMENTS

The Director of Neighborhood Services is authorized to execute Authorization Agreements for projects issued to CONSULTANT pursuant to this Ongoing Contract up to the amount authorized by this Contract.

22 ENTIRE AGREEMENT AND AMENDMENTS

22.1 This Contract together with the Authorization Agreements issued pursuant hereto, 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.

22.2 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 CONSULTANT hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

22.3 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.

23 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

01/20/2022

J. J. Murphy, ICMA-CM, Date
City Manager

FRAZIER CAPITAL VALUATION, INC.

12/3/21

Stephen K. Bethel, Date
President

ADDRESS FOR NOTICE:
City of Palmdale
38300 Sierra Highway
Palmdale, CA 93550

ADDRESS FOR NOTICE:
FRAZIER CAPITAL VALUATION, INC.
633 West Fifth Street, Suite 5870
Los Angeles, CA 90071

APPROVE AS TO FORM:

JAN 20 2022

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

ATTEST: If Corporation

Secretary

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-090

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE THE SECOND AMENDMENT TO AGREEMENT WITH FRAZIER CAPITAL VALUATION, INC. AND GRANTING AUTHORIZATION TO PAY ALL FEES

WHEREAS, on January 20, 2022, the City of Palmdale entered into an Agreement (A-7570) with Frazier Capital Valuation, Inc., to provide professional appraisal services for vacant land, single-family residences, mobile home parks, to multi-family residences, or commercial properties for a total not to exceed (NTE) amount of $40,000 for three years with two options to extend for one year each; and

WHEREAS*,* on December 17, 2024, the City of Palmdale executed the First Amendment to Agreement A-7570, exercising its first one-year option to extend the services of the agreement through January 20, 2026; and

WHEREAS*,* on November 4, 2025, the City Council of the City of Palmdale approved the Second Amendment to Agreement A-7570 with Frazier Capital Valuation, Inc. to increase the value of the contract by $100,000 for a total not to exceed amount of $140,000, exercise the final one-year option to extend the services of the agreement through January 20, 2027, and ensure the agreement includes a fee schedule.

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 and are a substantive part of this Resolution.

SECTION 2. The Interim City Manager is hereby authorized to execute the Second Amendment to Agreement A-7570 with Frazier Capital Valuation, Inc ("Second Amendment").

SECTION 3. The Interim City Manager is hereby authorized to execute any instruments, purchase orders, and agreements arising from the services provided by Frazier Capital Valuation, Inc. pursuant to the Second Amendment, including but not limited to administrative fees and costs, authorizations to proceed, land appraisals, brokers' opinion's, purchase and sale agreements, and escrow documents.

SECTION 4. The City Council hereby authorizes and directs the Interim City Manager or designee to pay all necessary costs, fees, and charges incurred as a result of services performed on behalf of the City of Palmdale.

SECTION 5. This Resolution shall take effect upon the date of its adoption.

SECTION 6. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this _____ day of _____, _____.

_____
Laura Bettencourt, Mayor Pro Tem

APPROVED AS TO FORM:

_____
Alexandra Severino
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 4th day of November, 2025, by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT WITH DUDEK TO UPDATE THE CITY'S SEWER SYSTEM MASTER PLAN FOR A TOTAL NOT TO EXCEED AMOUNT OF $840,598 OVER A TWO (2) YEAR TERM**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve Agreement No. A-9451 with Dudek to update the City's Sewer System Master Plan for a total not to exceed amount of $840,598, which includes a contract amount of $764,180 plus a 10% contingency amount of $76,418 for a two (2) year term; and,

2. Authorize the Interim City Manager or his designee to execute Agreement No. A-9451 with Dudek, including minimal and/or non-substantial changes.

BACKGROUND

The City successfully withdrew from the Los Angeles County Sewer Maintenance District on July 1, 2009. Prior to withdrawing, City staff worked with a consultant group to prepare the documentation required by the State for the operator of a public sewer system. One of these documents was the Sewer System Master Plan (Master Plan). The Master Plan is a comprehensive, long-range strategy document that outlines the sewer system status, maintenance requirements, capacity, and resource allocations.

Because much of the City's sewer system was originally designed to serve single-family residential development, the increased land use densities adopted in the Palmdale 2045 General Plan may result in future capacity limitations. In response, the City issued a solicitation for proposals to update the Sewer System Master Plan to ensure adequate system capacity and long-term infrastructure planning.

DISCUSSION

The City issued Request for Proposal No. 25-002-3100 on March 5, 2025. By the April 22, 2025, deadline, the City received four (4) proposals from the following consultants:

Vendor	Location
Dudek	Encinitas, CA
FEI Associates	Chino, CA
Pacific Advanced Civil Engineering	Fountain Valley, CA
Willdan Engineering	Anaheim, CA

Each technical proposal was evaluated based on qualifications, training, staffing, methodology, and references. While most of the consultants met the requirements, Dudek submitted the most comprehensive and responsive proposal, earning the highest evaluation score. As is the case with proposals for consultant/professional services, the cost proposals were delivered separately from the technical proposals and were not considered as part of the technical proposal evaluation.

The Master Plan will advise the City's long-term strategy for providing public sewer services to include, but not limited to, conditional assessment of both sewer pipelines and two pump stations, and the development of a prioritized short (current), intermediate (5-year), and long-term (10-year) capital improvement program. Dudek is strategically situated within the marketplace to provide these services, having done so for the last 30+ years for multiple municipal agencies, special districts, and utilities throughout California and the western United States. They will use their understanding of State requirements and advanced mapping systems to check the current sewer system's performance, identify any issues, and recommend improvements.

Based on qualifications, experience, and references, staff recommend that the City Council approve the agreement with Dudek in the amount of $764,180 with a 10% contingency.

FISCAL IMPACT

$840,598; Sufficient funds for consultant services are budgeted in the Sewer Maintenance accounts.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost effective, customer focused methods of service delivery.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Agrmt No. A-9451 with Dudek
Dudek Technical Proposal
Dudek Cost Proposal

AGREEMENT NO. A-9451
CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF PALMDALE AND DUDEK

THIS CONTRACT FOR CONSULTANT 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 DUDEK (hereinafter called "CONSULTANT"). This Contract shall become effective on the date of the last signatory.

RECITALS

WHEREAS**,** City desires to engage CONSULTANT to provide certain consultant services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in this Contract. And, if required, is duly registered under the laws of the State of California; and

WHEREAS, CONSULTANT desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages CONSULTANT, and CONSULTANT accepts such engagement, to provide the following services:

Provide a Sanitary Master Plan Update for the City of Palmdale. Project tasks shall include but are not limited to the items listed below.

1. Review Existing Documents and Information/ Data
2. Develop and Calibrate GIS-based Sewer Hydraulic Modeling System
3. Develop Flow Monitoring Plan; Conduct Field Verification and Data Collection
4. Develop Population and Development/ Build-out Projections
5. Examine Land Use Criteria and Establish Sewer System Flow Criteria
6. Capacity Analysis and Pipeline Condition Assessment
7. Assess Pump Stations and Develop Capital Rehabilitation Program
8. Develop Comprehensive Capital Improvement Program (CIP)
9. Prepare and Submit Draft and Final Master Plan Reports
10. Prepare and Develop Project Management Plan
11. Additional CCTV Inspection

CONSULTANT's Technical Proposal detailing scope of work attached as Atch "A"

CONSULTANT shall perform and complete all such work and services in a manner satisfactory to CITY.

1.2 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion. CITY shall have the right to review and inspect the work during the course of its performance at such times as may be specified by CITY.

1.3 CONSULTANT shall not accept any change of scope, or change in contract provisions, 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.

1.4 CITY shall provide to CONSULTANT, 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 CITY PROJECT MANAGER

To provide the services required by this Contract, CONSULTANT shall act under the authority and approval of a Project Manager appointed by CITY. The City Project Manager will oversee the work under this Contract, assist CONSULTANT with any necessary information, audit billings, and approve payments. CONSULTANT shall channel reports, deliverables, and special requests through the City Project Manager.

3 CONSULTANT'S KEY PERSONNEL

CONSULTANT's Team and Key Personnel are as follows:

Principal Engineer - Elizabeth Caliva, PE

Principal in Charge - Russ Bergholz, PE, PMP

Principal Electric Engineer - Joe Schneider, PE

Water Infrastructure Engineer - Jenny Li, PE

Hydraulic Modeling and GIS - Shannon Brown, PE, QSD

Sewer Pump Station Lead - Brandon Lacap, PE

Senior Region Engineer - Paul Mitchell, PE

This Consultant Services Contract has been awarded to CONSULTANT based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed herein. CONSULTANT shall not deviate nor substitute any of these team members without prior written approval by CITY.

4 CONTRACT TERM

The term of this contract is TWO (2) YEARS, commencing on the effective date, with CITY reserving the option to extend the agreement for 1 additional term of one year each.

5 TAXES

5.1 CONSULTANT shall pay all sales, consumer, use, and other similar taxes required to be paid by CONSULTANT in accordance with state and local laws.

5.2 CONSULTANT 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 CONSULTANT or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 CONSULTANT 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.

6 PATENT FEES AND ROYALTIES

CONSULTANT 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, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or device is specified by CITY 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. CONSULTANT 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, product or device not specified by CITY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

CONSULTANT shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. CONSULTANT shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY -furnished information.

8 CONSULTANT’S PERSONNEL

8.1 All services required under this Contract shall be performed by CONSULTANT, or under CONSULTANT’S direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 CONSULTANT 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.

8.3 CONSULTANT shall be responsible for payment of all CONSULTANT'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.

8.4 CONSULTANT shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONSULTANT's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, CITY shall pay to CONSULTANT an amount not to exceed the sum of SEVEN HUNDRED SIXTY FOUR THOUSAND ONE HUNDRED AND EIGHTY dollars ($764180), payable as follows:

The Contract Price is CONSULTANT'S estimate of its charges for all of the services, including all labor, equipment, material, subcontractor and reimbursable costs, to be provided under this Agreement. Progress payments shall be made on a time and material basis. Final payment shall be made upon completion of all services and City acceptance of all deliverables, not-to-exceed the Contract Price.

CONSULTANT's Cost Proposal of labor hours and rates is attached as Atch 'B'.

9.2 CONSULTANT shall perform no work in excess of the total contract price without prior written approval of CITY. Total contract price includes expenses related to travel to and from CITY to meet with City and to appear, if so required, before City Council or any other board or commission of CITY.

9.3 CONSULTANT shall maintain adequate records and shall permit inspection and audit by CITY of CONSULTANT's charges under this Contract. CONSULTANT 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 CONSULTANT 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 CONSULTANT shall retain its records for the time required by such laws.

9.4 No payment made hereunder by CITY to CONSULTANT, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by CONSULTANT of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT and any contractors or 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 CONSULTANT, its contractors or subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, CONSULTANT and, as applicable, any contractors or 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. CONSULTANT shall ensure that the contract of any contractor or subcontractor working under this agreement contain an indemnity agreement, requiring the contractor or subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONSULTANT 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.

11 INSURANCE

11.1 CONSULTANT, 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 11.8, must be reviewed and accepted by the City Attorney**.

11.1.1 <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

11.1.2 <u>Professional Liability (Errors & Omissions) Insurance*</u>

- $1,000,000 limit on a per occurrence basis

11.1.3 <u>Commercial General Liability</u>

- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability

- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of CONSULTANT'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.

11.3 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, in the same manner as the named 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 certificate and endorsements shall state: "The City of Palmdale, the Successor Agency of the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Industrial Development Authority of the City of Palmdale, Palmdale Airport Authority, their officers, agents, employees and volunteers are named as additional insured's."

B. "Severability of Interest" clause.

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

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

11.6 Any policy or policies of insurance that CONSULTANT 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.

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 listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

11.8.3 *When professional (E&O) 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.

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

11.10 CONSULTANT shall require any and all subcontractor's 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 CONSULTANT shall be subject to all other insurance requirements that are stated herein.

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

12 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, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. CONSULTANT shall also surrender to CITY all finished or unfinished documents or programs and other materials, which shall be City’s property. As compensation in full for services performed to the date of such termination, the CONSULTANT 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.

13 TERMINATION FOR CAUSE

13.1 If the City determines that the CONSULTANT 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, the City shall give written notice to the CONSULTANT specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the City's dissatisfaction and suggest corrective measures. If, after thirty days, the CONSULTANT has failed to implement the corrective measures, the City may elect to terminate this Contract, in whole or in part.

13.2 In the event the City terminates this Contract in whole or in part as provided herein above, the City may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

13.3 If this Contract is terminated as provided above, the City may require the CONSULTANT to provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by the CONSULTANT. Upon such termination, the CONSULTANT shall be paid an amount equal to the value of the services provided and work performed as of the date of termination. Such payment by the City may take into consideration the costs associated with hiring another CONSULTANT to complete the services. In the event no new CONSULTANT is employed, the CONSULTANT shall be paid an amount equal to the value of the work performed. 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 the City.

13.4 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that CONSULTANT 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 12.

14 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and CONSULTANT 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.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, research, field notes, investigations, analysis, and studies which are prepared in the performance of this Contract are to be, and remain the property of CITY. CONSULTANT shall furnish CITY, upon its

request, originals or reproducible or electronic copies of reports, studies and of all other documents listed above.

16 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

16.1 CONSULTANT shall not delegate, subcontract 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 CONSULTANT from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegates or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegates or subcontractor shall include the following:

A. The amount involved, together with CONSULTANT's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

16.2 Any assignment, delegation or subcontract shall be made in the name of CONSULTANT and shall not bind or purport to bind CITY and shall not release CONSULTANT 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 CONSULTANT under this Contract.

17 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

17.1 In performance of this Contract, CONSULTANT shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. CONSULTANT 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, marital status, sexual orientation or age. 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.

17.2 The provisions of subsection 17.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONSULTANT for personnel to perform any

services under this Contract. CITY shall have access to all documents, data and records of CONSULTANT 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.

18 FINANCIAL INTEREST CERTIFICATION

18.1 CONSULTANT 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 CONSULTANT's firm.

18.2 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.

19 CONFLICT OF INTEREST

19.1 CONSULTANT 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 CONSULTANT 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.

19.2 CONSULTANT shall not employ any City official or employee to perform any work required pursuant to this Contract.

19.3 If CONSULTANT is a registered professional engineer or licensed land surveyor and the scope of work requires CONSULTANT'S recommendation of the actual formula to spread the costs of an assessment district's improvements, then CONSULTANT shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) CONSULTANT has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which CONSULTANT received the income. In the event a conflict of interest does arise in that context, City shall select a different CONSULTANT to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to CONSULTANT.

19.4 To the extent required by the City Manager/designee, CONSULTANT 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.

20 COMPLIANCE WITH LAW

20.1 CONSULTANT 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 CONSULTANT uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONSULTANT.

20.2 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.

21 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.

22 ENTIRE CONTRACT AND AMENDMENTS

22.1 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.

22.2 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 CONSULTANT hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

22.3 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.

23 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
Interim City Manager

SIGNATURE AREA

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

DUDEK:

SIGNATURE AREA

Joe Monaco
Chief Executive Officer

ADDRESS FOR NOTICE:
DUDEK
605 Third Street
Encinitas, CA 92024

APPROVE AS TO FORM:

SIGNATURE AREA

Alexandra Severino
City Attorney

ATTEST:

SIGNATURE AREA

Roxanne Faber
City Clerk

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

□ Certificate(s) and Endorsement(s) attached
□ Confirmed business name on contract with certificate(s)
□ Attached Agreement Checklist and met all requirements

E. Technical Proposal

Approach

With a current population of approximately 161,000, the City of Palmdale's (City) 2020 Urban Water Management Plan projects the City will increase its population by approximately 25,000 by 2045, a growth of 15% from current population estimates. This continued growth potential puts the City in a unique position among more built-out cities in the region, as it needs to focus on both condition assessment of aging sewer system assets and capacity analysis to accommodate future growth. This approach is also consistent with the reissued 2020 WDR, which now requires condition assessment as part of the System Evaluation and Capacity Assurance Plan component of the Sewer System Management Plan (SSMP), for which an agency's sewer master plan is typically used.

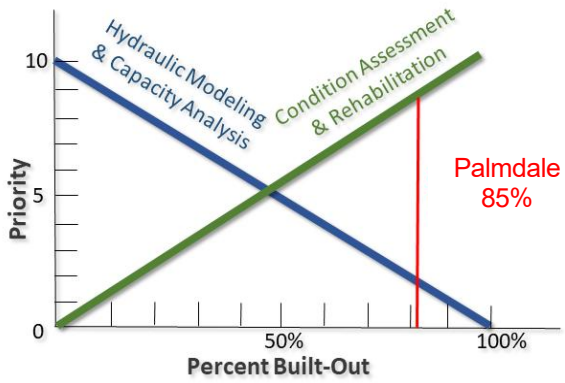


Figure 3. Priority vs. Build-Out

The City's sewer collection system consists of over 396 miles of gravity pipeline ranging from 8- to 21-inches in diameter and two small sewer pump stations (pump stations). The City's pipelines are relatively new, with the oldest installed in the 1950s, and most pipelines (86%) built after 1980. The City discharges its sewer into 48 miles of regional trunk lines owned and operated by the Los Angeles County Sanitation District, which performs wastewater treatment for the City.

The City's previous 2009 master plan concluded that the City's system had significant capacity, only recommended two capacity-related improvement projects, at a cost of approximately $3.9M (2009 $). The 2009 master plan also recommended $54M in new sewer line extensions to serve outlying developments. After performing structural condition assessment of 62 miles of City sewers, the 2009 master plan recommended an annual renewal/replacement program at an average of approximately $1M per year. These projects are assumed to have been ongoing over the past 16 years.

A significant focus of this updated master planning effort includes (1) development and calibration of a new, GIS-based sewer model, including flow monitoring, (2) an updated capacity analysis, (3) condition assessment of sewer pipelines and the existing pump stations and (4) preparation of a prioritized short (current), intermediate (5-year) and long-term (10-year) capital improvement program (CIP) to guide the City moving forward.

For the sewer model, Dudek proposes using Aquanuity's AquaTwin Sewer (https://aquanuity.com/). AquaTwin Sewer is the latest sewer software hydraulic modeling program developed by Paul Boulos, the founder of Innovyze (recently bought by AutoDesk) and the developer of industry standard hydraulic modeling software packages, including InfoWorks ICM (which was used in the City's 2009 master plan) and InfoSWMM. AquaTwin Sewer is built natively in ArcGIS Pro and has significantly improved capabilities and processing speeds compared to Mr. Boulos' earlier software offerings.

A key element of our proposed project prioritization approach is developing a risk model to develop overall Risk of Failure (ROF) scores to each pipeline in the City's system. Risk-based scoring considers the consequences of poor condition, capacity issues, increased likelihood of failure, and safety. Our approach combines the typical likelihood of failure (LOF) and consequence of failure (COF) method to assess risk to determine if rehabilitation or complete

replacement is required based on the scoring of individual assets and to prioritize which projects are needed first. Using a risk-based approach to project prioritization reduces the City's risk exposure to failing assets and sewer spills.

Our approach to the condition assessment of the City's pump stations and force mains identifies specific mechanical, structural, site/civil, electrical and control improvements that extend the useful life and increase each pump station's operational reliability. Additionally, evaluation of safety risks, emergency features of the pump stations, access to the pump stations, and their impact on the surrounding environment suggest improvements that will reduce the risk of injury and sewer spills and prevent adverse effects on the surrounding community. Additionally, in concurrence with the reissued 2022 WDR, Dudek will identify assets vulnerable to climate change's direct and indirect impacts (e.g., flooding or power disruptions) and make recommendations.

Example Implementation Work Plan

The Implementation Work Plan provides a roadmap for how significant elements of the scope of work relate to each other and lead to the preparation of project deliverables. Figure 4 illustrates how we propose to progress the City's project.

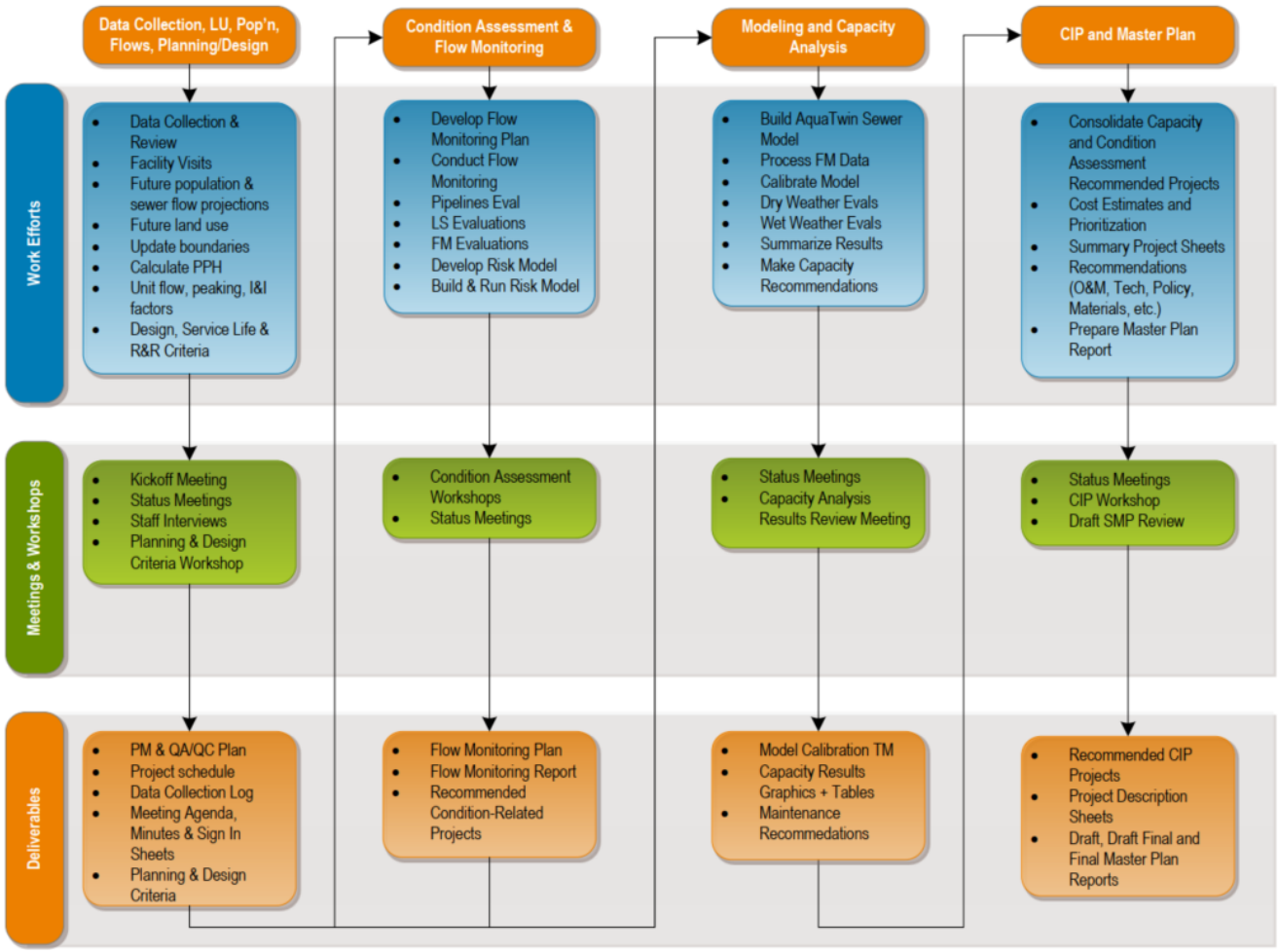


Figure 4. Example Implementation Work Plan

Scope of Work

The following section further details the approach and framework used to complete each work element. This approach is the basis for estimating the level of effort for each step of the project.

Task 1. Data Collection and Review

The following details Dudek's approach to ensuring all relevant documents, data, and staff knowledge are incorporated into the project.

Task 1.1 Documents and Data Review

The extent of data sources associated with the project will be extensive and will benefit from an organized tracking system. This task consists of collecting and reviewing relevant data provided by the City or obtained elsewhere for this project. Data to be provided will include, but not be limited to the 2009 master plan, relevant planning documents, the City's General Plan, 2020 UWMP, latest Sanitary Sewer Management Plan (SSMP), land use maps, as-built drawings (as requested), sewer facilities (GIS), Facility Plans, Developer Engineering Plans, CCTV inspection database, any past flow metering data, other information listed in RFP and any other pertinent data. Dudek will compile a data request list for information not provided during the proposal process and present it at the Kickoff Meeting. In addition, Dudek will prepare and maintain a list of items identified by the City or requested by Dudek, indicating the item(s) requested, a person responsible for collecting the information, when it is needed, and when it was provided to Dudek. Data will develop a gap analysis to determine what is missing, particularly related to the CCTV inspection data, and present it to the City.

Task 1.2 Meetings with City Staff

The Dudek team will meet with the City's O&M and Engineering staff to discuss areas of immediate concern and current known operational problems in the system. Dudek anticipates this conversation commencing at the Kickoff Meeting, with additional meetings coordinated as needed. Dudek will hold a separate meeting with the Planning Department staff to understand anticipated growth in the region, key components of the City's general plan, specific plans, and other key documents, as well as growth assumptions for the master plan.

Assumptions:

- Relevant documents are readily available.
- All interviews are held virtually via Zoom or similar.

Task 2. Sewer Hydraulic Model Development and Calibration

Dudek will use the City's GIS to develop a new, GIS-based sewer model in AquaTwin Sewer by Aquanuity. An accurate build of the model assumes the City's GIS is complete, up to date, and accurate with complete diameters, pipeline inverts, and connectivity, at a minimum. Once the model is built, Dudek will troubleshoot for connectivity and functionality. Dudek will utilize City water billing data as well as the flow metering data from Task 3 to load the model. The model will be calibrated to within 10% of field conditions for dry and wet weather conditions, assuming a significant wet weather event is captured in the flow monitoring period. A technical memorandum will be developed to document the model development and calibration process, which will be included as an appendix to the Sewer Master Plan report.

Assumptions:

- GIS is up-to-date and accurate, including connectivity, diameters, material, invert/rim elevations, and facility IDs matching the City naming convention
- Dudek will assume water billing data is not available; Dudek will use flow metering and land use data for allocating sewer loads in their respective basins.

- If significant amounts of recent system improvements are not included in the City's GIS, additional costs may be required to update the model to current system conditions.
- It is assumed that only City facilities and potentially key LACSD pipelines, where necessary, will be included in the hydraulic model. Outfall locations will be included where connections to the LACSD system exist.

Deliverables

- Technical memorandum documenting the process for building, updating and calibrating the hydraulic model.

Task 3. Flow Metering Plan, Field Verification and Data Collection

The 2009 master plan reported significant wet weather response in the collection system, pointing to storm flows entering the collection system, which increases the risk for sewer spills. Per the City's responses to questions for this RFP, minor improvements to the collection system have resulted in an improvement to weather response in the system, which is promising. However, given the extent of those impacts is unknown, as no subsequent flow metering has been conducted on the system since the 2009 master plan, Dudek recommends that the City conduct a 6-week flow metering program in the Winter of 2026 with the goal of capturing a significant wet weather event. According to historical precipitation data for the City, the highest rainfall occurs in February. This prolonged flow metering program would support the quantification of response in the City's system and provide higher quality capacity evaluations and recommendations for the City.

Dudek will develop a flow metering plan that includes strategic locations to monitor flows, likely including duplicating several locations from the 2009 master plan to assess the changes in flows over time. The flow metering plan will be provided to the City for approval. ADS Environmental will perform the flow metering and site visits to verify accessibility and coordination concerns at proposed locations. Dudek and ADS will coordinate with the City if support is needed to successfully install and retrieve flow meters.

Assumptions

- Flow metering program assumed to occur between January and March 2026 to increase the probability of capturing a significant wet weather event.
- Fee assumes 6 weeks of flow monitoring using 30 flow meters installed in City pipelines only, conducted by ADS Environmental.
- Due to the uncertainty of the locations of the flow meters, $20,000 was assumed in the fee estimate for traffic control.
- The cost to extend the flow metering program is $415 per flow meter per week.

Deliverables

- Flow metering plan in PDF format
- Flow metering results report and raw data.
- Sewer basins in graphical format for inclusion in the report.

Task 4. Population and Development Buildout Projections

Using City provided data (e.g. General Plan, UWMP, land use maps, specific plans, known planned development data) and potentially other relevant sources (census data, SCAG RHNA allocations, etc.), Dudek will update the existing and future population projections for the City, calculate persons per household for existing and future conditions, and determine phasing for new development in the Near-Term and Long-Term/Buildout categories. In updating the population, Dudek will consider new State ADU laws, the impact on densification, and laws related to higher efficiency water fixtures. Dudek will also consider service to currently unserved areas. This data will be tracked in GIS with documented assumptions. Recommendations will be presented to City staff for concurrence and use in the subsequent tasks of this master plan without further revision.

Deliverables

- Population Projections
- Phased development data

Task 5. Land Use and Sewer System Flow Criteria

The performance standards for evaluating the sewer system's capacity adequacy are key to hydraulic analysis. Dudek will review the criteria from the 2009 SMP and update them, as needed, to meet any changes in municipal code or operational changes. Values to be reviewed and updated include unit flow factors (existing and ultimate), peaking factors, I&I factors, sewer design criteria, pump station design criteria, service life criteria for pipelines and pump station equipment, and criteria for redundancy and reliability. Design peaking factors will be based on flow metering data. Data will be compiled in tabular format. Dudek will also evaluate existing regulations, areas and developments currently allowed to use private sewage disposal systems and determine the cost/benefit of providing public sewer to these areas, including, but not limited to, the cost of sewer line extensions versus revenues from connection fees.

Deliverables

- Unit flow factors, peaking factors, I&I factors, design and evaluation criteria, service life criteria in tabular format.
- Summary discussion on cost/benefit analysis of providing public sewer to currently unserved areas included in the master plan report.

Task 6. Capacity Analysis and Pipeline Condition Assessment

The following details Dudek's approach to capacity analysis and pipeline condition assessment.

Task 6.1 Capacity Analysis

The calibrated model from Task 2 will be updated to include the phased development per the analysis completed in Task 4. The collection system capacity will be evaluated under existing (2025), near-term (2035), and future (2045) conditions and the planning criteria from Task 5. Extended-period simulations will be used to evaluate the full range of flow conditions. This results in peak dry weather and wet weather flows. If a storm event is captured during the flow monitoring period, maximum d/D values and velocities will be compared against city criteria. Modeling results will be used to identify pipelines not meeting planning criteria, those with capacity constraints under dry and wet weather conditions, and areas of potentially high I&I. Results will be presented tabularly and graphically. Subsequent model runs will be used to recommend system improvements in the form of pipeline upsizing. The model will include user-defined fields documenting deficiencies and recommended upsizing.

For the near-term and future projects, Dudek will determine the trunk-level sewerline extensions required to serve currently unserved areas that are anticipated to be served within the 2045 timeframe. Dudek will also use topography data to roughly define sewer basins in the currently unserved areas and anticipated land use data will be used to estimate sewer loads from those basins. These data will be brought into the model and used to size the future trunk system pipelines.

Task 6.2 Pipeline Condition Assessment

For sewer pipelines and manholes, which have CCTV inspection data in database format, Dudek performs condition assessment for 300 pipeline segments and associated manholes. Dudek is highly experienced in evaluating defects and looks to balance the recommended rehabilitation options, considering benefit, cost, public impact, and overall risk. While often applicable to most defects, full-length in-situ pipeline rehabilitation may not necessarily be recommended in all cases. For example, where the pipeline's structural integrity has been compromised due to collapse or other failure, point repairs of single pipe segments or connections at manholes

may be the only rehabilitation means necessary. Depending on the nature, quantity, and severity of defects observed during the condition assessment review, methods of trenchless rehabilitation or repair to be considered include specialty and heavy cleaning; in-situ point repairs, such as Weko Seal, Link-Pipe mechanical seal, or LMK Performance short liner; open trench point repairs, such as short- or long-segment pipe replacement, in-situ lining with Cured-In-Place Pipe (CIPP) liner cured with hot water or steam; complete open cut removal and replacement; and total replacement using either trenched or trenchless methods. Note that rehabilitation recommendations will consider replacing or rehabilitating adjacent manholes when the sewer main is recommended for rehabilitation or repair, based on available manhole inspection data. Typical manhole rehabilitation methods Dudek recommends include geopolymer coatings/liners and cured-in-place manhole (CIPM) liners, depending on the level of degradation.

Task 6.3 System Reliability

Dudek will evaluate the reliability of the sewer system based on the results of the capacity analysis and condition assessment, identifying any quality issues, legal/institutional/contractual constraints, per available data, system issues and cost considerations. Dudek will provide a list of maintenance recommendations to improve system performance and reliability.

Assumptions:

- CCTV inspection data is available in database and PDF formats.
- City provides information on legal, institutional, contractual constraints and maintenance issues faced during management of the sewer collection system.
- Fee estimate assumes review of 300 pipeline segments and associated manholes with video inspection data.

Deliverables

- Pipe flow rate estimates for peak dry and wet weather flow, resulting in d/D ratios, velocities, and available capacity based on City-specified d/D ratios provide in GIS format
- Sewer system capacity deficiencies under both existing and future conditions.
- Maps and tables showing the sewer pipelines not meeting the system design criteria.
- Note that CCTV deliverable from Houston and Harris from Task 11 is in database format, includes Mainline ID, u/s, d/s MH Ids, etc. Confirm with Brad Houston

Task 7. Sewer Pump Stations and Capital Rehabilitation Program

The primary objective of this task is to evaluate the life expectancy of the City's existing sewer pump stations and to prioritize the rehabilitation and replacement (R&R) plan. The remaining useful life of assets will be assessed based on the projected useful life and recent condition assessment information.

Task 7.1 Pre-Inspection Workshop

Prior to the facility site inspections, Dudek will collect and review relevant as-builts/maintenance records/pump curves/run logs. Following review of this record data, Dudek will conduct a Pre-Inspection Workshop with City engineering and operations staff. This workshop will allow Dudek's staff to discuss any discrepancies we found in the reviewed record data and further familiarize ourselves with the nuances of each pump station before performing the site inspections. This will also allow the operations staff to explain any known issues, pump station improvement history, and operator preferences, as included in Task 7.1.

Assumptions:

- Pre-Inspection Workshop will have a duration of no more than 1.5 hours.

Deliverables:

- Meeting Agenda and Minutes in electronic PDF format

Task 7.2 Pump Stations Field Inspections

The City's two existing pump stations will be inspected on-site and in person by Dudek's experienced pump station lead and electrical engineer. The site inspections will include non-destructive, sensory observations (visual, audible) of each station's existing assets. Prior to the facility visits, Dudek will prepare inspection checklists based on the existing assets documented in the record drawings and the information reviewed during the data collection and review phase.

Assumptions:

- Dudek will coordinate and conduct the following site inspections for condition assessment of the two existing pump stations (Avenue S Sewer Pump Station; Pelona Vista Sewer Pump Station):
  - One (1) day of Pump Station Site Inspections: Assuming inspection of the City's two pump stations can be completed within a single day (*Up to 1.5 hours of inspection duration per pump station site; fee table includes hours associated with travel time)*.
- Dudek will receive City support for access to pump station facilities, including electrical/telemetry panels, valve vaults, wet wells, and pump station buildings and enclosures.
- Dudek may request that City operations staff manually pump down the level in the wet well in order to observe the condition of the wet well interior below the high water level.
- No shutdown of any equipment will be included during the site inspections.
- No confined space entry will be required or performed during the site inspections.
- No on-site flow monitoring or wet well fill/draw testing at the pump stations will be included in the assessment.
- Potholing to determine the location of existing buried utilities, including force mains, is not included.
- Ring out or megger testing of conductors is not included.
- Wiring will not be traced to confirm the accuracy of as-built wiring drawings.
- Gravity sewer manholes upstream of the pump station wet well will not be considered part of the pump station inspection and assessment.

Deliverables:

- Field notes and photos to be included in Pump Station Condition Assessment Technical Memorandum (See Task 7.7)

Task 7.3 Pump Station Condition Assessment

Dudek will perform a comprehensive condition assessment and evaluation of each of the City's existing pump stations based on our review of the existing record information obtained as well as the information observed and documented from the site inspections. Dudek's evaluation of all pump station assets includes reviewing and assessing all mechanical, structural, site/civil, electrical, instrumentation, and controls features. Dudek's comprehensive assessment will score each pump station's individual assets based on a condition, criticality, and risk-based scoring system. This scoring system considers remaining useful life based on physical condition, as well as operational performance, consequences of asset failure, and operational and safety risks associated with asset failure. Additionally, emergency features of the pump stations, access to the pump stations, and their impact on the surrounding environment will be evaluated.

Dudek will also evaluate if a gravity option is available, in lieu of upgrading the lift stations. The Dudek lift station team will work with the hydraulic modeling team to determine if a gravity option is available, and the extent of improvements required to implement the option. It is understood the City previously evaluated a gravity option for one lift station (Spanish Broom/Casa Verde) and a preliminary design was evaluated. The City will provide the previous improvement plans and cost estimates to Dudek to evaluate as part of this Master Plan. A comparison of the costs will be presented in the lift station technical memorandum.

Assumptions:

- Asset scoring will be used as a tool to assist in the prioritization of recommended improvements.
- City to provide previous design plans and cost estimate for replacement of Spanish Broom lift station with a gravity pipeline for Dudek to use as one option in the evaluation.

Deliverables:

- Pump station asset scoring tables will be included in the Pump Station Condition Assessment Technical Memorandum (See Task 7.7)

Task 7.4 Force Main Desktop Analysis

Based on the information on the obtained force main record, Dudek will perform a desktop analysis of each pump station's corresponding force main. Force mains will be evaluated based on documented age, material, maintenance records, known issues, and a desktop hydraulic capacity analysis. Recommendations resulting from this task may include a physical inspection of the forcemain to confirm condition and/or recommendation for construction of a parallel forcemain if the lift station is recommended to stay in service. Any force main improvements Dudek recommends will be incorporated into the overall prioritized capital improvement projects for each pump station.Assumptions:

- Force main assessment will only be based on desktop analysis due to limitations on physical force main inspection techniques.
- Dewatering existing force mains, piping, tanks, or wet structures is not included.
- CCTV inspection or physical scanning of force mains is not included.
- Potholing to determine the location of existing buried utilities, including force mains, is not included.
- Force main discharge manholes will not be considered part of the force main analysis.

Deliverables:

- Force main analyses will be included in the Pump Station Condition Assessment Technical Memorandum (See Task 7.7)

Task 7.5 Comprehensive List of Deficits and Recommendations

Based on Dudek's pump stations data review, desktop analysis, site inspections, and asset scoring analysis, Dudek will prepare a comprehensive list of deficits and associated recommendations. Dudek's recommended improvements are developed towards reducing the risk of injury, reducing the risk of sewer spills, mitigating impacts to the surrounding environment, preventing adverse effects on the surrounding community, extending the pump station's useful life, and increasing operational reliability. The overall pump station and force main recommended improvements will include a feasibility level (AACE International Class 4) project cost estimate for each project. The Pump Station Condition Assessment Technical Memorandum will prioritize and describe these improvement projects. These recommended improvements will then be incorporated into the overall SSMP Update Document.

Assumptions:

- The recommended pump station and force main improvements will be coordinated with associated recommended improvements developed for the upstream/downstream gravity sewer facilities (as necessary) to ensure that recommended upgrades to pump stations and/or forcemains will be included in the hydraulic model and their impact considered in the capacity evaluation. For example, increases in pumping capacity that may impact downstream capacity results or decommissioning a lift station and replacemeing with a gravity option that may alter overall movement of sewer flows through the system.
- The developed feasibility-level project cost estimates will not be included in the submitted Comprehensive List of Deficits and Recommendations. The Pump Station Condition Assessment Technical Memorandum will include the project cost estimates.

Deliverables:

- Comprehensive List of Deficits and Recommendations in electronic PDF format

Task 7.6 Post-Inspection Workshop (Virtual)

Following the pump station site inspections, Dudek will conduct a post-inspection workshop between Dudek and City staff to review any critical observations or code violations obtained during the site inspections. Dudek will present any reference photos of immediate safety or operational concerns or code violations per the National Electric Code (NEC) and the National Fire Protection Association (NFPA) 820 to City staff.

Assumptions:

- Post-Inspection Workshop will have a duration of no more than 1.5 hours

Deliverables:

- Meeting Agenda and Minutes in electronic PDF format

Task 7.7 Pump Station Condition Assessment Technical Memorandum

Dudek's team will prepare a comprehensive Pump Station Condition Assessment Technical Memorandum (TM) that will be included as an appendix to the final SSMP Update document. Dudek will submit a Draft Pump Station Condition Assessment TM to the City for review. Following City review, Dudek will incorporate or address all of the City's comments and prepare a Final Pump Station Condition Assessment TM. The recommended pump station improvement projects and associated feasibility-level project cost estimates will be summarized in the final Pump Station Condition Assessment Technical Memorandum and incorporated into the Sewer Master Plan and CIP Report.

Assumptions:

- None

Deliverables:

- Draft and Final Pump Station Condition Assessment TM in electronic PDF format

Task 8. Comprehensive Capital Improvement Program

Using the results of Task 6, Capacity Analysis and Condition Assessment, and Task 7, Pump Station Evaluations and Capital Rehab Program, Dudek will develop short (existing), intermediate (5-year), and long-term (10-year) recommended capital improvement program (CIP) projects to address the deficiencies identified. The development of the CIP will be based on the capacity analysis results, the available condition assessment information, and the useful life and value of the existing sewer collection system assets. We will establish asset values and recommend maintenance and aging infrastructure's year-to-year replacement/rehabilitation costs. Findings and recommendations from the 2009 SMP will be evaluated and incorporated into the recommendations for this project if they are still viable. Dudek will develop a risk model evaluating the likelihood and consequences of failure for the sewer pipeline assets of the City's system and utilize the resulting risk scores to prioritize and phase the recommended CIP projects.

Task 8.1 Prioritize and Rank Phased CIP Projects

Dudek will propose a methodology to develop a likelihood of failure (LOF), consequence of failure (COF) and overall risk of failure (ROF) score for each pipeline in the system and present this proposal to the City. The LOF score will include information such as pipe condition, capacity, flood zones, pipe age, and pipe material. The COF score will include information such as proximity to water bodies, storm drain inlets, schools/hospitals/fire stations, roadways and railroads, and other relevant factors that may increase the consequence of asset failure or sewer spill. The methodology, including weighting factors, will be finalized in coordination with City staff. The approved methodology will be constructed inside the Aquanuity AquaTwin Asset software program to assign the

values to each pipeline in the system. Dudek will include in the software output high level estimated project costs for each recommended pipeline rehabilitation based on a set of cost factors agreed upon with the City.

The risk assessment results will be used to rank pipelines based on the highest overall risk score, which would then be used to prioritize the pipeline improvements identified in the Master Plan. CIP project recommendations will be included for gravity sewer pipelines, manholes, pump stations, and force mains and phased into short, intermediate and long-term planning. The CIP list will be categorized into condition-related facility repairs, capacity-related improvements, development-driving recommendations and CIP projects to service previously unserved areas.

Assumptions:

- Relevant GIS layers are available from the City to construct the risk model.

Deliverables

- Overall risk scores are assigned to the gravity sewer pipelines in tabular format and GIS. GIS database will include estimated project costs for each recommended pipeline rehabilitation project.

Task 8.2 Develop Cost Estimate and Description Sheets

Dudek will develop planning-level cost estimates for each CIP project recommendation, including design, construction, CM, admin/legal, and other contingencies based on recent project bids, manufacturer quotes, and other data. Project Description sheets will be developed for each project recommendation in text, graphical, and tabular formats, including project descriptions, locations, phase/timing, and estimated project costs. The master plan report will include a discussion based on the cost estimates. Dudek will obtain recent project costs from the City's Finance Department as available.

Assumptions:

- Costs will be planning-level. One virtual workshop will be held with City staff to review group cost estimates. The City will provide any relevant, recent project bids.

Deliverables

- Individual project cost estimates and description sheets are included in the Sewer Master Plan documents.

Task 9. Preparation of Sewer Master Plan Update Documents

Dudek will prepare a Final SMP report that summarizes the results of all previously described tasks as described below.

Task 9.1 Draft SMP Update Report

Dudek always aims to develop a master plan report that is highly useful to multiple departments in an agency, including engineering, planning, operations, and finance. To succeed, the resulting deliverables must be clear, easy to read, and enable quick information retrieval. In addition to being functional, the reports must accomplish the following:

- Provide a thorough system inventory of the collection system pipelines and facilities.
- Explain design and evaluation criteria based on industry standards and the region's unique characteristics.
- Provide sufficient detail on the master planning process to give the reader an understanding and ability to replicate and/or update the process when the time arises.
- Identify areas within the service areas with substandard condition, performance, or capacity and present those tabularly and graphically.

- Identify projects that improve performance and/or increase efficiency to improve system reliability and meet regulatory requirements.
- Succinctly summarize the findings, results, and recommendations of the master plan for easy implementation.

The Dudek team writes the SMP report alongside doing the work, as we have found it results in a more efficient process and ensures critical steps and/or details are not missed. Dudek will draft a Table of Contents (TOC) for the City's review and comment. The TOC will include both headings and subheadings for each section. If applicable to the City, upon completing each section, Dudek can provide a draft section report to the City for review and comment. Dudek will meet with various divisions to present findings, methods, and procedures and address any questions or concerns as needed. Once a full draft report is completed, Dudek will provide an electronic copy of the report (Word and PDF) to the City for review. A Draft Report Review workshop will be held to discuss City comments.

Assumptions:

- City will provide a consolidated set of comments for the Draft SMP submittal. The draft Report Review workshop will be held virtually.

Deliverables

- Dudek will deliver the Draft SMP Update as follows: Electronic PDF and Word versions

Task 9.2 Draft Final SMP Update Report

Dudek will prepare the Draft Final SMP documents addressing the City's comments on the Draft SMP report.

Assumptions:

- City will provide a consolidated set of comments for the Draft Final SMP submittal.

Deliverables

- Dudek will deliver the Draft Final SMP Update as follows: Electronic PDF and Word versions

Task 9.3 Final SMP Update Report

Dudek will prepare the Final SMP documents addressing the City's comments on the Draft Final SMP report. The report will be organized according to the agreed-upon table of contents from Task 9.1. The Final report will be signed and stamped by a licensed Civil Engineer.

Deliverables

- Dudek will deliver the Final SMP Update: Electronic PDF and Word versions and three (3) bound, hard copies.
- All modeling files.

Task 10. Project Management

Effective project management is key to the successful completion of any project. Dudek has a proven record of delivering projects on time and within budget. The project manager, Elizabeth Caliva, will be the single point of contact for overall communication and program coordination with the City and subconsultants. The following subsections provide more detail on the management of this project.

Task 10.1 Prepare Project Management and QA/QC Work Plan

Dudek will begin the project by developing a project management and QA/QC work plan to guide the project objectives and scope, schedule, budget management, communication and collaboration, the quality assurance and quality control procedures, and documentation and reporting for the project.

Task 10.2 Kickoff Meeting, Monthly Status Meetings and Workshops

Dudek assumed an in-person Kickoff Meeting and virtual monthly status meetings for the fee estimate. Special workshops are noted in the relevant tasks above.

Task 10.3 Project Schedule and Status Reports

The project schedule will be updated throughout the project; any significant changes will be discussed with City staff. Monthly progress reports will be included with each invoice, summarizing the project's progress and status, including an updated schedule, if changed.

Assumptions:

- The kickoff meeting will be held in person; the fee assumes all other meetings and workshops will be held virtually.

Deliverables

- Project Management and QA/QC Workplan (PDF)
- Meeting Agendas & Minutes (electronic)
- Monthly Status Reports and Updated Project Schedules (electronic)
- Monthly Invoices

Task 11. Additional CCTV Inspection

Dudek will review the CCTV inspection database in Task 6 and, if needed, will work with Houston and Harris to conduct additional CCTV inspection. Dudek will prepare a CCTV inspection plan for Houston and Harris to follow. Dudek will then utilize the resulting CCTV inspection to perform additional condition assessment, with the results included in the CIP developed as part of Task 8.

Assumptions:

- Five (5) miles of CCTV inspection of 8- to 18-inch included in the fee estimate. (Costs may increase if inspection of larger diameter pipelines is needed.) Additional length can be added.
- Additional fees may be required for traffic control and cleaning. The fee estimate includes $10,000 for traffic control and no additional cost for cleaning.
- The fee estimate assumes a condition assessment of 50 pipeline segments from this new CCTV inspection data.
- Cost assumes no-fee permits.

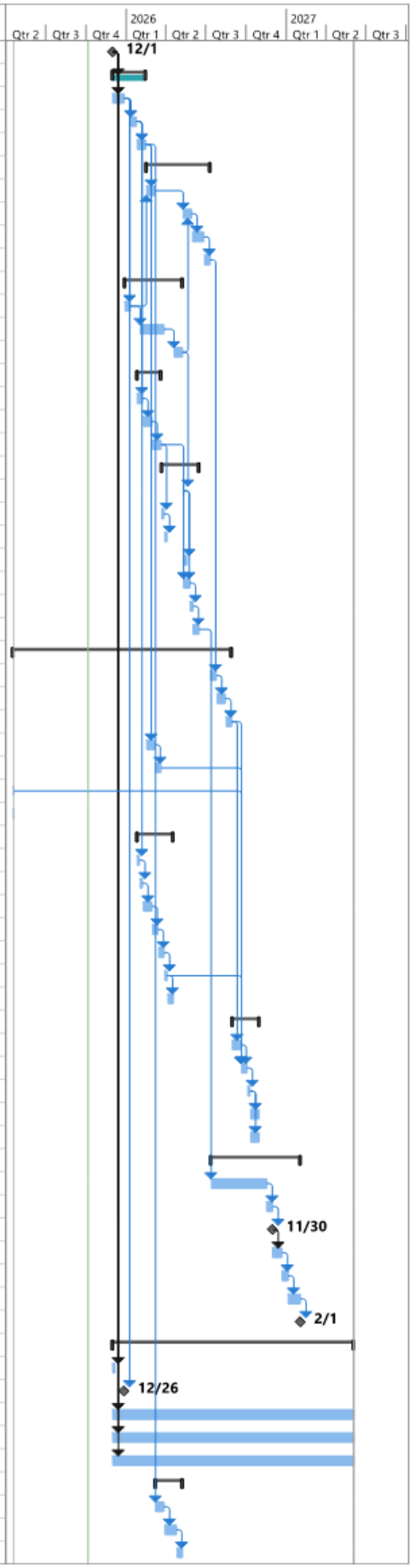
Deliverables

- CCTV inspection results in PACP format delivered in a NASSCO database format. Houston and Harris will utilized City-provided sewer GIS information, such as pipeline, upstream and downstream manhole identification numbers.
- Condition assessment results are presented in a graphical and tabular format. Results will be incorporated into the City's CIP in Task 8.

Dudek's proposed project schedule follows this page.

Updated Project Schedule

ID	Task Name	Duration	Start	Finish
1	**NTP**	0 days	Mon 12/1/25	Mon 12/1/25
2	Task 1 Data Collection and Review	**55 days**	**Mon 12/1/25**	**Fri 2/13/26**
3	1.1 Data Collection and Review	20 days	Mon 12/1/25	Fri 12/26/25
4	1.2 Meetings with City Staff (O&M, Engineering, Planning)	10 days	Mon 1/12/26	Fri 1/23/26
5	1.3 Gaps Analysis	15 days	Mon 1/26/26	Fri 2/13/26
6	Task 2 Sewer Model Development and Calibration	**105 days**	**Mon 2/16/26**	**Fri 7/10/26**
7	2.1 Build Hydraulic Model	15 days	Mon 2/16/26	Fri 3/6/26
8	2.2 Load Hydraulic Model	15 days	Mon 5/11/26	Fri 5/29/26
9	2.3 Calibrate Hydraulic Model	20 days	Mon 6/1/26	Fri 6/26/26
10	2.4 Model Calibration Tech Memo	10 days	Mon 6/29/26	Fri 7/10/26
11	Task 3 Flow Metering Plan, Field Verification and Data Collection	**95 days**	**Mon 12/29/25**	**Fri 5/8/26**
12	3.1 Develop Flow Metering Plan	10 days	Mon 12/29/25	Fri 1/9/26
13	3.2 Perform Flow Metering (30 meters, 6 weeks)	40 days	Mon 2/2/26	Fri 3/27/26
14	3.3 Process FM data for Use in Model Calibration	15 days	Mon 4/20/26	Fri 5/8/26
15	Task 4 Population and Development Buildout Projections	**40 days**	**Mon 1/26/26**	**Fri 3/20/26**
16	4.1 Develop Population Projections	10 days	Mon 1/26/26	Fri 2/6/26
17	4.2 Evaluate Known Planned Developments	15 days	Mon 2/9/26	Fri 2/27/26
18	4.3 Evaluate Buildout Development Forecast	15 days	Mon 3/2/26	Fri 3/20/26
19	Task 5 Land Use and Sewer System Flow Criteria	**61 days**	**Mon 3/23/26**	**Mon 6/15/26**
20	5.1 Review/analyze existing sewer flows	1 day	Mon 5/11/26	Mon 5/11/26
21	5.2 Develop land use data and criteria	5 days	Mon 3/23/26	Fri 3/27/26
22	5.3 Review and evaluate design criteria for sewer facilities	5 days	Mon 3/30/26	Fri 4/3/26
23	5.4 Develop peaking factors	5 days	Tue 5/12/26	Mon 5/18/26
24	5.5 Identify future users and demands	10 days	Tue 5/12/26	Mon 5/25/26
25	5.6 Estimate phased, future sewer loadings	5 days	Tue 5/26/26	Mon 6/1/26
26	5.7 Determine cost/benefit of providing public sewer to septic areas	10 days	Tue 6/2/26	Mon 6/15/26
27	Task 6 Capacity Analysis and Pipeline Condition Assessment	**356 days**	**Fri 4/18/25**	**Fri 8/28/26**
28	6.1 Existing Capacity Analysis (Dry & Wet)	10 days	Mon 7/13/26	Fri 7/24/26
29	6.2 Future Capacity Analysis (Near-Term and Buildout, Dry & Wet)	15 days	Mon 7/27/26	Fri 8/14/26
30	6.3 Develop Capacity-Related Recommendations	10 days	Mon 8/17/26	Fri 8/28/26
31	6.4 Condition Assessment using CCTV Data (Assume 300 segments)	15 days	Mon 2/16/26	Fri 3/6/26
32	6.5 Develop Pipeline Condition-Related Recommendations	10 days	Mon 3/9/26	Fri 3/20/26
33	6.6 Develop Maintenance Recommendations	1 day	Fri 4/18/25	Fri 4/18/25
34	6.7 Evaluate reliability of sewer system	1 day	Fri 4/18/25	Fri 4/18/25
35	Task 7 Pump Station Evaluations and Capital Rehab Program	**60 days**	**Mon 1/26/26**	**Fri 4/17/26**
36	7.1 Pre-Inspection Workshop (Virtual)	5 days	Mon 1/26/26	Fri 1/30/26
37	7.2 Pump Station Facility Visits	5 days	Mon 2/2/26	Fri 2/6/26
38	7.3 Pump Station Condition Assessment	15 days	Mon 2/9/26	Fri 2/27/26
39	7.4 Forcemain Desktop Analysis	10 days	Mon 3/2/26	Fri 3/13/26
40	7.5 Comprehensive List of Deficits and Recommendations	10 days	Mon 3/16/26	Fri 3/27/26
41	7.6 Post-Inpsection Workshop (Virtual)	5 days	Mon 3/30/26	Fri 4/3/26
42	7.7 Pump Station Condition Assessment Technical Memorandum	10 days	Mon 4/6/26	Fri 4/17/26
43	Task 8 Develop Comprehensive Capital Improvement Program	**45 days**	**Mon 8/31/26**	**Fri 10/30/26**
44	8.1 Develop Risk Model for Project Prioritization	15 days	Mon 8/31/26	Fri 9/18/26
45	8.2 Develop Phased List of Recommended CIP Projects (Ex, 5Yr, 10Yr)	10 days	Mon 9/21/26	Fri 10/2/26
46	8.3 CIP Workshop (Virtual)	5 days	Mon 10/5/26	Fri 10/9/26
47	8.4 Project Description Sheets	15 days	Mon 10/12/26	Fri 10/30/26
48	8.5 Project Cost Estimates	15 days	Mon 10/12/26	Fri 10/30/26
49	Task 9 Preparation of Sewer Master Plan Documents	**145 days**	**Tue 7/14/26**	**Mon 2/1/27**
50	9.1 Prepare Draft Master Plan Report + Graphics	90 days	Tue 7/14/26	Mon 11/16/26
51	City Review Draft Report	10 days	Tue 11/17/26	Mon 11/30/26
52	9.2 Draft Report Review Workshop	0 days	Mon 11/30/26	Mon 11/30/26
53	9.3 Prepare Draft Final Master Plan Report + Graphics	15 days	Tue 12/1/26	Mon 12/21/26
54	City Review Draft Final Report	10 days	Tue 12/22/26	Mon 1/4/27
55	9.4 Prepare Final Master Plan Report	20 days	Tue 1/5/27	Mon 2/1/27
56	Deliver Final Master Plan Report	0 days	Mon 2/1/27	Mon 2/1/27
57	Task 10 Project Management	**394 days**	**Mon 12/1/25**	**Thu 6/3/27**
58	10.1 Prepare PM and QA/QC Work Plan	5 days	Mon 12/1/25	Fri 12/5/25
59	10.2 Kickoff Meeting (in person)	0 days	Fri 12/26/25	Fri 12/26/25
60	10.3 Project Status Meetings (Virtual)	394 days	Mon 12/1/25	Thu 6/3/27
61	10.4 Monthly Reporting & Invoicing	394 days	Mon 12/1/25	Thu 6/3/27
62	10.5 Subconsultant Coordination	394 days	Mon 12/1/25	Thu 6/3/27
63	Optional Task 11 Additional CCTV Inspection	**45 days**	**Mon 3/9/26**	**Fri 5/8/26**
64	11.1 Develop CCTV Inspection Plan	15 days	Mon 3/9/26	Fri 3/27/26
65	11.2 Perform CCTV Inspection (5 miles)	20 days	Mon 3/30/26	Fri 4/24/26
66	11.3 Perform Condition Assessment of Lines (Assume 50 segments)	10 days	Mon 4/27/26	Fri 5/8/26



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City of Palmdale
Sanitary Sewer Master Plan Update
DUDEK FEE ESTIMATE - NEGOTIATED
October 7, 2025

		Dudek Labor Hours and Rates										Subconsultant Fees			
	Project Team Role:	PIC - QA/QC	Project Manager	Senior Modelers	Lift Station Lead	Electrical Engineer	Senior Engineers	Project Engineers	Admin			Flow Metering	CCTV Inspection		
	Team Member:	R. Bergholz	E. Caliva	S. Brown; J. Li	B. Lacap	J. Schneider	K. Muntz, T. Eckermann	K. Jowid, J. Arvizu	M. Kinney	TOTAL DUDEK HOURS	DUDEK LABOR COSTS	ADS Environmental	Houston and Harris	OTHER DIRECT COSTS	TOTAL FEE
	Billable Rate :	$325	$295	$270	$285	$295	$255	$235	$165			Fee	Fee		
Task 1	Data Collection and Review														
1.1	Data Collection and Review		4	8	4	4	8	16		44	$ 11,460				$ 11,460
1.2	Meetings with City Staff (O&M, Engineering, Planning)		2	6	2			4		14	$ 3,720				$ 3,720
1.3	Gaps Analysis			4			4	8		16	$ 3,980				$ 3,980
	Subtotal Task 1		**6**	**18**	**6**	**4**	**12**	**28**		**74**	**$ 19,160**	**$ -**	**$ -**	**$ -**	**$ 19,160**
Task 2	Sewer Model Development and Calibration														
2.1	Build Hydraulic Model		2	24				40		66	$ 16,470				$ 16,470
2.2	Load Hydraulic Model		2	16				32		50	$ 12,430				$ 12,430
2.3	Calibrate Hydraulic Model	2	16	90				40		148	$ 39,070				$ 39,070
2.4	Model Calibration Tech Memo	2	4	8				16		30	$ 7,750				$ 7,750
	Subtotal Task 2	**4**	**24**	**138**				**128**		**294**	**$ 75,720**	**$ -**	**$ -**	**$ -**	**$ 75,720**
Task 3	Flow Metering Plan, Field Verification and Data Collection														
3.1	Develop Flow Metering Plan		4	16				40		60	$ 14,900				$ 14,900
3.2	Perform Flow Metering (30 meters, 6 weeks)			8				16		24	$ 5,920	$205,000			$ 210,920
3.3	Process FM data for Use in Model Calibration		4	16				40		60	$ 14,900				$ 14,900
	Subtotal Task 3		**8**	**40**				**96**		**144**	**$ 35,720**	**$ 205,000**	**$ -**	**$ -**	**$ 240,720**
Task 4	Population and Development Buildout Projections														
4.1	Develop Population Projections			4				8		12	$ 2,960				$ 2,960
4.2	Evaluate Known Planned Developments		2	12				16		30	$ 7,590				$ 7,590
4.3	Evaluate Buildout Development Forecast		2	8				24		34	$ 8,390				$ 8,390
	Subtotal Task 4		**4**	**24**				**48**		**76**	**$ 18,940**	**$ -**	**$ -**	**$ -**	**$ 18,940**
Task 5	Land Use and Sewer System Flow Criteria														
5.1	Review/analyze existing sewer flows		2	8				16		26	$ 6,510				$ 6,510
5.2	Develop land use data and criteria		2	4				4		10	$ 2,610				$ 2,610
5.3	Review and evaluate design criteria for sewer facilities			4				4		8	$ 2,020				$ 2,020
5.4	Develop peaking factors		2	8				12		22	$ 5,570				$ 5,570
5.5	Identify future users and demands		2	4				8		14	$ 3,550				$ 3,550
5.6	Estimate phased, future sewer loadings			8				8		16	$ 4,040				$ 4,040
5.7	Determine cost/benefit of providing public sewer to septic areas		4	16				24		44	$ 11,140				$ 11,140
	Subtotal Task 5		**12**	**52**				**76**		**140**	**$ 35,440**	**$ -**	**$ -**	**$ -**	**$ 35,440**
Task 6	Capacity Analysis and Pipeline Condition Assessment														
6.1	Existing Capacity Analysis (Dry & Wet)		2	16				8		26	$ 6,790				$ 6,790
6.2	Future Capacity Analysis (Near-Term and Buildout, Dry & Wet)		4	32				40		76	$ 19,220				$ 19,220
6.3	Develop Capacity-Related Recommendations	4		16				16		36	$ 9,380				$ 9,380
6.4	Condition Assessment using CCTV Data (Assume 300 segments)			8			75			83	$ 21,285				$ 21,285
6.5	Develop Pipeline Condition-Related Recommendations	4					16			20	$ 5,380				$ 5,380
6.6	Develop Maintenance Recommendations	2					8			10	$ 2,690				$ 2,690
6.7	Evaluate reliability of sewer system	2	8	16			24			50	$ 13,450				$ 13,450
	Subtotal Task 6	**12**	**14**	**88**			**123**	**64**		**301**	**$ 78,195**	**$ -**	**$ -**	**$ -**	**$ 78,195**
Task 7	Pump Station Evaluations and Capital Rehab Program														
7.1	Pre-Inspection Workshop (Virtual)				2	2	3			7	$ 1,925				$ 1,925
7.2	Pump Station Facility Visits				12	16	12			40	$ 11,200			$ 2,000	$ 13,200
7.3	Pump Station Condition Assessment				8	4	24			36	$ 9,580				$ 9,580
7.4	Forcemain Desktop Analysis				4		8			12	$ 3,180				$ 3,180
7.5	Comprehensive List of Deficits and Recommendations				4	4	8			16	$ 4,360				$ 4,360
7.6	Post-Inpsection Workshop (Virtual)				2	2	2			6	$ 1,670				$ 1,670
7.7	Pump Station Condition Assessment Technical Memorandum	2			6	10	20			38	$ 10,410				$ 10,410
	Subtotal Task 7	**2**			**38**	**38**	**77**			**155**	**$ 42,325**	**$ -**	**$ -**	**$ 2,000**	**$ 44,325**
Task 8	Develop Comprehensive Capital Improvement Program														
8.1	Develop Risk Model for Project Prioritization			8			20			28	$ 7,260				$ 7,260
8.2	Develop Phased List of Recommended CIP Projects (Ex, 5Yr, 10Yr)			8				16		24	$ 5,920				$ 5,920
8.3	CIP Workshop (Virtual)		4	2	2		2			10	$ 2,800				$ 2,800
8.4	Project Description Sheets	4	4	16	4	4	8	24		64	$ 16,800				$ 16,800
8.5	Project Cost Estimates	4	8	8	4	4	8	24		60	$ 15,820				$ 15,820
	Subtotal Task 8	**8**	**16**	**42**	**10**	**8**	**38**	**64**		**186**	**$ 48,600**	**$ -**	**$ -**	**$ -**	**$ 48,600**
Task 9	Preparation of Sewer Master Plan Documents														
9.1	Prepare Draft Master Plan Report + Graphics	8	24	40	16	8	16	80	4	196	$ 50,940				$ 50,940
9.2	Draft Report Review Workshop		2	2	2			2		8	$ 2,170				$ 2,170

City of Palmdale
Sanitary Sewer Master Plan Update
DUDEK FEE ESTIMATE - NEGOTIATED
October 7, 2025

		Dudek Labor Hours and Rates										Subconsultant Fees			
	Project Team Role:	PIC - QA/QC	Project Manager	Senior Modelers	Lift Station Lead	Electrical Engineer	Senior Engineers	Project Engineers	Admin			Flow Metering	CCTV Inspection		
	Team Member:	R. Bergholz	E. Caliva	S. Brown; J. Li	B. Lacap	J. Schneider	K. Muntz, T. Eckermann	K. Jowid, J. Arvizu	M. Kinney	TOTAL DUDEK HOURS	DUDEK LABOR COSTS	ADS Environmental Fee	Houston and Harris Fee	OTHER DIRECT COSTS	TOTAL FEE
	Billable Rate :	$325	$295	$270	$285	$295	$255	$235	$165						
9.3	Prepare Draft Final Master Plan Report + Graphics	6	8	16	8	8	8	32	2	88	$ 23,160				$ 23,160
9.4	Prepare Final Master Plan Report	2	4	12	2	2	4	16	2	44	$ 11,340			$ 500	$ 11,840
	Subtotal Task 9	**16**	**38**	**70**	**28**	**18**	**28**	**130**	**8**	**336**	**$ 87,610**	**$ -**	**$ -**	**$ 500**	**$ 88,110**
Task 10	Project Management														
10.1	Prepare PM and QA/QC Work Plan	2	8							10	$ 3,010				$ 3,010
10.2	Kickoff Meeting (in person)	8	8	8	8					32	$ 9,400			$ 500	$ 9,900
10.3	Project Status Meetings (Virtual)	4	24	24	12					64	$ 18,280				$ 18,280
10.4	Monthly Reporting & Invoicing		24						40	64	$ 13,680				$ 13,680
10.5	Subconsultant Coordination		16							16	$ 4,720				$ 4,720
	Subtotal Task 10	**14**	**80**	**32**	**20**				**40**	**186**	**$ 49,090**	**$ -**	**$ -**	**$ 500**	**$ 49,590**
	Total Non-Optional Hours and Fee	56	202	504	102	68	278	634	48	1892	$ 490,800	$ 205,000	$ -	$ 3,000	$ 698,800
	Percent of Hours:	*3%*	*11%*	*27%*	*5%*	*4%*	*15%*	*34%*	*3%*	*100%*					

Optional Services															
Task 11	Additional CCTV Inspection														
11.1	Develop CCTV Inspection Plan		4	8				16		28	$ 7,100				$ 7,100
11.2	Perform CCTV Inspection (5 miles)		2					4		6	$ 1,530		$51,000		$ 52,530
11.3	Perform Condition Assessment of Lines (Assume 50 segments)		2	4			16			22	$ 5,750				$ 5,750
	Subtotal Task 11		**8**	**12**			**16**	**20**		56	**$ 14,380**	**$ -**	**$ 51,000**	**$ -**	**$ 65,380**
	Total Optional and Non-Optional Hours and Fee	56	210	516	102	68	294	654	48	1948	$ 505,180	$ 205,000	$ 51,000	$ 3,000	$ 764,180

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

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

DISTRICT: **3, 4**

SUBJECT: **APPROVE FIRST AMENDMENT TO TAKEOVER AGREEMENT WITH LOS ANGELES COUNTY SANITATION DISTRICT NO. 20 (45TH STREET EAST EXTENSION TRUNK SEWER)**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve First Amendment to Takeover Agreement No. A-6911 with Los Angeles County Sanitation District No. 20 for 45th Street East Extension Trunk Sewer; and,

2. Authorize the Interim City Manager or his designee to execute the First Amendment to Agreement No. A-6911 with Los Angeles County Sanitation District No. 20, including minimal and/or non-substantial changes.

BACKGROUND

On April 9, 2020, the Los Angeles County Sanitation District (LACSD) and the City entered into the original Takeover Agreement (LACSD Contract No. 5278, City Agreement No. A-6911), establishing terms for the District to take over the ownership, operation, and maintenance of approximately 5,240 linear feet of 18-inch diameter vitrified clay pipe sewer, known as the 45th Street East Extension Trunk Sewer.

Since executing the original Agreement, LACSD has adopted new reimbursement standards that include staff costs for reviewing and approving construction submittals and as-built drawings. Since construction of the sewer line has not begun, and a significant amount of time has passed since the initial cost estimate, the original deposit of $50,000 is insufficient to cover the anticipated expenses.

The 45th Street East Extension Trunk Sewer project will upsize the existing sewer mainline from Avenue R to Avenue S, discharging into a LACSD trunk line. The City's 2009 Sewer Master Plan identified the existing portion of the sewer system as deficient,

and constructing this relief mainline will eliminate projected future sewer surcharging. The LACSD has recognized the relief mainline as eligible for takeover.

To accommodate the updated estimated cost of $200,000 for inspection services, staff recommend that the City Council approve this First Amendment, which will require the City to provide an additional deposit of $150,000.

DISCUSSION

The First Amendment will update Sections 10(a) and 10(b) of the original Agreement to include:

a) Actual Inspection Costs: The City will construct the sewer line at its own expense and will pay for the actual cost of LACSD's staff to review and approve submittals and as-built drawings.

b) Deposit of Estimated Inspection Costs: The revised estimated inspection costs total $200,000, which includes:

- Submittal Review: LACSD's staff time required to review and approve all project-related submittals.
- Full-Time Inspection: LACSD's inspection services during construction to ensure compliance with LACSD standards and requirements.
- Salaries, Wages, and Equipment Costs: Direct costs associated with LACSD staff providing submittal review and inspection services.
- Benefits and Overhead: Added to the total salaries, wages, and equipment costs according to LACSD's reimbursement standards.

This amendment is essential for aligning the financial terms of the Agreement with current operational needs and ensuring the successful completion of the sewer project, which is vital for improving community infrastructure.

FISCAL IMPACT

$200,000; The total estimated cost for the inspection services is now $200,000, of which $50,000 has already been paid. An additional requirement of $150,000 will be necessary to cover the updated estimated costs. Funding will be sourced from the Capital Improvement Account designated for the 45th Street East sewer upgrades project.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. 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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Agrmt No. A-6911 First Amendment with LACSD No. 20
Agrmt No. A-6911 with LACSD No. 20
Cost estimate

CSD C#5278A

FIRST AMENDMENT TO TAKEOVER AGREEMENT

(45th Street East Extension Trunk Sewer)

This First Amendment to Takeover Agreement ("**First Amendment**") is dated _____, 2025 (the "**First Amendment Effective Date**") and is between **COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing pursuant to the County Sanitation District Act, California Health and Safety Code Section 4700 *et seq*. (the "**District**"), and the **CITY OF PALMDALE**, a California Charter City (the "**City**"). The District and the City are each a "**party**" and together are the "**parties**".

A. The Parties entered into a Takeover Agreement (CSD Contract No. 5278, City Agreement No. A-6911), dated April 9, 2020 (the "**Agreement**"), which sets forth the terms, conditions and requirements for the District to take over ownership, operation, and maintenance of approximately 5,240 linear feet of 18-inch diameter vitrified clay pipe sewer in 45th Street East between Avenue R and Avenue S to be known as the 45th Street East Extension Trunk Sewer (the "**Sewer Line**") to be constructed by the City. All items not defined in this First Amendment have the meanings ascribed in the Agreement.

B. Section 10 of the Agreement requires the City to pay the District a $50,000 deposit upon execution of the Agreement to reimburse the District for its construction inspection costs. The City provided the $50,000 payment to the District in March 2020 (City Check No. 262707). Since the Agreement was executed in 2020, the District has adopted new reimbursement standards that now also include the District's staff time to review and approve submittals during construction and to review and approve the as-built drawings once construction is completed.

C. Given the time that has elapsed since the initial inspection cost estimate was prepared by the District, the fact the City has not yet commenced construction of the Sewer Line, and considering the District's new reimbursement standards, the $50,000 amount for the Estimated Inspection Costs is no longer sufficient. Therefore, the District seeks to update the reimbursement terms and conditions in the Agreement to better reflect the anticipated costs the District will incur during construction and to collect an additional deposit from the City based on an updated inspection cost estimate recently prepared by the District.

The District and the City, therefore, amend the Agreement as follows:

1. Amendment to Sections 10(a) and 10(b). Sections 10(a) and 10(b) of the Agreement are hereby deleted in their entirety and replaced with the following:

"a) Actual Inspection Costs. The City shall construct the Sewer Line at the City's sole cost and expense and at no cost to the District and shall pay the District for the actual cost of the District's staff to review and approve the as-built drawings; to review and approve submittals; and to perform the inspections described in Section 9 ("**Actual Inspection Costs**"). Actual Inspection Costs will include benefits and overhead

added to the total salaries, wages, and equipment costs of District's staff who will provide the services described above. The District will maintain records of the Actual Inspection Costs in accordance with recognized accounting principles.

b) Deposit of Estimated Inspection Costs. Based on a cost estimate prepared in August 2025, the District estimates that its Actual Inspection Costs will be $200,000 ("**Estimated Inspection Costs**"). In March 2020, the City provided a deposit of $50,000 to the District towards the Estimated Inspection Costs. Therefore, concurrently with the City's execution of this First Amendment, the City shall pay to the District the balance of $150,000 for the Estimated Inspection Costs."

2. Representations. The City represents and warrants for the benefit and reliance of the District as follows: (a) the Agreement has not been modified, changed, altered or amended in any respect (except only by this First Amendment) and is legal, valid, and binding, in full force and effect, and enforceable in accordance with its terms; (b) there exists no breach or default, nor state of facts, nor condition which with notice, the passage of time, or both, would result in a breach or default under the Agreement on the part of the City or the District; and (c) no claim, controversy, dispute, quarrel or disagreement exists between the City and the District.

3. Miscellaneous. Except as specifically stated herein, all other terms and conditions of the Agreement remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this First Amendment, the provisions of this First Amendment will prevail. The recitals set forth in Sections A through C above are incorporated in this First Amendment by reference. Each individual signing this First Amendment warrants and represents that he or she has the full authority to execute this First Amendment on behalf of the party on whose behalf he or she so signs, and that he or she is acting within the scope of such authority.

[*Signature Page Immediately Follows*]

The parties are signing this First Amendment as of the First Amendment Effective Date.

COUNTY SANITATION DISTRICT NO. 20
OF LOS ANGELES COUNTY

By: _____
Stan Pegadiotes, P.E.
Section Head
Property Management Section

CITY OF PALMDALE, CALIFORNIA

Signature: _ SIGNATURE AREA _____
Salvador Mendez
Interim City Manager

Reviewed: SIGNATURE AREA _____
Leonardo Torres, P.E.
Director of Public Works

APPROVED AS TO FORM:

Signature: _ SIGNATURE AREA ___
Alexandra Halfman
City Attorney

ATTEST:

Signature: __ SIGNATURE AREA __
Roxanne Faber
City Clerk

DOC 7574065 1

TAKEOVER AGREEMENT
(45th Street East Extension Trunk Sewer)

This Takeover Agreement ("**Agreement**") is dated ~~February 4~~ April 9, 2020 (the "**Effective Date**") and is between **COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing pursuant to the County Sanitation District Act, California Health and Safety Code Section 4700 *et seq.* (the "**District**"), and the **CITY OF PALMDALE**, a California Charter City (the "**City**"). The District and the City are each a "**party**" and together are the "**parties**".

The City completed a sewer capacity study and determined it is necessary to upsize its existing 10- to 15-inch diameter sewer in 45th Street East between Avenue R and Avenue S.

To address this capacity deficiency, the City will construct approximately 5,240 linear feet of 18-inch diameter vitrified clay pipe sewer in 45th Street East between Avenue R and Avenue S to be known as the 45th Street East Extension Trunk Sewer (the "**Sewer Line**"). The Sewer Line will be in the general location shown on Exhibit A. The Sewer Line will connect and discharge into the District's existing trunk sewer in 45th Street East at Avenue R.

The parties intend by this Agreement to provide for the District's takeover of the Sewer Line, upon certain conditions.

The District and the City therefore agree as follows:

1. Design and Construction. The City or its agents shall design and construct the Sewer Line as described in this Agreement at no cost to the District.

2. Plans and Specifications. The City or its agents shall prepare detailed engineering plans and specifications for the Sewer Line, in accordance with the District's drafting and design standards, and shall submit those plans and specifications to the District's Chief Engineer and General Manager or his designee (the "**Chief Engineer**") for review and approval. The plans and specifications will be designated as District's Drawing No. 20-p-44 (the "**Plans**"). After the Chief Engineer has approved and signed the Plans, the City may construct the Sewer Line. The City may not construct the Sewer Line unless and until the Plans have been approved, in advance and in writing, by the Chief Engineer.

3. Property Rights.

   a) The City or its agents shall obtain all temporary and permanent easements, licenses, encroachments, pipeline agreements, permits, and other approvals (collectively, "**Approvals**") necessary for the construction and future operation and maintenance of the Sewer Line. Immediately after obtaining each Approval, the City shall provide a true, correct, and complete copy to the District.

   b) The City shall submit to the District drafts of all easement documents, if necessary, for review and approval by the Chief Engineer during the design phase of the Sewer Line, and the City must have those documents finalized, executed, notarized and

delivered to the District prior to the start of any construction. The District will not approve or sign the Plans until all easement documents, if necessary, have been received. The District will hold on file the easement documents until the completion of construction and the District's acceptance of the Sewer Line pursuant to Section 13. The District will record the easement documents after the District accepts ownership of the Sewer Line (as described in Section 13).

4. Schedule. The City shall advise the District of the anticipated dates for construction of the Sewer Line at least 30 days prior to the start of construction and the District may file and record a *Notice of Non-Responsibility* in accordance with California Civil Code Section 8444. The City shall not restrict or obstruct the District's access to the District's existing sewers for operation, maintenance and emergency purposes. The City shall require its construction contractor to diligently pursue completion of the Sewer Line. If construction of the Sewer Line is not completed and the District has not delivered Sewer Line Approval (as defined below) within 2 years after the Effective Date, the Chief Engineer may terminate this Agreement in his or her sole and absolute discretion by providing written notice to the City (the "**Termination Notice**"). Upon delivery of the Termination Notice to the City, this Agreement will immediately, automatically, and unconditionally terminate, and the parties will have no further obligations to one another except only those obligations that accrued prior to such termination and those obligations that expressly survive the termination of this Agreement.

5. Construction.

   a) The City or its contractors or agents shall construct the Sewer Line. The Sewer Line must be constructed by an appropriately licensed contractor in strict conformance with the Plans and in compliance with the *Standard Specifications for Public Works Construction, 2018 Edition* and the District's *Amendments to the Standard Specifications for Public Works Construction, 2018 Edition and Standard Drawing for Construction, 2018 Edition* (collectively, the "**Amended Standard Specifications**"). The City shall assume all financial responsibility for all incidental costs of the construction. The District will not be responsible for any design errors or omissions in the Plans or any conflicting subsurface utilities or changed field conditions encountered by the City during construction.

   b) The City shall provide to the District for review specific shop drawing and engineering data submittals ("**Submittals**") pertaining to construction of the Sewer Line, including trench shoring, sewer pipe, pipe bedding and subbedding materials, concrete mix design for manholes, and manhole stacking plan. The District will provide the City a complete list of the required Submittals prior to the start of construction. Submittals must be in accordance with Section 3-8 of the Amended Standard Specifications, and must be submitted to the District using the District's web-based project management application in accordance with Section 3-14 of the Amended Standard Specifications.

   c) Construction work must be sequenced and performed in a manner that will prevent the risk of an overflow from the District's existing sewers.

6. Public Work. The City acknowledges that construction of the Sewer Line may be regarded as a public work and that there are legal requirements applicable to a project regarded as a public work including, but not limited to, the payment of prevailing wages; the method of selecting a contractor; the selection of subcontractors; and the administration of the construction contract. The City shall comply with all applicable laws, regulations, codes, and ordinances (collectively, "**Laws**") and shall indemnify, defend, and hold harmless the District, and its officers, agents, and employees from and against any and all claims, damages, suits, causes of action, actions, losses, costs, liabilities, fines, penalties, and fees (including attorneys' fees) (collectively, "**Claims**") arising out of or related to any failure by the City or its employees, contractors, representatives, agents or assigns to comply with any Laws. The indemnity in the immediately preceding sentence survives the expiration or termination of this Agreement.

7. California Environmental Quality Act ("**CEQA**"). The City or its agents shall comply with CEQA and shall prepare any environmental documents necessary for the Sewer Line at no cost to the District. The City shall indemnify, defend, and hold harmless the District, and its officers, agents, and employees, from and against all Claims, as well as all demands, administrative civil liabilities and remediation costs relating to any CEQA challenges or CEQA proceedings involving the Sewer Line. The indemnity in the immediately preceding sentence survives the expiration or termination of this Agreement.

8. Insurance. The City or its agents shall require its contractor to obtain comprehensive general liability insurance as required by the Amended Standard Specifications. The City or its agents shall require that the contractor name the District, through appropriate endorsements, as an additional insured on the contractor's policy of liability insurance (the "**Policy**"). The liability insurance certificate must be in accordance with Section 5-4 of the Amended Standard Specifications. The City shall furnish the District with a true, correct, and complete copy of the Policy and all required endorsements prior to beginning construction of the Sewer Line.

9. Inspection and Approval.

   a) The City shall hold a preconstruction meeting at the jobsite with its general contractor, District's staff, affected utility representatives, and any other parties at least 10 business days prior to the start of physical work for construction of the Sewer Line. The City shall provide written notice of the time and location of the meeting to the District at least 5 business days prior to the meeting. The District will make an inspector available for the preconstruction meeting and throughout the duration of construction of the Sewer Line.

   b) The City hereby authorizes the Chief Engineer and the District's staff to inspect the construction of the Sewer Line, specifically the sewer pipe, pipe subbedding, pipe bedding, pipe laying, pipe testing and manhole construction, at any time desired by the District. The District's inspection is for the purpose of determining whether the District will accept the Sewer Line. All other activities such as trenching, consolidation of backfill, paving, and street work installed by or on behalf of the City must be performed in accordance with local city or county or other governmental

requirements, as well as all Laws, and the inspection related to these activities is the responsibility of the City.

c) The City shall provide all surveying required to construct the Sewer Line and shall produce as-built drawings that are stamped by a Registered Professional Civil Engineer or Registered Land Surveyor licensed to practice in the State of California. The City shall, when the construction work has been approved by the District's Field Engineering Section, submit these as-built drawings for the approval of the Chief Engineer and obtain his or her approval. During construction, the District may, at no cost to the City, survey to verify grade and alignment and conduct a final survey of the Sewer Line.

d) The City shall make available for inspection by a District representative the sewer pipe and manhole shafting at the manufacturer's facility. All sewer pipe and manhole shafting must be approved by a District representative prior to delivery of these materials by the City to the job site. Any and all pipe materials delivered to the job site without prior District inspection will be cause for rejection by the District.

e) Upon completion of construction and before placing the Sewer Line into service, the City shall conduct, at no cost to the District, a closed-circuit television ("**CCTV**") inspection of the Sewer Line in accordance with Section 500-3.4 of the Amended Standard Specifications and as directed by the District. The City shall submit a true, correct, and complete digital and video tape recording of the CCTV to the District's Field Engineering Section for review. The City shall replace any and all damaged or poorly constructed pipe, pipe joints and manholes (all as determined by the District), at the City's sole cost and expense and at no cost to District.

f) Upon the satisfactory completion of construction, CCTV inspection, and any repairs to the Sewer Line, the District will provide written notice to the City approving the Sewer Line ("**Sewer Line Approval**").

g) The City may not place the Sewer Line into service until the City has recorded a *Notice of Completion* (as described in Section 11), delivered a *Bill of Sale* to the District (as described in Section 12), and the District has accepted ownership of the Sewer Line (as described in Section 13).

10. Payment of Inspection Costs.

a) Actual Inspection Costs. The City shall construct the Sewer Line at the City's sole cost and expense and at no cost to the District and shall pay the District for the actual cost of the District's inspection described in Section 9 ("**Actual Inspection Costs**"). Actual Inspection Costs will include markups added to the salary costs of the District's Field Engineering Section staff who will provide inspection during construction to cover reasonable and customary overhead, benefits, and administration. The District shall maintain records of the Actual Inspection Costs in accordance with recognized accounting principles.

b) Deposit of Estimated Inspection Costs. The District estimates the cost of the Sewer Line construction inspection to be approximately $50,000 ("**Estimated Inspection Costs**"). Concurrently with the City's execution of this Agreement, the City shall pay to the District the Estimated Inspection Costs.

c) Final Invoice. The District will furnish to the City, within 90 calendar days after Sewer Line Approval, an invoice that provides a final accounting of the Actual Inspection Costs, including an itemization of names, number of hours, and hourly wage. If the final invoice shows a balance due to the District, then the City shall pay the balance due to the District within 45 calendar days after the date of the final invoice, after which interest will accrue on the amount due at the interest rate of 6 percent per annum on a monthly basis. If the final invoice shows any remainder amounts due to the City, then the District shall refund the remaining portion of the Estimated Inspection Costs to the City within 45 days after the date of the final invoice.

11. Notice of Completion. Upon receipt of Sewer Line Approval from the District, the City shall sign, verify, and record a *Notice of Completion* in accordance with California Civil Code Section 8182 and in the general form of Exhibit B.

12. Bill of Sale. Upon recordation of the *Notice of Completion*, and at no cost to the District, the City shall execute and deliver to the District, free and clear of any claims, liens, or encumbrances, title to the Sewer Line and appurtenances by way of a recordable *Bill of Sale* in form and content reasonably acceptable to the Chief Engineer and approved by District Counsel, and in the general form of Exhibit C.

13. Acceptance of Sewer Line. The District will accept ownership and maintenance of the Sewer Line effective on the date the District records the *Bill of Sale* with a *Certificate of Acceptance*, which will occur only if the Chief Engineer determines to his or her reasonable satisfaction that:

a) The City and the construction contractor have constructed the Sewer Line in strict conformance with the Plans, all Laws, and in compliance with the Amended Standard Specifications;

b) The City has fully performed and satisfied all conditions of this Agreement;

c) No legal actions or stop notice claims are pending or threatened concerning any of the provisions of this Agreement or any work of construction provided for in this Agreement; and

d) There are no liens or stop notices filed against the Sewer Line, the City has fully complied with California Civil Code Sections 9356 and 8182, and at least 60 calendar days have elapsed since the recording of the *Notice of Completion*.

14. Indemnity. Except as set forth in Section 14(a)(iii) below, the indemnity provision in this Section 14 will survive the termination of this Agreement and will continue in effect for 10 years after acceptance of the Sewer Line by the District.

a) The City shall be solely responsible for all costs, expenses, losses, fines, penalties, civil administrative liabilities, and liabilities relating to the construction of the Sewer Line and shall indemnify, defend, and hold harmless the District, its officers, agents, and employees, from and against all Claims, demands, claims for personal injury or property damages, administrative civil liabilities and remediation costs arising from or in any way associated with the following:

(i) Ownership, operation, or maintenance of the Sewer Line before its acceptance by the District;

(ii) Construction of the Sewer Line before its acceptance by the District, including but not limited to trenching, backfill work above the pipe zone, and pavement work;

(iii) Product or design defects, discovered no more than three years after ownership of the Sewer Line is accepted by the District, provided that the condition or circumstance affecting the Sewer Line was present prior to the District's acceptance of the Sewer Line;

(iv) Any overflows or spills of wastewater resulting from the Sewer Line prior to its acceptance by the District.

b) The District shall hold the City and its officers, agents, and employees harmless from all claims, demands, costs, expenses and liability or loss, and assume the defense of all actions for any damages or injuries arising out of the use, ownership, operation, or maintenance of the Sewer Line after the District accepts the Sewer Line, except that the City shall remain liable for Claims arising from construction of the Sewer Line as provided in Section 14(a). The District is deemed to have "accepted" the Sewer Line on the date the District records the *Bill of Sale* with a *Certificate of Acceptance.*

c) The City's duty to defend the District pursuant to Section 14(a) is independent of its duty to indemnify the District, and the duty to defend shall apply immediately upon the City becoming aware of any claims potentially subject to the duty to indemnify; provided such defense shall be provided by counsel selected by the City and reasonably acceptable to the District.

15. No Attribution of Sewer Capacity. This Agreement does not provide the City with any right to sewer capacity in the District's sewerage system, or constitute any waiver or reduction of any charge that would otherwise be due to the District.

16. District's Delegation of Authority. The District hereby delegates to the Chief Engineer the authority to act on behalf of the District in carrying out the terms of this Agreement. The Chief Engineer, or his or her designee, may accept without further Board action the title to the Sewer Line and any required easements, licenses, and/or encroachment permits on behalf of District, and make other determinations and approvals on behalf of the District to fulfill all responsibilities of the District under this Agreement.

17. Project Manager. The City designates as its project manager Mr. Charles R. Heffernan, Director of Public Works, whose address and telephone number is 38250 Sierra Highway, Palmdale, California 93550 and (661) 267-5300 (the "**Project Manager**"). The City shall provide the District with immediate written notification of any change to the Project Manager or his or her contact information.

18. City's Delegation of Authority. The City hereby delegates to the Project Manager the authority to act on behalf of the City in carrying out the terms of this Agreement. The Project Manager may execute, without further City Council action, the *Notice of Completion* and *Bill of Sale* on behalf of the City and make other determinations and approvals on behalf of the City to fulfill all responsibilities of the City under this Agreement.

19. General Provisions.

    a) The parties to this Agreement shall do additional acts as may be deemed necessary by the Chief Engineer to carry out the purpose of this Agreement.

    b) This Agreement contains the entire agreement between the parties concerning the Sewer Line and supersedes any prior agreements between the parties with respect to the Sewer Line. Any subsequent representations or modifications will be of no force or effect, except for a subsequent modification in writing executed by both parties.

    c) If the City's project, which precipitated this Agreement, is cancelled or modified so as to eliminate the necessity of the Sewer Line, the City will notify the District in writing and the City may terminate this Agreement at any time prior by providing 30 days written notice to the District. The City shall pay the District for all inspection costs incurred up to the date of termination, and the District shall reimburse the City for any Estimated Inspection Costs on deposit with the District that remain unspent as of the date of termination.

    d) If any term or provision of this Agreement is held to any extent to be invalid or unenforceable, the remainder of this Agreement will not be affected.

    e) Each party has participated in negotiating and drafting this Agreement, so if an ambiguity or a question of intent or interpretation arises, this Agreement is to be construed as if the parties had drafted it jointly.

    f) A waiver of any breach of any provision of this Agreement or of any failure to comply with any requirement of this Agreement will not be deemed a waiver of any other provision or requirement of this Agreement, and no waiver will be valid unless in writing and executed by the waiving party. An extension of time for performance of any obligation or act will not be deemed an extension of time for performance of any other obligation or act.

    g) This Agreement is to be executed in duplicate originals to be retained by each party.

h) This Agreement will inure to the benefit of and will be binding upon the parties and their respective successors and assigns.

i) This Agreement is to be governed and construed in accordance with California law.

j) Each party shall execute and deliver any instruments, and perform any actions that may be necessary, or reasonably requested, in order to give full effect to this Agreement.

[*Signatures appear on following page*]

The parties are signing this Agreement as of the Effective Date.

COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY

By: _____
Chairperson, Board of Directors

ATTEST:

Kimberly A. Christensen
_____
Secretary to the Board

APPROVED AS TO FORM:

Lewis Brisbois Bisgaard & Smith, LLP

By: _____
District Counsel

CITY OF PALMDALE

By: _____
Steven D. Hofbauer, Mayor

ATTEST:

_____
City Clerk Rebecca J. Smith

APPROVED AS TO FORM:

By: _____
City Attorney

The County Sanitation Districts of Los Angeles County ("Districts") have developed the GIS data and related information files (collectively, the "Information") displayed on this map for the Districts' own internal use, and provide it to the public only to comply with the California Public Records Act (Cal. Gov. Code § 6250 et seq.). The Districts therefore disclaim liability for any other person's reliance on the Information. The Information depicts approximate locations of property, facilities and boundaries. Reasonable efforts have been made to ensure accuracy, but the Information may have spatial and other errors and should not be relied upon for surveying, engineering, excavation, construction, or related purposes. The Information is dynamic and is subject to change without notice. THE INFORMATION IS PROVIDED ON AN "AS IS", "AS AVAILABLE" BASIS AND THE DISTRICTS EXPRESSLY DISCLAIM ALL WARRANTIES (express and implied), INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Prior to any excavation, please call Underground Service Alert by dialing 811 and the Districts' Engineering Counter at (562)908-4288 x1205 to obtain more accurate information about the location of Districts' subsurface facilities.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Exhibit B

RECORDING REQUESTED BY:
CITY OF PALMDALE
DEPARTMENT OF PUBLIC WORKS
38250 SIERRA HIGHWAY
PALMDALE, CA 93550

WHEN RECORDED, MAIL TO ABOVE ADDRESS
ATTN: DIRECTOR OF PUBLIC WORKS

Exempt from Doc. Transfer Tax per R&TC §11922
Exempt from Recording Fee per Gov. C. §§ 6103 & 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF COMPLETION

(45th Street East Extension Trunk Sewer)

In accordance with the provisions of California Civil Code Section 8182, the **CITY OF PALMDALE**, a California Charter City, the owner of the work of improvement hereinafter described, hereby gives the following notice:

1. The date of completion of the work of improvement hereinafter described is *(insert completion date)*.
2. The owner of the work of improvement is City of Palmdale, 38250 Sierra Highway, Palmdale, California 93550.
3. The nature of the interest or estate of the owner is a fee interest.
4. The work of improvement is located all within the City of Palmdale, California and is particularly described as follows:

   Approximately 5,240 linear feet of 18-inch diameter vitrified clay pipe sewer and appurtenances located in 45th Street East between Avenue R and Avenue S.

5. The name of the original contractor for the work of improvement is *(insert name of general contractor)*.

CITY OF PALMDALE

By: _____

Name: _____

Title: _____

[*Signature must be notarized*]

Exhibit C

RECORDING REQUESTED BY:
COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY
1955 WORKMAN MILL ROAD
WHITTIER, CA 90601

WHEN RECORDED, MAIL TO ABOVE ADDRESS
ATTN: SUPERVISOR, PROPERTY MGMT. GROUP

Exempt from Doc. Transfer Tax per R&TC §11922
Exempt from Recording Fee per Gov. C. §§ 6103 & 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

BILL OF SALE

(45th Street East Extension Trunk Sewer)

The **CITY OF PALMDALE**, a California Charter City ("**Grantor**"), hereby grants to **COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing pursuant to the County Sanitation District Act, California Health and Safety Code Section 4700 *et seq.* (the "**District**"), the following described improvements (the "**Improvements**"):

Approximately 5,240 linear feet of 18-inch diameter vitrified clay pipe sewer and appurtenances located in 45th Street East between Avenue R and Avenue S in the City of Palmdale, California.

Grantor hereby represents, warrants and covenants to the District that the Improvements are free and clear of and from all liens, claims, and encumbrances and that Grantor has the right to grant and sell them, and Grantor, its successors and assigns, will warrant and defend the grant and sale of the Improvements against all lawful liens, claims, and encumbrances of all persons claiming under or through them.

This Bill of Sale inures to the benefit of the District and its successors and assigns and is binding upon Grantor and its successors and assigns.

CITY OF PALMDALE

By: _____

Name: _____

Title: _____

[*Signature must be notarized*]

Project Name:	45th Avenue Trunk Sewer Extension
Engineer:	Daniel Kim
Date:	8/18/25
Estimated Construction Duration:	120 working days

Construction Management Section	**% of Time**	**Labor Hours**	**Unit Cost[1]**	**Cost**
Civil Engineer	25	240	$147.80	$35,471.69
Supervising Engineer II	10	96	$184.06	$17,669.37
Construction Inspector III	100	960	$113.21	$108,683.47
Supervising Construction Inspector	10	96	$144.89	$13,909.08
Design Support during Construction				
Civil Engineer		100	$147.80	$14,779.87
Supervising Engineer II		40	$184.06	$7,362.24
Designer II			$109.64	$0.00
			Total Labor Cost:	**$197,875.72**

[1] includes 70.5% for burdened benefits and 20% for paid time off

Other Sections	
Property Mgmt	
Facilities Planning	
Financial Planning	
Structural	
Survey (in-house)	

Contingency	0	%	0
		Total CM Cost:	**$197,875.72**
		Estimated Construction Cost:	**$0.00**
		% of CM Cost:	**#DIV/0!**

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
INNOVATION AND ENVIRONMENTAL DIVISION

DISTRICT: **ALL**

SUBJECT: **AUTHORIZE A RESOURCE ADEQUACY AGREEMENT BETWEEN ATHOS STORAGE, LLC, AN SB ENERGY COMPANY, AND CALIFORNIA CHOICE ENERGY AUTHORITY ON BEHALF OF ENERGY FOR PALMDALE'S INDEPENDENT CHOICE (EPIC) FOR THE PURCHASE OF RESOURCE ADEQUACY AND LONG-TERM, MID-TERM RELIABILITY CAPACITY**

RECOMMENDATION

Staff recommend that the City Council:

1. Authorize a Resource Adequacy Agreement between Athos Storage, LLC, an SB Energy company, and California Choice Energy Authority (CalChoice), on behalf of EPIC, for the purchase of Resource Adequacy (RA) and long-term, mid-term reliability capacity; and,

2. Authorize the Interim City Manager or his designee to formally acknowledge, on behalf of the City/EPIC, the Resource Adequacy Agreement between Athos Storage, LLC and CalChoice, and to execute all necessary documents related to such acknowledgement, including minimal and/or non-substantive changes to the foregoing, subject to the approval of the City Attorney.

BACKGROUND

The City's Community Choice Aggregation (CCA) Program, EPIC, was established by the City Council through adoption of Resolution No. CC 2018-087, approving submittal of an Implementation Plan (Plan), in accordance with Public Utilities Code Section 366.2(c), on December 4, 2018. The Plan was certified by the Energy Division on February 28, 2019, and EPIC successfully began serving customers on October 1, 2022. The actions before the City Council are in support of this effort.

In order to ensure compliance with state-mandated requirements for procurement of incremental capacity and Resource Adequacy requirements, EPIC, through CalChoice, participates in the procurement of incremental capacity and RA capacity.

DISCUSSION

The California Public Utilities Commission (CPUC) previously issued Decision (D.) 21-06-035, and subsequently Decision (D.) 23-02-040, the latter of which mandates that load-serving entities, including CCAs, collectively procure substantial incremental capacity over a phased schedule reflecting two distinct compliance deadlines: June 1, 2026, and June 1, 2027. This procurement is intended to bolster system reliability by adding to California's resource fleet.

To comply with the CPUC's incremental capacity requirements for the June 1, 2027 deadline, CalChoice recommends moving forward with a 15-year agreement for incremental capacity and RA from a new, four-hour battery energy storage system located in Riverside County, California and constructed, owned and operated by Athos Storage, LLC (a special purchase entity and subsidiary of SB Energy).

In addition to providing mid-term reliability incremental capacity for the June 1, 2027 deadline, the proposed agreement also includes Resource Adequacy in the form of System RA Attributes and Flexible Capacity Resource Attributes, which EPIC is required to obtain pursuant to EPIC's state compliance obligations for RA. The Expected Commercial Operation Date for this battery storage facility is January 1, 2027, with a Guaranteed Commercial Operation Date of May 1, 2027. This timing aligns with the June 1, 2027, MTR compliance deadline. EPIC will receive approximately 9.29% (or 9.5 MW) of the facility's monthly capacity for the 15-year delivery term.

The terms of the proposed agreement, including financial security, performance standards, and remedy provisions, are substantially similar to those utilized in other CalChoice agreements and adhere to industry best practices. The proposed agreement incorporates a Contingent Firm delivery structure and robust financial security requirements, which protect EPIC from project delays and/or non-performance.

As security for EPIC's payment obligations under the proposed Resource Adequacy Agreement, Athos Storage, LLC will become a Secured Creditor under that certain Intercreditor and Collateral Agency Agreement dated November 15, 2021, by and among River City Bank, as Collateral Agent, the Secured Creditors from time to time party thereto, and the City.

FISCAL IMPACT

$1,100,000; EPIC's annual costs associated with the proposed Resource Adequacy Agreement are estimated to range from $1,000,000 to $1,100,000. Adequate annual

revenues to support this agreement are forecasted within EPIC's Financial Pro Forma, contingent upon the appropriation of funds by the City Council during the adoption of future Palmdale Annual Budgets.

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

Goal III: Invest in infrastructure to improve community livability.

B. Implement and administer environmentally sustainable programs.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Resource Adequacy Agreement between Athos Storage, LLC, and CalChoice, on behalf of Energy for Palmdale's Independent Choice (EPIC)

CONFIDENTIAL
CALCHOICE DRAFT
10/17/2025

RESOURCE ADEQUACY AGREEMENT

COVER SHEET

A. Parties

Seller: Athos Storage, LLC

Buyer: California Choice Energy Authority, a California joint powers authority, on behalf of [Member][1] ("CCEA")

B. Primary Unit Information

Unit Name:	Athos Power Plant
Location:	Riverside County, CA
CAISO Resource ID:	Not yet assigned; to be provided by Seller prior to start of Delivery Term
Unit SCID:	Not yet assigned; to be provided by Seller prior to start of Delivery Term
Member's Share of Primary Unit NQC and EFC:	[Insert Member's Share][2]
Unit NQC:	102.3 MW (expected)
Unit EFC:	204.6 MW (expected)
Resource Type:	Battery Energy Storage System - four (4) hours discharge duration
FCR Category (1, 2 or 3):	2
Path 26 (North or South):	South
Local Capacity Area (if any, as of Effective Date):	Not Applicable
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:	None (as of the Effective Date)
Run Hour Restrictions:	None (as of the Effective Date)

C. RA Product and Attributes

---

[1] [redacted] City of Palmdale (EPIC), [redacted]

[2] [redacted] City of Palmdale (9.29%), [redacted]

Throughout the Delivery Term, Seller shall provide Buyer with the Designated RA Capacity having the following attributes:

☐ RAR Attributes
☒ RAR Attributes with FCR Attributes
☐ LAR Attributes
☐ LAR Attributes with FCR Attributes
☐ FCR Attributes

D. Delivery Term

The Delivery Term is [redacted] Contract Years.

E. Contract Quantities

Commencing with the earliest date practicable following the Commercial Operation Date but no later than the first Showing Month that commences at least forty-five days after the Commercial Operation Date, the Contract Quantities for each Showing Month of the Delivery Term shall be:

RAR Attributes: [Insert Member's Share of 102.3][3] MW NQC
LAR Attributes: Not Applicable
FCR Attributes: [Insert Member's Share of 204.6][4] MW EFC

F. Contract Price

The Contract Price shall be [redacted] per kW-month for Product, as measured by RAR Attributes delivered by Seller.

G. Seller's Security Amounts

Performance Security: [redacted] multiplied by the Contract Quantity of RAR Attributes.

H. Milestones

Milestone	Date for Completion
Evidence of Site Control	Complete
Interconnection Agreement Amendment executed	10/31/2025
Major equipment procured	Complete
Expected Construction Start Date	3/31/2026

[3] [redacted] City of Palmdale (9.5 MW), [redacted]

[4] [redacted] City of Palmdale (19 MW), [redacted]

Milestone	Date for Completion
Interim Deliverability Status Obtained	11/30/2026
Full Capacity Deliverability Status obtained	7/31/2031
Expected Commercial Operation Date	1/1/2027
Guaranteed Commercial Operation Date	5/1/2027

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RESOURCE ADEQUACY AGREEMENT

This Resource Adequacy Agreement ("Agreement") is entered into between **Athos Storage, LLC** ("Seller") and **California Choice Energy Authority**, a California joint powers authority, on behalf of [Member] ("Buyer"), each individually a "Party" and together the "Parties," as of [Date] (the "Effective Date"). All capitalized terms used in this Agreement are used with the meanings ascribed to them in Article 1 to this Agreement.

RECITALS

WHEREAS, Seller intends to develop, design, construct, own, and operate the Primary Unit; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, on the terms and conditions set forth in this Agreement, the Product.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE 1: DEFINITIONS

1.1 "Accepted Compliance Costs" has the meaning set forth in Section 13.2(b).

1.2 "Affiliate" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

1.3 "Agreement" has the meaning set forth in the Preamble.

1.4 "Alternate Capacity" means any Replacement Capacity having at least equivalent RAR Attributes, LAR Attributes and/or FCR Attributes as the Product that would have been provided by the Primary Unit, including the same Slice-of-Day (as that term is defined in the Resource Adequacy Rulings) and related characteristics, and any successor criteria applicable to the Primary Unit; *provided*, if any portion of the Designated RA Capacity that Seller is seeking to replace is Designated RA Capacity having RAR Attributes and no LAR Attributes, and no such RAR capacity is available (such capacity shall also include FCR Attributes if this is a Flexible RA Product), then Seller may replace such portion of the Designated RA Capacity with capacity having RAR Attributes and LAR Attributes (as well as FCR Attributes if this is a Flexible RA Product).

1.5 "Applicable Laws" means any law, rule, tariff, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body having jurisdiction or any binding interpretation of the foregoing, as any of them is amended or supplemented from time to time over one or both Parties or this Agreement, including without limitation, the Tariff.

1.6 "Availability Incentive Payments" means Availability Incentive Payments as defined in the Tariff.

1.7 "Availability Standards" means Availability Standards as defined in the Tariff.

1.8 "Bankrupt" means with respect to any entity, such entity (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it and such petition filed or commenced against it is not stayed or dismissed within ninety (90) days thereafter, (b) makes an assignment or any general arrangement for the benefit of creditors, (c) otherwise becomes bankrupt or insolvent (however evidenced), (d) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (e) is generally unable to pay its debts as they fall due.

1.9 "Business Day" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California.

1.10 "Buyer" has the meaning set forth in the Preamble.

1.11 "CAISO" means the California Independent System Operator Corporation or its successor.

1.12 "CAISO Control Area" means the Control Area (as defined in the Tariff) that is operated by the CAISO.

1.13 "CAISO Controlled Grid" has the meaning set forth in the Tariff.

1.14 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 3.9 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. Buyer shall determine such market prices in a commercially reasonable manner.

1.15 "Change in RA Requirements" has the meaning set forth in Section 3.1(b)(iv).

1.16 "CIRA Tool" means the CAISO Customer Interface for Resource Adequacy.

1.17 "Claims" means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

1.18 "Commercial Operation" has the meaning set forth in Section 16.2(a).

1.19 "Commercial Operation Date" means the later of (a) January 1, 2027, and (b) the date on which Commercial Operation is achieved.

1.20 "Commercial Operation Delay Damages" means an amount equal to (a) the Performance Security amount required hereunder, divided by (b) [redacted].

1.21 "Compliance Actions" has the meaning set forth in Section 13.2.

1.22 "Compliance Adjusted Unit NQC" has the meaning set forth in Section 3.1(b)(iv).

1.23 "Compliance Adjustment Factor" means a ratio, (a) the numerator of which is the aggregate Unit NQC value of the Primary Unit as calculated under the CPUC and CAISO resource adequacy counting rules as of the Effective Date, and (b) the denominator of which is the Compliance Adjusted Unit NQC of the Primary Unit.

1.24 "Compliance Expenditure Cap" has the meaning set forth in Section 13.2.

1.25 "Compliance Obligation" means the RAR, Local RAR, FCR, and any other resource adequacy or capacity procurement requirements imposed on LSEs by the CPUC pursuant to the Resource Adequacy Rulings, by the CAISO, by the WECC, or by any other Governmental Body having jurisdiction.

1.26 "Compliance Showings" means the applicable LSE's compliance with the Resource Adequacy Requirements of the CPUC for an applicable Showing Month.

1.27 "Contingent Firm" means Seller shall provide Buyer with the Product from the Primary Unit in the amount of the Contract Quantity. If the Primary Unit is not available to provide the full amount of the Contract Quantity as a result of any reduction of the Contract Quantity of the Primary Unit in accordance with Section 3.1(b) or due to Force Majeure, Seller shall have the option to notify Buyer that either (a) Seller will not provide the portion of the Contract Quantity attributable to such reduction during the period of such non-availability; or (b) Seller will supply Alternate Capacity to fulfill the remainder of the Contract Quantity during such period pursuant to Section 3.1(c). If Seller fails to provide Buyer with the Designated RA Capacity for a Showing Month, then Seller shall be liable for damages or required to indemnify Buyer for penalties or fines pursuant to the terms of Section 3.9 for such Showing Month.

1.28 "Confidential Information" has the meaning set forth in Article 11.

1.29 "Construction Start" has the meaning set forth in Section 16.1(a).

1.30 "Construction Start Date" has the meaning set forth in Section 16.1(a).

1.31 "Contract Price" has the meaning set forth in Section F of the Cover Sheet.

1.32 "Contract Quantity" means, with respect to any particular Showing Month of the Delivery Term, the amount of Product (in MW) set forth in Section E of the Cover Sheet, which Seller has agreed to provide to Buyer from the Shown Units for such Showing Month, subject to the terms and conditions of this Agreement; provided, however, that the Contract Quantity is equal to zero (0) MW for any Showing Month prior to the first Showing Month that commences at least forty-five days after the Commercial Operation Date.

1.33 "Contract Year" means a period of twelve (12) consecutive months during the Delivery Term; the first Contract Year shall commence on the Commercial Operation Date; and each subsequent Contract Year shall commence on the anniversary of the Commercial Operation Date.

1.34 "Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

1.35 "CPUC" means the California Public Utilities Commission or its successor.

1.36 "CPUC Filing Guide" means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE's to demonstrate compliance with the CPUC's resource adequacy program.

1.37 "Credit Rating" means, with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P or Moody's.

1.38 "Damage Payment" means the dollar amount that equals [redacted].

1.39 "Day-Ahead Market" has the meaning set forth in the Tariff.

1.40 "Defaulting Party" has the meaning set forth in Section 5.1.

1.41 "Delivery Point" has the meaning set forth in Section 3.4.

1.42 "Delivery Term" means the period of Contract Years set forth on the Cover Sheet beginning on the Commercial Operation Date, unless terminated earlier in accordance with the terms and conditions of this Agreement.

1.43 "Designated RA Capacity" shall be equal to, with respect to each Showing Month of the Delivery Term, the Contract Quantity of Product for such Showing Month, including the amount of Contract Quantity that Seller has elected to provide Alternate Capacity in accordance with Section 3.1(c), less any excused reduction in the Contract Quantity of Product for such Showing Month as described in Section 3.1 or due to Force Majeure for which Seller has not elected to provide Alternate Capacity in accordance with Section 3.1(c). For avoidance of doubt, "Designated RA Capacity" shall include any and all Alternate Capacity which Seller elects to provide from one or more Replacement Units in accordance with Section 3.1(c).

1.44 "Development Cure Period" has the meaning set forth in Section 16.2(c).

1.45 "Dispute" has the meaning set forth in Section 17.10(a).

1.46 "Dispute Notice" has the meaning set forth in Section 17.10(a).

1.47 "Early Termination Date" has the meaning set forth in Section 5.2.

1.48 "Effective Date" is the date set forth in the Preamble.

1.49 "Effective Flexible Capacity" or "EFC" means the capacity of a resource that can be counted towards an LSE's Flexible Capacity Requirements, as identified from time to time by the Tariff, the Resource Adequacy Rulings, LRA, or other Governmental Body having jurisdiction.

1.50 "Emission Reduction Credits" means emission reductions that have been authorized by a local air pollution control district pursuant to California Division 26 Air Resources; Health and Safety Code Sections 40709 and 40709.5, whereby a district has established a system by which all reductions in the emission of air contaminants that are to be used to offset certain future increases in the emission of air contaminants shall be banked prior to use to offset future increases in emissions.

1.51 "Environmental Costs" means costs incurred in connection with acquiring and maintaining all environmental permits and licenses for the Primary Unit, and the Primary Unit's compliance with all applicable environmental laws, rules and regulations, including capital costs for pollution mitigation or installation of emissions control equipment required to permit or license the Primary Unit, all operating and maintenance costs for operation of pollution mitigation or control equipment, costs of permit maintenance fees and emission fees as applicable, the costs of all Emission Reduction Credits or Marketable Emission Trading Credits required by any applicable environmental laws, rules, regulations, and permits to operate the Primary Unit, and the costs associated with the disposal and clean-up of Hazardous Substances introduced to the Site, and the decontamination or remediation, on or off the Site, necessitated by the introduction of such Hazardous Substances on the Site.

1.52 "EPC Contract" means the Seller's engineering, procurement and construction contract with the EPC Contractor.

1.53 "EPC Contractor" means Seller's engineering, procurement and construction contractor or such Person performing those functions.

1.54 "Equitable Defenses" means any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

1.55 "Event of Default" has the meaning set forth in Section 5.1.

1.56 "FCR Attributes" means, with respect to a Resource Adequacy Resource, any and all flexible resource adequacy attributes that can be counted toward an LSE's FCR, as they are identified from time to time by the Resource Adequacy Rulings, the Tariff, an LRA, or other Governmental Body having jurisdiction, exclusive of any LAR Attributes and any RAR Attributes.

1.57 "FCR Showings" means the FCR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the Resource Adequacy Rulings and the Tariff, or to an LRA having jurisdiction over the LSE.

1.58 "FERC" means the Federal Energy Regulatory Commission or any successor government agency.

1.59 "Flexible Capacity Category" has the meaning set forth in the Resource Adequacy Rulings.

1.60 "Flexible Capacity Requirements" or "FCR" means the flexible capacity requirements, exclusive of LAR and RAR, established for LSEs by the CPUC pursuant to the Resource Adequacy Rulings, or by an LRA or other Governmental Body having jurisdiction.

1.61 "Flexible RA Product" means that the Product includes FCR Attributes, if applicable, as specified in Sections C and E of the Cover Sheet.

1.62 "Force Majeure" means an event or circumstance which delays or prevents a Party from performing its obligations under the Agreement, which event or circumstance was not anticipated as of the Effective Date, which is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided despite the exercise of commercially reasonable efforts. A Force Majeure event may include, but is not limited to, an act of God or the elements, such as flooding, lightning, hurricanes, tornadoes, or ice storms; explosion; fire; volcanic eruption; flood; epidemic or pandemic; landslide; mudslide; sabotage; terrorism; earthquake; other cataclysmic events; an act of public enemy; war; blockade; civil insurrection; riot; civil disturbance; or strikes or other labor difficulties caused or suffered by a Party or any third party except as set forth below. Force Majeure does not include (i) the loss of Buyer's markets; (ii) Buyer's inability economically to use or resell the Product purchased hereunder; (iii) the loss or failure of Seller's supply (except to the extent due to a Force Majeure); (iv) Seller's ability to sell the Product at a price greater than the Contract Price, (v) delays or nonperformance by suppliers, vendors or other third parties with whom a Party has contracted, including the EPC Contractor, except to the extent such delay or nonperformance is caused by a Force Majeure Event, or (vi) events otherwise constituting Force Majeure that prevents Seller from achieving Commercial Operation of the Primary Unit, except to the extent expressly permitted as a Development Cure Period under this Agreement.

1.63 "Full Capacity Deliverability Status" or "FCDS" has the meaning set forth in the Tariff.

1.64 "Gains" means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction, determined in a commercially reasonable manner.

1.65 "Governmental Approvals" means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions, notices to and declarations of or with any Governmental Body and shall include those siting and operating

permits and licenses, and any of the foregoing under any applicable environmental law, that are required for the use and operation of the Primary Unit.

1.66 "Governmental Body" means (a) any federal, state, local, municipal or other government; (b) any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (c) any court or governmental tribunal; and (d) CAISO, but in all cases, excludes both Parties.

1.67 "Governmental Charges" has the meaning set forth in Section 8.2.

1.68 "Guaranteed Commercial Operation Date" is the date set forth in Section H of the Cover Sheet, subject to extension pursuant to Section 16.2(b), but as limited by Section 16.2(d).

1.69 "Hazardous Substance" means, collectively, (a) any chemical, material or substance that is listed or regulated under applicable Laws as a "hazardous" or "toxic" substance or waste, or as a "contaminant" or "pollutant" or words of similar import, (b) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls, and (c) any other chemical or other material or substance, exposure to which is prohibited, limited or regulated by any Laws.

1.70 "Hold-Back Capacity" has the meaning set forth in Section 3.7(e).

1.71 "Imbalance Reserves" has the meaning set forth in pending Tariff language available at https://www.caiso.com/documents/all-pending-tariff-language-for-edam-dame.pdf which has been approved by FERC and shall become effective May 1, 2026.

1.72 "Interconnection Agreement" means the interconnection agreement entered into by Seller or its Affiliates pursuant to which the Primary Unit and its Interconnection Facilities will be interconnected with the Transmission System during the Delivery Term.

1.73 "Interconnection Facilities" means the interconnection facilities, control and protective devices and metering facilities required to connect the Primary Unit with the Transmission System in accordance with the Interconnection Agreement.

1.74 "Intercreditor and Collateral Agency Agreement" means that certain Intercreditor and Collateral Agency Agreement, dated as of _____, by and among River City Bank, as Collateral Agent, the Secured Creditors from time to time party thereto, and Member.

1.75 "Interest Rate" means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

1.76 "Interim Deliverability Status" has the meaning set forth in the Tariff.

1.77 "Interim Deliverability Status Percentage" means, for each Showing Month of the Delivery Term through the Showing Month in which the Full Capacity Deliverability Status Finding or Partial Capacity Deliverability Status Finding is obtained, Member's Share of the capacity of the Primary Unit that has received Interim Deliverability Status for such Showing Month, divided by the Contract Quantity of RAR Attributes for such Showing Month, expressed as a percentage.

1.78 "Investment Grade" means a Credit Rating of at least "BBB-" from S&P and/or "Baa3" from Moody's (or, if such entities cease to provide Credit Ratings, from another comparable rating agency that is reasonably acceptable to the Parties).

1.79 "Joinder" has the meaning set forth in the Intercreditor and Collateral Agency Agreement.

1.80 "Joint Powers Act" means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.).

1.81 "Joint Powers Agreement" means that certain Joint Powers Agreement dated August 14, 2012, as amended from time to time, under which Buyer is organized as a Joint Powers Authority in accordance with the Joint Powers Act.

1.82 "LAR" means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the Resource Adequacy Rulings, or by another LRA having jurisdiction over the LSE, as implemented in the Tariff, exclusive of FCR and RAR. LAR may also be known as local resource adequacy, local RAR, or local capacity requirement in other regulatory proceedings or legislative actions.

1.83 "LAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes (or other locational attributes related to system reliability), as they are identified from time to time by the Resource Adequacy Rulings, CAISO, LRA, or other Governmental Body having jurisdiction, associated with the physical location or point of electrical interconnection of the Unit within the CAISO Control Area, that can be counted toward LAR, but exclusive of any FCR Attributes or RAR Attributes which are not associated with where in the CAISO Control Area the Unit is physically located or electrically interconnected. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Agreement.

1.84 "LAR Showings" means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the Resource Adequacy Rulings and the Tariff, or to an LRA having jurisdiction over the LSE.

1.85 "Letter(s) of Credit" means one or more irrevocable, standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having (a) a Credit Rating of at least "A-" with an outlook designation of "stable" from S&P or "A3" with an outlook designation of "stable" from Moody's and (b) assets of at least ten billion

US dollars ($10,000,000,000), in a form as set forth in Exhibit A or as otherwise reasonably acceptable to Buyer.

1.86 "Locational Marginal Price" or "LMP" has the meaning set forth in the Tariff.

1.87 "Losses" means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of a Terminated Transaction, determined in a commercially reasonable manner.

1.88 "LRA" has the meaning set forth in the Tariff.

1.89 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).

1.90 "Marketable Emission Trading Credits" means emissions trading credits or units pursuant to the requirements of California Division 26 Air Resources; Health & Safety Code Section 39616 and Section 40440.2 for market-based incentive programs such as the South Coast Air Quality Management District's Regional Clean Air Incentives Market, also known as RECLAIM, and allowances of sulfur dioxide trading credits as required under Title IV of the Federal Clean Air Act (42 U.S.C. § 7651b (a) to (f)).

1.91 "Member" means [*e.g., Town of Apple Valley, California (d/b/a Apple Valley Choice Energy)*].

1.92 "Member Lockbox Arrangement" has the meaning set forth in Section 14.1.

1.93 "Member's Share" means the percentage set forth as the Member's Share in Section B of the Cover Sheet.

1.94 "Milestones" has the meaning set forth in Section H of the Cover Sheet.

1.95 "Monthly Capacity Payment" has the meaning specified in Section 3.11 hereof.

1.96 "Moody's" means Moody's Investor Services, Inc. or its successor.

1.97 "NERC" means the North American Electric Reliability Corporation, or its successor.

1.98 "Net Qualifying Capacity" or "NQC" has the meaning set forth in the Tariff.

1.99 "Network Upgrades" has the meaning set forth in the Tariff.

1.100 "Non-Availability Charges" has the meaning set forth in the Tariff.

1.101 "Non-Defaulting Party" has the meaning set forth in Section 5.2.

1.102 "Notification Deadline" means, for a given Showing Month, fifteen (15) Business Days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings and

FCR Showings, or (b) submission of the CAISO Supply Plan filings applicable to that Showing Month.

1.103 "Notifying Party" has the meaning set forth in Section 17.10(a).

1.104 "NQC List" means the Final Net Qualifying Capacity Report, or its successor, as published by the CAISO each year. As of the Effective Date, this report is posted on the CAISO website resource adequacy page https://www.caiso.com/generation-transmission/resource-adequacy under the "Net qualifying capacity (NQC) and effective flexible capacity (EFC)" heading.

1.105 "Outage" means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff. For the avoidance of doubt, Outage shall be deemed to include Planned Outage.

1.106 "Partial Capacity Deliverability Status" has the meaning set forth in the Tariff.

1.107 "Partial Capacity Deliverability Status Finding" means a written confirmation from the CAISO that the Primary Unit is eligible for Partial Capacity Deliverability Status.

1.108 "Participating Transmission Owner" means an entity that (a) owns, operates and maintains transmission lines and associated facilities and/or has entitlements to use certain transmission lines and associated facilities and (b) has transferred to the CAISO operational control of such facilities and/or entitlements to be made part of the CAISO Grid. The Participating Transmission Owner for purposes of this Agreement is Southern California Edison Company ("SCE").

1.109 "Permitted Transferee" means (i) any Affiliate of Seller or (ii) any entity that satisfies, or is controlled by another Person that satisfies, the following requirements:

(a) A tangible net worth of not less than [redacted] or a Credit Rating of at least BBB- from S&P or Baa3 from Moody's; and

(b) At least three (3) years of experience in the ownership and operations of facilities similar to the Primary Unit or has retained a third-party with such experience to operate the Primary Unit.

1.110 "Performance Security" means collateral in the form of cash or a Letter of Credit in an amount set forth in Section G of the Cover Sheet.

1.111 "Planned Outage" means, subject to and as further described in the Tariff, a CAISO-approved planned or scheduled disconnection, separation or reduction in capacity of the Unit.

1.112 "Point of Interconnection" means the Primary Unit's point of interconnection to the CAISO system, as further described in the Interconnection Agreement.

1.113 "Primary Unit" means the energy storage facility described in Section B of the Cover Sheet and Exhibit D hereof.

1.114 "Product" has the meaning set forth in Section 3.1.

1.115 "Progress Report" means a report substantially in the form set forth in Exhibit F, the requirements for which are further set forth in Section 16.1(b).

1.116 "Prudent Operating Practice" means (a) the applicable practices, methods and acts required by or consistent with applicable laws and reliability criteria, and otherwise engaged in or approved by a significant portion of the electric power industry during the relevant time period with respect to grid-interconnected, utility-scale battery energy storage facilities in the Western United States, or (b) any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Operating Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to acceptable practices, methods or acts generally accepted in the electric power industry with respect to grid-interconnected, utility-scale battery energy storage facilities in the Western United States.

1.117 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR, LAR, and FCR purposes, as applicable, for the Delivery Term, as determined by the CPUC, CAISO, or other Governmental Body authorized to make such determination under Applicable Laws, including the Resource Adequacy Rulings. RA Capacity encompasses the applicable RAR Attributes, LAR Attributes and FCR Attributes of the capacity provided by a Unit.

1.118 "RAR Attributes" means, with respect to a Resource Adequacy Resource, any and all resource adequacy attributes, as they are identified from time to time by the Tariff, Resource Adequacy Rulings, LRA, or any Governmental Body having jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and FCR Attributes.

1.119 "RAR Showings" means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the Tariff or Resource Adequacy Rulings, or to an LRA having jurisdiction.

1.120 "Recipient Party" has the meaning set forth in Section 17.10(a).

1.121 "Regulatory Event" has the meaning set forth in Section 17.7.

1.122 "Reliability Capacity" has the meaning set forth in pending Tariff language available at https://www.caiso.com/documents/all-pending-tariff-language-for-edam-dame.pdf which has been approved by FERC and shall become effective May 1, 2026.

1.123 "Reliability Compensation Services Tariff" has the meaning set forth in the Tariff.

1.124 "Replacement Capacity" has the meaning specified in Section 3.9(a) hereof.

1.125 "Replacement Unit" means a unit meeting the requirements specified in Section 3.1(c) hereof that is located within the CAISO Control Area and that is capable of providing Alternate Capacity, unless Buyer agrees to accept a Replacement Unit with different RAR Attributes and/or FCR Attributes. A Replacement Unit may not be a coal-fired or nuclear generating resource and may not be an unspecified import.

1.126 "Requested Confidential Information" has the meaning set forth in Section 11.2(c).

1.127 "Residual Unit Commitment" has the meaning set forth in the Tariff.

1.128 "Resource Adequacy Plan" has the meaning specified in the Tariff.

1.129 "Resource Adequacy Requirements" or "RAR" means the resource adequacy requirements, exclusive of FCR and LAR, established for LSEs by the CPUC pursuant to the CPUC Decisions, by CAISO pursuant to the Tariff, or by any other Governmental Body having jurisdiction over Compliance Obligations.

1.130 "Resource Adequacy Rulings" means any applicable CPUC ruling or decision related to resource adequacy, or any other resource adequacy Law, rules or regulations enacted, adopted or promulgated by the CPUC or the CAISO, however described, as such decisions, rulings, Laws, rules or regulations may be amended or modified from time-to-time throughout the Term.

1.131 "Resold Product" has the meaning set forth in Article 12.

1.132 "Resource Adequacy Resource" has the meaning set forth in the Tariff.

1.133 "RMR Contracts" has the meaning set forth in the Tariff.

1.134 "S&P" means the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

1.135 "Schedule" or "Scheduling" means the actions of Seller, Buyer and/or their designated representatives, including each Party's Transmission Providers, if applicable, of notifying, requesting and confirming to each other the quantity and type of Product to be delivered on any given day or days during the Delivery Term at a specified Delivery Point.

1.136 "Scheduling Coordinator" has the same meaning as in the Tariff.

1.137 "Secured Creditor" means each PPA Provider or other party that is a Secured Creditor under the Intercreditor and Collateral Agency Agreement and its respective successors and assigns.

1.138 "Security Agreement" means the Security Agreement, dated as of [*e.g., April 3, 2020]*, between Member and Collateral Agent, as collateral agent for the benefit of the Secured Creditors, or any successor agreement generally available to Member's creditors.

1.139 "Security Interest" has the meaning set forth in Section 14.3(a).

1.140 "Seller" has the meaning set forth in the Preamble.

1.141 "Settlement Amount" means the Non-Defaulting Party's Costs and Losses, on the one hand, netted against its Gains, on the other, expressed in U.S. Dollars, which such party incurs as a result of a Terminated Transaction pursuant to Section 5.2.

1.142 "Showing Month" shall be the calendar month during the Delivery Term that is the subject of the RAR Showing, LAR Showing, and/or FCR Showing, as applicable, as set forth in the Resource Adequacy Rulings or Tariff. For illustrative purposes only, pursuant to the Resource Adequacy Rulings in effect as of the Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.

1.143 "Shown Unit" means the Primary Unit, or any Replacement Unit and specified by Seller in a Supply Plan, but not necessarily identified by Seller to Buyer on the Effective Date.

1.144 "Site" means the real property on which the Primary Unit is located as identified in Exhibit D.

1.145 "Site Control" means that, for the Term, Seller (or, prior to the Delivery Term, its Affiliate): (a) owns or has the option to purchase the Site; (b) is the lessee or has the option to lease the Site; or (c) is the holder of an easement or an option for an easement, right-of-way grant, or similar instrument with respect to the Site.

1.146 "SP-15" means the Existing Zone Generation Trading Hub (as defined in the Tariff) for Existing Zone (as defined in the Tariff) region SP15.

1.147 "Substitute Capacity" means "RA Substitute Capacity" as defined in the Tariff.

1.148 "Substitution Rules" has the meaning specified in the Tariff.

1.149 "Supply Plan" means the supply plans, or similar or successor filings, that each Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other Governmental Body, pursuant to Applicable Laws, in order for that RA Capacity to count, as applicable, for RAR Attributes, LAR Attributes, and/or FCR Attributes.

1.150 "Tariff" means the tariff and protocol provisions of the CAISO, including associated rules, procedures and business practice manuals, as amended or supplemented from time to time.

1.151 "Term" has the meaning set forth in Section 2.1.

1.152 "Terminated Transaction" has the meaning set forth in Section 5.2.

1.153 "Termination Payment" has the meaning set forth in Section 5.3.

1.154 "Transmission Provider" means the CAISO.

1.155 "Transmission System" means the transmission facilities operated by the CAISO, which provide energy transmission service within the CAISO grid from the Point of Interconnection.

1.156 "Unit" shall mean the Primary Unit and any Replacement Units, from which Product is provided by Seller to Buyer.

1.157 "WECC" means the Western Electricity Coordinating Council.

1.158 "Work" means (a) work or operations performed by a Party or on a Party's behalf; and (b) materials, parts or equipment furnished in connection with such work or operations; including (i) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "a Party's work"; and (ii) the providing of or failure to provide warnings or instructions.

ARTICLE 2: TERM; DELIVERY TERM; CONDITIONS PRECEDENT

2.1 Term.

The term of this Agreement shall commence upon the Effective Date and shall continue until the expiration of the Delivery Term, provided that this Agreement shall thereafter remain in effect until the Parties have fulfilled all obligations arising under this Agreement, including any compensation for the Product, Termination Payment, then-owing indemnification payments or other damages, are paid in full (whether directly or indirectly, such as through set-off or netting) and the Performance Security is released and/or returned (the "Term"). All provisions relating to invoicing, payment, delivery, settlement of other liabilities incurred pursuant to this Agreement and dispute resolution survive for the period necessary to effectuate the rights of the Party benefited by such provision except as otherwise specified herein. Notwithstanding anything to the contrary in this Agreement, (i) all rights under Sections 17.2 (Indemnities) and any other indemnity rights survive the end of the Delivery Term for an additional twelve (12) months; (ii) all rights and obligations under Article 11 (Confidentiality) survive the end of the Delivery Term for an additional two (2) years; (iii) all rights and obligations under Section 16.2(g) (Limitation on Seller's Ability to Make or Agree to Third-Party Sales from the Primary Unit after Early Termination Date), if applicable, survive early termination of this Agreement for an additional two (2) years; and (iv) all provisions relating to limitations of liability survive without limit.

2.2 Conditions Precedent.

Seller shall provide notice of the expected Commercial Operation Date for the Primary Unit to Buyer no less than sixty (60) days in advance of such date. The Delivery Term shall not commence until Seller completes to Buyer's reasonable satisfaction each of the following conditions:

(a) Seller shall have secured all Governmental Approvals as are necessary for the safe and lawful operation and maintenance of the Primary Unit and to enable Seller to deliver the Product to Buyer.

(b) Seller shall have executed an Interconnection Agreement, which shall be in full force and effect, and a copy of the Interconnection Agreement has been delivered to Buyer.

(c) Seller shall have secured Site Control.

(d) Seller shall have provided to Buyer a certification of Seller and a licensed professional engineer, substantially in the form attached hereto as Exhibit C, demonstrating that the Commercial Operation Date has occurred.

(e) As of the Commercial Operation Date, no Event of Default on the part of Seller shall have occurred and be continuing.

(f) Seller has provided Buyer with a copy of written notice from the CAISO, or other evidence reasonably demonstrating, that the Primary Unit has been included in the CAISO's NQC List.

(g) Seller shall have delivered to Buyer all insurance documents required under Article 15.

(h) As of the Commercial Operation Date, Seller shall have paid Buyer for all amounts owing under this Agreement, if any, including Commercial Operation Delay Damages.

ARTICLE 3: TRANSACTION, DELIVERY AND PAYMENT

3.1 Resource Adequacy Capacity Product.

During the Delivery Term, Seller shall provide Buyer with the Contract Quantity of (i) RAR Attributes, and (ii) FCR Attributes, if Flexible RA Product is specified in Sections C and E of the Cover Sheet to this Agreement with respect to each Showing Month (the "Product") on a Contingent Firm basis.

(a) Notwithstanding anything to the contrary herein, no energy or ancillary services associated with the Unit is required to be made available to Buyer as part of this Agreement and, except as set forth herein, Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Agreement. Seller retains the right to sell, pursuant to the Tariff, any RA Capacity that is in excess of the Primary Unit's Contract Quantity and any RAR Attributes, LAR Attributes, or FCR Attributes not otherwise transferred, conveyed, or sold to Buyer under this Agreement.

(b) Reductions in Contract Quantity. Seller's obligation to deliver the Contract Quantity for each Showing Month may be reduced at Seller's option as follows:

(i) by the amount of any Planned Outages taken in accordance with Section 3.5 which exist with respect to any portion of the Primary Unit during the applicable Showing Month; provided, (A) Seller notifies Buyer by the Notification Deadline applicable to that Showing Month of the amount of Product from the Primary Unit that Buyer may include in Buyer's Compliance Showings for each day of that month as a result of such Planned Outage, and (B) such reduction is able to be reflected on the Supply Plans in accordance with the Tariff. In the event Seller is unable to provide the Contract Quantity for any portion of a Showing Month because of a Planned Outage of the Primary Unit, Seller has the option, but not the obligation, to provide the applicable Contract Quantity for such portion(s) of such Showing Month as Alternate Capacity pursuant to Section

3.1(c).

(ii) if the Primary Unit experiences a reduction in Unit NQC and/or Unit EFC as determined by the CAISO and Seller has provided notice of such reduction to Buyer by the Notification Deadline. Seller's potential reduction in the Contract Quantity of RAR Attributes for each remaining Showing Month shall equal the product of (A) the applicable Showing Month Contract Quantity and (B) the total amount (in MW) of reductions in Unit NQC since the Effective Date, divided by (C) Unit NQC as of the Effective Date. Seller's potential reduction in the Contract Quantity of FCR Attributes for each remaining Showing Month shall equal the product of (I) the applicable Showing Month Contract Quantity and (II) the total amount (in MW) Unit EFC was reduced since the Effective Date, divided by (III) Unit EFC as of the Effective Date. If the Primary Unit experiences such a reduction in Unit NQC and/or Unit EFC, then Seller has the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to provide the applicable portion of the Contract Quantity for such Showing Month (x) from the Primary Unit, provided the Primary Unit has sufficient remaining and available Product, and/or (y) as Alternate Capacity pursuant to Section 3.1(c).

(iii) if the Primary Unit has obtained Interim Deliverability Status of less than the Contract Quantity, for each Showing Month from the Commercial Operation Date through the earlier of (x) August 1, 2031, or (y) the Showing Month in which the Partial Capacity Deliverability Status Finding or Full Capacity Deliverability Status is obtained, Seller's obligation to deliver the applicable Contract Quantity for such Showing Month may also be reduced by Seller if Seller has provided notice of such reduction to Buyer by the Notification Deadline. Seller's potential reduction in the Contract Quantity of RAR Attributes and/or FCR Attributes for each Showing Month shall equal the product of (A) the applicable Showing Month Contract Quantity and (B) one (1) minus the Interim Deliverability Status Percentage for such Showing Month. For each Showing Month included in the Delivery Term prior to the Partial Capacity Deliverability Status Finding or Full Capacity Deliverability Status Finding for the Primary Unit, Seller has the option, but not the obligation, to provide all or a portion of the applicable shortfall in the Contract Quantity for such Showing Month (I) from the Primary Unit, provided the Primary Unit has sufficient remaining and available Product, and/or (II) as Alternate Capacity pursuant to Section 3.1(c). For the avoidance of doubt, Seller may not reduce its obligation to deliver the Contract Quantity under this Section 3.1(b)(iii) based on the Interim Deliverability Status of the Primary Unit for any Showing Month after July 2031.

(iv) Change in RA Requirements. If, after the Effective Date, the CAISO or the CPUC (A) replaces NQC as the value utilized to measure the qualifying capacity of the Primary Unit that can be applied toward compliance with RAR, or (B) otherwise changes the methodology for calculating the Unit NQC or the applicable successor value such that the Unit NQC or applicable successor value of the Primary Unit would be reduced (each a "Change in RA Requirements"), then from and after each such Change in RA Requirements (I) Seller will provide notice to Buyer stating the equivalent amount of qualifying capacity of the Primary Unit that can be applied toward compliance with RAR following the Change in RA Requirements (the "Compliance Adjusted Unit NQC"), and (II) Seller will be excused from delivering the portion of the Contract Quantity equal to the difference between the Unit NQC as calculated under the CPUC and CAISO resource adequacy counting rules as of the Effective Date, minus the Compliance Adjusted Unit NQC applicable after the Change in RA Requirements.

(c) Alternate Capacity. If Seller is unable to provide the full Contract Quantity for a Showing Month for any reason, including, without limitation, as provided in Section 3.1(b), then Seller may, at no additional cost to Buyer, provide Buyer with Alternate Capacity from one or more Replacement Units in an amount such that the total amount of Product provided to Buyer from the Primary Unit and any Replacement Unit(s) for each Showing Month is not more than the Contract Quantity, provided that in each case:

(i) Seller shall notify Buyer in writing of its intent to provide Alternate Capacity and shall identify the Replacement Unit(s) from which such Alternate Capacity shall be provided no later than the Notification Deadline for such Showing Month;

(ii) The proposed Replacement Unit(s) must (1) be accepted by the CAISO, and (2) otherwise satisfy the requirements of this Agreement;

(iii) Seller shall, or shall cause the Replacement Unit's SC to, submit a Supply Plan for each Showing Month no later than the Notification Deadline for such Showing Month; and

(iv) If Seller does not comply with the requirements of Section 3.1(c) for the applicable Showing Month, then any such Replacement Unit(s) shall not be deemed a Replacement Unit for purposes of this Agreement for that Showing Month and Seller shall not receive payment for Product provided by such unit for such Showing Month.

3.2 Seller's and Buyer's Obligations.

Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase and receive, or cause to be received, the Designated RA Capacity of the Product at the Delivery Point, and Buyer shall pay Seller the Contract Price for the Designated RA Capacity. Seller shall be responsible for any costs or charges imposed on or associated with the Product or its delivery of the Product up to the Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Product or its receipt at and from the Delivery Point.

3.3 Interconnection.

Seller shall take all commercially reasonable actions necessary to obtain Interim Deliverability Status, Partial Capacity Deliverability Status for no less than the Contract Quantity, or Full Capacity Deliverability Status for the Primary Unit by the Guaranteed Commercial Operation Date or as soon as practicable thereafter if such status cannot be obtained by the Guaranteed Commercial Operation Date. Seller shall be responsible for all costs and charges associated with Interconnection Facilities and Network Upgrades necessitated by the interconnection of the Primary Unit.

3.4 Delivery Point.

The "Delivery Point" for the Unit shall be the CAISO Control Area.

3.5 Planned Outages.

(a) No later than January 15, April 15, July 15 and October 15 of each Contract Year, and at least sixty (60) days prior to the Commercial Operation Date, Seller shall submit to Buyer Seller's schedule of proposed Planned Outages ("Outage Schedule") for the Primary Unit for the following twelve (12)-month period in a form reasonably agreed to by Buyer. As soon as commercially practical but no later than ten (10) Business Days after its receipt of an Outage Schedule, Buyer shall give Notice to Seller of any reasonable request for changes to the Outage Schedule, and Seller shall, consistent with Prudent Operating Practices, accommodate Buyer's requests regarding the timing of any Planned Outage. Seller shall deliver to Buyer the final Outage Schedule no later than ten (10) days after receiving Buyer's comments.

(b) If reasonably required in accordance with Prudent Operating Practices, Seller shall have the right, on no less than ninety (90) days advance Notice to Buyer, to propose changes to the Outage Schedule developed pursuant to Section 3.5(a); *provided*, Seller shall schedule all Planned Outages within the time period determined by the CAISO for the Primary Unit as a Resource Adequacy Resource that is subject to the Availability Standards to qualify for an "Approved Maintenance Outage" under the Tariff. Notwithstanding anything in this Agreement to the contrary, no Planned Outages of the Primary Unit shall be scheduled or planned from each June 1 through October 31 during the Delivery Term, unless approved by Buyer in writing in its reasonable discretion.

3.6 CPUC Mid-Term Reliability Requirements.

Buyer intends to apply this Agreement towards Member's compliance with mandatory procurement obligations for incremental capacity pursuant to CPUC Decision 21-06-035 and any similar future compliance program administered by any regulatory agency to which Member is accountable. Seller will provide additional information and documentation to Buyer upon reasonable request to enable Buyer to demonstrate that the Primary Unit meets the procurement mandates set forth in CPUC Decision 21-06-035 to the extent such information and documentation is available to Seller and not separately available to Buyer. Seller represents and warrants to Buyer that:

(a) As of the Effective Date, the Primary Unit is not on the CPUC baseline list set forth at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-planand-long-term-procurement-plan-irpltpp/d2106035_baseline_gen_list_20220902.xlsx (updated September 2, 2022);

(b) The Product shall include the exclusive right to claim the Contract Quantity of the Primary Unit as an incremental resource for purposes of CPUC Decision 21-06-035, other future CPUC decisions mandating procurement, and any other existing or future compliance program administered by any regulatory agency to which Member is accountable, with respect to the Delivery Term, provided that Seller makes no representation or warranty with respect to eligibility of the Primary Unit or Product for any such compliance program; and

(c) Seller has not and will not sell, assign or transfer to any other Person or entity the right to claim procurement of the Contract Quantity of the Primary Unit as an incremental resource

for purposes of CPUC Decision 21-06-035 or any other existing or future compliance program administered by any regulatory agency to which Member is accountable, with respect to the Delivery Term, provided that Seller makes no representation or warranty with respect to eligibility of the Primary Unit or Product for any such compliance program.

3.7 Delivery of Product.

Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month consistent with the following:

(a) No later than the Notification Deadline corresponding to each Showing Month of the Delivery Term, Seller shall submit, or cause the Unit's Scheduling Coordinator to submit, Supply Plans to identify the characteristics of the Shown Unit and confirm the Designated RA Capacity provided to Buyer for each Showing Month so that the total amount of Designated RA Capacity identified and confirmed for such Showing Month equals the Designated RA Capacity, unless specifically requested not to do so by Buyer.

(b) Seller shall cause all Supply Plans to meet and be filed in conformance with the requirements of the Tariff. Seller shall submit, or cause the Shown Unit's SC to submit, on a timely basis with respect to each applicable Showing Month, Supply Plans in accordance with the Tariff to identify and confirm the Product delivered to Buyer for each Showing Month of the Delivery Term.

(c) Seller shall identify the Shown Unit(s) and Designated RA Capacity for a Showing Month by providing Buyer with the specific Shown Unit information in the format set forth in Section B of Cover Sheet no later than the Notification Deadline for such Showing Month.

(d) The Designated RA Capacity is delivered and received when the CIRA Tool shows that the Supply Plan submitted in compliance with Buyer's instructions, including Buyer's instructions to withhold all or part of the Designated RA Capacity from Seller's Supply Plan for any Showing Month during the Delivery Term as set forth in Section 3.7(e), has been accepted by the CAISO. If CAISO rejects either the Supply Plan or Buyer's Resource Adequacy Plan with respect to any part of the Designated RA Capacity in any Showing Month, the Parties will confer, make such corrections as are necessary for acceptance, and resubmit the corrected Supply Plan or Resource Adequacy Plan for validation before the applicable Notification Deadline for the relevant Showing Month. Seller has failed to deliver Product if Seller fails to submit a Supply Plan for the volume of Designated RA Capacity for any Showing Month in such amount as instructed by Buyer (but not to exceed the Designated RA Capacity) for the applicable Showing Month. Seller shall not have failed to deliver the Designated RA Capacity if Buyer fails or chooses not to submit the Shown Unit(s) and the Product in its Resource Adequacy Plan with the CPUC or CAISO.

(e) No later than five (5) Business Days before the Notification Deadline for a Showing Month, Buyer may request in writing that Seller not list, or cause the Shown Unit's Scheduling Coordinator not to list, in the Shown Unit's Supply Plan a portion or all of the Designated RA Capacity for any portion of such Showing Month ("Hold-Back Capacity"). Following Buyer's request for Hold-Back Capacity, Buyer may request, in writing, that Seller make the previously requested Hold-Back Capacity available for Buyer's use as Substitute Capacity within the respective Showing Month. Such request shall be provided to Seller no later than five (5) Business

Days prior to the first day for which Buyer seeks to use such Substitute Capacity. The portion of the Designated RA Capacity that is the subject of Buyer's request for Hold-Back Capacity shall be deemed Contract Quantity delivered consistent with Section 3.7(d) for purposes of calculating a Monthly Capacity Payment pursuant to Section 3.11. Seller shall, or shall cause the Unit's Scheduling Coordinator to, use commercially reasonable efforts to comply with Buyer's request under this Section 3.7(e) including taking all commercially reasonable actions to allow Buyer or a subsequent purchaser under Article 12 to utilize the applicable portion of the Designated RA Capacity that Buyer timely requested be withheld from the Supply Plans during each Showing Month under the Substitution Rules, including, but not limited to, providing Buyer or subsequent purchaser under Article 12 with all information needed to utilize the Substitution Rules. Seller shall not be liable for any amounts under Section 3.9 or Section 3.10 resulting from Buyer's inability to use the Hold-Back Capacity as Substitute Capacity unless due to Seller's unexcused failure to make the Hold-Back Capacity available for use as Substitute Capacity.

3.8 CAISO Offer Requirements.

To the extent required under the Tariff, Seller shall schedule or cause the Shown Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO the Shown Unit's portion of the Designated RA Capacity in compliance with the Tariff and perform all, or cause the Shown Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale of Product hereunder. Buyer is not liable for the failure of Seller or the failure of any Shown Unit's Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Shown Unit's Scheduling Coordinator, owner, or operator for such noncompliance.

3.9 Damages for Failure to Provide Designated RA Capacity.

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month, and such failure is not excused under the terms of this Agreement, then the following shall apply:

(a) Buyer may, but shall not be required to, replace any portion of the Designated RA Capacity not provided by Seller with capacity having equivalent RAR Attributes and/or FCR Attributes as the Designated RA Capacity not provided by Seller; *provided*, (i) capacity having equivalent RAR Attributes and/or FCR Attributes as the Designated RA Capacity not provided by Seller is not available, then Buyer may replace such portion of the Designated RA Capacity with capacity having better RAR Attributes and/or FCR Attributes than the Designated RA Capacity not provided by Seller, and (ii) if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having RAR Attributes and no LAR Attributes, and no such RAR capacity is available (such capacity shall also include FCR Attributes if this is a Flexible RA Product), then Buyer may replace such portion of the Designated RA Capacity with capacity having RAR Attributes and LAR Attributes (as well as FCR Attributes if this is a Flexible RA Product) ("Replacement Capacity"), in either case, by entering into purchase transactions with one or more third parties, including, without limitation, third parties who have purchased capacity from Buyer, so long as such transactions are done at prevailing market prices. Buyer shall use commercially reasonable efforts to minimize damages when procuring any Replacement Capacity.

(b) Seller shall pay to Buyer, on the date payment would otherwise be due in respect of the Showing Month for which the failure occurred, an amount equal to the positive difference, if any, between (i) the sum of (A) the actual cost paid by Buyer for any Replacement Capacity purchased by Buyer pursuant to Section 3.9(a) for such Showing Month, plus (B) the product of the Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 3.9(a) for such Showing Month, minus (ii) the product of the Contract Price times the amount of the Designated RA Capacity not provided by Seller for such Showing Month. If Seller fails to pay these damages, then Buyer may offset those damages owed it against any future amounts it may owe to Seller pursuant to Article 6 of this Agreement.

(c) [redacted]

3.10 Indemnities for Failure to Deliver Contract Quantity.

Seller shall be responsible for the cost of, and agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, resulting from any of the following:

(a) Seller's failure to provide any portion of the Designated RA Capacity for the respective Showing Month for the Delivery Term; or

(b) A Unit Scheduling Coordinator's failure to submit accurate or timely Supply Plans that identify Buyer's right, or a subsequent purchaser's right, to the Designated RA Capacity purchased hereunder.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; *provided*, in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these costs, penalties and fines. If Seller fails to pay the foregoing penalties, fines or costs, or fails to reimburse Buyer for those penalties, fines or costs, then Buyer may offset those penalties, fines or costs against any future amounts it may owe to Seller under this Agreement.

3.11 Monthly Capacity Payment.

Buyer shall make a Monthly Capacity Payment to Seller, in arrears, after the applicable Showing Month. The "Monthly Capacity Payment" shall be equal to the product of (i) the applicable Contract Price for such month, (ii) the Designated RA Capacity, as measured by RAR Attributes, actually delivered by Seller for such month in accordance with Section 3.7, (iii) [redacted], and (iv) 1,000, rounded to the nearest penny (i.e., two decimal places).

3.12 Allocation of Other Payments and Costs.

(a) Seller may retain any revenues it may receive from, and shall pay all costs charged by, the CAISO or any other third party with respect to any Unit for any products other than the Designated RA Capacity, including for (i) start-up, shut-down, and minimum load costs, (ii) capacity revenue for ancillary services, (iii) energy sales, (iv) Imbalance Reserves, (v) any revenues for black start or reactive power services, or (vi) the sale of the unit-contingent call rights on the storage capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, FCR Showing, or any similar capacity or resource adequacy showing with the CAISO or CPUC.

(b) Buyer shall be entitled to receive and retain all revenues associated with the Designated RA Capacity of the Unit during the Delivery Term (including any capacity or availability revenues from RMR Contracts for any Unit, Reliability Compensation Services Tariff, Residual Unit Commitment, or Reliability Capacity, or any similar or successor capacity payments, but excluding payments described in Section 3.12(a) above).

(c) In accordance with Section 3.11 of this Agreement:

(i) all such Buyer revenues described in Section 3.12(b) received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall pay such revenues to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer (and upon any such payment by Seller, Seller shall be subrogated to all rights of Buyer against such Unit's Scheduling Coordinator, owner, or operator for the amount of such revenues paid). If Seller fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues against any future amounts it may owe to Seller under this Agreement.

(ii) all such Seller, or a Unit's Scheduling Coordinator, owner, or operator revenues described in Section 3.12(a), but received by Buyer shall be remitted to Seller, and Buyer shall pay such revenues to Seller if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Seller (and upon any such payment by Buyer, Buyer shall be subrogated to all rights of Seller against such Unit's Scheduling Coordinator, owner, or operator for the amount of such revenues paid). If Buyer fails to pay such revenues to Seller, Seller may offset any amounts owing to it for such revenues against any future amounts it may owe to Buyer under this Agreement.

(d) If a centralized capacity market develops within the CAISO or WECC region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Agreement for re-sale in such market, and retain and receive any and all related revenues. Buyer shall be responsible for any material, incremental costs of offering, bidding, submitting, or re-selling Designated RA Capacity in such centralized capacity market.

(e) Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to

receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. The Parties acknowledge and agree that any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards.

3.13 Force Majeure.

(a) Except as provided in Section 16.2(c), neither Seller nor Buyer shall be liable to the other Party in the event it is prevented from performing its obligations hereunder in whole or in part due to Force Majeure. The Party rendered unable to fulfill any obligation by reason of a Force Majeure shall take reasonable actions necessary to remove such inability with due speed and diligence. Nothing herein shall be construed as permitting that Party to continue to fail to perform after said cause has been removed. The obligation to use due speed and diligence shall not be interpreted to require resolution of labor disputes by acceding to demands of the opposition when such course is inadvisable in the discretion of the Party having such difficulty. Neither Party shall be considered in breach or default of this Agreement if and to the extent that any failure or delay in the Party's performance of one or more of its obligations hereunder is caused by a Force Majeure. Notwithstanding the foregoing, the occurrence and continuation of a Force Majeure Event shall not (a) suspend or excuse the obligation of Seller to achieve the Guaranteed Commercial Operation Date beyond the extensions provided in Section 16.2(c), or (b) limit Buyer's right to declare an Event of Default pursuant to Section 5.1(d) after all applicable extensions of the Guaranteed Commercial Operation Date and receive a Damage Payment upon exercise of Buyer's remedies pursuant to Section 5.2.

(b) Within five (5) Business Days of becoming aware of the commencement of a Force Majeure event, the claiming Party shall provide the other Party with oral notice of the event of Force Majeure, and within two (2) weeks of the initial notice of a Force Majeure event, the claiming Party shall provide the other Party with notice in the form of a letter describing in detail the occurrence giving rise to the Force Majeure event, including the nature, cause, estimated date of commencement thereof, and the anticipated extent of any delay or interruption in performance. Failure to provide timely notice constitutes a waiver of the Force Majeure event as to all periods prior to the delivery of the notice. Upon written request from Buyer, Seller shall provide documentation demonstrating to Buyer's reasonable satisfaction that each day of the claimed delay was the result of a Force Majeure event and did not result from Seller's actions or failure to exercise due diligence or take reasonable actions. The claiming Party shall promptly notify the other Party in writing of the cessation or termination of such Force Majeure, all as known or estimated in good faith by the affected Party. The suspension of performance due to a claim of Force Majeure must be of no greater scope and of no longer duration than is required by the Force Majeure event.

(c) If a Force Majeure event has occurred after the Commercial Operation Date that has caused either Party to be wholly or partially unable to perform its obligations hereunder, and the impacted Party has claimed and received relief from performance of its obligations for a consecutive twelve (12) month period, then the non-claiming Party may terminate this Agreement upon Notice to the other Party. Upon any such termination, neither Party shall have any further liability to the other Party, save and except for those obligations specified in Section 2.1, and Buyer shall promptly return to Seller any Performance Security then held by Buyer, less any amounts drawn in accordance with this Agreement.

ARTICLE 4: RESERVED

ARTICLE 5: EVENTS OF DEFAULT; REMEDIES

5.1 Events of Default.

An "Event of Default" shall mean, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within ten (10) Business Days after written notice;

(b) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated and such Party does not fully mitigate the adverse consequences as reasonably determined by the other Party of such incorrect representation or warranty to the other Party within thirty (30) days after written notice thereof;

(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for Seller's obligations to deliver the Product, the exclusive remedy for which is provided in Section 3.9 and Section 3.10) if such failure is not remedied within thirty (30) Business Days after written notice;

(d) the failure by Seller to achieve Commercial Operation on or before the Guaranteed Commercial Operation Date, [redacted];

(e) if at any time, Seller delivers or attempts to deliver Product to the Delivery Point for sale under this Agreement that was not generated by the Unit, except for Alternate Capacity;

(f) Seller sells, assigns, or otherwise transfers, or commits to sell, assign, or otherwise transfer, the Product, or any portion thereof, from the Primary Unit for delivery during the Delivery Term to any party other than Buyer, a subsequent purchaser under Article 12, or CAISO, except as permitted under this Agreement or as otherwise required by Applicable Law;

(g) such Party becomes Bankrupt;

(h) such Party assigns this Agreement or any of its rights hereunder other than in compliance with Section 17.3, if applicable;

(i) the failure of such Party to satisfy the creditworthiness/collateral requirements agreed to pursuant to Article 14 hereof if such failure is not remedied within ten (10) Business Days after written notice, including the failure to replenish the Performance Security amount in accordance with this Agreement in the event Buyer draws against it for any reason other than to satisfy a Damage Payment or a Termination Payment;

(j) with respect to Buyer, Member defaults under the Member Lockbox Arrangement;

(k) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation,

amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party; or

(l) with respect to any outstanding Letter of Credit provided for the benefit of Buyer that is not then required under this Agreement to be canceled or returned, the failure by Seller to provide for the benefit of Buyer either (1) cash, or (2) a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within ten (10) Business Days after Seller receives Notice of the occurrence of any of the following events:

(i) the issuer of the outstanding Letter of Credit shall fail to maintain a Credit Rating of at least A- by S&P or A3 by Moody's;

(ii) the issuer of such Letter of Credit becomes Bankrupt;

(iii) the issuer of the outstanding Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit and such failure shall be continuing after the lapse of any applicable grace period permitted under such Letter of Credit;

(iv) the issuer of the outstanding Letter of Credit shall fail to honor a properly documented request to draw on such Letter of Credit;

(v) the issuer of the outstanding Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit;

(vi) such Letter of Credit fails or ceases to be in full force and effect at any time; or

(vii) Seller shall fail to renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and as provided in accordance with this Agreement.

5.2 Declaration of an Early Termination Date and Calculation of Settlement Amounts.

If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the "Non-Defaulting Party") shall have the right to (i) designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as an early termination date ("Early Termination Date") to accelerate all amounts owing between the Parties and to liquidate and terminate this Agreement (referred to herein as a "Terminated Transaction") between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement; and (iii) suspend performance. If the Early Termination Date occurs before the Commercial Operation Date and Seller is the Defaulting Party, then the Damage Payment shall be owed to Buyer. If the Early Termination Date occurs before the Commercial Operation Date and Buyer is the Defaulting Party, then Seller shall calculate, in a commercially reasonable manner, a Settlement Amount for such Terminated Transaction as of the Early Termination Date (or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transaction are commercially impracticable to liquidate and terminate or may not be liquidated

and terminated under Applicable Law on the Early Termination Date, as soon thereafter as is reasonably practicable). If the Early Termination Date occurs after the Commercial Operation Date, then as soon as reasonably practicable, the Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for such Terminated Transaction as of the Early Termination Date (or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transaction are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under Applicable Law on the Early Termination Date, as soon thereafter as is reasonably practicable). The Gains and Losses for a Terminated Transaction shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of the Terminated Transaction. The Non-Defaulting Party (or its agent) may determine its Gains and Losses by reference to information either available to it internally or supplied by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. If the Non-Defaulting Party's Costs and Losses exceed its Gains, then the Settlement Amount shall be an amount owing to the Non-Defaulting Party. If the Non-Defaulting Party's Gains exceed its Costs and Losses, then the Settlement Amount shall be zero dollars ($0).

5.3 Net Out of Settlement Amounts.

The Non-Defaulting Party shall net out (a) any Settlement Amount that is due to the Non-Defaulting Party, plus (b) any or all other amounts due to the Non-Defaulting Party under this Agreement against (c) all amounts due to the Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the "Termination Payment") payable by one Party to the other. The Termination Payment shall be due to or from the Non-Defaulting Party as appropriate. Without prejudice to the Non-Defaulting Party's duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (i) the actual damages that the Non-Defaulting Party would incur in connection with a Terminated Transaction would be difficult or impossible to predict with certainty, (ii) the Termination Payment described in this Section 5.3 is a reasonable and appropriate approximation of such damages, and (iii) the Termination Payment described in this Section 5.3 is the exclusive remedy of the Non-Defaulting Party in connection with a Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party's rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

5.4 Notice of Payment of Termination Payment.

As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be made by the Party that owes it within ten (10) days after such notice is effective.

5.5 Disputes with Respect to Termination Payment.

If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within ten (10) days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; *provided*, *however*, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Security to the Non-Defaulting Party in an amount equal to the Termination Payment.

5.6 Closeout Setoffs.

After calculation of a Termination Payment in accordance with Section 5.3, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to the extent this Agreement is not yet liquidated in accordance with Section 5.2, to withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this Section 5.6 shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

ARTICLE 6: PAYMENT AND NETTING

6.1 Billing Period.

The calendar month shall be the standard period for all payments under this Agreement (other than Termination Payments). Seller shall use commercially reasonable efforts to deliver an invoice to Buyer for the Monthly Capacity Payment within ten (10) days after the end of the prior monthly delivery period. Each invoice shall include the amount of Product and Replacement RA delivered to Buyer (if any) and (ii) a calculation of the Monthly Capacity Payment and other relevant data for the prior month; and (b) be in a format reasonably specified by Buyer, covering the Product provided in the preceding month determined in accordance with the applicable provisions of this Agreement. Each Party will render to the other Party an invoice for the payment obligations, if any, incurred hereunder during the preceding month.

6.2 Timeliness of Payment.

Buyer shall make payment to Seller for the Product by wire transfer or ACH payment to the bank account designated by Seller in Exhibit G, which may be updated by Seller by Notice hereunder; *provided, however*, that changes to invoice, payment, wire transfer and other banking information must be made in writing and delivered via certified mail and shall include contact information for an authorized individual who is available by telephone to verify the authenticity of such requested changes. Buyer shall pay undisputed invoiced amounts in accordance with (a) the monthly distribution date under the Member Lockbox Arrangement, if existing, of the month in which the invoice was received, provided that such invoice was received by the tenth (10th) day of the month, otherwise the invoice will be paid on the next month's monthly distribution date, or (b) if the Member Lockbox Arrangement is no longer existing, thirty (30) days from receipt of the invoice, or the end of the prior monthly delivery period, whichever is later; *provided*, if such due date falls on a weekend or legal holiday, such due date shall be the next Business Day. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such

interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

6.3 Disputes and Adjustments of Invoices.

A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within five (5) Business Days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 6.3 within twelve (12) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

6.4 Netting of Payments.

The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other under this Agreement on the same date through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Product during the monthly billing period under this Agreement, including any related damages calculated pursuant to Sections 3.9, 3.10 or 16.2(b), interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

6.5 Payment Obligation Absent Netting.

If no mutual debts or payment obligations exist and only one Party owes a debt or obligation to the other during the monthly billing period, including, but not limited to, any related damage amounts calculated pursuant to Sections 3.9 or 3.10, interest, and payments or credits, that Party shall pay such sum in full when due.

6.6 Security.

Unless the Party benefiting from the Performance Security notifies the other Party in writing, and except in connection with a liquidation and termination in accordance with Article 5, all amounts netted pursuant to this Article 6 shall not take into account or include any Performance Security which may be in effect to secure a Party's performance under this Agreement.

6.7 Records.

To facilitate payment and verification, each Party shall maintain all books and records necessary for billing and payments, including copies of all invoices under this Agreement, for a period of at least two (2) years or as otherwise required by Applicable Law. Upon fifteen (15) days' Notice to the other Party, either Party shall be granted reasonable access to the accounting books and records within the possession or control of the other Party pertaining to all invoices generated pursuant to this Agreement. Seller acknowledges that in accordance with California Government Code Section 8546.7, Seller may be subject to audit by the California State Auditor with regard to Seller's performance of this Agreement because the compensation under this Agreement exceeds Ten Thousand Dollars ($10,000).

ARTICLE 7: LIMITATIONS

7.1 No Consequential Damages.

EXCEPT TO THE EXTENT (A) PART OF AN EXPRESS REMEDY OR MEASURE OF DAMAGES HEREIN, (B) PART OF A THIRD PARTY INDEMNITY CLAIM UNDER ARTICLE 16, (C) INCLUDED IN A LIQUIDATED DAMAGES CALCULATION, OR (D) RESULTING FROM A PARTY'S WILLFUL MISCONDUCT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ITS INDEMNIFIED PERSONS FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT, OR CONSEQUENTIAL DAMAGES, OR LOSSES OR DAMAGES FOR LOST REVENUE OR LOST PROFITS, WHETHER FORESEEABLE OR NOT, ARISING OUT OF, OR IN CONNECTION WITH THIS AGREEMENT, BY STATUTE, IN TORT OR CONTRACT.

7.2 Limitation of Remedies, Liability and Damages.

EXCEPT AS EXPRESSLY SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. ALL LIMITATIONS OF LIABILITY CONTAINED IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO SELLER'S LIMITATION OF LIABILITY AND THE PARTIES' WAIVER OF CONSEQUENTIAL DAMAGES, SHALL APPLY EVEN IF THE REMEDIES FOR BREACH OF WARRANTY PROVIDED IN THIS AGREEMENT ARE DEEMED TO "FAIL OF THEIR ESSENTIAL PURPOSE" OR ARE OTHERWISE HELD TO BE INVALID OR UNENFORCEABLE.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS AND EXCLUSIVE REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY. THE

VALUE OF ANY TAX CREDITS, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO BUYER'S DEFAULT (WHICH SELLER HAS NOT BEEN ABLE TO MITIGATE AFTER USE OF REASONABLE EFFORTS) AND AMOUNTS DUE IN CONNECTION WITH THE RECAPTURE OF ANY TAX CREDITS, IF ANY, SHALL BE DEEMED TO BE DIRECT DAMAGES. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, INCLUDING UNDER SECTIONS 3.9, 3.10, 5.2, 5.3, 16.2(b) AND 16.2(e), THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE PARTIES HEREBY WAIVE ANY RIGHT TO CONTEST SUCH PAYMENTS AS AN UNREASONABLE PENALTY.

THE PARTIES ACKNOWLEDGE AND AGREE THAT MONEY DAMAGES AND THE EXPRESS REMEDIES PROVIDED FOR HEREIN ARE AN ADEQUATE REMEDY FOR THE BREACH BY THE OTHER OF THE TERMS OF THIS AGREEMENT, AND EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO SPECIFIC PERFORMANCE WITH RESPECT TO ANY OBLIGATION OF THE OTHER PARTY UNDER THIS AGREEMENT.

ARTICLE 8: GOVERNMENTAL CHARGES

8.1 Cooperation.

Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

8.2 Governmental Charges.

Seller shall pay or cause to be paid all taxes imposed by any government authority ("Governmental Charges") on or with respect to the Product or a transaction arising prior to the Delivery Point. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to the Product or a transaction at and from the Delivery Point (other than ad valorem, franchise or income taxes which are related to the sale of the Product and are, therefore, the responsibility of the Seller). In the event Seller is required by law or regulation to remit or pay Governmental Charges which are Buyer's responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. If Buyer is required by law or regulation to remit or pay Governmental Charges which are Seller's responsibility hereunder, Buyer may deduct the amount of any such Governmental Charges from the sums due to Seller under Article 6 of this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.

ARTICLE 9: RESERVED

ARTICLE 10: REPRESENTATIONS; WARRANTIES; COVENANTS

10.1 Mutual Representations and Warranties.

On the Effective Date, each Party represents and warrants to the other Party that:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct business in the state of California;

(b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, except all permits necessary to construct, operate and maintain the Primary Unit and sell the Product therefrom in the case of Seller;

(c) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any Applicable Law applicable to it;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses.

(e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

(f) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(g) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code; and

(h) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of Product.

10.2 Buyer and Seller Covenants.

(a) Buyer and Seller shall, throughout the Delivery Term, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer or any subsequent purchaser under Article 12, and that Buyer may use the Contract Quantity for the purpose of meeting its Compliance Obligations. Such commercially reasonable actions shall include, without limitation:

(i) Cooperating with and providing, and in the case of Seller causing the Unit's Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting

documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering the applicable Compliance Obligations, including, to the extent applicable, (1) to demonstrate that the Designated RA Capacity can be delivered to the CAISO controlled grid for the minimum hours required to satisfy RAR pursuant to the "deliverability" standards established by the CAISO or other Governmental Body of competent jurisdiction, and (2) provision of a Supply Plan to the CAISO by Seller or its Scheduling Coordinator and sufficient information to allow for the submission of a complete Resource Adequacy Plan by Buyer's Scheduling Coordinator; and

(ii) Negotiating in good faith to make necessary amendments, if any, to this Agreement to conform it to subsequent clarifications, revisions, or decisions rendered by the CAISO, CPUC, FERC, or other Governmental Body having jurisdiction to administer RAR, LAR, or FCR so as to maintain the benefits of the bargain struck by the Parties on the Effective Date; *provided*, *however*, that such commercially reasonable actions shall not include any obligation that the owner or operator of the Unit undertake capital improvements, Unit enhancements, or the construction of new facilities nor in any way limit the Parties with respect to advocacy for any regulatory policies or market changes before any entity.

10.3 Additional Seller Representations, Warranties and Covenants.

Seller represents, warrants and covenants to Buyer that:

(a) As of the Effective Date, the Primary Unit has received an allocation of 102.3 MW of TP Deliverability (as defined in the Tariff);

(b) Throughout the Delivery Term, the Unit qualifies as a Resource Adequacy Resource that is eligible to provide the Product pursuant to the Tariff and the Resource Adequacy Rulings;

(c) Throughout the Delivery Term, Seller owns or has the exclusive right to the RA Capacity sold under this Agreement;

(d) Throughout the Delivery Term, no portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy Compliance Obligations or analogous obligations in CAISO markets or non-CAISO markets;

(e) The aggregation of all amounts of Product that Seller has sold, assigned, or transferred for the Shown Unit for each Showing Month during the Delivery Term does not exceed such Shown Unit's Net Qualifying Capacity and, if applicable, the Shown Unit's Effective Flexible Capacity, for that Shown Unit for such Showing Month;

(f) Throughout the Delivery Term, with respect to the RA Capacity provided under this Agreement, Seller shall, and the Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to the Compliance Obligations applicable to the Product;

(g) Seller has notified the Scheduling Coordinator of the Unit that, throughout the Delivery Term, Seller has transferred the Designated RA Capacity to Buyer, and that the

Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with this Agreement and the Tariff;

(h) Seller has notified the Scheduling Coordinator of the Unit that Seller is obligated, throughout the Delivery Term, to cause the Unit's Scheduling Coordinator to provide to Buyer, before the Notification Deadline, the Designated RA Capacity of the Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and

(i) Seller has notified the Unit's Scheduling Coordinator that, throughout the Delivery Term, Buyer is entitled to the revenues set forth in Section 3.12(b) of this Agreement and that such Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

10.4 Prevailing Wage.

To the extent applicable to the Primary Unit, Seller shall ensure that all employees hired by Seller, and its contractors and subcontractors, that will perform construction work or provide services at the Site related to construction of the Primary Unit are paid wages in accordance with the requirements of California Labor Code Section 1720.6 and Public Utilities Code Section 769.2. Nothing herein shall require Seller, its contractors and subcontractors to comply with, or assume liability created by other inapplicable provisions of any applicable labor Laws. Buyer agrees that Seller's obligations under this Section 10.4 will be satisfied upon the execution of a project labor agreement related to construction of the Primary Unit.

10.5 Additional Buyer Representations, Warranties, and Covenants.

Buyer warrants and covenants that with respect to its contractual obligations under this Agreement, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (1) suit, (2) jurisdiction of court (provided that such court is located within a venue permitted under Applicable Law and under the Agreement), (3) relief by way of injunction, order for specific performance or recovery of property, (4) attachment of assets, or (5) execution or enforcement of any judgment; provided, however, that nothing in this Agreement shall waive the obligations or rights set forth in the California Tort Claims Act (Government Code Section 810 et seq.).

ARTICLE 11: CONFIDENTIALITY

11.1 Definition of Confidential Information.

The following constitutes "Confidential Information," whether oral or written which is delivered by Seller to Buyer or by Buyer to Seller including: (a) the terms and conditions of, and proposals and negotiations related to, this Agreement, and (b) information that either Seller or Buyer stamps or otherwise identifies as "confidential" or "proprietary" before disclosing it to the other. Confidential Information does not include (i) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this Agreement; (ii) information that becomes publicly available through no fault of the recipient after the time of the delivery; (iii) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a

source not subject to any restriction against disclosing such information to the recipient; (iv) information that the recipient independently developed without a violation of this Agreement; and (v) information that is determined by Buyer to be subject to the California Public Records Act.

11.2 Duty to Maintain Confidentiality.

Neither Party shall disclose Confidential Information to a third party (other than the Party's or its Affiliates' employees, actual or potential provider of debt, equity or tax equity financing or refinancing for or in connection with the development, construction, purchase, installation or operation of the Primary Unit, contractors, insurers, lenders or potential lenders, investors or potential investors, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding; *provided*, *however*, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(a) Notwithstanding the foregoing, the Parties agree that Buyer may disclose the information pertaining to this Agreement to any Governmental Body, the CPUC, the CAISO or any LRA having jurisdiction in order to support its Compliance Showings or other regulatory compliance filings and Seller may disclose the transfer of the Designated RA Capacity under this Agreement to the Scheduling Coordinator of the Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans; *provided*, each disclosing Party shall use reasonable efforts to limit, to the extent possible, the ability of any such applicable Governmental Body, CAISO, or Scheduling Coordinator to further disclose such information. In addition, in the event Buyer resells all or any portion of the Designated RA Capacity to another party, Buyer shall be permitted to disclose to the other party to such resale transaction all such information to the extent such disclosure is necessary to affect such resale transaction; *provided*, such other party agrees to keep such information confidential.

(b) The Parties acknowledge and agree that the Agreement and any transactions entered into in connection herewith are subject to the requirements of the California Public Records Act (California Government Code Section 7920.000 et seq.). In order to designate information as confidential, the Disclosing Party must clearly stamp and identify the specific portion of the material designated with the word "Confidential." The Parties agree not to over-designate material as Confidential Information. Over-designation includes stamping whole agreements, entire pages or series of pages as "Confidential" that clearly contain information that is not Confidential Information.

(c) Upon request or demand of any third person or entity not a Party hereto to Buyer pursuant to the California Public Records Act for production, inspection and/or copying of Confidential Information ("Requested Confidential Information"), Buyer shall as soon as practical notify Seller in writing via email that such request has been made. Seller shall be solely responsible for taking at its sole expense whatever legal steps are necessary to prevent release of the Requested Confidential Information to the third party by Buyer. If Seller takes no such action after receiving the foregoing notice from Buyer, Buyer shall, at its discretion, be permitted to comply with the

third party's request or demand and is not required to defend against it. If Seller does take or attempt to take such action, Buyer shall provide timely and reasonable cooperation to Seller, if requested by Seller, and Seller agrees to indemnify and hold harmless Buyer from any claims, liability, award of attorneys' fees, or damages, and to defend any action, claim or lawsuit brought against Buyer for Buyer's refusal to disclose any Requested Confidential Information.

ARTICLE 12: BUYER'S RE-SALE OF PRODUCT

No later than two (2) Business Days prior to the Notification Deadline for any Showing Month of the Delivery Term, Buyer may provide written notice to Seller of Buyer's intent to re-sell all or a portion of the Product and any associated rights, in each case, acquired under this Agreement. If Buyer re-sells all or a portion of the Product and any associated rights acquired under this Agreement in accordance with this Article 12 ("Resold Product"), Seller agrees, and agrees to cause the Unit's Scheduling Coordinator, to follow Buyer's reasonable instructions with respect to providing such Resold Product to subsequent purchasers of such Resold Product to the extent such instructions are consistent with Seller's obligations under this Agreement. Seller further agrees, and agrees to cause the Unit's Scheduling Coordinator, to take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Product in a manner consistent with Buyer's rights under this Agreement. If Buyer incurs any liability to any purchaser of such Resold Product directly due to the failure of Seller or the Unit's Scheduling Coordinator to comply with the terms of this Agreement, then Seller shall be liable to Buyer for any liabilities Seller would have incurred under this Agreement if Buyer had not resold the Product, including without limitation, pursuant to Sections 3.9 and 3.10.

In the event there is any Resold Product, Buyer agrees to notify Seller that such a sale has occurred and agrees to provide Seller with the information specified below promptly following such sale (and any other information reasonably requested by Seller so that Seller may perform its obligations in this Article 12) and promptly notify Seller of any subsequent changes to such information with respect to any particular sale: (i) benefitting load serving entity SC identification number (SCID), (ii) volume (in MW) of Resold Product, and (iii) subsequent sale delivery period for Resold Product.

ARTICLE 13: CHANGE IN LAW

13.1 Change in Law.

The Parties acknowledge that an essential purpose of this Agreement is to provide Product that complies with the Resource Adequacy Rulings. The Parties acknowledge that Governmental Authorities, including the CPUC and CAISO, may undertake actions to implement changes in Law. Seller agrees, subject to the provisions of this Article 13 to use commercially reasonable efforts to cooperate with respect to any future changes to this Agreement needed to satisfy requirements of Governmental Authorities associated with changes in Law to maximize benefits to Buyer, including: (i) the modification of the description of the Product as may be required, including updating the Agreement to reflect any mandatory contractual language required by Governmental Authorities; or (ii) submission of any reports, data, or other information required by Governmental Authorities; *provided*, Seller shall have no obligation to modify this Agreement,

or take other actions not required under this Agreement, if such modifications or actions would materially adversely affect, or could reasonably be expected to have or result in a material adverse effect on, any of Seller's rights, benefits, risks and/or obligations under this Agreement.

13.2 Compliance Expenditure Cap.

If a change in Laws occurring after the Effective Date has increased Seller's known or reasonably expected costs to obtain, maintain, convey or effectuate Buyer's use of any Product in accordance with this Agreement (any action required to be taken by Seller to comply with such change in Law, a "Compliance Action"), then the Parties agree that the maximum aggregate amount of in costs and expenses Seller shall be required to bear during the term of this Agreement to comply with all of such obligations shall be capped at [redacted] per MW of Contract Quantity of RAR Attributes in aggregate (the "Compliance Expenditure Cap").

(a) If Seller reasonably anticipates the need to incur out-of-pocket expenses in excess of the Compliance Expenditure Cap in order to take any Compliance Action, Seller shall provide Notice to Buyer of such anticipated out-of-pocket expenses.

(b) Buyer will have sixty (60) days to evaluate such Notice (during which time period Seller is not obligated to take any Compliance Actions described in the Notice) and shall, within such time, either (1) agree to reimburse Seller for all of the costs that exceed the Compliance Expenditure Cap (such Buyer-agreed upon costs (including lost production, if any), the "Accepted Compliance Costs"), or (2) waive Seller's obligation to take such Compliance Actions, or any part thereof for which Buyer has not agreed to reimburse Seller.

(c) If Buyer agrees to reimburse Seller for the Accepted Compliance Costs, then Seller shall take such Compliance Actions covered by the Accepted Compliance Costs as agreed upon by the Parties and Buyer shall reimburse Seller for Seller's actual costs to effect the Compliance Actions, not to exceed the Accepted Compliance Costs, within sixty (60) days from the time that Buyer receives an invoice and documentation of such costs from Seller.

(d) Any change in the economic value of any Product provided by Seller to Buyer resulting from any change in Law shall not affect the Contract Price or Buyer's obligation to make payments required hereunder.

ARTICLE 14: COLLATERAL REQUIREMENTS

14.1 Buyer Credit Support.

(a) To secure Buyer's obligations under this Agreement, Seller shall have the right to execute a Joinder, which shall allow Seller to become a PPA Provider and Secured Creditor under the Intercreditor and Collateral Agency Agreement for so long as Member is subject to the Security Agreement and Lockbox Account (or any successor arrangement generally available to Buyer's creditors and permitted under Section 14.1(b)(iii)) (the current arrangement and any successor arrangement generally available to Member's creditors is the "Member Lockbox Arrangement").

(b) Under the Member Lockbox Arrangement:

(i) Buyer shall cause Member to provide notice to Seller of the termination of all security interests under the Security Agreement.

(ii) Buyer further agrees it will cause Member to not create any additional security interests (i) under the Security Agreement on terms more favorable than those currently offered to Seller, or (ii) under any arrangement similar to the Security Agreement that is generally available to Member's creditors unless Seller is offered the right to participate in such arrangement on terms no less favorable than those offered to the other participants.

(iii) In addition, so long as Buyer (or Member, as applicable) is not in default under this Agreement and Member is not in default under the Intercreditor and Collateral Agency Agreement or the Security Agreement, Buyer may request the dissolution of the current Member Lockbox Arrangement in order to permit Member to enter into a substantially similar successor Member Lockbox Arrangement and, provided that Seller is allowed to become a PPA Provider (or its equivalent) and Secured Creditor (or its equivalent) under the successor Member Lockbox Arrangement and upon Seller's entering into such successor Member Lockbox Arrangement (which shall not be unreasonably withheld, conditioned or delay by Seller), Seller hereby agrees that (x) its security interest under the Security Agreement shall terminate, without further action, effective upon the termination of the security interests of all other PPA Providers under the Security Agreement and the grant of a security interest under the successor Member Lockbox Arrangement, and (y) if requested by Buyer, Seller would promptly execute a written termination statement confirming such termination in accordance with Section 7.12 of the Security Agreement.

14.2 Performance Security.

Seller shall deliver Performance Security to Buyer within thirty (30) days after the Effective Date. Seller shall maintain the Performance Security in full force and effect, and shall, within ten (10) Business Days after any draws made by Buyer in accordance with this Agreement, replenish the Performance Security, until the following have occurred: (a) the Delivery Term has expired or terminated early; and (b) all payment obligations of Seller then due and payable under this Agreement, including compensation for penalties, termination damages, indemnification payments orother damages are paid in full (whether directly or indirectly such as through set-off or netting). Following the occurrence of both events, Buyer shall promptly return to Seller the unused portion of the Performance Security. If the Performance Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating set forth in the definition of Letter of Credit, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the end of the Delivery Term, or (iii) fails to honor Buyer's properly documented request todraw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Performance Security.

14.3 First Priority Security Interest in Cash or Cash Equivalent Collateral.

(a) To secure its obligations under this Agreement, and until released as provided herein, Seller hereby grants to Buyer a present and continuing first-priority security interest ("Security Interest") in, and lien on (and right to net against), and assignment of the Performance Security, any other cash collateral and cash equivalent collateral posted under this Agreement, and

any and all interest thereon or proceeds resulting therefrom or from the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of Buyer, and Seller agrees to take all action as Buyer reasonably requires in order to perfect Buyer's Security Interest in, and lien on (and right to net against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

(b) Upon or any time after the occurrence of an Event of Default caused by Seller, an Early Termination Date resulting from an Event of Default caused by Seller, or an occasion provided for in this Agreement where Buyer is authorized to retain all or a portion of the Performance Security, Buyer may do any one or more of the following (in each case subject to the final sentence of this Section 14.3):

(i) Exercise any of its rights and remedies with respect to the Performance Security including any such rights and remedies under Applicable Law then in effect;

(ii) Draw on any outstanding Letter of Credit issued for its benefit and retain any cash held by Buyer as Performance Security; and

(iii) Liquidate the Performance Security then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller.

Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under this Agreement (Seller remains liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to return any surplus proceeds remaining after these obligations are satisfied in full.

ARTICLE 15: INSURANCE

15.1 Insurance.

Prior to the start of construction of the Primary Unit and thereafter throughout the remainder of the Term, Seller shall procure and maintain the following insurance coverage and require and cause its contractors to maintain the same levels of coverage. For the avoidance of doubt, the obligations of Seller in this Section 15.1 constitute a material obligation of this Agreement.

(a) Workers' Compensation and Employers' Liability.

(i) If it has employees, workers' compensation insurance indicating compliance with any applicable labor codes, acts, Applicable Laws or statutes, California state or federal, where Seller performs Work.

(ii) Employers' liability insurance will not be less than one million dollars ($1,000,000) for injury or death occurring as a result of each accident. With regard to bodily injury by disease, the one million dollar ($1,000,000) policy limit will apply to each employee.

(b) Commercial General Liability.

(i) Commercial general liability insurance, including products and completed operations and personal injury insurance, in a minimum amount of two million dollars ($2,000,000) per occurrence, and an annual aggregate of not less than five million dollars ($5,000,000), endorsed to provide contractual liability in said amount (subject to policy terms and conditions), specifically covering Seller's insurable indemnity obligations under this Agreement and including Buyer as an additional insured but only to the extent of Seller's insurable indemnity obligations under this Agreement. Limits may be satisfied through a combination of primary and excess policies.

(ii) An umbrella insurance policy in a minimum limit of liability of ten million dollars ($10,000,000).

(iii) Defense costs shall be provided as an additional benefit and not included within the limits of liability. Such insurance shall contain standard cross-liability and severability of interest provisions.

(c) Business Auto.

(i) Business auto insurance for bodily injury and property damage with limits of one million dollars ($1,000,000) per occurrence.

(ii) Such insurance shall cover liability arising out of Seller's use of all owned (if any), non-owned and hired vehicles, including trailers or semi-trailers in the performance of the Agreement.

(d) Construction All-Risk Insurance.

(i) During the construction of the Primary Unit prior to the Commercial Operation Date, construction all-risk form property insurance covering the Primary Unit during such construction periods, and naming Seller (and/or Lender if any) as the loss payee.

(e) Contractor's Pollution Liability.

(i) If the scope of Work involves areas of known pollutants or contaminants, Seller shall maintain or require to be maintained, pollution liability coverage for bodily injury, property damage, including clean-up costs and defense costs resulting from sudden, and accidental conditions, including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, hydrocarbons, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water shall be maintained, and may be included as part of the time element pollution coverage under the above General Liability insurance.

(ii) The limit will be at least two million dollars ($2,000,000.00) each occurrence for bodily injury and property damage.

(iii) The policy will endorse Buyer as additional insured but only to the extent of Seller's insurable indemnity obligations under this Agreement.

15.2 Evidence of Insurance.

Prior to the start of construction of the Primary Unit and upon annual renewal thereafter, Seller shall deliver to Buyer certificates of insurance evidencing the coverage required under this Agreement. These certificates shall specify that Buyer shall be given at least thirty (30) days prior notice by Seller in the event of any cancellation or termination of coverage, except ten (10) days for nonpayment of premium. With the exception of Workers Compensation/Employers Liability, such insurance shall be primary coverage without right of contribution from any insurance of Buyer.

ARTICLE 16: PRIMARY UNIT CONSTRUCTION AND COMMERCIAL OPERATION

16.1 Construction of the Primary Unit.

(a) Construction Start. "Construction Start" will occur upon satisfaction of the following: Seller has executed an engineering, procurement, and construction contract (or equivalent agreements) and issued thereunder a notice to proceed or its equivalent that authorizes the contractor to mobilize to the Site and begin physical construction of the Primary Unit at the Site. The date of Construction Start will be evidenced by and subject to Seller's delivery to Buyer of a certificate substantially in the form attached as Exhibit B hereto, and the date certified therein shall be the "Construction Start Date."

(b) Progress Reports. Within fifteen (15) days after the close of (i) each calendar quarter from the first calendar quarter following the Effective Date until the Construction Start Date and (ii) each calendar month from the first calendar month following the Construction Start Date until the Commercial Operation Date, Seller shall provide to Buyer a Progress Report and agree to regularly scheduled meetings between representatives of Buyer and Seller to review such monthly reports and discuss Seller's construction progress. The form of the Progress Report is set forth in Exhibit F. Seller shall also provide Buyer with any reasonable requested documentation (subject to confidentiality restrictions) directly related to the achievement of Milestones within ten (10) Business Days of receipt of such request by Seller. Seller shall also provide Buyer with any information in Seller's possession that is reasonably requested by Buyer for Buyer to demonstrate to the CPUC, CAISO, or other Governmental Bodies that Buyer has met its applicable resource adequacy requirements, including providing status reports to the CPUC with respect to the Primary Unit. Subject to the provisions of Section 16.2, so long as Seller complies with its obligations under this Section 16.1(b), Seller shall not be considered in default of its obligations under this Agreement solely as a result of missing any Milestone.

16.2 Commercial Operation.

(a) Commercial Operation. "Commercial Operation" means the condition existing when Seller has fulfilled all of the conditions precedent in Section 2.2 of this Agreement and provided notice to Buyer substantially in the form of Exhibit C. Seller shall cause Commercial Operation for the Primary Unit to occur by the Guaranteed Commercial Operation Date, as such date may be extended pursuant to Section 16.2(b) and Section 16.2(c), subject to the limitations in Section 16.2(d).

(b) Commercial Operation Delay Damages. [redacted]

(c) Extension of Guaranteed Commercial Operation Date. The Guaranteed Commercial Operation Date shall, subject to notice and documentation requirements set forth in Section 16.2(d), be automatically extended on a day-for-day basis (the "Development Cure Period") for the duration of any and all delays arising out of the following circumstances to the extent the following circumstances are not the result of Seller's failure to take all commercially reasonable actions to meet its requirements and deadlines: (a) a Force Majeure event occurs, or (b) the upgrades identified in the Interconnection Agreement for the Primary Unit (not including Network Upgrades required for the Primary Unit to obtain a Full Capacity Deliverability Status Finding that are not required for the Primary Unit to achieve the Commercial Operation Date) are not complete and ready for such Primary Unit to connect and sell Product by the date that is three (3) months prior to the Guaranteed Commercial Operation Date, despite the exercise of diligent and commercially reasonable efforts by Seller. Notwithstanding anything in this Agreement to the contrary, the cumulative extensions granted under the Development Cure Period shall not exceed one hundred eighty (180) days. Upon request from Buyer, Seller shall provide documentation reasonably demonstrating that the delays described above did not result from Seller's actions or failure to take commercially reasonable actions.

(d) Maximum Milestone Extensions. [redacted]

(e) Termination for Failure to Achieve Guaranteed Commercial Operation Date. [redacted]

(f) Limitation of Seller's Pre-Commercial Operation Date Liability.

(g) Limitation on Seller's Ability to Make or Agree to Third-Party Sales from the Primary Unit after Early Termination Date.

[redacted]

ARTICLE 17: MISCELLANEOUS

17.1 Title and Risk of Loss.

Title to and risk of loss related to the Product shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that it will deliver to Buyer the Designated RA Capacity free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point.

17.2 Indemnity.

(a) Indemnity by Seller. Seller shall release, indemnify and hold harmless Buyer or Buyer's respective directors, officers, agents, and representatives against and from any and all loss, Claims, actions or suits associated with third party claims, including costs and attorney's fees resulting from, or arising out of or in any way connected with Seller's construction, operation and/or maintenance of the Primary Unit, including without limitation any Environmental Costs and any loss, Claim, action or suit, for or on account of injury to, bodily or otherwise, or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such loss, Claim, action or suit as may be caused solely by the willful misconduct or gross negligence of Buyer, its Affiliates, or Buyer's and Affiliates' respective agents, employees, directors, or officers.

(b) Indemnity by Buyer. Buyer shall release, indemnify and hold harmless Seller, its directors, officers, agents, and representatives against and from any and all loss, Claims, actions or suits, including costs and attorney's fees resulting from, or arising out of or in any way connected with Buyer's access to the Primary Unit site, including any loss, Claim, action or suit, for or on account of injury to, bodily or otherwise, or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such loss, Claim, action or suit as may be caused solely by the willful misconduct or gross negligence of Seller, its Affiliates, or Seller's and Affiliates' respective agents, employees, directors or officers.

(c) No Dedication. Without limitation of each Party's obligations under Sections 17.2(a) and 17.2(b) herein, nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person or entity not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or the public, nor affect the status of Buyer as an independent public utility corporation or Seller as an independent individual or entity.

17.3 Assignment.

Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed;

provided, *however*, Seller may, without the consent of Buyer, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an Affiliate of such Party which Affiliate's creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any Permitted Transferee ; *provided*, *however*, that in the case of any such assignment pursuant to clause (ii) or clause (iii), any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request. In connection with any financing or refinancing of the Primary Unit, Buyer shall in good faith negotiate and agree upon a consent to collateral assignment of this Agreement in a form that is commercially reasonable and customary in the industry. Seller shall pay Buyer's reasonable expenses, including attorneys' fees, incurred to provide consents, estoppels, or other required documentation in connection with Seller's financing for the Primary Unit. Buyer will have no obligation to provide any consent, or enter into any agreement, that materially and adversely affects any of Buyer's rights, benefits, risks or obligations under this Agreement.

17.4 Governing Law and Venue.

This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of Law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. Each of the Parties irrevocably and unconditionally agrees that any suit, action or other proceeding arising out of or relating to this Agreement, the transactions contemplated hereby, any provision hereof or the breach, performance, enforcement or validity or invalidity of this Agreement or any provision hereof shall be filed in either the United States District Court for the Central District of California or the Superior Court of California, City of Los Angeles, as appropriate (and agrees not to commence any suit, action or proceeding relating thereto except in such courts). Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement, the transactions contemplated hereby, any provision hereof or the breach, performance, enforcement or validity or invalidity of this Agreement or any provision hereof in the United States District Court for the Central District of California or the Superior Court of California, City of Los Angeles, as appropriate, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Notwithstanding the foregoing, each Party agrees that a final judgment (i.e., judgment after any appeals that may be duly made) in any suit, action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment in any jurisdiction or in any other manner provided in law or in equity.

17.5 Notices.

All notices, requests, statements or payments shall be made as specified in Exhibit G. Notices (other than scheduling requests) shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service, or email. Notice by email or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of

business on the next Business Day. Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

17.6 Mobile-Sierra.

Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver below is unenforceable or ineffective as to such Party), a non-party or FERC acting sua sponte, shall be the 'public interest' standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp*., 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co*., 350 U.S. 348 (1956), and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008); *NRG Power Marketing LLC v. Maine Public Utility Commission*, 558 U.S. 527 (2010).

Notwithstanding any provision of this Agreement, and absent the prior written agreement of the Parties, each Party, to the fullest extent permitted by Applicable Laws, for itself and its respective successors and assigns, hereby also expressly and irrevocably waives any rights it can or may have, now or in the future, whether under Sections 205, 206, or 306 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation, supporting a third party seeking to obtain or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying any rate or other material economic terms and conditions agreed to by the Parties.

17.7 General.

This Agreement, together with the Cover Sheet and Exhibits attached hereto constitutes the entire agreement and understanding between Seller and Buyer with respect to the subject matter hereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect. The Exhibits attached hereto are integral parts hereof and are made a part of this Agreement by reference. The headings used herein are for convenience and reference purposes only. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Seller and Buyer; *provided*, this Agreement may not be amended by electronic mail communications. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change (individually or collectively, such events referred to as "Regulatory Event") will not otherwise affect the remaining lawful obligations that arise under this Agreement; *provided*, *further*, that if a Regulatory Event occurs, the Parties shall use commercially reasonable efforts to reform this Agreement in order to give effect to the original intention of the Parties. All indemnity and audit rights shall survive the

termination of this Agreement for twelve (12) months. This Agreement shall be binding on each Party's successors and permitted assigns.

17.8 Audit.

Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the other Party statements evidencing the Designated RA Capacity delivered hereunder. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; *provided*, *however*, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of twelve (12) months from the rendition thereof, and thereafter any objection shall be deemed waived.

17.9 Forward Contract.

The Parties acknowledge and agree that this Agreement constitutes a "forward contract" within the meaning of the United States Bankruptcy Code.

17.10 Dispute Resolution.

(a) In the event of any claim, controversy or dispute between the Parties arising out of or relating to or in connection with this Agreement (including any dispute concerning the validity of this Agreement or the scope and interpretation of this Section 17.10) (a "Dispute"), any Party (the "Notifying Party") may deliver to the other Parties (the "Recipient Party") notice of the Dispute with a detailed description of the underlying circumstances of such Dispute (a "Dispute Notice"). The Dispute Notice shall include a schedule of the availability of the Notifying Party's senior officers (having a title of senior vice president (or its equivalent) or higher) duly authorized to settle the Dispute during the thirty (30) day period following the delivery of the Dispute Notice.

(b) The Recipient Party shall, within five (5) Business Days following receipt of the Dispute Notice, provide to the Notifying Party a brief summary of the Recipient Party's position on the Dispute and a parallel schedule of availability of the Recipient Party's senior officers (having a title of senior vice president (or its equivalent) or higher) duly authorized to settle the Dispute. Following delivery of the respective senior officers' schedules of availability, the senior officers of the Parties shall meet and confer as often as they deem reasonably necessary during the remainder of the thirty (30) day period in good faith negotiations to resolve the Dispute to the satisfaction of each Party.

(c) In the event a Dispute is not resolved pursuant to the procedures set forth in Sections 17.10(a) and (b) by the expiration of the thirty (30) day period set forth in Section 17.10(b), then a Party may pursue any legal remedy available to it in accordance with this Agreement.

17.11 Counterparts.

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

17.12 Electronic Delivery.

This Agreement may be duly executed and delivered by a Party by electronic format (including portable document format (.pdf)) delivery of the signature page of a counterpart to the other Party.

17.13 Joint Powers Authority.

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Except as otherwise set forth in this Agreement with respect to the Member Lockbox Arrangement, Buyer shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Except as otherwise set forth in this Agreement with respect to the Member Lockbox Arrangement, Seller shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Buyer's constituent members, or the employees, directors, officers, consultants or advisors or Buyer or its constituent members, in connection with this Agreement.

17.14 Dodd-Frank Act.

The Parties intend this Agreement to be a "Forward CapacityTransaction" within the meaning of Commodity Futures Trading Commission, *Final Order in Responseto a Petition From Certain Independent System Operators and Regional Transmission Organizations To Exempt Specified Transactions Authorized by a Tariff or Protocol Approved by the Federal Energy Regulatory Commission*, 78 Fed. Reg. 19,880 (Apr. 2, 2013). Notwithstanding the prior sentence, if and to the extent that this Agreement and the performance of the Parties' obligations requires any reporting to the Commodity Futures Exchange Commission (together with any successor body, the "CFTC") pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, Seller shall be responsible for all such reporting (and Seller shall bear all costs and expenses associated therewith) and shall be the reporting counterparty for purposes of any applicable parts of the regulations of the CFTC promulgated under the Commodity Exchange Act. Buyer shall promptly provide information reasonably required by Seller for any such reporting and Seller shall be entitled to report and disclose information concerning all swaps transacted under this Agreement (including information regarding the economic terms and valuations of this Agreement) to any applicable Governmental Authority (or a third party swap data repository as required by a Governmental Authority), from time to time, to the extent required by any applicable laws, regulations, rules or orders of any Governmental Authority. Additionally, to the extent either Party needs additional information or details from the other Party in order to comply with any such applicable laws, regulations, rules or orders (including information concerning such other Party's organization, corporate status, status under the CFTC's regulations and/or unique entity identifier), such other Party shall promptly provide such additional information or details to the first Party upon request therefor. Buyer shall promptly reimburse Seller for any costs, fines or penalties Seller incurs as a result of Buyer's failure to comply with this Section 17.13. Seller shall promptly

reimburse Buyer for any costs Buyer incurs as a result of Seller's failure to comply with this Section 17.13 and the Commodity Exchange Act, except to the extent such costs are a result of any action or omission of Buyer. Notwithstanding any provision of this Agreement to the contrary, no Event of Default, termination event, or other similar event shall be deemed to occur under this Agreement solely on the basis of a breach of any covenant or agreement in this Section 17.13 other than the obligation to make reimbursement payments.

17.15 Further Assurances.

Each of the Parties hereto agrees to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.

17.16 Lockbox Account.

For so long as the Member Lockbox Arrangement exists, Buyer's obligations to make payments with respect to this Agreement are to be made solely from the Member Lockbox Account, as set forth in the applicable Member Security Agreement. For so long as the Member Lockbox Arrangement exists, obligations to make payments under this Agreement do not constitute any kind of indebtedness of Member or create any kind of lien on, or security interest in, any property or revenues of Member, except as set forth in the Member Lockbox Arrangement.

17.17 Market-Based Rate Authority.

Seller agrees, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, to, upon request of Buyer, submit a letter of concurrence in support of any affirmative statement by Buyer that this Agreement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42. Seller also agrees that it will not, in filings, if any, made subject to Order Nos. 652 and 697, claim that this Agreement conveys ownership or control of generation capacity from Seller to Buyer.

17.18 Physical Transactions.

The Parties understand and agree that the transactions under this Agreement are physical transactions for deferred delivery, and that the Parties contemplate making or taking physical delivery of electric energy or capacity. Buyer is a California community choice aggregator engaged in the business of delivering electric energy and capacity to its retail load and routinely makes or takes delivery of electric energy and capacity in order to provide service to its retail electric customers.

17.19 Rules of Interpretation.

In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

(a) headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

(b) words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

(c) the words "hereof", "herein", and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Article, Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified;

(e) a reference to a document or agreement, including this Agreement shall mean such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

(f) a reference to a Person includes that Person's successors and permitted assigns;

(g) the terms "include" and "including" mean "include or including (as applicable) without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided;

(h) references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires;

(i) in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

(j) references to any amount of money shall mean a reference to the amount in United States Dollars;

(k) the expression "and/or" when used as a conjunction shall connote "any or all of";

(l) words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings; and

(m) each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

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

ATHOS STORAGE, LLC	**CALIFORNIA CHOICE ENERGY AUTHORITY, a California joint powers authority**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ACKNOWLEDGED:

City of _____, a California municipal corporation and charter city (d/b/a _____)

[Name of Member]

By: _____

Name: _____

Title: _____

EXHIBIT A: FORM OF LETTER OF CREDIT

[NOTE: SELLER REVIEWING NEW PROPOSED FORM]

[Issuing Bank Letterhead and Address]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [XXXXXXX]

Date: _____
Bank Ref.: _____
Stated Amount: US$_____

Beneficiary:
California Choice Energy Authority
Attn: Cathy DeFalco
44933 Fern Avenue
Lancaster, CA 93534

Applicant:
[Entity]
[on behalf of entity]
[address]
[Attn:]

To Whom It May Concern:

By the order of [*Entity name, state of formation, type of entity*] ("Applicant"), we, [*Bank name and address*] ("Issuer") hereby issue our Irrevocable Standby Letter of Credit No. [*XXXXXX*] (the "Letter of Credit") in favor of California Choice Energy Authority, a California joint powers authority ("Beneficiary"), for an amount of U.S. $[*XXXXXX*] (United States Dollars [*XXXXXX*] and 00/100) ("Stated Amount"), pursuant to that certain Energy Storage Resource Adequacy Agreement dated as of [*Date*] and as amended (the "Agreement") between Applicant and Beneficiary. This Letter of Credit shall become effective immediately and shall expire on [*Date*] which is one year after the issue date of this Letter of Credit, or any expiration date extended in accordance with the terms hereof (the "Expiration Date").

Funds under this Letter of Credit are available to Beneficiary by valid presentation on or before the Expiration Date of a dated statement purportedly signed by Beneficiary's duly authorized representative, in the form attached hereto as Exhibit A, containing one of the two alternative paragraphs set forth in paragraph 2 therein, referencing our Letter of Credit No. [*XXXXXX*] ("Drawing Certificate").

The Drawing Certificate may be presented by (a) physical delivery to bank address at [bank address], (b) as a PDF attachment to an email to [*Bank email address*] or (c) facsimile to [*Bank fax number*] confirmed by [email to [*Bank email address*]]. Transmittal by facsimile or email shall be deemed delivered when received.

The original of this Letter of Credit (and all amendments, if any) is not required to be presented in connection with any presentment of a Drawing Certificate by Beneficiary hereunder in order to

receive payment.

We hereby agree with the Beneficiary that all documents presented under and in compliance with the terms of this Letter of Credit, that such drafts will be duly honored upon presentation to the Issuer on or before the Expiration Date. All payments made under this Letter of Credit shall be made with Issuer's own immediately available funds by means of wire transfer in immediately available United States dollars to Beneficiary's account as indicated by Beneficiary in its Drawing Certificate or in a communication accompanying its Drawing Certificate.

Partial draws are permitted under this Letter of Credit and shall reduce the Stated Amount available under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; provided that the aggregate draws on this portfolio shall not exceed the Stated Amount at the time of such draw.

This Letter of Credit is not transferrable. Any purported transfer shall be deemed void in all respects. All account charges are the sole responsibility of the Applicant.

It is a condition of this Letter of Credit that the Expiration Date shall be deemed automatically extended without an amendment for a one year period beginning on the present Expiration Date hereof and upon each anniversary for such date, unless at least one hundred twenty (120) days prior to any such Expiration Date we have sent to you written notice by overnight courier service that we elect not to extend this Letter of Credit, in which case it will expire on such Expiration Date, or such later date as may be specified in such notice. No presentation made under this Letter of Credit after such Expiration Date (or such later date, if applicable) will be honored.

This Letter of Credit is issued subject to the rules of the 'International Standby Practices 1998', International Chamber of Commerce Publication No. 590 ("ISP98") and, as to matters not addressed by ISP98, shall be governed and construed in accordance with the laws of state of New York.

Notwithstanding any reference in this Letter of Credit to any other documents, instruments or agreements (other than as set forth in the immediately prior paragraph), this Letter of Credit contains the entire agreement between Beneficiary and Issuer relating to the obligations of Issuer hereunder.

Please address all correspondence regarding this Letter of Credit to the attention of the Letter of Credit Department at [*Bank name and address*], referring specifically to Issuer's Letter of Credit No. [*XXXXXX*]. For telephone assistance, please contact Issuer's Standby Letter of Credit Department at [*Bank phone number*] and have this Letter of Credit available.

All notices to Beneficiary shall be in writing and are required to be sent by certified letter, overnight courier, or delivered in person to: California Choice Energy Authority, Attn: Cathy DeFalco, 44933 Fern Avenue, Lancaster, CA 93534. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

[*Bank Name*]

_____

[*Officer name*]
[*Officer title*]

Exhibit A

Drawing Certificate

(DRAW REQUEST SHOULD BE ON BENEFICIARY'S LETTERHEAD)

[Insert Bank Name and Address]

To Whom It May Concern:

The undersigned, a duly authorized representative of California Choice Energy Authority, a California joint powers authority, as beneficiary (the "Beneficiary") of the Irrevocable Letter of Credit No. [*XXXXXX*] (the "Letter of Credit") issued by [*Bank name*] (the "Bank") by order of [*Entity name, state of formation, type of entity*] (the "Applicant"), hereby certifies to the Bank as follows:

1. Applicant and Beneficiary are party to that certain Energy Storage Resource Adequacy Agreement dated as of [*Date*] (the "Agreement").

2. Beneficiary is making a drawing under this Letter of Credit in the amount of U.S. $_____ because a Seller Event of Default (as such term is defined in the Agreement) has occurred or other occasion provided for in the Agreement where Beneficiary is authorized to draw on the Letter of Credit has occurred, and the amount of this draw does not exceed any limit on Beneficiary's rights to draw on this Letter of Credit set forth in the Agreement.

   OR

   Beneficiary is making a drawing under this Letter of Credit in the amount of U.S. $_____, which equals the lesser of the full available amount under the Letter of Credit or any applicable limit on Beneficiary's rights to draw on this Letter of Credit set forth in the Agreement, because Applicant is required to maintain the Letter of Credit in force and effect beyond the Expiration Date of the Letter of Credit but has failed to provide Beneficiary with a replacement Letter of Credit or other acceptable instrument within thirty (30) days prior to such Expiration Date.

3. The undersigned is a duly authorized representative of California Choice Energy Authority and is authorized to execute and deliver this Drawing Certificate on behalf of Beneficiary.

You are hereby directed to make payment of the requested amount to California Choice Energy Authority by wire transfer in immediately available funds to the following account: [*Specify account information*]

California Choice Energy Authority

_____

[*Name and Title of Authorized Representative*]
Date_____

EXHIBIT B: FORM OF CONSTRUCTION START DATE CERTIFICATE

This certification of Construction Start Date ("Certification") is delivered by [Seller] ("Seller") to California Choice Energy Authority, a California joint powers authority ("Buyer") in accordance with the terms of that certain Resource Adequacy Agreement dated [date] (the "Agreement") by and between Seller and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller hereby certifies and represents to Buyer that the Construction Start (as defined in the Agreement) has occurred, and a copy of the notice to proceed that Seller issued to its contractor as part of Construction Start is attached hereto.

IN WITNESS WHEREOF, the undersigned has executed this Certification on behalf of Seller as of the ___ day of _____.

[SELLER]

By:_____

Its:_____

Date:_____

EXHIBIT C: FORM OF COMMERCIAL OPERATION DATE CERTIFICATE

This certification ("Certification") of Commercial Operation is delivered by [Seller] ("Seller") to California Choice Energy Authority, a California joint powers authority ("Buyer") in accordance with the terms of that certain Resource Adequacy Agreement dated [date] ("Agreement") by and between Seller and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

As of [DATE], Seller hereby certifies and represents to Buyer the following:

(a) The Primary Unit is fully operational, reliable and interconnected, fully integrated and synchronized with the Transmission System.

(b) Seller has installed equipment for the Primary Unit, and the nameplate capacity of such equipment is no less than [92 MW].

(c) Authorization to parallel the Primary Unit was obtained by the Participating Transmission Owner, SCE on [DATE].

(d) Seller has received written notice from the CAISO, or other evidence reasonably demonstrating, that the Primary Unit has been included in the CAISO's NQC List.

[SELLER]

Signature:_____

Name:_____

Title:_____

Date:_____

[ENGINEER]

Signature:_____

Name:_____

Title:_____

Date:_____

EXHIBIT D: DESCRIPTION OF PRIMARY UNIT

The following describes the Primary Unit to be constructed, operated and maintained by Seller through the Term in accordance with the Agreement.

- Unit name: Athos Power Plant (Q1405)
- Resource type: Battery Storage
- Nameplate capacity: 102.3
- Location: Desert Center (Riverside County), CA
- Unit physical address: 25250 Rice Rd, Desert Center, CA 92239
- Unit elevation: 556 ft above mean sea level
- Unit latitude: Latitude:33.756897°
- Unit longitude: Longitude: -115.34146°
- Interconnection: SCE
- CAISO transmission access charge area (e.g. SDG&E): SCE
- Point of interconnection: SCE 230 kV Red Bluff
- Point of interconnection address: Red Bluff Substation will be located adjacent to the south side of Interstate 10 (I-10), east of Aztec Road, and west of Corn Springs Road, in unincorporated Riverside County, California
- Existing zone (e.g. SP-15): SP-15
- PNode: Not yet assigned; to be provided by Seller prior to start of Delivery Term
- CAISO Resource ID: Not yet assigned; to be provided by Seller prior to start of Delivery Term
- Substation: SCE 230 kV Red Bluff

EXHIBIT E:

[RESERVED]

EXHIBIT F: PROGRESS REPORTING FORM

Each Progress Report must include the following items:

1. Executive summary.

2. Primary Unit description.

3. Site plan of the Primary Unit.

4. Description of any material planned changes to the Primary Unit or the Site.

5. Schedule showing progress on Primary Unit construction generally and achieving each of the Milestones and the Commercial Operation Date.

6. Summary of activities during the previous quarter or month, as applicable, including any OSHA labor hour reports.

7. Forecast of activities scheduled for the current calendar quarter or month, as applicable.

8. Written description about the progress relative to the Milestones and the Commercial Operation Date, including whether Seller is on schedule with respect to the same.

9. List of issues that are likely to potentially affect achievement of the Milestones and the Commercial Operation Date.

10. Progress and schedule of the EPC Contract, all major equipment supply agreements, Governmental Approvals, technical studies, and financing arrangements.

11. Pictures, in sufficient quantity and of appropriate detail, in order to document construction and interconnection progress.

12. Any other documentation reasonably requested by Buyer.

EXHIBIT G: NOTICES

ATHOS STORAGE, LLC	CALIFORNIA CHOICE ENERGY AUTHORITY
All Notices: Street: 3 Lagoon Dr., Suite 280 City: Redwood City, CA 94065 Attn: SBE Legal, SBE Power Marketing Phone: 650-731-3262 Email: legalus@sbenergy.com, powermarkets@sbenergy.com	**All Notices:** California Choice Energy Authority Attn: Cathy DeFalco 44933 Fern Avenue Lancaster, CA 93534 Phone: 805-260-9047 Email: Cathy@CalChoice.org
Reference Numbers: Duns: [redacted] Federal Tax ID Number: [redacted]	**Reference Numbers:** Duns: [redacted] Federal Tax ID Number: [redacted]
Invoices: Attn: SBE Asset Mgmt Phone: 650-443-7064 Email: amus@sbenergy.com	**Invoices:** Attn: Kirby Dusel Phone: (916) 936-3302 Email: kirby@pacificea.com
Payments: Attn: SBE Asset Mgmt Phone: 650-443-7064 Email: amus@sbenergy.com	**Payments:** Attn: Kirby Dusel Phone: (916) 936-3302 Email: kirby@pacificea.com
Wire Transfer: BNK: TBD ABA: TBD ACCT: TBD	**Wire Transfer:** BNK: River City Bank ABA: [redacted] ACCT: [redacted]
With additional Notices of an Event of Default to: Attn: Ryan Bates, VP General Counsel 3 Lagoon Dr., Suite 280 Redwood City, CA 94065 Phone: (650) 731-3262 Email: ryan@sbenergy.com, legalus@sbenergy.com	**With additional Notices of an Event of Default to:** Allison Burns, General Counsel 44933 Fern Avenue Lancaster, CA 93534 Phone: (949) 725-4187 Email: ABurns@stradlinglaw.com **With a copy to:** Hall Energy Law PC Attn: Stephen Hall Phone: (503) 313-0755 Email: steve@hallenergylaw.com

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **2**

SUBJECT: **ACCEPT NOTICE OF COMPLETION (NOC) FOR PUBLIC LANDSCAPE IMPROVEMENTS FOR TRACT 60732 LOCATED AT 20TH STREET WEST AND QUICK STREET**

RECOMMENDATION

Staff recommend that the City Council:

1. Accept the NOC for completed public landscape improvements for Tract 60732 located at 20th Street West and Quick Street; and,

2. Authorize the Interim City Manager or his designee to file the NOC and release the security for the completed public street improvements.

BACKGROUND

This project for Tract 60732 constructed public landscape improvements along 20th Street West and Quick Street. The improvements include irrigation and landscaping located within the City's right-of-way. The improvements have been installed per the approved landscape plan and inspected and approved by City Public Works and Landscape inspection staff.

DISCUSSION

The NOC is presented in accordance with Section 16.110.060 of Palmdale's Municipal Code. This action will accept the public landscape improvements as complete and initiate the City's release of applicable securities posted for this project per the City's subdivision regulations.

The required public landscape improvements are provided in the attached list of Completed Public Improvements and shown in the Site Map and have been completed to the City Engineer's satisfaction as required in the Subdivision/Development

Improvement Agreement between the developer and the City. As of June 26, 2025, the improvements have entered a 12-month maintenance period. After the developer fulfills a one-year maintenance period, the improvements along 20th Street West and Quick Street will be transferred from the developer to the City.

FISCAL IMPACT

$4,200; The estimated additional maintenance and administrative costs are $4,200 annually. These improvements make up the entirety of the landscape element included in Annexation No. 004 to Community Facility District 2022-1 (Citywide Maintenance and Services). The maintenance and administrative costs associated with this landscaping are expected to be sustained by the annual District Cost Recovery levy and budgeted from Landscape Maintenance accounts.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

NOC
List of Completed Public Improvements
Site Map
Site Photo

RECORDING REQUESTED BY:

CITY OF PALMDALE

WHEN RECORDED MAIL TO:

CITY OF PALMDALE
OFFICE OF THE CITY CLERK
38300 SIERRA HIGHWAY, SUITE C
PALMDALE, CA 93550

Space above this line is for Recorder's Use

NOTICE OF COMPLETION

Notice pursuant to Civil Code Section 3093, is hereby given that:

1. The undersigned is owner or corporate officer of the interest or estate stated below in the property hereinafter described.
2. The full name of the owner is City of Palmdale, a Municipal Corporation.
3. The full address of the owner is 38300 Sierra Highway, Palmdale, CA 93550.
4. The nature of interest or estate of the owner is: **Landscape Maintenance District Improvements- TR60732.**
5. A work of improvement on the property hereinafter described was completed on **July 30, 2025.**
6. The work done was: "**Landscape Maintenance District Improvements- TR60732.**",
7. The name of the Contractor for such work of improvement: **K. Hovanian Communities, Inc.**
8. The property on which said work of improvement was completed is in the City of Palmdale, County of Los Angeles, State of California, and is described as follows: **20th Street West and Quick Street.**
9. The address of said property is: **Tract 60732.**

Dated: **November 04, 2025**

CITY OF PALMDALE

Hamed Hashemian, City Engineer

VERIFICATION

I, the undersigned, say: I am the City Engineer, the declarant of the foregoing notice of completion; I have read the said notice of completion and know the contents thereof; the same is true of my own knowledge. I declare under penalty of perjury that the foregoing is true and correct.

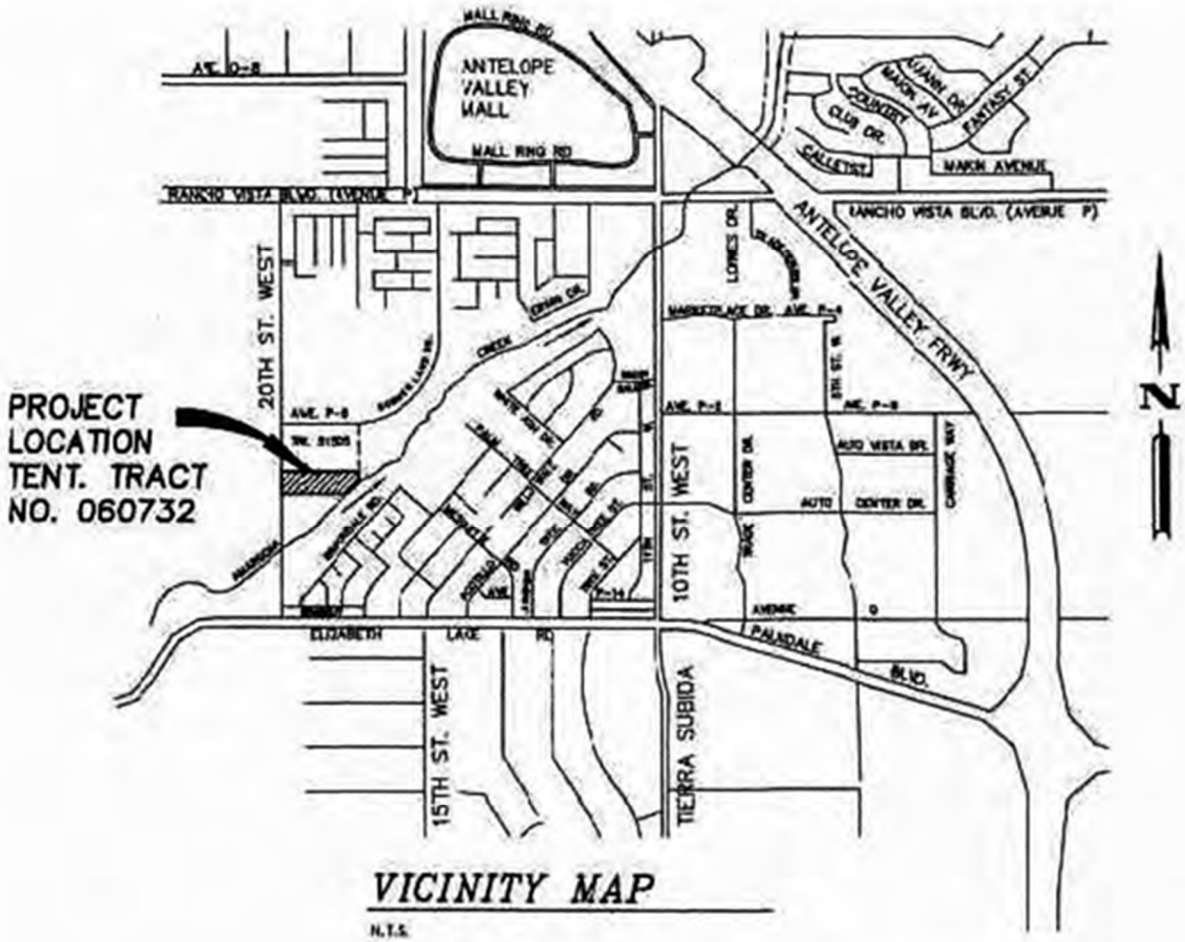
Executed on **November 04, 2025,** in the City of Palmdale, California.

Hamed Hashemian, City Engineer

EXHIBIT A
COMPLETED PUBLIC IMPROVEMENT

Tract	Plan #	Quantity	Plant List	Security
TR 60732 Landscape Maintenance District	LS 21-14	2,906 SQFT	97 SHRUBS, 9 TREES 33 VINE PLANTS AND IRRIGATION SYSTEM	$23,100

EXHIBIT B
SITE MAP



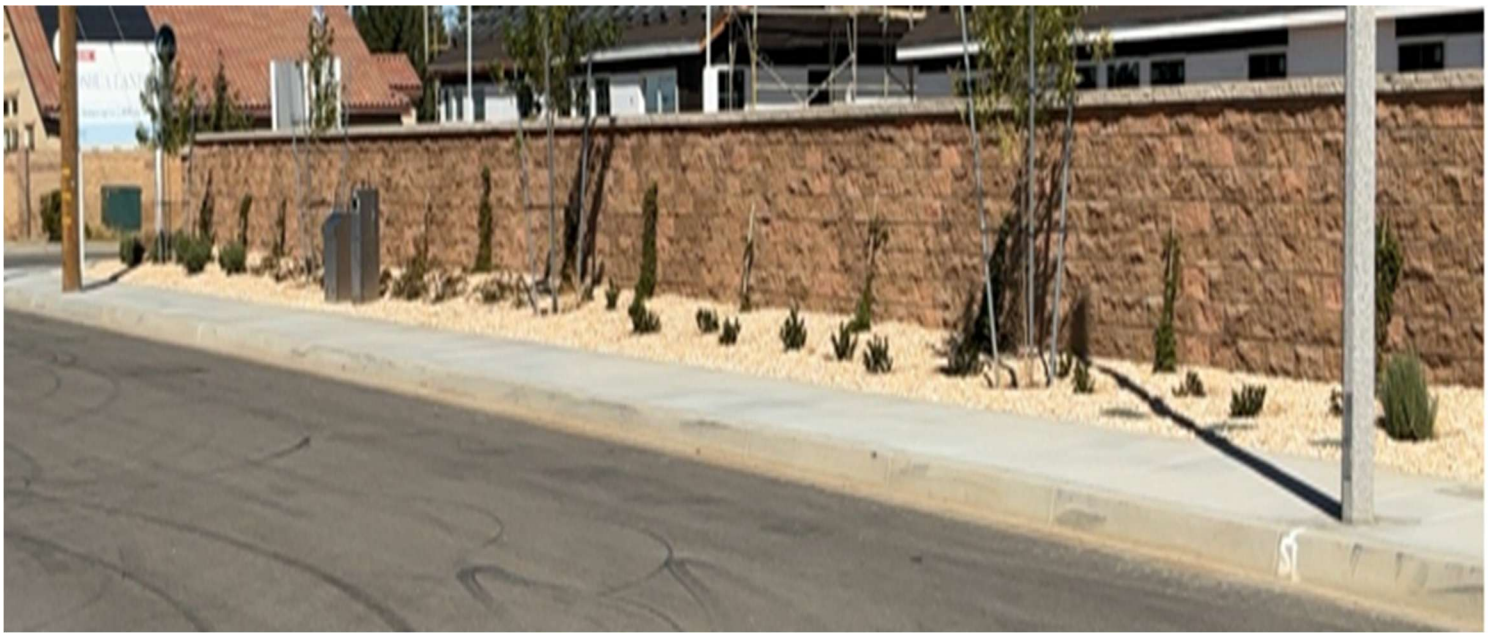
VICINITY MAP

N.T.S.

TRACT NO: 060732

EXH C

20th St. West & Quick St.



City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

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

DISTRICT: **4**

SUBJECT: **ACCEPT NOTICE OF COMPLETION (NOC) FOR PN 795, SAM YELLEN PARK PHASE 2 PROJECT**

RECOMMENDATION

Staff recommend that the City Council:

1. Accept the NOC for PN 795, Sam Yellen Park Phase 2 Project; and,

2. Authorize the Interim City Manager or his designee to file the NOC and release the security for the completed park project improvements.

BACKGROUND

The Sam Yellen Park Phase 2 project, located at 5100 East Avenue S, has completed improvements on the park's 12-acre property, adding significantly to the park's facilities.

The expansion added:

- A new 1,888 sq ft community center;
- A public gathering plaza;
- A prefabricated restroom building;
- Shaded and unshaded picnic areas with tables;
- Seven futsal courts;
- Unique fitness stations;
- A large playground for children six months to five years; and,
- Illuminated pedestrian walkways.

Other improvements include:

- A modified roundabout entry from Avenue S connecting to the existing parking lot, providing a convenient drop-off zone;
- A new 84-space parking lot accessible from Hillcrest Drive;

- A detention basin;
- New water and sewer services, storm drain improvements, and irrigation system; and,
- Upgrade to Phase 1 irrigation and landscape.

Sustainability is a key focus of landscape improvements, which include water-efficient and drought-tolerant plantings and the preservation of existing Joshua trees to protect the desert ecosystem. The project also incorporated a mix of natural grass and artificial turf.

DISCUSSION

The NOC is presented by Section 16.110.060 of Palmdale's Municipal Code. This action will accept the public improvements as complete and initiate the City's release of applicable securities posted for this project by the City's subdivision regulations.

FISCAL IMPACT

$0; There is no fiscal impact associated with this action. Project cost totaled $18,586,215.91 and was funded using Measure AV and Measure A funds.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

NOC
Project Photo

RECORDING REQUESTED BY:
City of Palmdale
Public Works Department

WHEN RECORDED MAIL TO:
City of Palmdale
Office of the City Clerk
38300 Sierra Highway, Suite C
Palmdale, CA 93550

PURSUANT TO CIVIL CODE SECTION
C.C. 3093

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN:

1. The City of Palmdale, a municipal corporation, is the owner in fee, of certain public improvement known as Sam Yellen Park Phase 2 Project, City Project Number PN 795.

2. The City's address is 38300 Sierra Highway, Palmdale, California 93550.

3. The general location of said public improvement is 5100 East Avenue S, Palmdale, CA 93552 from Sierra Highway to 25th Street East, Palmdale, California 93352.

4. On March 23, 2023, a construction contract for said public improvement was awarded to R.C. Becker and Sons, Inc., 28355 Kelly Johnson Parkway, Santa Clarita, CA 91355.

5. Work under said contract was completed on September 25, 2025, to the satisfaction of the City of Palmdale, and the City hereby accepts the project as complete.

Dated: November 4, 2025 CITY OF PALMDALE

_____
Lee Torres, Director of Public Works

VERIFICATION

I, the undersigned, say: I am the Director of Public Works, the declarant of the foregoing notice of completion; I have read the said notice of completion and know the contents thereof; the same is true of my own knowledge. I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 4, 2025, in the City of Palmdale, California.

_____
Lee Torres, Director of Public Works

NOTICE OF COMPLETION

Sam Yellen Park Phase 2

West View – Sam Yellen Park Phase 2

Seven Futsal Courts

New Parking Area At Hillcrest Dr. near the Futsal Courts

Futsal Court, Shade Structure and Prefabricated Restroom

Detention Basin

Play Area and Shade Structure

Play Area

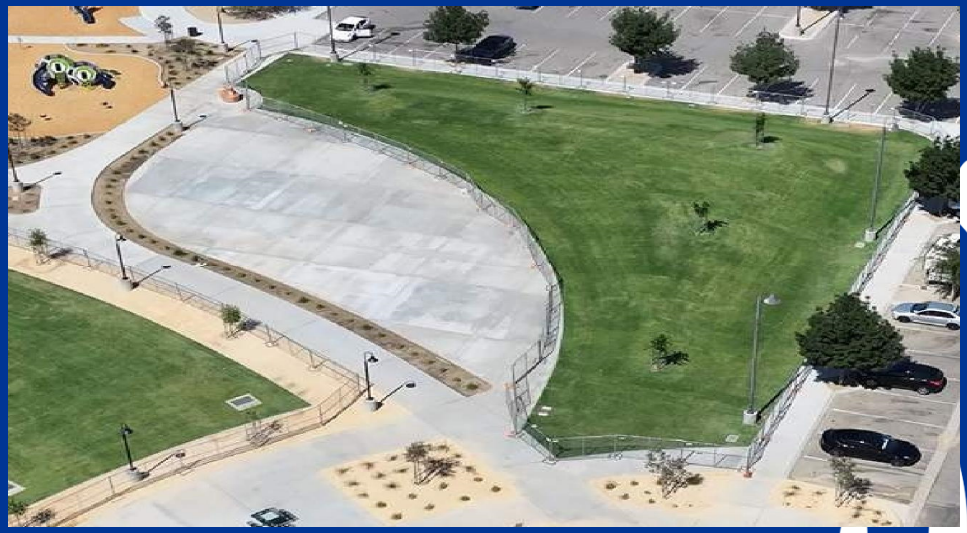
Play Area, Shade Structure and Multi-purpose Court

Play Area and Shade Structure

Upgraded Park Entrance (Roundabout) and Community Center

Gathering Plaza near the Community Center

Community Center



Gathering Plaza

Multi-purpose Court

Landscape Upgrade at Phase 1

North View

Play Area

MINUTES
CITY COUNCIL
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
OCTOBER 21, 2025
5:00 PM

www.cityofpalmdale.org

1) CALL MEETING TO ORDER

Mayor Pro Tem Bettencourt 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 PRO TEM BETTENCOURT, COUNCILMEMBERS BISHOP, LOA, OHLSEN, ALARCÓN

PRESENT: Laura Bettencourt, Austin Bishop, Richard J. Loa, Eric Ohlsen.
ABSENT: Andrea Alarcón.

3) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

Councilmember Ohlsen led the Pledge of Allegiance.

Councilmember Bishop addressed the public and the Council regarding the importance of fostering an environment of respect, professionalism, and dignity during meetings. He expressed his sincere regret to anyone who may have felt disrespected and encouraged all to display professionalism, focus, and unity.

Mayor Pro Tem Bettencourt courteously reminded all attendees of the importance of following the established meeting protocols and outlined the actions that would be taken to address disruptions.

A motion was made and passed to hear item 5.4 at this time. Director of Public Works Torres presented the staff report. Mayor Pro Tem Bettencourt and the Council delivered a presentation to the family. Captain Bardon thanked all for their support during the LASD's loss of a deputy.

4) PRESENTATIONS

4.1) Proclamation in honor of Hispanic Heritage Month.

Mayor Pro Tem Bettencourt presented a proclamation to SALVA. Raices de Mi Tierra performed a dance.

4.2) Communications Division Update.

Communications Manager Devine-Knight presented a video.

Councilmember Bishop thanked staff for their hard work.

5) CONSENT CALENDAR

5.1) 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).

5.2) Adopt Resolution No. CC 2025-088, a Resolution of the City Council of the City of Palmdale authorizing the Interim City Manager to execute the agreement with Delta Dental of California and granting authorization to pay all fees; and Adopt Resolution No. CC 2025-089, a Resolution of the City Council of the City of Palmdale authorizing the Interim City Manager to execute the agreement with Vision Services Plan (VSP) and granting authorization to pay all fees, each for a three-year term with the option to extend two additional one-year terms.

5.3) Approve agreement with Benchmark Resources for surface mining and reclamation act compliance services in the amount not to exceed $250,000 for a term of four (4) years.

5.4) Adopt Resolution No. CC 2025-057, a Resolution of the City Council of the City of Palmdale approving the dual naming of Avenue Q, adding Deputy Clinkunbroomer Ave from Sierra Highway to 40th Street East.

5.5) Accept Notice of Completion (NOC) for public streets, sewer, and drainage improvements for Juniper Grove Apartments located at the southeast corner of Division Street and Avenue R.

5.6) Approve the minutes from the previous meeting.

Motion: Approve the items listed on the Consent Calendar.
Moved by Eric Ohlsen, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Laura Bettencourt, Austin Bishop, Richard J. Loa, Eric Ohlsen.
Absent: Andrea Alarcón.

6) PUBLIC HEARING

6.1) Adopt Ordinance No. 1661, an Ordinance of the City Council of the City of Palmdale, California adopting by reference the 2025 California Building Code including Appendix P, residential code including Appendix AZ, existing building code, green building standards code, energy code, plumbing code, mechanical code, electrical code, wildland-urban interface code, Title 32 Los

Angeles County Fire code, and proposed amendments, finding the Ordinance exempt from the California Environmental Quality Act (CEQA); and Adopt Resolution No. CC 2025-069, A Resolution of the City Council of the City of Palmdale, California making its express findings as required by Section 17958.7 of the Health and Safety Code of the State of California relating to the adoption of the 2025 California Building Code and proposed local amendments, and finding it is not a project per CEQA.

Mayor Pro Tem Bettencourt opened the Public Hearing.

City Clerk Scott read the title of the Ordinance 1661 and the Resolution CC 2025-069

A motion was made and unanimously approved to introduce Ordinance No. 1661.

Building Official George presented the staff report.

Public Testimony: Ramila Frohar discussed serious safety and maintenance concerns at Manzanita Heights Park on 5th Street West.

There was a discussion among the Council and staff concerning the streamlining of the extension process, reviewing and updating policies, electrification mandates, and the permitting and follow-up inspection procedures.

Motion: Adopt Ordinance No. 1661 adopting by reference the 2025 California Building Code; and Adopt Resolution No. CC 2025-069 making its express findings as required by Section 17958.7 of the Health and Safety Code of the State of California relating to the adoption of the 2025 California Building Code and proposed local amendments.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (4-0)
Yes: Laura Bettencourt, Austin Bishop, Richard J. Loa, Eric Ohlsen.
Absent: Andrea Alarcón.

62) Adopt Resolution No. CC 2025-073, a Resolution of the City Council of the City of Palmdale approving the issuance of Revenue Bonds by the California Municipal Finance Authority (CMFA) in an aggregate outstanding principal amount not to exceed $20,000,000 to finance and refinance a 48-unit qualified residential rental project to be located at 38732 9th Street East for the benefit of 9th Street E. Housing, a California Limited Partnership, or another entity to be created by Milare Housing Investments, Inc. (or and affiliate), and certain other matters relating thereto.

Mayor Pro Tem Bettencourt opened the Public Hearing.

City Clerk Scott read the title of the Resolution CC 2025-073.

Director of Operations Samson presented the staff report.

Public Testimony: None.

Mayor Pro Tem Bettencourt closed the Public Hearing.

Councilmember Loa asked who would be responsible for the borrowed funds. Operations Director Samson confirmed that the borrower assumes full responsibility for the funds.

Motion: Adopt Resolution No. CC 2025-073 approving the issuance of Revenue Bonds by the California Municipal Finance Authority (CMFA) to finance and refinance a 48-unit qualified residential rental project to be located at 38732 9th Street East for the benefit of 9th Street E. Housing, a California Limited Partnership, or another entity to be created by Milare Housing Investments, Inc.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Laura Bettencourt, Austin Bishop, Richard J. Loa, Eric Ohlsen.
Absent: Andrea Alarcón.

6.3) Adopt Resolution No. CC 2025-074, a Resolution of the City Council of the City of Palmdale approving the issuance of the California Municipal Finance Authority (CMFA) Exempt Facility Bonds in an aggregate principal amount not to exceed $60,000,000 for the purpose of financing or refinancing the acquisition, construction, improvement and equipping of Zenith on 25th, located at 25th Street East and East Ave. Q, and certain other matters relating thereto.

Mayor Pro Tem Bettencourt opened the Public Hearing.

City Clerk Scott read the title of the Resolution CC 2025-074.

Director of Operations Samson presented the staff report.

Public Testimony: None.

Mayor Pro Tem Bettencourt closed the Public Hearing.

Motion: Adopt Resolution No. CC 2025-074 approving the issuance of the California Municipal Finance Authority (CMFA) Exempt Facility Bonds for the purpose of financing or refinancing the acquisition, construction, improvement and equipping of Zenith on 25th, located at 25th Street East and East Ave. Q.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (4-0)
Yes: Laura Bettencourt, Austin Bishop, Richard J. Loa, Eric Ohlsen.

Absent: Andrea Alarcón.

7) APPOINTMENT

7.1) Appoint two Councilmembers to serve on the City Manager Selection Ad Hoc Subcommittee.

Appointment and New Business Public Comments: Rich Gallego requested clarification on the Ad Hoc Subcommittee and Mayor Pro Tem Bettencourt responded.

Operations Director Samson presented the staff report and answered Council questions regarding a timeframe, process and method of the recruitment.

Motion: Appoint Mayor Pro Tem Bettencourt and Councilmember Bishop to serve on the City Manager Selection Ad Hoc Subcommittee.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Laura Bettencourt, Austin Bishop, Richard J. Loa, Eric Ohlsen.
Absent: Andrea Alarcón.

8) NEW BUSINESS

8.1) Adopt Ordinance No. 1662, an Ordinance of the City Council of the City of Palmdale Repealing and Reenacting Chapter 5.44 of the Palmdale Municipal Code (PMC) relating to Mobile Home Space Rent Control.

Director of Housing Reyes read the title of Ordinance No. 1662 and explained the updates to section 5.44 of the Palmdale Municipal Code (PMC).

Mayor Pro Tem Bettecourt asked how many Mobile Home Parks does the update effect, and Director Reyes stated there were seven privately owned.

Motion: Introduce and Adopt Ordinance No. 1662 Repealing and Reenacting Chapter 5.44 of the Palmdale Municipal Code (PMC) relating to Mobile Home Space Rent Control.
Moved by Richard J. Loa, seconded by Eric Ohlsen.

Vote: Motion carried (4-0)
Yes: Laura Bettencourt, Austin Bishop, Richard J. Loa, Eric Ohlsen.
Absent: Andrea Alarcón.

9) CITY MANAGER'S REPORT

Interim City Manager Mendez provided an update on several community events, including the Farmer's Market held on Fridays at Oasis Park, the Neighborhood Improvement Program Project series begins on October 25, the Making Strides Breast Cancer Walk on October 25, SAVES hosting a drive thru Halloween costume

distribution, Halloween with Houdini at the Palmdale Playhouse on October 31, Día de los Muertos celebration at the Palmdale Playhouse on November 2, I-LEAD Youth Conference November 7 at Legacy Commons, partnering with local Holiday Inn on 5th St to host Free Dodger Watch Party to watch the upcoming World Series games.

10) SHERIFF'S REPORT

Captain Bardon provided an update on response times for routine calls for service, the launch of a Spanish-speaking virtual deputy, the Public Safety partnership, number of arrests, Part 1 crimes, firearm recovery, graffiti-related arrests and investigations, traffic collisions, DUI enforcement and arrests, and traffic enforcement. He spoke about the haunted jail event and thanked the City for funding. Additionally, he highlighted the Faith and Blue event and extended thanks to the City for the memorial and signage honoring Deputy Clinkunbroomer. He presented Mayor Pro Tem Bettencourt with a certificate of completion for the Contract City Council Academy on behalf of the Palmdale Sheriff's Department.

11) NON-AGENDA - Now is the time for public participation.

The following individuals provided public input: Eugene Hernandez discussed Hispanic Heritage Month, SALVA and the service provided in the community, and the lack of response from AV Edge; Yul Gevargis thanked Mayor Pro Tem Bettencourt for the town hall meeting, presented a carcass of a turtle and asked that the Barrel Springs ponds be restored; Mark Maldonado addressed comments made by Councilmember Ohlsen at the 8/19/25 meeting; Roger Soderstedt reported a missing trash can at Arnie Quinonez park; Mikki Martinez addressed comments made by Councilmember Ohlsen at a past meeting; Michael Ross requested a copy of the rules for conducting the CC meetings, spoke about the Ralph M. Brown Act, Kaleidoscope, and Item 7.1; Denise Latanze expressed safety concerns at City Council meetings; Rich Gallego discussed his phone conversation with Councilmember Ohlsen and addressed Councilmember Bishop for his statement regarding public behavior; Marsha Furman announced the Breast Cancer Walk on Saturday, 10/25/2025, spoke about the Spanish translation, sidewalk schedule, and two-minute public comments.

Mayor Pro Tem Bettencourt requested that a schedule be posted on the website for upcoming repairs for streets, street paving, and upcoming improvements.

12) COUNCIL REPORTS, ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Councilmember Bishop commended the Parks and Recreation Department for their successful organization of the Kaleidoscope Festival. He discussed maintaining respect and dignity among Council members and the public during meetings.

Councilmember Ohlsen discussed his efforts to de-escalate recent tensions with the Palmdale Freedom Coalition and expressed his desire to serve the best interests of the city.

Mayor Pro Tem Bettencourt discussed the efforts to restore the meeting to its normal and professional proceedings.

13) CLOSED SESSION

PRESENTATION BY CITY ATTORNEY

City Attorney Severino confirmed the items would be heard as listed.

13.1) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Ricky Thorstensen v. City of Palmdale, et al.
Los Angeles Superior Court 22STCV29463
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

13.2) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Concerning CV Communities, LLC v. Antelope Valley-East Kern Water Agency, et al.,
Los Angeles Superior Court 20STCV10953
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

13.3) CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property Vacant Land, APN's 3053-006-015, 016; 3053-008-001, 002, 027, 028;3053-009-004, 005; 3053-010-021, 022, Palmdale, CA 93550
Agency Negotiation: Megan Taggart, Director of Economic and Community Development, Sophia Reyes, Director of Housing, Keri Smith, Director of Parks and Recreation
Negotiating Parties: Palmdale Lots, LLC and City of Palmdale
Under Negotiation: Terms of price and payment for acquisition of land with County Prop A funds
This closed session is being held pursuant to the authority of California Government Code Section 54956.8.

13.4) PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: City Manager
This closed session is being held pursuant to the authority of California Government Code Section 54957.

13.5) PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: City Attorney
This closed session is being held pursuant to the authority of California Government Code Section 54957.

14) ANNOUNCEMENT BY CITY ATTORNEY

Closed Session was held from 6:50 pm - 8:40 pm.

City Attorney Severino announced the following for item 13.1:

13.1 - There was no reportable action.

13.2 - There was no reportable action.

13.3 - There was no reportable action.

13.4 - There was no reportable action.

13.5 - The Council voted 4-0 to close any and all investigations into the City Attorney and Harper Burns LLP.

15) ADJOURNMENT

Mayor Pro Tem Bettencourt adjourned the meeting at 8:42 pm to November 4, 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 4th day of November 4, 2025

_____

Laura Bettencourt, Mayor Pro Tem

ATTEST:

_____

Rochelle Scott, City Clerk

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **HOUSING DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **CONDUCT PUBLIC HEARING TO OBTAIN RESIDENT INPUT ON COMMUNITY NEEDS AND PRIORITIES FOR INCLUSION IN THE 2026-2027 ACTION PLAN**

RECOMMENDATION

Staff recommend that the City Council:

1. Conduct public hearing to obtain resident input on community needs and priorities for inclusion in the 2026-2027 Action Plan.

BACKGROUND

As an entitlement and participating jurisdiction, the City receives an annual allocation of funds from the U.S. Department of Housing and Urban Development (HUD) under its Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Programs. As an entitlement and participating jurisdiction, the City is required to prepare and obtain HUD approval of a Consolidated Plan covering a period of five years. The 2025 - 2029 Five-year Consolidated Plan was approved by Council and submitted to HUD in June 2025. The Plan addresses a variety of HUD-required issues, including the City's plan to address affordable housing and other needs of low- and moderate-income persons.

Prior to the beginning of each grant year, the City is required to submit an Annual Action Plan to HUD. This Plan discusses and identifies the actions, programs, projects, and services to be provided during the fiscal year to meet the goals and objectives of the Consolidated Plan and outlines the expenditures for the allocated funds.

DISCUSSION

In preparation for the 2026-2027 Action Plan, the City is seeking citizen input for community needs. Holding this public hearing is a prerequisite to receiving the annual CDBG and HOME allocation. The implementation of regulations requires that a public

hearing be held to allow residents to express their views concerning the use of said funds. Staff will schedule a second public hearing for May 2026 to allow the public to review and comment on the Draft 2026-2027 Action Plan and the proposed use of funds.

In accordance with the City's Citizen Participation Plan and the CDBG regulations, a public notice informing and inviting oral or written comments either prior to or at the public hearing on November 4, 2025, was published on October 4, 2025, in the Antelope Valley Press and the City's website. The notice also invited residents interested in expressing their views concerning the use of CDBG and HOME funds to submit written comments or attend the public hearing on November 4, 2025.

FISCAL IMPACT

$0; There is no fiscal impact associated with this item.

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.

Prepared by:	Sophia Reyes, Director of Housing
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

None

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

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

APPLICANT: **PALMDALE FAMILY HOUSING, LP**

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NO. CC 2025-086, A RESOLUTION OF THE CITY OF PALMDALE, APPROVING A FORM OF DENSITY BONUS AGREEMENT TO FACILITATE THE CONSTRUCTION OF A 264-UNIT MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON ONE VACANT PARCEL TOTALING APPROXIMATELY 9.95 ACRES LOCATED ON THE WEST SIDE OF 15TH STREET EAST AND APPROXIMATELY 375 FEET NORTH OF EAST AVENUE Q**

RECOMMENDATION

The Planning Commission recommends that the City Council:

1. Receive public testimony regarding Resolution No. CC 2025-086;

2. Adopt Resolution No. CC 2025-086, approving a form of Density Bonus Agreement (AGR) 25-0002 (Agreement No. A-9332), to facilitate the construction of a 264-unit multi-family residential development on one vacant parcel totaling approximately 9.95 acres located on the west side of 15th Street East and approximately 375 feet north of East Avenue Q; and,

3. Authorize the Interim City Manager or his designee to exercise the option to amend Density Bonus Agreement AGR 25-0002 (Agreement No. A-9332), including minimal and/or non-substantial changes.

BACKGROUND

On October 9, 2025, the Planning Commission adopted Resolution No. PC-2025-023 approving Site Plan Review 25-0011 and recommending City Council approval of a form of AGR 25-0002. The Site Plan Review requests the construction of eleven three-story buildings containing 264 dwelling units and three community buildings totaling 303,143

square feet. The project site consists of one vacant parcel totaling approximately 9.95 acres and is located on the west side of 15th Street East and approximately 375 feet north of East Avenue Q.

One hundred percent of the units will be available to households with incomes that do not exceed the maximum income of low-income households in Los Angeles County, as determined by the California Department of Housing and Community Development. The request includes two concessions from the development standards as allowed by the State Density Bonus Law (California Government Code Section 65915).

DISCUSSION

A density bonus is an increase in the overall number of housing units that a developer may build on a site in exchange for providing affordable housing. The State Density Bonus Law, pursuant to Section 65915 of the California Government Code, offers incentives intended to encourage the development of affordable housing, including up to an 80 percent increase in density.

The project site has a General Plan Land Use designation and zone of Residential Neighborhood 3 (RN 3). The project site is approximately 10 acres, and the maximum density is 298 dwellings. Density Bonus Law requires that, when 10 percent of all units are for low-income households, the City must grant a 20 percent density bonus over the base density, which would allow an additional four units for this development. Although the maximum density for the project site is 298, the multi-family residential development does not require an increased density, and the applicant proposes to construct a total of 264 residential units.

FIGURE 1 - AERIAL MAP

Density Bonus

Pursuant to the Palmdale Municipal Code (PMC), AGR and Site Plan Review (SPR) approval are required to allow the proposed development. The project has been reviewed for consistency with applicable design standards and policies related to density, site planning, circulation, landscaping, and building form. As a result, the applicant is entitled to and is requesting multiple concessions under the Density Bonus Law and PMC Section 17.25.020, as follows:

1. A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow less than the minimum 30 feet open-to-the-sky separation between structures when the project includes more than one building and a minimum 30 feet open-to-the-sky building break or alternative as required by the Multi-Family and Mixed-Use Design Standards Section 5.2.2 (Multi-Family Building Break Standards).

2. A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow less than the minimum required storage space: 125 cubic feet of private enclosed storage space within the parking garage, carport, or immediately

adjacent to the dwelling unit as required by PMC Section 13.36.010-2 (Development Standards - Multifamily Residential).

3. A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to waive the following requirement: Each dwelling unit must be equipped with connections for installation of a standard-sized washer and dryer, or common laundry facilities must be provided containing a minimum of one washing machine and one dryer for every five dwelling units or a fraction thereof, if common laundry facilities are provided, they must be dispersed throughout the project either in every building and/or every other floor. If individual facilities are provided, the proposed floor plans must demonstrate this requirement per the PMC Section 17.38.070 (Dwelling Unit Requirements).

4. A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow less than the minimum parking ratio requirement: one space per studio or one-bedroom unit, one and one-half spaces per two-bedroom unit, two spaces per unit with three or more bedrooms. Minimum half space per unit must be covered. Plus 0.2 guest space per unit as required by PMC Section 17.87.060 (Required vehicle spaces).

5. A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow parking in the required rear yard per PMC Section 17.87.090 (Parking design standards).

These requested concessions are intended to facilitate the construction of high-quality affordable housing while accommodating the site's physical constraints and design needs. The project complies with all other applicable zoning regulations and supports the City's goals for housing production and affordability.

City staff have determined that granting the concessions listed above will result in actual and identifiable cost reductions to provide affordable housing. In addition, the proposed project will contribute to the City's Regional Housing Needs Assessment (RHNA) allocation.

In addition to the requested concessions, the applicant is requesting three waivers to support construction of the proposed project. The Planning Commission recommended these waivers due to financial constraints. City Council will review and approve or deny the requests. The applicant's justifications are provided in the section below:

1. A waiver pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow for Buildings B, D & F to exceed the 150-feet maximum distance between residential buildings and the nearest trash enclosure.

The applicant proposes Building B and D to be 201-221 feet from the nearest trash enclosure, exceeding the maximum allowed only by 50-100 feet. A total of 48 units will be impacted by this distance exceeding the maximum of 150 feet. Due to the current layout of the project, it is physically infeasible to rearrange the trash enclosure or residential building locations to reduce the distance between the nearest trash enclosures and Buildings B and D to 150 feet. Furthermore, adding a trash enclosure to serve only the 48 units in buildings B, D & F impacted by the additional 50-100 feet distance to the currently placed nearest trash enclosure would pose a cost burden that would exceed the current project budget.

2. A waiver pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow for the leasing office amenity building to exceed the 17-foot height requirement for accessory structures.

   The applicant proposes that a leasing office, resident services office, and the main electrical room are necessary for the overall project to operate and thus cannot be removed from the site plan or reduced in size to accommodate the 17-foot height requirement for accessory structures. Furthermore, creating an additional standalone building to accommodate relocating the second-floor amenities of this building would be physically infeasible within the current site plan and would create a cost burden that would exceed the current project budget. The estimated cost for an additional standalone building is $4,142,857 based on the most recent general contractor estimate for structures. This cost overrun would exceed the current project budget of $58,000,000 for all 14 current structures.

3. A waiver pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow for a reduction in the total amount of electric vehicle (EV) charging stations at the project site.

   The applicant's justification is due to Southern California Edison's (SCE) inability to provide the capacity required to power the number of EV charging stations required by the PMC. In order to meet this demand, SCE determined that the required upgrades will take approximately 45 months to complete. Because this project includes Low Income California Tax Credit Allocation Committee (CTCAC) tax credits and California Debt Limit Allocation Committee (CDLAC), which require the project to begin construction by November 17, 2025, and be completed within less than 45 months from construction start, it is physically infeasible to provide the full amount of EV chargers required by the PMC. Los Angeles County Green Code Section 4.106.4 exception No. 1 allows for reduction or removal of all EV chargers on site when "there is no local utility power supply or the local utility is unable to supply adequate power" and "where there is evidence suitable to the local enforcing agency substantiating that additional local utility infrastructure design requirements, directly related to the implementation of Green Code Section 4.106.4, may adversely impact the construction cost of the project". As stated

above, the utility company lacks adequate power and the costs to upgrade the existing SCE substation would adversely impact construction costs.

FISCAL IMPACT

$4,886.04; The applicant paid the processing fee specified within the City's fee resolution (Resolution No. CC 2025-043). Additional revenue will be received as the project progresses, the project will improve an underdeveloped site by providing utilities infrastructure, street improvements, curbs, gutters, sidewalks, and provide additional housing associated with this action.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

E. Transform housing inventory to meet the changing lifestyle and market demands.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Reso. No. CC 2025-086
Exh A Reso. No. CC 2025-086 (Agrmt No. A-9332)
Exh B Reso. No. CC 2025-086 (Agrmt No. A-9332)
Exh C Reso. No. CC 2025-086 (Agrmt No. A-9332)
Reso. No. PC 2025-023

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-086

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING A FORM OF DENSITY BONUS AGREEMENT (AGR) 25-0002 (A-9332), WITH PALMDALE FAMILY HOUSING, LP; TO FACILITATE THE FUTURE CONSTRUCTION OF AN APPROXIMATELY 264-UNIT MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON ONE VACANT PARCEL TOTALING APPROXIMATELY 9.95 ACRES LOCATED ON THE WEST SIDE OF 15TH STREET EAST AND APPROXIMATELY 375 FEET NORTH OF EAST AVENUE Q, AND AUTHORIZE THE INTERIM CITY MANAGER OR HIS DESIGNEE TO EXERCISE THE OPTION TO AMEND THE AGREEMENT AS NECESSARY, INCLUDING MINIMAL AND/OR NON SUBSTANTIAL CHANGES (APN: 3022-015-012)

WHEREAS, Patrick Sin, on behalf of Palmdale Family Housing LP, has filed an application requesting City Council approve a form of Density Bonus Agreement (AGR) 25-0002 (A-9332), described herein (hereinafter "Application"); and

WHEREAS*,* The Application applies to one vacant parcel located on the west side of 15th Street East and approximately 375 feet north of East Avenue Q as indicated on the Los Angeles Assessor roll as Assessor Parcel Number 3022-015-012, legally described on Exhibit A hereto and shown on the map attached as Exhibit B, and

WHEREAS, On October 9, 2025, the Planning Commission of the City of Palmdale conducted a duly noticed public hearing on the Application and recommended City Council approval of the Application on that date; and

WHEREAS, on November 4, 2025, the City Council of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date. Evidence, both written and oral, was duly presented and considered by the City Council at the aforesaid public hearing, including but not limited to the staff report dated November 4, 2025; and

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

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. The City Council hereby finds as follows with respect to the documents prepared for the project:

A The custodian of records for all other materials which constitute the record of proceedings upon which the City Council's decision is based, is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

SECTION 3. Based upon substantial evidence presented to the City Council during the above-referenced November 4, 2025, public hearing, including public testimony, and written and oral staff reports, the City Council specifically finds as follows:

A The proposed development agreement conforms with the maps and policies of the General Plan or any applicable Specific Plan;

The proposed project is consistent with the Residential Neighborhood 3 (RN 3) General Plan land use designation and zone, which allow for high-density residential development on the project site. The project meets applicable land use, density, and development standards, and no General Plan amendments or zone changes are required. The project site is located within the City's Regional Housing Needs Assessment Allocation (RHNA). State law requires jurisdictions provide an inventory of land suitable for residential development as part of its Housing Element to assist in meeting the City's RHNA, and the project site was identified in that list. Additionally, the project supports the City's goals for increasing affordable housing and promoting compact, infill development in areas served by existing infrastructure and transit, further aligning with General Plan objectives. Lastly, the proposed project meets the density, lot size, lot width, and lot depth requirements of the RN 3 zone, and is therefore suitable for the type and density of the proposed development.

B The proposed development agreement complies with the requirements of California Government Code Sections 65865 through 65869.5;

The proposed Density Bonus Agreement complies with the requirements of California Government Code Section 65915 by providing the required percentage of affordable housing units in exchange for density bonuses and development incentives. The project includes deed-restricted affordable units for lower-income households, consistent with state-mandated eligibility thresholds. In accordance with Section 65915, the applicant has requested concessions and waivers that facilitate the development of affordable housing, and the City has verified that all requests meet the statutory criteria. As such, the agreement fully aligns with the provisions and intent of California's Density Bonus Law.

Pursuant to the Palmdale Municipal Code (PMC), AGR approval is required to allow the proposed development. The project has been reviewed for consistency with applicable design standards and policies related to density, site planning, circulation, landscaping, and building form. As a result, the applicant is entitled to and is requesting multiple concessions under the Density Bonus Law and PMC Section 17.25.020, as follows:

1 A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow less than the minimum 30 feet open-to-the-sky separation between structures when the project includes more than one building and a minimum 30 feet open-to-the-sky building break or alternative as required by the Multi-Family and Mixed-Use Design Standards Section 5.2.2 (Multi-Family Building Break Standards)

2 A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow less than the minimum required storage space: 125 cubic feet of private enclosed storage space within the parking garage, carport, or immediately adjacent to the dwelling unit as required by PMC Section 13.36.010-2 (Development Standards - Multifamily Residential).

3 A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to waive the following requirement: Each dwelling unit must be equipped with connections for installation of a standard-sized washer and dryer, or common laundry facilities must be provided containing a minimum of one washing machine and one dryer for every five dwelling units or a fraction thereof, if common laundry facilities are provided, they must be dispersed throughout the project either in every building and/or every other floor. If individual facilities are provided, the proposed floor plans must demonstrate this requirement per the PMC Section 17.38.070 (Dwelling Unit Requirements).

4 A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow less than the minimum parking ratio requirement: one space per studio or one-bedroom unit, one and one-half spaces per two-bedroom unit, two spaces per unit with three or more bedrooms. Minimum half space per unit must be covered. Plus 0.2 guest space per unit as required by PMC Section 17.87.060 (Required vehicle spaces).

5 A concession pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow parking in required rear yard per PMC Section 17.87.090 (Parking design standards).

These requested concessions are intended to facilitate the construction of high-quality, affordable housing while accommodating the site's physical constraints and design needs. The project complies with all other applicable zoning regulations and supports the City's goals for housing production and affordability.

The Housing Division has determined that granting the concessions listed above will result in actual and identifiable cost reductions to provide affordable housing. In addition, the proposed project will contribute to the City's RHNA allocation.

In addition to the requested concessions, the applicant is requesting three waivers to facilitate the construction of the proposed project upon recommendation from the Planning Commission due to financial constraints. The waivers will be reviewed and approved or denied by the City Council. The applicant has provided their justification for the waivers requested and are incorporated in the section below:

1 A waiver pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow for Buildings B, D & F to exceed the 150-feet maximum distance between residential buildings and the nearest trash enclosure.

The applicant proposes Building B and D to be 201-221 feet from the nearest trash enclosure, exceeding the maximum allowed only by 50-100 feet. A total of 48 units will be impacted by this distance exceeding the maximum of 150 feet. Due to the current layout of the project, it is physically infeasible to rearrange the trash enclosure or residential building locations to reduce the distance between the nearest trash enclosures and Buildings B and D to 150 feet. Furthermore, adding a trash enclosure to serve only the 48 units in buildings B, D & F impacted by the additional 50-100 feet distance to the currently placed nearest trash enclosure would pose a cost burden that would exceed the current project budget.

2 A waiver pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow for the leasing office amenity building to exceed the 17-foot height requirement for accessory structures.

The applicant proposes that a leasing office, resident services office, and the main electrical room are necessary for the overall project to operate, and thus cannot be removed from the site plan or reduced in size to accommodate the 17-foot height requirement for accessory structures. Furthermore, creating an additional standalone building to accommodate relocating the second-floor

amenities of this building would be physically infeasible within the current site plan and would create a cost burden that would exceed the current project budget. The estimated cost for an additional standalone building is $4,142,857 based on the most recent general contractor estimate for structures. This cost overrun would exceed the current project budget of $58,000,000 for all 14 current structures.

3 A waiver pursuant to PMC Section 17.25.020 (Density Bonus Agreement), to allow for a reduction in the total amount of electric vehicle (EV) charging stations at the project site.

The applicants justification is due to Southern California Edison's (SCE) inability to provide the capacity required to power the amount of EV charging stations required by the PMC. In order to meet this demand SCE determined that the required upgrades will take approximately 45 months to complete. Because this project includes Low Income California Tax Credit Allocation Committee (CTCAC) tax credits and California Debt Limit Allocation Committee (CDLAC), which require the project to begin construction by November 17, 2025 and be completed within less than 45 months from construction start, it is physically infeasible to provide the full amount of EV chargers required by the PMC. Los Angeles County Green Code Section 4.106.4 exception 1 allows for reduction or removal of all EV chargers on site when "there is no local utility power supply or the local utility is unable to supply adequate power" and "where there is evidence suitable to the local enforcing agency substantiating that additional local utility infrastructure design requirements, directly related to the implementation of Green Code Section 4.106.4, may adversely impact the construction cost of the project". As stated above, the utility company lacks adequate power and the costs to upgrade the existing SCE substation would adversely impact construction costs.

C The proposed development agreement will not be detrimental or cause adverse effects to adjacent property owners, residents, or the general public; and

The proposed project has been reviewed by all City Divisions and Departments as well as outside agencies and meets all development regulations with the exception of the proposed Concessions and Waivers, none of which are exceptions to Fire and Building and Safety requirements; therefore, as proposed, the project will not be detrimental or cause adverse effects to the adjacent property owners, residents, or the general public.

D The proposed development agreement provides benefits to the City.

The development of this 264-unit multi-family residential development will provide housing for low-income individuals, increasing the availability of additional housing for those in need. The agreement, along with the proposed Concessions and Waivers requested, facilitates the construction of this project and therefore provides a benefit to the City.

SECTION 4. Based on the findings and conclusions set forth in Sections 1, 2, and 3 above, the City Council approves a form of AGR 25-0002 (A-9332) set forth in Exhibit C.

SECTION 5. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of November, 2025.

Approved as to form:

_____
Laura Bettencourt, Mayor Pro Tem

ATTEST:

_____
Alexandra Severino
City Attorney

_____
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 4th day of November, 2025, by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

EXHIBIT A

LEGAL DESCRIPTION FOR AGR 25-0002

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:

THAT PORTION OF LOT 5 OF TRACT NO. 7672, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 120 PAGES 72 AND 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 5, TRACT NO. 7672, THENCE SOUTH 0° 00' 59" EAST 652.28 FEET; THENCE SOUTH 89° 38' WEST 1279.2 FEET; THENCE NORTH 0° 00' 10" EAST 25 FEET; THENCE NORTH 89° 38' EAST 475 FEET; THENCE NORTHEAST 197.58 FEET TO A POINT SOUTH 89° 38' WEST 643.45 FEET AND SOUTH 0° 00' 10" WEST 510.28 FEET FROM THE POINT OF BEGINNING; THENCE NORTH 0° 00' 10" EAST 510.28 FEET; THENCE NORTH 89° 38' EAST TO THE BEGINNING PART OF LOT 5.

ASSESSOR’S PARCEL NUMBER: 3022-015-012

EXHIBIT B

AERIAL MAP FOR AGR 25-0002

EXHIBIT C

OFFICIAL BUSINESS
Document entitled to free
Recording per California
Government Code Section 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, CA 93550
Attn: City Clerk

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

APN: 3022-015-012

DENSITY BONUS HOUSING AGREEMENT
Palmdale Family Housing
Agreement No. A-9332

THIS DENSITY BONUS HOUSING AGREEMENT (this "Agreement"), dated as of _____, 2025, is entered into by and between the City of Palmdale, a municipal corporation of the State of California (the "City"), and Palmdale Family Housing, L.P., a California limited partnership and/or its assigns (the "Owner"), as follows:

RECITALS

A. The Owner is the owner of a fee interest in certain real property located in the City of Palmdale, County of Los Angeles, State of California, identified as APN 3022-015-012, located at 38851 15th Street East, Palmdale, CA 93550 and legally described in Exhibit "A" attached hereto and incorporated by reference (the "Property").

B. The Owner will construct a 264-unit affordable housing development (including four managers' units), with eleven residential buildings and included amenities (the "Residential Development"). The project provides for units of varying types, one-, two-, three-, and four-bedroom flats. The project will provide 447 parking stalls onsite.

C. The Owner proposes construction of a rental housing development of 264 units for very low income and low income individuals and families (including four managers' units). One hundred percent (100%) of the units (exclusive of the four managers' units) will be available to and occupied by households at an affordable rent, including a reasonable utility allowance, that shall not exceed the rents prescribed by deed restrictions or regulatory agreements pursuant to the terms of the public financing or public financial assistance for the Residential Development awarded by the California Tax Credit Allocation Committee (the "CTCAC").

D. Under California Government Code Section 65915, *et seq*. and Palmdale Municipal Code Section 17.25.020, the City must, upon the request of an applicant, grant a density bonus and/or certain incentives/concessions and/or waivers/modifications for any development applicant that seeks and agrees to construct a minimum number of housing units that are affordable to low or very low income households (the "Density Bonus Law").

E. The subject site has a General Plan Land Use Designation of Residential Neighborhood 3 and is zoned Residential Neighborhood 3 (RN3) (20-30 dwelling units per acre). The Density Bonus Law requires that, when an applicant includes at least 20% low-income units, the City must grant a 35% density bonus over the base density, which would allow an additional 10 units per acre in the Residential Development. Therefore, the Density Bonus Law requires the City to permit the Residential Development's proposed density of 26.5 dwelling units per acre. Additionally, in order to provide for affordable housing cost of the low-income units, the Owner has requested cost-saving concessions in accordance with California Government Code Section 65915, *et seq*. and Palmdale Municipal Code Section 17.25.020, as follows:

a. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.020, to allow less than the minimum 30 feet open-to-the-sky separation between structures when a project includes more than one building and the minimum 30 feet open-to-the-sky building break for buildings greater than 425 feet in length.

b. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.020, to allow less than the minimum required 125 cubic feet of private enclosed storage space within the parking garage, carport, or immediately adjacent to the dwelling unit.

c. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.020, to allow less than the minimum parking ratio requirement: "1 space per studio or one-bedroom unit, 1.5 spaces per two-bedroom unit, 2 spaces per unit with three or more bedrooms. Minimum 0.5 space per unit shall be covered. Plus 0.2 guest space per unit."

d. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.020, to allow parking in rear yard per Palmdale Municipal Code Section 17.87.090.

e. A waiver of the requirement of Palmdale Municipal Code Section 17.38.070 that each dwelling unit shall be equipped with connections for installation of a standard-sized washer and dryer, or common laundry facilities shall be provided containing a minimum of one washing machine and one dryer for every five dwelling units or a fraction thereof.

f. A waiver of the provision of the Palmdale Municipal Code requiring a 150-foot maximum distance between residential buildings and the nearest trash enclosure. Instead, the nearest trash enclosure shall be located 201-221 feet away from Buildings B and D.

g. A waiver of the provision of the Palmdale Municipal Code requiring a maximum height of 17 feet for accessory structures. Instead, the project's leasing office amenity building will exceed 17 feet in height.

h. A waiver of the provision of the Palmdale Municipal Code requiring the full complement of required electrical vehicle charging stations.

F. The City and the Owner enter into this Agreement pursuant to and in accordance with California Government Code Section 65915, *et seq*., and Section 17.25.020 of the Palmdale Municipal Code, in order to provide housing for lower income households.

G. The City finds that granting the concessions listed under Recital E, above, will result in actual and identifiable cost reductions to provide for affordable housing cost, will not have an adverse impact upon public health and safety, the physical environment, or any property that is listed in the California Register of Historical Resources, and is consistent with state and federal law. The City also finds that the Residential Development is consistent with the General Plan.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein, the parties hereto agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct, and incorporated herein.

2. Definitions. For purposes of this Agreement, the terms listed below shall have the meanings thereafter specified:

a. "Adjusted for Household Size Appropriate for the Unit" means either (i) a household of two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, and four persons in case of a three-bedroom unit, or (ii) if the Property is regulated by California Tax Credit Allocation Committee ("CTCAC"), the applicable adjustment pursuant to CTCAC rules.

b. "Affordable Rent" means a rent that, when added to the Utility Allowance, does not exceed thirty (30) percent of eighty (80) percent of the Los Angeles County median income as determined annually by CTCAC, adjusted for household size appropriate for the unit.

c. "Affordable Unit" means a dwelling unit that will be offered for rent exclusively to an Income Eligible Household at an Affordable Rent pursuant to this Agreement.

d. "Director" means City's Department of Housing Director, or his or her designee.

e. "Income Eligible Household" means a Low Income Household which is eligible to rent a particular Affordable Unit.

f. "Low Income Household" shall have the meaning ascribed to it under California Health and Safety Code Section 50079.5. The upper income limit for Low Income Households shall be the income limits for such households published annually by the CTCAC with adjustments for household size.

g. "Management Plan" means a plan prepared by the Owner and approved by the Director describing in detail the management of the Affordable Units, including marketing of the Affordable Units, tenant selection criteria and process, waiting list management, application of Utility Allowances in setting Affordable Rents, and similar details of the operation, annual monitoring inspections and file review, and a schedule of initial rents.

h. "Occupancy Date" means the earlier to occur of (i) issuance of a Certificate of Occupancy by the City or (ii) issuance of a Temporary Certificate of Occupancy by the City.

i. "Owner" means the person or entity defined as such in the introductory paragraph of this Agreement, and includes all successors and assigns of that person or entity.

j. "Property" shall have the meaning defined in Recital A, as more particularly described in Exhibit "A" attached hereto and incorporated herein.

k. "Residential Development" shall have the meaning given in Recital B.

l. "Utility Allowance" means an amount designated annually by the City as a reasonable estimate of the cost of utilities for the Affordable Unit, for purposes of calculating the applicable Affordable Rent or as determined using the California Utility Allowance Calculator.

3. Approvals. The Residential Development shall be developed in accordance with all applicable provisions of the Palmdale Municipal Code.

4. Affordable Units. The Owner hereby covenants and agrees that, for the entire Term (as hereinafter defined), one hundred percent (100%) of the units (exclusive of the four managers' units) shall be available to and occupied by households at an Affordable Rent.

5. Affordable Rents. Affordable Rents for Affordable Units, including Utility Allowances, shall be based on the Los Angeles County Area Median Income published by the CTCAC, as may be amended from time to time. Affordable Rents may not be increased more frequently than annually to reflect increases in Area Median Income.

6. Term of Affordability Covenants. The covenants to restrict the rental of the Affordable Units in accordance with this Agreement shall remain in effect for a term commencing on the Occupancy Date and continuing for fifty-five (55) years (the "Term"). Prior to recording of this Agreement, the Owner must deliver to the City a Lender's Consent and Subordination Agreement ("Lender Consent"), in the form appended to this Agreement, from each lender of record as of the date of recording that will continue to hold a security interest in the Property subsequent to the date of recording of this Agreement. Such Lender Consents shall be recorded as a substantive part of this Agreement.

7. Management Plan. The Owner shall submit the Management Plan for the Director's consideration and approval at least one hundred eighty (180) days prior to the date that the Owner applies for a Certificate of Occupancy for the Residential Development. Such approval shall not be unreasonably withheld. In addition to other components, the Management Plan shall contain the following:

i. Whenever an Affordable Unit becomes available, the Director shall be notified promptly in writing.

ii. The Owner shall conduct affirmative marketing of the Affordable Units, as they become available from time to time, including wide circulation of information and public notice of the availability of Affordable Units for rent during the marketing period required by the Management Plan.

iii. The Owner shall determine eligibility of Low Income Households that may lease the Affordable Units in accordance with the Management Plan.

8. Changes in Tenant Income. A tenant who initially qualified as a Low Income Household, but who, due to an increase in income, no longer qualifies as a Low Income Household shall pay as rent an amount that is the least of the amount that would be payable by the tenant under (i) low income housing tax credit regulations, (ii) State or local law, or (iii) thirty percent (30%) of the household's adjusted gross income.

9. Utilization of Affordable Rental Units. All Affordable Units required by this Agreement shall be leased or rented and fully utilized in accordance with this Agreement; notwithstanding any other provision of law to the contrary, no Affordable Unit shall be withdrawn

from the market or otherwise held vacant other than vacancy periods for unit turnovers, restoration, or pending tenant refers, if required by a governmental authority with oversight over the Property.

10. No Sublease. A tenant occupying an Affordable Unit may not sublet the unit without the written permission of both the Owner and the City. The City shall not grant permission to lease, rent, or sublet the unit if it finds that the prospective tenant or occupant is not an Income Eligible Household. Any individual who subleases an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to the City all monetary amounts so obtained. The Owner shall not be liable to the City for any sublease of an Affordable Unit by a tenant which is done without the Owner's expressed written consent.

11. Rent Roll. To the extent not included in the annual report provided pursuant to Section 13 below, a certified copy of the rent roll covering all Affordable Units shall be delivered to the City's Department of Housing within ten (10) days of written request of the City, not more than once per annum.

12. Maintenance of Units. The Owner shall: (a) maintain and operate all units on the Property so as to provide decent, safe and sanitary housing consistent with federal housing quality standards and Palmdale Municipal Code Section 8.36; (b) make any required repairs or provide any required cleanup to operate the Property consistent with section (a); and (c) provide the Affordable Units with the same levels of services and maintenance as are provided to any of the other dwelling units on the Property.

13. Annual Report. The Owner shall maintain complete and accurate records pertaining to the Affordable Units and shall prepare and provide the Director with a written annual report commencing one year after the Occupancy Date and continuing every year for fifty-five (55) years, regarding the rental status of the units. The report shall include information regarding the name, address, and income of each resident of the Affordable Units, identify the number of bedrooms of the unit and the monthly rent paid by the tenant. The City acknowledges that the Owner's CTCAC annual compliance report, containing all requisite information as specified above, shall be deemed sufficient to meet the Owner's reporting requirement pursuant to this Agreement. So long as permitted by law, concurrently with the submittal of each annual report to the City, the Owner shall pay a monitoring fee to the City in the amount of Three Thousand Dollars ($3,000) with a maximum increase of 2% per year to defray the City's cost of monitoring the Owner's compliance with this Agreement. The Owner's failure to make such required payment shall be a default under this Agreement. Pursuant to California Government Code Section 65915.3(b), the foregoing monitoring fee requirement shall not apply during any period when the Property is subject to a CTCAC regulatory agreement and all other requirements of Section 65915.3(b) are met.

14. Federal and State Laws. Notwithstanding the above provisions, nothing contained herein shall require the Owner or the City to do anything contrary to or refrain from doing anything required by Federal and State laws and regulations promulgated thereunder applicable to the construction, management, maintenance, and rental of Affordable Units in the City of Palmdale.

15. Prohibition Against Discrimination. The Owner shall not discriminate against any tenant or potential tenant on the basis of sex, color, race, ethnicity, religion, ancestry, national origin, age, pregnancy, marital status, family composition, sexual orientation, or the potential or actual occupancy of minor children. The Owner further agrees to take affirmative action to ensure that no such person is discriminated against for any of the above-mentioned reasons.

16. Indemnification. The Owner shall defend, indemnify, and hold harmless the City of Palmdale and its officers, agents, employees, representatives, and volunteers from and against any loss, liability, claim, or judgment relating solely to this Agreement, including those claims that arise out of: (a) a breach of this Agreement by the Owner; (b) related in any manner to the Owner's administration of this Agreement; or (c) arising out of the City's interest in this Agreement or Affordable Units. This indemnification shall not apply to claims arising out of the negligence or willful misconduct of the City, its officers, agents, employees, representatives, or volunteers. Notwithstanding anything herein to the contrary, any mortgagee (or its designee) who takes possession of the Property by foreclosure (or acceptance of a deed in lieu of foreclosure or similar realization upon the Property, such events being referred to as a "Foreclosure Action"), and any successor thereto, shall not have any liability or obligation to indemnify any party under this Agreement for any loss, liability, claim, or judgment arising from events which occurred prior to final completion of such Foreclosure Action, provided that such mortgagee, designee, and/or successor had no participation in the management of the Residential Development at any time prior to the Foreclosure Action.

17. City's Right to Inspect Units and Documents. The City may inspect the Affordable Units (subject to the tenant's privacy rights and lease provisions) and any documents (including leases) or records relating thereto, at any reasonable time in order to determine the Owner's compliance with this Agreement.

18. Successors and Assigns. Except as otherwise set forth herein, this Agreement and its covenants and conditions shall run with the land and be binding upon and inure to the benefit of the City and the Owner, and their respective successors, owners by deed, deed *in-lieu* of foreclosure, foreclosure or otherwise, and assigns. The City reserves the right to designate another public agency within the City of Palmdale to perform the City's obligations or to exercise the City's rights under this Agreement.

19. Notices. All notices required herein shall be sent by certified mail, return receipt requested, or express delivery service with a delivery receipt and shall be deemed to be effective on the date received or the date delivery was refused as indicated on the return receipt, as follows:

To Owner: Palmdale Family Housing, L.P.
c/o Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N. #160
San Diego, CA 92128
Attn: James P. Silverwood

with a copies to: Katten Muchin Rosenman LLP
2121 Avenue of the Stars, Suite 100
Los Angeles, CA 90067
Attn: David P. Cohen

WNC Holding, LLC
WNC Institutional Tax Credit Prop Fund – 2, LLC
c/o WNC & Associates, Inc.
17782 Sky Park Circle
Irvine, California 92614-6404
Attn: Melanie Wenk

Holland & Knight LLP
10 St. James Ave., 11th Floor
Boston, MA 02116
Attn: Jonathan I. Sirois, Esq.

To City: City of Palmdale
38250 Sierra Highway, 2nd Floor
Palmdale, California 93550-4798
Attn: Director of Housing

with a copy to: City of Palmdale
38300 Sierra Highway
Palmdale, California 93550-4798
Attn: City Attorney

The parties hereto may subsequently change addresses by providing written notice of the change in address to the other party hereto in accordance with this Section.

20. Governing Law. The laws of the State of California shall govern this Agreement. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate municipal court in that County, or in Federal District Court in the Central District of California.

21. Default. Failure or delay by either party hereto to perform any term or provision of this Agreement, which is not cured within thirty (30) days after receipt of notice from the other

party, constitutes a default under this Agreement, provided, however, that if such default cannot be cured within thirty (30) days, then the Owner shall have such additional time to cure as is reasonably necessary so long as the Owner commences to cure within the initial thirty (30) -day period and is diligently working to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction, or remedy with due diligence. The injured party shall give written notice of default to the party in default specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not initiate proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. If applicable, the City agrees to accept cures tendered by any lender or the Investor Limited Partner of the Owner, or its designee, within the cure periods provided in this Agreement.

22. Remedies.

a. Any individual who rents (including subleasing) an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to the City all monetary amounts so obtained.

b. The City may institute any appropriate legal actions or proceedings necessary to ensure compliance with this Agreement, including, but not limited to, actions for injunctive relief or damages.

c. It is agreed and understood that the covenants to maintain the Affordable Units as set forth herein are a requirement of the Palmdale Municipal Code and as a condition to receiving zoning and parking concessions/incentives under Section 17.25.020 of the Palmdale Municipal Code, the Owner agrees that a breach of the covenants to maintain the Affordable Units as affordable housing for the Term specified herein constitutes a violation of the Palmdale Municipal Code, subject to enforcement by all legally available means.

23. Attorneys' Fees. In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs in an amount determined by the court.

24. Non-Waiver. Failure to exercise any right either party hereto may have or be entitled to in the event of default hereunder shall not constitute a waiver of such right or any other right in the event of a subsequent default.

25. Further Assurances and Recordation. The parties hereto shall cause this Agreement to be recorded in the Official Records of the County of Los Angeles. The Owner shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form and do such further acts as may be necessary, desirable, or proper as the City shall

from time to time find necessary or appropriate in order to effectuate its purpose in entering into this Agreement.

26. Entire Agreement. This Agreement, including any Lender's Consent and Subordination Agreements, and all attached Exhibits, constitutes the entire agreement between the parties hereto. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statement, or promise not contained in this Agreement shall not be valid or binding. This Agreement may be amended only by written instrument signed by both the City and the Owner.

27. Third Party Beneficiaries. There are no third party beneficiaries of or to this Agreement.

28. Amendment of Agreement.

a. Generally. This Agreement may be amended from time to time in whole or in part by mutual written consent of the original parties hereto or their successors in interest, in accordance with this Agreement, the Palmdale Municipal Code, and the Density Bonus Law.

b. City Consent by City Manager to Amendments. The consent of the City to any amendment to this Agreement, whether requested by the Owner or by the City, which does not relate to the Term; the number, percentage, or type of Affordable Units; or the number or type of any incentives or concessions given by the City, may be determined by the City Manager to be an administrative amendment and, if so, the City Manager shall approve the administrative amendment without notice to or hearing of the City Council.

29. Counterparts. This Agreement may be executed by each party hereto on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

[*signatures follow*]

IN WITNESS WHEREOF, the City and the Owner have executed this Agreement as of the date set forth above.

CITY
CITY OF PALMDALE,
a municipal corporation

By: _____
Salvador Mendez
City Manager Pro Tem

Dated: _____

ATTEST:

By: _____
Roxanne Faber
City Clerk

APPROVED AS TO FORM:

By: _____
Alexandra M. Halfman
City Attorney

KANE, BALLMER & BERKMAN
City Special Counsel

By: _____
Todd C. Mooney

PALMDALE FAMILY HOUSING, L.P.
a California limited partnership
By: AHG Palmdale, LLC,
a California limited liability company,
its Administrative General Partner

By: Affirmed Housing Group, Inc.
a Delaware corporation

By: _____
James P. Silverwood
President

Dated: _____

By: CFAH Housing LLC
a California limited liability company,
its Managing General Partner

By: Compass for Affordable Housing
a California nonprofit public benefit corporation
its Manager

By: _____
Robin Martinez
Executive Director

Dated: _____

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

State of California)
County of Los Angeles)

On _____, before me, _____, 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 Los Angeles)

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 _____

FORM OF
LENDER'S CONSENT AND SUBORDINATION AGREEMENT

NOTICE: THIS LENDER'S CONSENT AND SUBORDINATION RESULTS IN YOUR SECURITY INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF A LOWER PRIORITY THAN THIS DENSITY BONUS HOUSING AGREEMENT

The undersigned (the "Lender"), as owner and holder of security interests ("Security Interests") evidenced by that certain [Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing] made by the Owner as trustor in favor of _____ as beneficiary, dated as of _____ and recorded on _____ as Instrument No._____ in the Official Records of the County of Los Angeles, State of California, hereby acknowledges its consent to the terms and provisions of this Density Bonus Housing Agreement. The undersigned further agrees that its Security Interests are and shall unconditionally be and remain at all times junior, subordinate, and subject to the terms, covenants, conditions, and restrictions of this Density Bonus Housing Agreement, provided that in consideration of the Lender's covenants and agreements contained in this Agreement, the City and its designated agencies hereby agree for the benefit of the Lender that concurrently with any notice from the City to the Owner that a default or breach exists under the terms of this Density Bonus Housing Agreement, the City shall send a copy of such notice to the Lender, and the Lender shall have the right, but not the obligation, to cure any defaults within thirty (30) days after the expiration of any cure period set forth in the notice from the City to the Owner regarding such Owner default. The provisions of this consent are intended to supplement, and not to limit, waive, modify, or replace those provisions of law pertaining to notice and cure rights of junior lenders including, without limitation, those set forth in California Civil Code Sections 2924b and 2924c. The Lender intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the Security Interests in favor of this Density Bonus Housing Agreement.

AGREED AND ACKNOWLEDGED:

Dated as of: _____ "LENDER"

By. _____
Name: _____
Title: _____

[*notarized signature required*]

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

State of California)
County of Los Angeles)

On _____, before me, _____, 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 Los Angeles)

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 of Property

Real property in the City of Palmdale, County of Los Angeles, State of California, described as follows:

THAT PORTION OF LOT 5 OF TRACT NO. 7672, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 120 PAGES 72 AND 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 5, TRACT NO. 7672, THENCE SOUTH 0° 00' 59" EAST 652.28 FEET; THENCE SOUTH 89° 38' WEST 1279.2 FEET; THENCE NORTH 0° 00' 10" EAST 25 FEET; THENCE NORTH 89° 38' EAST 475 FEET; THENCE NORTHEAST 197.58 FEET TO A POINT SOUTH 89° 38' WEST 643.45 FEET AND SOUTH 0° 00' 10" WEST 510.28 FEET FROM THE POINT OF BEGINNING; THENCE NORTH 0° 00' 10" EAST 510.28 FEET; THENCE NORTH 89° 38' EAST TO THE BEGINNING PART OF LOT 5.

APN: 3022-015-012

PLANNING COMMISSION
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. PC-2025-023

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PALMDALE, CALIFORNIA, RECOMMENDING CITY COUNCIL APPROVAL OF A FORM OF AGREEMENT 25-0002, APPROVING SITE PLAN REVIEW 25-0011; TO FACILITATE THE CONSTRUCTION OF A 264-UNIT, MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON ONE VACANT PARCEL TOTALING APPROXIMATELY 9.95 ACRES LOCATED ON THE WEST SIDE OF 15TH STREET EAST AND APPROXIMATELY 375 FEET NORTH OF EAST AVENUE Q, AND FIND THAT THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW

WHEREAS, Patrick Sin, on behalf of Palmdale Family Housing, has filed an application requesting approval of a form of an Agreement (AGR) 25-0002 and Site Plan Review (SPR) 25-0011, and,

WHEREAS, the request is for the development of an approximately 9.95-acre site for the construction of a 264-unit multifamily project, described herein as "Application", and,

WHEREAS, The Application applies to a parcel located on the west side of 15th Street East and approximately 375 feet north of East Avenue Q, as indicated on the Los Angeles Assessor roll as Assessor Parcel Number 3022-015-012, legally described on Exhibit A hereto and shown on the map attached as Exhibit B, and,

WHEREAS, On October 9, 2025, the Planning Commission of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date.

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

SECTION 1. The Planning Commission hereby finds that all of the facts set forth in the foregoing Recitals are true and correct.

SECTION 2. The Planning Commission hereby finds as follows with respect to the environmental document:

A Pursuant to the California Environmental Quality Act (CEQA), this project has been determined to be exempt pursuant to California Government Code Section 65583.2, subdvs. (i), which exempts a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code" from the CEQA review for by right projects.

B The custodian of records for all other materials which constitute the record of proceedings upon which the Planning Commission's decision is based, is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

SECTION 3. Based upon substantial evidence presented to this Commission during the above-referenced October 9, 2025, public hearing, including public testimony, and written and oral staff report, this Commission specifically finds as follows:

A The proposed Density Bonus Agreement is consistent with the maps and policies of the General Plan and any applicable Specific Plan. (AGR)

B The City's General Plan and any applicable Specific Plan. (SPR)

C The development standards set forth in this Title. (SPR)

D Any applicable design guidelines. (SPR)

The proposed project, as demonstrated in Exhibits C and D, is consistent with the Residential Neighborhood 3 (RN 3) General Plan land use designation and zone, which allow for high-density residential development on the project site. The project meets applicable land use, density, and development standards, and no General Plan amendments or zone changes are required. The project site is located within the City's Regional Housing Needs Assessment Allocation (RHNA). State law requires jurisdictions provide an inventory of land suitable for residential development as part of its Housing Element to assist in meeting the City's RHNA, and the project site was identified in that list. Additionally, the project supports the City's goals for increasing affordable housing and promoting compact, infill development in areas served by existing infrastructure and transit, further aligning with General Plan objectives. As demonstrated in Exhibit D, the proposed project meets the density, lot size, lot width, and lot depth requirements of the RN 3 zone, and is therefore suitable for the type and density of the proposed development.

The proposed project complies with the applicable development standards set forth in Title 17 of the Palmdale Municipal Code (PMC), except where deviations are allowed pursuant to Government Code Section 65915 (Density Bonus Law). The project meets all baseline zoning requirements for multi-family residential development, including total amenities provided, primary structure building height, primary structure setbacks, and open space standards, or has received appropriate concessions and waivers as permitted

for qualifying affordable housing projects. The agreement, which is outlined in Exhibit E, contains concessions and waivers that are necessary in order to physically accommodate the project. The concessions and waivers do not result in any adverse impacts to health, safety, or the physical environment. In addition, the proposed project is consistent with the City's applicable design guidelines for multifamily residential development. The site layout emphasizes connectivity, security, and convenience through features such as community buildings, a centrally located mailroom, pedestrian walkways, and centrally located recreational amenities. Together, these features demonstrate conformance with the City's intent to encourage attractive and context-sensitive residential development

E The proposed Density Bonus Agreement complies with the requirements of California Government Code Section 65915. (AGR)

The proposed Density Bonus Agreement, as outlined in Exhibit E, complies with the requirements of California Government Code Section 65915 by providing the required percentage of affordable housing units in exchange for density bonuses and development incentives. The project includes deed-restricted affordable units for lower-income households, consistent with state-mandated eligibility thresholds. In accordance with Section 65915, the applicant has requested concessions and waivers that facilitate the development of affordable housing, and the City has verified that all requests meet the statutory criteria. As such, the agreement fully aligns with the provisions and intent of California's Density Bonus Law.

SECTION 4. Based on the findings and conclusions set forth in Sections 1, 2, and 3 above, this Commission hereby recommends City Council approval of a form of AGR 25-0002 as set forth in Exhibit E, approves SPR 25-0011 subject to the Conditions of Approval as set forth in Exhibit F, and finds that the project is exempt from environmental review.

SECTION 5. The Deputized Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and **ADOPTED** this 9th day of October 2025.

Dean Henderson
Chair, Planning Commission

ATTEST:

Sylvia Magallanes, Deputized Clerk

I, Sylvia Magallanes, Deputized Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly approved and adopted by the Planning Commission of the City of Palmdale at a regular meeting of said Commission held on the 9th day of October, 2025, by the following roll call vote:

AYES: (5) Chair Henderson, Vice Chair Elize, Commissioners, Lujan, Olivarez, Jones

NOES: (0)

ABSTAIN: (0) ABSENT: (0)

Date: 10/21/2025

Sylvia Magallanes, Deputized Clerk

EXHIBIT A

LEGAL DESCRIPTION FOR AGR 25-0002 SPR 25-0011

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:

THAT PORTION OF LOT 5 OF TRACT NO. 7672, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 120 PAGES 72 AND 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 5, TRACT NO. 7672, THENCE SOUTH 0° 00' 59" EAST 652.28 FEET; THENCE SOUTH 89° 38' WEST 1279.2 FEET; THENCE NORTH 0° 00' 10" EAST 25 FEET; THENCE NORTH 89° 38' EAST 475 FEET; THENCE NORTHEAST 197.58 FEET TO A POINT SOUTH 89° 38' WEST 643.45 FEET AND SOUTH 0° 00' 10" WEST 510.28 FEET FROM THE POINT OF BEGINNING; THENCE NORTH 0° 00' 10" EAST 510.28 FEET; THENCE NORTH 89° 38' EAST TO THE BEGINNING PART OF LOT 5.

ASSESSOR'S PARCEL NUMBER: 3022-015-012

EXHIBIT B

AERIAL MAP FOR AGR 25-0002 SPR 25-0011

EXHIBIT C

GENERAL PLAN CONSISTENCY

Element	Goal, Objective, or Policy	Standard Met?	Justification*
Land Use	LUD-4.1: Quality Construction. Use simple, urban building forms made with permanent materials with high-quality detailing that stands the test of time.	Yes	The proposed project incorporates durable, high-quality building materials, including standing seam metal roofing, composite metal paneling, breeze block, and cement board panels, and urban architectural forms that align with the City's long-term vision for residential developments. The buildings feature clean lines, contemporary massing, and permanent exterior finishes designed to minimize maintenance needs while maintaining visual appeal over time. In addition, the proposed project includes varied rooflines, prominent building entrances, and intentional façade articulation to create visual interest along the street frontage.
	LUD-4.3: Promote high-quality, cohesive architectural design by encouraging building forms, materials, and styles that are durable, compatible with surrounding development, and supportive of long-term community character.	Yes	
	LUD-4.7: Iconic Architecture. Allow iconic and memorable building designs, particularly on larger non-residential properties.	Yes	

GENERAL PLAN CONSISTENCY (CONTINUED)

Element	Goal, Objective, or Policy	Standard Met?	Justification*
Land Use	LUD-5.3: Require new developments to be designed for and provided with adequate public services and infrastructure. Require that these public facilities and services be provided concurrently with development to ensure a high quality of life for residents.	Yes	The project is located within the Palmdale Water District and the Los Angeles County Sanitation District. Both agencies have reviewed the project and provided conditions of approval to ensure the project can be adequately served by existing water and wastewater facilities upon approval of development plans. Additionally, the project has been conditioned by the Engineering Division to provide roadways, curbs, gutters, and sidewalks to adequately serve future residents.
	LUD-10.6: Implement urban design guidelines and features that encourage pedestrian activity and reduce automobile use.	Yes	The proposed project incorporates urban design features that promote walkability and reduce car dependency. The project includes pedestrian pathways, shade trees, and long-term bike parking further enhances pedestrian comfort and supports alternative transportation. The site's proximity to transit and its compact, connected layout align with the City's vision for transit-oriented, pedestrian-friendly development.

GENERAL PLAN CONSISTENCY (CONTINUED)

Element	Goal, Objective, or Policy	Standard Met?	Justification*
Land Use	LUD-22.5 Encourage and allow a variety of housing types developed at a range of densities to serve varying household types, including, but not limited to, single-family attached and detached, accessory dwelling units, multifamily apartments, townhomes, duplexes, triplexes, quadplexes, and condominiums.	Yes	The proposed project is located on a vacant site and will provide a new multifamily development for low-income individuals. The site is within a half-mile distance of a major bus corridor at the intersection of Palmdale Boulevard and 15th Street East, which provides alternative transportation mobility for the residents. The proposal meets this land use goal by providing a different type of housing than what is currently within the immediate vicinity and by serving the need for multifamily developments.
	ED-5.2: Increase the supply and diversity of housing options to support different types of households, including seniors, young adults, families, empty nesters, individuals or families with special needs, and multigenerational families.	Yes	The proposed project supports the General Plan goal to increase the supply and diversity of housing options by offering a mix of unit sizes ranging from one to four bedrooms to accommodate a wide range of household types, and ensures more inclusive and flexible housing opportunities within the community.

**Justification is based on a review of the plans date stamped 'Received September 2, 2025'.*

EXHIBIT D

PMC STANDARDS

	Standard	Standard Met?	Justification*
Density	Minimum Density: 30 dwelling units per acre Maximum Density: 50 dwelling units per acre	Yes	The proposed project would accommodate the development of 264 multifamily residential units on a 9.95-acre site, resulting in a residential density of approximately 26.5 dwelling units per acre.
Lot Size	Minimum: 20,000 square feet	Yes	The proposed project is situated on a 9.95 acre site which exceeds the minimum requirement.
Lot Width	Minimum: 60 feet	Yes	The proposed project has a lot width of approximately 652 feet.
Lot Depth	Minimum: 100 feet	Yes	The proposed project has a minimum lot depth of approximately 628 feet.
Setbacks	Front: 15 feet Street Side: 10 feet Interior: 0 feet Rear: 15 feet	Yes	Front: 15 feet Street Side: N/A Interior: Five feet Rear: 15 feet
Building Height	Maximum Height: 65 feet or five stories	Yes	The proposed project is approximately 42 feet in height and three stories
Building Separation	A minimum 30 feet of open-to-the-sky separation between structures and/or less than the minimum 30-foot open-to-the-sky building break required for buildings over 425 feet in length.	No	The applicant is requesting a concession to reduce the required minimum 30 feet of open-to-the-sky separation between structures.

PMC STANDARDS (CONTINUED)

	Standard	Standard Met?	Justification*
Private Storage	Minimum required 125 cubic feet of enclosed private storage space per unit	No	The applicant has submitted a concession to allow the project to not provide any private storage space for any of the units.
Landscaping	30 percent of the minimum required front yard area shall be landscaped, of which half must be planted with live plant material	Yes	The front yard area of the proposed project is landscaped with live plant material with the exception of walkways and a monument sign.
Parking	Utilizing the state density bonus for parking spaces, 482 spaces would be required.	No	The proposed project includes 436 parking spaces for which a concession is requested.
	Parking spaces shall not be located within any required rear yard.	No	The project proposes parking spaces within the required 15-foot rear yard setback, a seven and one-half-foot rear setback for parking spaces only. The applicant has requested a concession for this requirement.
Accessory Structure Height	Maximum Height: 17 feet and one story for an accessory building	No	The proposed project has submitted a waiver to exceed the maximum accessory structure height of 17 feet. The applicant proposes a two-story accessory building with a maximum height of 34 feet as part of the waiver request.

PMC STANDARDS (CONTINUED)

	Standard	Standard Met?	Justification*
Laundry Facilities	Each dwelling unit shall be equipped with connections for standard-sized washer and dryer, or common laundry facilities shall be provided containing a minimum of one washing machine and one dryer for every five dwelling units or a fraction thereof, if common laundry facilities are provided, they shall be dispersed throughout the project either in every building and/or every other floor.	No	The project proposes one centralized laundry room to service the entire development. The applicant has requested a concession to deviate from the requirement.
Trash Enclosure	Refuse and recycling enclosures shall be located in order to be easily accessible to refuse collection trucks and to site users. In general, distance from a building entry to the trash enclosure should not exceed 150 feet.	No	The project requests to allow Buildings B, D & F to exceed the 150-feet maximum distance between residential buildings to a total distance of 201 to 221 feet. This request would only impact a total 48 units. The applicant is requesting a waiver to deviate from this requirement.
Amenities	Five amenities are required for the 264 residential unit project.	Yes	Amenities include: a children's play area; a swimming pool area; a basketball half-court, a pickleball court, a splash pad, a large dog play area, a small dog play area, a vegetable garden, and indoor gym.

PMC STANDARDS (CONTINUED)

	Standard	Standard Met?	Justification*
Electric Vehicle	Multifamily Residential Development with 40 or more parking spaces shall be equipped with raceways, wiring, and power to support future Level 2 EV charging stations at a rate of one for every 20 parking spaces.	No	The applicant has submitted a waiver to not provide any EV charging stations due to cost and existing infrastructure that would delay the project construction and exceed the project funding.

**Justification is based on a review of the plans date stamped 'Received September 2, 2025'.*

EXHIBIT F

FINAL

CONDITIONS OF APPROVAL FOR

SITE PLAN REVIEW 25-0011

APPROVAL DATE: OCTOBER 9, 2025
EFFECTIVE DATE: OCTOBER 21, 2025
EXPIRATION DATE: OCTOBER 21, 2028

These Conditions of Approval apply to Site Plan Review (SPR) 25-0011 to facilitate the construction of a 264 multi-family residential development on one vacant parcel totaling approximately 9.95 acres located on the west side of 15th Street East and approximately 375 feet north of East Avenue Q (APN: 3022-015-012). Any proposed change of use or expansion of the area, or modifications to the site plan or structures shall be submitted to the Planning Division, along with the required application and fee, for review. For the purpose of these conditions, the term "applicant" shall also mean the developer, the owner or any successor(s) in interest to the terms of this approval. For the purposes of these conditions, an * indicates that the condition is a mitigation measure.

GENERAL CONDITIONS:

1 This approval shall not become effective for any purposes until any appeal period has passed and the applicant has filed at the office of the Planning Division their notarized affidavit stating that they agree to and accept all of the Conditions of Approval as approved by the Reviewing Authority as set for in Resolution No. PC-2025-023. (P)

2 Should the City Council deny or revise Density Bonus Agreement (AGR) 25-0002 this SPR shall be modified as necessary to ensure consistency with AGR 25-0002, which may require additional reviews and/or approvals. (P)

3 Site Plan Review 25-0011 shall be inaugurated within three years during the initial approval period, an extension of time may be submitted prior to the expiration date. Applications for time extensions must be filed a minimum of 90 days prior to the expiration date. Request for time extensions must be accompanied by a formal application, all required exhibits and plans, and required application fees. (P)

4 Should this project not be inaugurated during the initial approval period, an extension of time not to exceed an additional two years may be granted by the Review Authority. Applications for time extensions must be filed a minimum of 90 days prior to the expiration date. Requests for time extensions must be accompanied by a formal application, all required exhibits and plans and required application fees. (P)

5 Immediately upon approval of this project by the Review Authority, the applicant shall submit to the City a cashier's check or check, payable to Los Angeles County Clerk in the amount of $75 for the environmental filing fee in compliance with the California Environmental Quality Act (CEQA) Guidelines. Furthermore, if the California Department of Fish and Wildlife (CDFW) determines that this project is not exempt from a filing fee imposed pursuant to Fish and Wildlife Code Section 711.4 because the project has more than a de minimis impact on fish and wildlife, then the applicant shall also pay to CDFW any fee and any fine which the Department determines to be owed. (P)

6 The applicant shall defend, indemnify, and hold harmless the City its elected and appointed officials, officers, employees, and agents from and against any claim, action, or proceeding against the City, its elected and appointed officials, officers, employees, or agents to attack, set aside, void, or annul any approval or condition of approval of the City concerning this project, including but not limited to any approval or condition of approval of the Review Authority. The City shall promptly notify the applicant of any claim, action, or proceeding concerning the project and the City shall cooperate fully in the defense of the matter. The City reserves the right, at its own option, to choose its own attorney to represent the City, its elected and appointed officials, officers, employees, and agents in the defense of the matter. (P)

7 Pursuant to Government Code Section 66020(a), any party may protest the imposition of any fees, dedications, reservations, or other exactions imposed on this development project. Required fees must be paid in full or arrangements must be made to pay the fee when due. Written notice of payment under protest must be filed with the City at the time of approval or conditional approval of this project or within 90 days after the date of the imposition of the fees, dedications, reservations, or other exactions imposed on this project. (P)

8 The applicant shall be responsible for informing all subcontractors, consultants, engineers, or other business entities providing services related to the project of their responsibilities to comply with all pertinent requirements in the PMC, including the requirement that a business license be obtained by all entities doing business in the City. (P)

9 The use shall meet the standards and shall be developed within the limits established by the PMC as related to emissions of noise, odor, dust, vibration, wastes, fumes, or any public nuisances arising or occurring incidental to the establishment or operation. (P)

10 The applicant shall be responsible for the on-going maintenance and upkeep of undeveloped portions of the site, in accordance with the property maintenance

requirements as set forth in the PMC Chapter 8.36 (Regulation of Property Maintenance). (P)

11 The applicant shall comply with all requirements of the PMC, all requirements of the City ordinances, resolutions, and all applicable standards and policies that are in effect at the time that building permits are issued for the development. (P)(E)

12 When exhibits and written Conditions of Approval are inconsistent, the written conditions shall prevail. (P)(E)

13 Off-site public improvements (streets, drainage, sewers, etc.) may be necessary to adequately serve this subdivision/development. If off-site public improvements are required, said improvements shall be located within public easements. This project approval is subject to the applicant's acceptance of the City requirements for acquisition of said public easements, at the sole cost and expense of the applicant. The City Engineer shall have the authority to withhold approval of any affected improvement plans for failure to satisfy this Condition. (E)

14 The applicant shall participate in such on-site and off-site water service improvements or wells as may be required by the serving water purveyor/master. (E)

15 Coordination with utility companies by the applicant's engineer during design shall be required to ensure that required public improvements are not in conflict with existing or proposed utilities. (E)

16 Transmission or distribution lines less than 50kV and all other utility lines, existing and proposed, shall be installed underground in accordance with the PMC Chapter 12.04 (Underground Utilities). (E)

17 All plans, specifications, studies, reports, calculations, maps, notes, legal documents, and designs, shall be prepared, signed, and stamped (when required) only by those individuals legally authorized to do so. Development plans must be prepared, signed, and stamped by a California Registered Civil Engineer. (E)

18 Sign approval for the project is a separate process requiring the issuance of a sign permit and building permits and shall be subject to review and approval by the Planning Division and Building and Safety Division. (P)(B&S)

19 Left-turn ingress and/or egress at all access locations shall be subject to approval of the City Engineer and may be restricted in the future due to traffic operational or safety concerns. Alternatives to such restrictions may be considered. (TE)

20 Intersection sight distance and stopping sight distance shall be shown to meet the required standards both horizontally and vertically at all vehicular ingress/egress locations including consideration for walls, landscaping, grading, and vegetation. (TE)

21 Adequate sight distance shall be provided and plotted at each egress point, including consideration of landscaping and any other potential obstructions. (TE)

22 Truck access to the property shall be addressed to assure adequate geometrics. Truck access/circulation be designed and shown to accommodate the intended design vehicle without intruding significantly into the adjacent and/or on-coming travel lanes. (TE)

23 The applicant shall provide a complete set of street improvement plans for review and comment to utility providers including but not limited to the following: (E)

23.1 Water District

23.2 Southern California Edison

23.3 Southern California Gas Company

23.4 AT&T

23.5 Cable TV

24 The applicant shall provide standard street improvements for Connector/Neighborhood roadway classification streets, along 15th Street East within the project boundary, face of curb to face of curb width of 68 feet (84 foot right-of-way). Improvements listed below shall be constructed and operational prior to occupancy release. These improvements shall consist of: (E)

24.1 Curb and gutter,

24.2 Sidewalk (width = eight feet),

24.3 Roadway grading and paving, overlay and/or match-up, as directed by City Engineer,

24.4 Traffic control signs and devices as required by the City Engineer,

24.5 Pavement transition from the project boundaries to the satisfaction of the City Engineer,

24.6 Wheelchair ramp(s) at all walk returns,

24.7 Roadway drainage device(s),

24.8 Streetlights,

24.9 Raised Median,

24.10 Dedicate and construct a four-foot-wide minimum Americans with Disabilities Act (ADA) by-pass at all proposed driveway approaches,

24.11 Provide a minimum four-foot sidewalk clearance around any object, and,

24.12 Dedicate an additional two feet of right of way along the 15th Street East project frontage.

THE FOLLOWING CONDITIONS SHALL BE ADDRESSED WITH THE SUBMITTAL OF GRADING PLANS OR PRIOR TO ISSUANCE OF A GRADING PERMIT:

25 The applicant shall submit the final site plan, floor plans, architectural elevations(s), and photometric lighting plans to the Planning Division for review and approval, along with the required fee(s) for plan check review through the Accela Citizen Access portal. Such plans shall be fully dimensioned and in substantial conformity with those approved by the Review Authority. Plans shall address the following: (P)(TE)(B&S)(PS)

Screening

25.1 Utility and transformer boxes, backflow devices, and other similar equipment facilities shall be placed underground unless otherwise specified and approved. Screening shall be compatible with main structures and include landscaping where appropriate. All electrical switchgear shall be located within an electrical or utility room within the building which may be accessible from an exterior door or doors. Exterior surface-mounted switchgear shall be prohibited.

25.2 The location of all devices required by the water district shall be shown on the site plan. All such devices shall be screened with a low-profile wall to match the building or another method as approved by the Planning Manager.

25.3 The location and method of screening for all roof-mounted equipment shall be demonstrated, including but not limited to air conditioning and heating

units, plumbing flues and vents. All equipment shall be screened from public view. All roof-mounted equipment shall be screened from view by parapet walls or other architectural means. The applicant shall demonstrate to the satisfaction of the Planning Manager that no roof-mounted equipment will be visible from the public right-of-way. A line of-sight drawing showing full screening of the roof-mounted equipment by the building parapets shall be submitted to the satisfaction of the Planning Manager.

25.4 Exterior ladders providing roof access and exterior downspouts shall be prohibited. Access to the roof and all gutters/downspouts shall be concealed within buildings.

25.5 Any proposed bollards shall include a decorative cover consistent with the architectural style of the associated building. Safety Yellow colored pipe style bollards shall only be permitted in areas hidden from the public right-of-way.

25.6 The location and enclosure details of refuse containment areas are to be in compliance with PMC Chapter 17.85.020 (Refuse and Recycling). Refuse and recycling enclosures shall be screened by a six-foot decorative masonry block wall/material compatible with the main structure(s). A self-closing gate constructed of solid metal material painted to match the enclosure and a solid decorative roof treatment shall be provided. Refuse enclosures shall be designed to meet or exceed the minimum capacity requirements of the development as determined by PMC Chapter 15.30 (CALGreen Recycling Requirements), PMC Chapter 17.85 (Utilities and Services), and waste hauler. Enclosures shall be located to provide unobstructed 24-hour access to refuse collection vehicles.

Lighting

25.7 The photometric lighting plan for parking areas shall comply with applicable standards contained in the PMC Section 17.86.030 (Outdoor Lighting).

25.8 All exterior lighting shall be decorative and appropriate for the architecture of the associated building. Light fixtures shall comply with PMC Section 17.86.030 (Outdoor Lighting) and shall not project above the fascia or roof line of the building.

25.9 Buildings shall have exterior security lighting fixtures or wall packs installed that are protected by a weather and vandal-resistant covering. Security lighting must follow the specifications of the PMC Section 17.86.030 (Outdoor Lighting).

25.10 Parking lot lighting shall comply with applicable height and design standards contained in the PMC and shall not be obstructed by trees or other landscaping.

25.11 Pedestrian walkways shall have sufficient decorative pathway lighting.

25.12 Each entry, patio, balcony and pedestrian garage shall be equipped with its own light source.

25.13 Exterior door, perimeter, canopy, and parking area lights shall be controlled by photocell and shall be left on during hours of darkness or diminished lighting.

25.14 Parking area lights shall be controlled by photocell and shall be left on during hours of darkness or diminished lighting.

25.15 All parking lots, aisles, and grounds contiguous to walkways shall be provided with sufficient lighting to provide adequate illumination for the safety and security of vehicles and pedestrians using the site during the hours of darkness or diminished lighting. Such lighting shall be equipped with vandal and weather-resistant covers/lenses and comply with the specifications of the PMC.

Architectural Design

25.16 Architectural elevations shall note proposed materials, colors, height, dimensions, window, roof, and treatments for all four sides of proposed structure(s).

25.17 If glass skylights are installed on the roof, they shall be provided with rated burglary resistant glass or glass like acrylic material. Iron bars of at least one-half inch round or by one-fourth inch flat steel material spaced no more than five inches apart or a steel grill of at least one-eighth inch material or two-inch mesh, shall be securely fastened over the skylight to prevent entry.

25.18 Iron bars or steel grills, with the same specifications as for skylights, shall be used on air ducts or air vent openings exceeding eight inches by 12 inches located on the roof or exterior walls to prohibit access by unauthorized persons.

25.19 Primary living areas and windows of individual units should be focused for observation of common use areas, adjacent units, recreational areas, and tenant parking to allow for natural surveillance and a sense of community.

Circulation/Parking Safety and Loading Areas

25.20 The site plan shall identify the interior traffic flow pattern.

25.21 The site plan shall identify all pedestrian access ways and traffic crossings. Crossings shall be clearly marked, lighted, and identified throughout the interior of the project. Design of these areas shall be reviewed and approved by the applicable City departments and shall comply with Title 24 Accessibility Standards and current City Building Codes.

25.22 The site plan shall indicate the alignment of all adjacent streets, turn lanes, medians, bus turnouts, the location of project entrance(s), drive aisles, traffic control devices, sidewalks, landscape setbacks, and the location of other infrastructure.

25.23 The site plan shall indicate the location and method of operation of any vehicle restricting gates. The gates shall be subject to the approval of the City Engineer and the Los Angeles County Fire Department. Where utilized, a portion of the guest spaces shall be accessible without passing through a security entrance and residents shall not be required to pay additional costs to receive devices to open a security gate.

25.24 The site plan shall note the location and dimensions for all assigned, guest, bicycle, and ADA standard features for the site, and shall be in compliance with the latest version of Title 24 of the California Code of Regulations. A minimum of 436 parking spaces, of which a maximum of 25 percent may be compact spaces, shall be provided on the site.

25.25 All walkways perpendicular to parking stalls shall be a minimum of seven feet in width.

25.26 The site plan shall clearly indicate no parking areas and fire lanes and indicate how such areas will be designated on the site.

25.27 If gated, the applicant shall provide some means of access for law enforcement purposes by way of a keypad, or some other method as approved by the Los Angeles County Fire Department and Los Angeles County Sheriff's Department.

25.28 The gate shall remain open during leasing office hours between 8:00 am and 5:00 pm Monday through Friday if parking for the leasing office is not provided outside of the gate.

Development Landscaping Requirements

26 The landscape plans shall comply with all provisions of PMC Chapter 14.05 (Water Efficient Landscape and City Landscaping Standards). (E)

27 The applicant shall submit landscape and irrigation plans for all project landscaping improvements to the Engineering Division for review and approval, through the Accela Citizen Access Portal. The applicant is responsible to pay all plan review fees for the improvements reflected on the landscape plans prior to the plans being reviewed. All landscape permit and inspection fees shall be paid prior to the issuance of a landscape permit. These plans shall include, but not be limited to, the following items: (P)(E)(PS)

27.1 Trees in the parkways shall not exceed a spacing approved by the City Engineer for the species proposed.

27.2 Where trees are incorporated into the landscape design of common or open areas, all trees shall be a minimum one-inch caliper in a 15-gallon or larger container size. Fifty percent of the trees shall be a minimum two-inch caliper in a 24-inch box size or larger container. Twenty percent of the trees shall be a minimum two-and-a-half-inch caliper in a 36-inch box size or larger container. The trunk caliper shall be measured four and a half feet above the root crown. Any Washingtonia spp. or similar palm trees proposed shall have a minimum of 12 feet of brown trunk height.

27.3 All shrubs shall be a minimum five-gallon size. If one-gallon plants are proposed to be used as a ground cover (i.e., with drip irrigation), such planting shall be supplemented with additional five-gallon plant material to provide variation in texture and height.

27.4 All plant material shall be indicated on the landscape plans with symbols that are 75 percent of a diameter of the mature size of the plant. When determining mature plant size, the lower end of the size range shall be used (for example, if a plant is indicated to have a mature size of six to -ten feet, a six-foot diameter shall be used when graphically indicating the plant material on the plan).

27.5 All landscape areas shall be enclosed by a six-inch raised concrete curb. Differences in planting areas or landscaping ground cover materials shall be separated by approved landscape edging or concrete mow strips.

27.6 All slopes steeper than 3:1 shall be landscaped for erosion control per the Engineering Design Standards.

27.7 Backflow devices shall be screened with a solid Le Meur cover or equivalent and landscaping.

27.8 All plant material sizes and calipers shall conform to the American Standard for Nursery Stock, ANSI (Z60.1) 2014.

27.9 Landscaping shall be provided within parking areas so that at least 15 percent of the surface area of the parking lot is landscaped (excluding perimeter and front setback landscaping). Landscaping shall be dispersed throughout the parking lot to provide shade throughout the lot.

27.10 A minimum of one canopy tree for every four parking stalls (or eight parking stalls when two rows of four share a common frontage) shall be provided.

27.11 A minimum 50 percent of the parking lot trees shall be a minimum 24-inch box size and with a minimum two-inch caliper. Twenty percent of the trees shall be a minimum two-and-a-half-inch caliper in a 36-inch box size or larger container.

27.12 Landscape planters shall be a minimum of six feet in width (inside dimension), except that tree wells located between parking rows and spaces may be a minimum of four feet in width (inside dimension). All landscaping and planting within paved areas shall be contained within raised planters surrounded by six-inch concrete curbs. Tree areas shall be planted a minimum of five feet from walls, walkways, or buildings. To protect the hardscape and encourage deep root development, root barriers shall be installed during planting operations.

27.13 Wheel stops or curbs shall be placed a minimum of 30 inches away from the trunk of any tree.

27.14 Landscape islands, a minimum 10 feet in width with minimum aisle turning radii of 10 feet shall be provided at the end of all parking rows, except where parking rows directly abut buildings, sidewalks, wall, or similar features.

27.15 Parking rows containing 15 or more spaces shall contain one landscape island within the interior of the parking row for each 15 parking spaces in addition to the required row end landscape islands.

27.16 Landscape islands shall not extend closer than three feet from the aisle end of the adjacent parking space(s).

27.17 Landscape islands shall be designed with a six-inch curb and a minimum one-foot paved area where abutting the side of parking stalls. Paved areas of landscape islands shall not be counted toward fulfilling landscape requirements.

27.18 All landscape islands, which are located at the front of head-in parking spaces, shall be designed with a minimum two-and-a-half-foot area free from vegetation where the front of a vehicle may overhang the island. The overhang area shall be surfaced with non-living landscape material such as gravel or rock. Two and a half feet of the overhang area may be counted as part of the overall parking space length.

27.19 Landscaping along the north, south, and west property line shall be defined by use of a six-inch concrete curb, a block wall or six-inch concrete mowing strip or a combination thereof.

27.20 Parking areas located adjacent to 15th Street East shall contain a low-profile wall, berm, or lowered parking area, at least three feet in height, designed to screen vehicles from the adjacent street.

27.21 Landscaping located within the vehicle sight distance triangle shall be designed and maintained in a manner that does not block the view at driveways and adjacent intersections. Landscaping shall not exceed three feet in height within the sight distance triangle.

27.22 On-site landscaping should not provide hiding places. Limit surrounding landscaping to low-growth plants no higher than two feet.

27.23 Trees that will not block area surveillance or light distribution shall be utilized. Tree canopies shall be no lower than six feet.

27.24 Landscaping located beneath a window shall be no taller than the windowsill and maintained at this standard. Barrier plants shall be used below and to the sides of windows, when feasible.

28 Slope erosion control and street trees shall be installed to the satisfaction of the City Engineer. (E)

Project Grading/Wall/Fences Requirements

29 The applicant shall submit a current Title Report for the subject property, dated within six months of the date for civil plan submittal. This submittal shall include a declaration of all easements of record and copies of all easements/declaration instruments referenced within the report. (E)

30 Grading and wall plans shall be submitted for review and approval to the Engineering Division, through the Accela Citizen Access Portal. Approval by both the City Engineer and Planning Manager shall be obtained prior to the issuance of a Grading Permit. Final grading and wall concepts shall be in substantial conformance with those shown on the approved site plan, conceptual grading plan, and in accordance with the following: (P)(E)(B&S)

30.1 Northerly Boundary - The applicant shall provide a six foot high decorative wall constructed of masonry, wrought iron, durable vinyl, or other similar durable materials as approved by the Planning Manager.

30.2 Southerly Boundary - The applicant shall provide a six foot high decorative wall constructed of masonry, wrought iron, durable vinyl, or other similar durable materials as approved by the Planning Manager.

30.3 Westerly Boundary - The applicant shall provide a six foot high decorative wall constructed of masonry, wrought iron, durable vinyl, or other similar durable materials as approved by the Planning Manager.

30.4 If a wall is not proposed, where commercial or industrial property share a property line with a commercially or industrially designated property, a minimum of a six-inch wide concrete mow strip shall be provided.

30.5 Proposed retaining walls or engineered free standing walls shall be submitted to Building and Safety Division for review and approval. Said wall types shall require a building permit prior to construction.

31 In all cases where a required wall is to be located adjacent to the top of a 2:1 or greater slope the wall shall be set back a minimum two and a half feet from the crest of that slope on the level side. All slope and wall configurations shall meet the setback requirements of the City Building Code. (P)(E)(B&S)

32 The exterior face and footings of all project perimeter walls shall be located no more than two inches from the property line on the subject property except where appropriate off-site easements have been obtained. (P)(E)

33 Double boundary walls between developments are prohibited except as approved by the Planning Manager and City Engineer. (P)(E)

34 The final grading plan shall indicate that all slopes are up slopes to property lines as indicated on the Site Plan. (P)(E)

35 The applicant shall incorporate into the project design all existing easements within the project boundaries or obtain abandonment of said easements from the affected easement holder(s). If this requirement cannot be accomplished, the project shall be redesigned accordingly to the satisfaction of the Planning Manager, City Engineer, or the Review Authority. (P)(E)

36 The applicant shall obtain off-site easements from the affected property owner(s) for all proposed off-site improvements (i.e., slopes and related grading activities, street improvements, walls drainage, etc.). If said easements cannot be obtained, the project shall be redesigned to incorporate these improvements entirely within the project boundary to the satisfaction of the Planning Manager or the Review Authority. The City Engineer shall have the right to withhold approval of the affected improvement plans for failure to satisfy this condition. (P)(E)

37 All manufactured slopes on or adjacent to project boundaries shall meet the setback requirements of the current City Building Code. A recorded off-site Slope Acceptance Letter from all affected property owners shall be submitted to the City Engineer prior to approval of grading plans for any off-site slope not meeting these requirements. In addition, all slopes are required to meet City Standards with respect to erosion control. (E)

38 The applicant shall submit a temporary erosion control and sedimentation plan for approval by the City Engineer prior to grading plan approval and grading permit issuance when grading activity will occur between October 1st and April 15th. Said erosion control plan shall provide appropriate dust control measures per City and Antelope Valley Air Quality Management District (AVAQMD) Standards to minimize nuisance from dust at all times. (E)

39 The applicant shall submit a dust control plan to AVAQMD for review and shall obtain clearance from said agency prior to issuance of a City grading permit. The applicant shall provide proof of compliance with all AVAQMD requirements and applicable fees. (E)

40 From the beginning of the first ground disturbing activity until the use has been released for occupancy, the following are required of the applicant: 1) have erosion control measures, per an approved Erosion Control and Sedimentation Plan, in place during the rainy season (October 15 - April 15); 2) provide appropriate dust control measures, per City and AVAQMD Standards, to minimize nuisance from dust at all times. (E)(B&S)

41 This project shall be designed and constructed in accordance with the stormwater pollution control requirements of the Lahontan Region of the California Regional Water Quality Control Board. Prior to the issuance of a grading permit, the

applicant shall file a Notice of Intent with the Lahontan Region of the California Regional Water Quality Control Board to comply with the applicable National Pollution Discharge Elimination System (NPDES) requirements. The applicant shall submit a copy of the Stormwater Pollution Prevention Plan (SWPPP) to the City Engineer. (E)

42 A drainage acceptance letter from each affected property owner shall be submitted to the City Engineer when the pre-developed storm runoff onto any adjacent property is increased, concentrated, diverted, or changed in any form as required by State law. (E)

43 A final hydrology study and hydraulics report shall be prepared for this project and approved by the City Engineer. The hydrology study and hydraulics report shall address on-site and off-site conditions and impacts, based on the City of Palmdale adopted Storm Water Management Policy. (E)

44 Based on the findings of the final hydrology and hydraulics report, the applicant shall be responsible, at their own expense, for any and all improvements imposed on the project by the Engineering Department to the satisfaction of the City Engineer. (E)

45 All nuisance water generated from this development shall be mitigated on-site in accordance with City's Design Standards requirements. (E)

46 An on-site storm drainage basin (detention) shall be required for this development. Such basin(s) shall be granted in easement to the City (for emergency maintenance only), but regular maintenance shall be the responsibility of the applicant, or their City approved designee. (E)

47 This development shall be designed in accordance with the City's Floodplain Management Ordinance, Master Plan of Drainage, and related criteria within the Engineering Design Standards. (E)

48 Dry wells and or an alternative percolation system shall be required for this project to dispose of on-site nuisance water in accordance with the approved drainage plan. No nuisance water generated from this development shall be allowed outside the boundaries of this development unless authorized by the City Engineer. Appropriate measures shall be taken to protect dry wells and basins from silt during grading operations and any off-site flow from undeveloped areas designed to flow through subdivision. (E)

49 The applicant shall submit geotechnical reports, prepared in accordance with the City's Engineering Design Standards, to the City Engineer for review and approval prior to the approval of a grading permit. (E)

50 The applicant shall enter into a Development Improvement Agreement and post securities for grading operations with the City and pay all applicable fees. Grading activities extending beyond phase boundaries shall require approval of the City Engineer and Planning Manager. Such grading activity shall be reflected in the Subdivision/Development Improvement Agreement of the phase which request such grading. (E)

51 Grading shall be designated "Engineering Grading" per City Building Code and shall be done in accordance with an approved grading plan. All grading work shall be performed in one continuous operation, or in phases as approved by the Planning Manager and the City Engineer. (E)

52 A sanitary sewer-area study for this project shall be prepared and submitted to the City Engineer for review and approval. A public sanitary sewer system is to be constructed and dedicated to the City. The system shall be designed and installed as the only method of sewage disposal for this development. Coordination and clearance must be obtained from Los Angeles County Sanitation District prior to issuance of a sewer permit. (E)

53 The applicant shall obtain sufficient off-site sewer easements and design and construct an off-site outfall sewer with supplemental size, capacity, and length as required by the City Engineer. The City Engineer shall have the right to withhold approval of any affected improvement plans for failure to satisfy this condition. (E)

THE FOLLOWING CONDITIONS SHALL BE COMPLETED PRIOR TO OR IN CONJUNCTION WITH RECORDATION OF THE FINAL MAP OR ANY PHASE THEREOF:

54 The applicant shall provide written evidence to the Planning and Engineering Divisions that approval has been obtained from the Los Angeles County Fire Department. (F)(P)(E)

55 The applicant shall enter into an Development Improvement Agreement and post securities with the City and pay all applicable fees prior to permit issuance for the development. If any transfer of ownership/title of land within this proposed development takes place prior to release of all agreements and securities, the new applicant shall be required to enter into a separate Improvement Agreement with the City and pay all applicable fees. Agreement and securities with the prior applicant will be released after the agreement and securities with the new applicant take effect. (E)

56 Access rights shall be granted to the City for the purpose of allowing access over private drives within the development for all City vehicles, including police, fire, and other emergency vehicles. The document(s) recording this access shall be prepared by the applicant for review and approval by the City Engineer (E)

THE FOLLOWING CONDITIONS SHALL BE COMPLETED PRIOR TO OR IN CONJUNCTION WITH ISSUANCE OF BUILDING PERMITS (FOR ANY PHASE OF THE DEVELOPMENT):

57 The applicant shall pay all fees at the time fees are determined payable and comply with all requirements of the applicable Federal, State, and local agencies including, but not limited to, the following:(E)(TE)(B&S)(PA)(PS)

Antelope Valley Air Quality Management District
Los Angeles County Consolidated Fire District
Los Angeles County Sanitation District
Palmdale School District
Palmdale Water District
Regional Water Resources Control Board
The duty of inquiry as to such requirements shall be upon the applicant. Receipt and proof of payment shall be provided to the Building and Safety Division prior to issuance of any building permits. (P)(E)(F)(B&S)

58 The applicant shall comply with all applicable development regulations and requirements prior to the issuance of any building permits on the subject property. (P)(E)(B&S)

59 The project shall comply with all requirements of PMC Chapter 13.05 (Sewer Collection Service Charges). (E)

60 Water mains shall be designed to meet or exceed the total flow requirements determined from domestic flow and fire flow for this development. Required domestic flow shall be calculated by the applicant's engineer. Fire flow shall be determined by the Los Angeles County Fire Department. (E)

61 The plans and specifications for the water delivery system shall be submitted for approval to the responsible water purveyor prior to final approval of this development by the City Engineer. In all cases where water system facilities have not been installed prior to filing this development with the City Engineer for final approval, the applicant shall submit a Labor and Materials bond in addition to one of the following: (E)

61.1 An Agreement and Faithful Performance bond in the amount approved by the City Engineer to be sufficient to guarantee installation of the improvements; or

61.2 An Agreement and evidence satisfactory to the City Engineer showing that the applicant has entered into a contract with the serving water utility for establishing a security guaranteeing payment for the installation of the improvements.

62 Street lighting plans shall be reviewed and approved separate of the approval of the street improvement plans. Street lighting plans and electrical plans shall be submitted to the City Engineer for review and approval and to Southern California Edison (SCE) for reference. Electrical plans shall be prepared by a Registered California Electrical Engineer. (E)

63 The applicant shall petition the City to annex to the City's Streetlight Assessment District for the maintenance of streetlights and appurtenant facilities and/or request annexation into an existing streetlight maintenance assessment district. Such annexation shall be completed at the sole cost and expense of the applicant, and the applicant's deposit of the estimated costs thereof shall be required prior to such actions by the City. If the City is unsuccessful in the annexation to the Streetlight Assessment District, the Developer shall propose and receive approval for an alternative maintenance entity. The developer shall remain solely responsible for the maintenance of the streetlights and appurtenant facilities until such time that an alternative maintenance entity assumes the maintenance. All costs associated with the formation of an alternative maintenance entity shall be paid by the Developer. (E)

64 Easements for all on-site utilities, public and private, shall be granted and recorded for maintenance and upkeep. Such easements may include, but are not limited to, sewer, water, electric, gas, telephone, storm drains, detention basins, and landscaping. (E)

65 All sanitary sewer mains to be dedicated to the City area required to submit as-built plans, and have TV video inspection prior to final acceptance for maintenance. (E)

66 At completion of rough grading, the applicant shall submit appropriate reports and statements (Certifications) to the City Engineer, for review and approval, prior to release of rough grading. The City of Palmdale Building Code requires these reports from the field or supervising grading engineer, the soils engineer, the geologist, and the grading contractor. (E)(B&S)

67 The applicant shall obtain addresses established by the Building and Safety Division upon application for a building permit. (E)(B&S)

68 The project may be required to relocate the existing streetlight and fire hydrant due to the new driveway approach location. (TE)

69 Appropriate right-of-way for right-turn lane(s) shall be provided at the all driveways access. Design shall be subject to the approval of the City Engineer. (TE)

70 A striping and signing plan shall be provided for all roadway improvements and shall be subject to the approval of the City Engineer as part of the approval of the street improvement plans. (TE)

71 Driveways into the site shall have a clear throat distance of 50 feet without interference with circulation aisles. (TE)

72 All driveways shall have a minimum radius of 15 feet. (TE)

Impact Fees

73 The applicant shall comply with the provisions of PMC Chapter 3.34 (Parkland Dedication). The applicant shall pay to the Building and Safety Division the applicable Parkland development fees in the amount that is in effect at the time such fees are to be collected pursuant to PMC Chapter 3.34 (Parkland Dedication). (Pk)(B&S)

74 This development is located within the Annaverde Natural Drainage Area/Basin as defined by the City's Master Drainage Plan and approved by Resolution 89-75. The applicant shall comply with the provisions of PMC Chapter 3.38 (Drainage Fee Requirements). The applicant shall pay the applicable drainage fees to the Engineering Division in the amount that is in effect at the time such fees are to be collected. Payment of drainage fees for all areas within the map boundaries which are disturbed by grading are due upon submittal of rough grade certification, prior to building permit issuance. (E)

75 The applicant shall comply with the provisions of PMC Chapter 3.40 (Traffic Impact Fee Requirements). The applicant shall pay the applicable traffic impact fees to the Building and Safety Division in the amount that is in effect at the time such fees are to be collected pursuant to the provisions of PMC Chapter 3.40 (Traffic Impact Fee Requirements). (TE)(B&S)

76 The applicant shall comply with the provisions of PMC Chapter 3.42 (Fire Facility Impact Fee Requirements). The applicant shall pay the applicable fire facility impact fees to the Building and Safety Division in the amount that is in effect at the time such fees are to be collected. (B&S)

77 The applicant shall comply with the provisions of PMC Chapter 3.45 (Public Facility Development Impact Fee Requirements). The applicant shall pay the applicable public facility impact fees to the Building and Safety Division in the amount that is in effect at the time such fees are to be collected. (B&S)

78 The applicant shall be required to prepare, submit for approval, and record a Voluntary Lot Merger. (E)

THE FOLLOWING CONDITIONS SHALL BE MET WHILE CONSTRUCTION ACTIVITIES ARE ON-GOING:

79 Adequate sanitary disposal facilities shall be required on-site during all phases of construction. (E)(B&S)

80 The applicant shall provide solid waste disposal containers on-site during all phases of construction. The accumulation of refuse and debris which may

constitute an unsightly/unsafe public nuisance to surrounding properties is not permitted. (P)

81 Grading shall be done in accordance with a grading plan prepared by the applicant's Registered Civil Engineer. All grading work shall be performed in one continuous operation or in phases as approved by the Planning Manager and the City Engineer. (P)(E)

82 All existing utilities interfering with the new construction shall be relocated at the developers expense. (E)

83 In the event of an unforeseen encounter of subsurface materials suspected to be of an archaeological or paleontological nature, all grading or excavation shall cease in the immediate area, and the find left untouched until a qualified professional archaeologist or paleontologist, whichever is appropriate, is contacted and called in to evaluate the find and make recommendations as to disposition, mitigation, and/or salvage. The applicant shall be liable for costs associated with the professional investigation. (P)

84 The City Engineer shall be notified a minimum of 60 days prior to anticipated opening of any street to public travel. (TE)(E)

85 The applicant shall comply with all City and State guidelines and requirements for traffic control during construction and prior to final project acceptance. (TE)

86 Additional pavement may be required in order to provide for striped left turn lanes at project driveways. (TE)

87 Additional pavement shall be constructed in order to provide for intersection widening to accommodate traffic signal and separate left turn lane at East Avenue Q and 15th Street East.

88 The project will be required to install a traffic signal at the intersection of East Avenue Q and 15th Street East. The traffic signal plan shall be subject to the approval of the City Engineer. (TE)

89 The proposed traffic signal shall be eligible to receive traffic impact fees credit not to exceed the total traffic impact fee required for this project. The final credit amount shall be subject to City Engineer approval. (TE)

90 Electric Meter Installations: SCE's rules and policies require that all metering equipment be located to provide 24-hour access to the Utility. Metering equipment may be installed inside a building when located in an illuminated meter room

directly accessible from the outside and readily accessible 24 hours a day. Southern California Edison requires their approval on all metering equipment prior to installation. (P)(SCE)(B&S)

THE FOLLOWING CONDITIONS SHALL BE MET PRIOR TO OCCUPANCY OF THIS PROJECT:

91 The applicant shall contact the Planning Division a minimum of two weeks prior to final inspection by the Building and Safety Division to make arrangements for a final walk-through inspection by the Planning Division. (P)

92 All public improvements shall be completed and accepted by the City. (E)

93 At completion of final grading, the applicant shall submit appropriate statements (Certifications) to the City Engineer prior to release of final grading. The City requires that these be submitted by the field or supervising grading engineer, and/or the landscape architect. (E)

94 Any broken, damaged or non-compliance curb, gutter, sidewalk, and pavement on streets within or along the frontage of the development shall be repaired. Any existing driveways that are not to be used shall be replaced with standard curb, gutter, and sidewalk. (E)

95 The applicant shall improve any private street(s) or access drives for this project according to the plans approved by the City Engineer. (E)

96 The project shall be constructed in accordance with all the approved plans, including but not limited to site plans, grading plans, wall plans, landscape/irrigation plans, lighting plans, and elevations. (P)(E)

97 Street name signs shall be purchased and installed in accordance with City of Palmdale standards. The number and location of signs will be as directed by the City Engineer. (TE)(E)

98 A detailed security/management plan that includes security procedures, lease/rental agreement, application, tenant screening procedures, hours of operation of common facilities and offices shall be submitted to the Public Safety Division a minimum of two weeks prior to issuance of a certificate of occupancy. (PS)

THE FOLLOWING CONDITIONS SHALL BE MET AS AN ON-GOING ELEMENT OF THE PROJECT:

99 Payment of the public art in-lieu contribution or installation of the public art in accordance with the final public art project plan submitted shall be demonstrated by the applicant in compliance with the PMC Section 15.01.090 (Public Art in Private Development). (PA)

100 All parking facilities shall be maintained in good condition in accordance with the provisions of PMC Chapter 17.87 (Off-Street Parking and Loading). The maintenance thereof may include, but shall not be limited to, the repaving, oiling, and striping of a parking area and the repair, restoration and/or replacement of any parking area design features when deemed necessary by the Planning Manager to insure the health, safety, and welfare of the general public. (P)(E)

101 All owners, future owners, heirs, or assigns of the property shall be required to maintain all private drainage facilities in good working condition, as determined by the City Engineer, and shall be responsible for any damages associated with the private drainage facilities and for any costs incurred by the City for emergency maintenance, repairs, and any other efforts to keep the private drainage facilities in good working condition and/or to insure the health, safety, and welfare of the general public. The developer shall record a covenant upon the property regarding said maintenance. (E)

102 The applicant shall fully cooperate with any adjacent property development to provide improved site access in the future, including but not limited to, the closure, removal, sharing, or relocation of project parking, landscaping, driveways, and drive-aisles. (TE)

103 The installation of speed humps shall be prohibited as required by PMC Section 10.04.100. If any of these devices are installed while this ordinance is in effect the owner shall be required to remove these devices at their own expense. (TE)

104 All agency approvals for permit issuance shall be on file with the Building and Safety Division. (B&S)(F)

105 The applicant shall be required to post 'No Trespassing' signs on the property wall/fence. One printed sign shall be posted in a conspicuous manner at every walkway and driveway entering any enclosed private property or portion thereof, and at a minimum of every fifty feet along the boundary of any unenclosed lot. The sign shall contain the following language which shall be printed in letters not less than two inches high: (PS)

THIS PROPERTY CLOSED TO THE PUBLIC
No Entry Without Permission
P.M.C. Sec. 9.44.030

Palmdale Sheriff's Station 272-2400

106 The premises shall always be properly maintained and kept in a neat and orderly condition per PMC Section 8.36.050 (Conditions constituting a nuisance). This includes, but is not limited to, building and parking lot lighting and trash and debris removal. (PS)

107 Graffiti shall be removed by the owner within 72 hours of discovery as specified within PMC Section 9.30.080 (Graffiti Removal from Private Property by Owner). Consider graffiti mitigation measures such as vining/climbing and barrier plants along block walls. (PS)

108 Trash enclosures shall be kept locked when not in use to discourage illegal dumping and other improper uses. (PS)

109 Outside electrical outlets and water spigots/hose bibs shall be secured to prevent unauthorized use. (PS)

110 All doors shall be equipped with single cylinder dead bolt lock with a minimum throw of one inch and an embedment of not less five-eighths inch into the holding device. (PS)

111 All front doors shall have a peephole installed for security purposes. (PS)

112 Primary building address numbers shall be located on the building side where the main entrance is located. The development shall display an additional set of numbers on the secondary frontage (street side) when the building does not front on the street of address. Numbers shall be no less than eight inches in height, if located less than 100 feet from the centerline of the addressed street or 12-inches in height if placed further than 100 feet from the centerline of the addressed street. Numbers shall be of a color contrasting to the background to which they are affixed. (PS)

113 The management of this development shall undergo training and certification through the Partners Against Crime (PAC) program and shall remain active in this program during the life of the development. Contact the Public Safety Office at publicsafety@cityofpaldmale.org or (661) 267-5170 for more information. (PS)

114 This site shall be subject to periodic site inspections by the City and Sheriff's Department for the purpose of maintaining compliance with City regulations, project conditions of approval and public health and safety. (PS)

115 All entrances to the parking area shall be posted with appropriate signs per California Vehicle Code Section 22658(a) to assist in removing vehicles at the property. (PS)

Key to Departmental Conditions:

(B&S) Building and Safety Division (661-267-5353)
(E) Engineering Division (661-267-5272)
(F) Los Angeles County Fire Department (661-949-6319)
(Pk) Parks and Recreation Department (661-267-5611)
(P) Planning Division (661-267-5200)
(PA) Public Art (661-267-5686)
(PS) Public Safety Division (661-267-5170)
(SCE) Southern California Edison (661-726-5617)
(TE) Traffic Engineering (661-267-5300)

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

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

APPLICANT: **PALMDALE FAMILY APARTMENTS, LP**

DISTRICT: **5**

SUBJECT: **ADOPT RESOLUTION NO. CC 2025-087, A RESOLUTION OF THE CITY OF PALMDALE APPROVING A FORM OF DENSITY BONUS AGREEMENT, TO FACILITATE THE CONSTRUCTION OF A 272-UNIT MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON TWO VACANT PARCELS TOTALING APPROXIMATELY 9.8 ACRES LOCATED AT THE NORTHWEST CORNER OF EAST AVENUE Q AND 25TH STREET EAST, AND AUTHORIZE THE INTERIM CITY MANAGER OR HIS DESIGNEE TO EXERCISE THE OPTION TO AMEND THE AGREEMENT AS NECESSARY, INCLUDING MINIMAL AND/OR NON SUBSTANTIAL CHANGES**

RECOMMENDATION

The Planning Commission recommends that the City Council:

1. Receive public testimony regarding Resolution No. CC 2025-087;

2. Adopt Resolution No. CC 2025-087, approving a form of AGR 25-0003 (Agreement No. A-9355), to facilitate the construction of a 272-unit multi-family residential development on two vacant parcels totaling approximately 9.8 acres located at the northwest corner of each Avenue Q and 25th Street East; and,

3. Authorize the Interim City Manager or his designee to exercise the option to amend Density Bonus Agreement (AGR) 25-0003 (Agreement No. A-9355), including minimal and/or non- substantial changes.

BACKGROUND

On October 9, 2025, the Planning Commission adopted Resolution No. PC-2025-015, approving Site Plan Review 25-0009 and recommending City Council approval of a form

of AGR 25-0003. The Site Plan Review requests the construction of thirteen three-story buildings containing a total of 272 dwelling units and two recreational amenity buildings on two vacant parcels totaling approximately 9.8 acres, located at the northwest corner of East Avenue Q and 25th Street East.

FIGURE 1 - AERIAL MAP

DISCUSSION

A density bonus is an increase in the overall number of housing units that a developer may build on a site in exchange for providing affordable housing. State Density Bonus Law, pursuant to Section 65915 of the California Government Code, offers incentives that are intended to encourage the development of affordable housing, including up to an 80 percent increase in density.

The proposed recreational amenities consist of an outdoor community gathering area with a pergola shade structure and barbecue with table seating and benches; a children's play area; a swimming pool area; and four garden courtyards throughout the site. In addition, it will provide site improvements such as parking areas, drive aisles, open space, and landscaping. The development is designed to support a high-density residential community, consistent with the Mixed Use 3 (MU 3) General Plan land use designation and zone.

Of the proposed 272 dwelling units, 100 percent of the total units will be designated for households with incomes not exceeding the low-income threshold established by the California Department of Housing and Community Development (HCD). In accordance with the State Density Bonus Law (Government Code Section 65915), the applicant at this time is not requesting any concessions from the City's development standards to facilitate the provision of affordable housing.

Density Bonus

Pursuant to the Palmdale Municipal Code (PMC), a Density Bonus Agreement and Site Plan Review approval are required to allow the proposed development. The project has been reviewed for consistency with applicable design standards and policies related to density, site planning, circulation, landscaping, and building form. As a result, the applicant is not requesting incentives or concessions, but is requesting multiple waivers under the Density Bonus Law and PMC Section 17.25.020, as follows:

1. A waiver to allow less than the minimum 15-foot front setback and 20-foot rear setback requirements.

   The applicant proposed a 10-foot front setback and a nine-foot rear setback. The applicant justifies this by stating that meeting the development standard would physically preclude the project and require the removal of 24 units.

2. A waiver to allow parking garages that are smaller than the required dimensions of 10 feet in width by 40 feet in length.

   The project will provide tandem garages 10 feet in width by 35 feet in length and uncovered tandem spaces nine feet in width by 33 feet in length. The proposal would provide approximately 42 percent of tandem parking spaces. The applicant’s justification is that meeting the development standard would physically preclude the project and require the removal of 24 units.

3. A waiver to allow parking spaces to be located more than 200 feet from the dwelling units they serve.

   The applicant’s justification is that due to the site configuration and building typology necessary to achieve 30 du/acre, it is not feasible to meet the maximum 200-foot distance from parking to the unit served.

4. A waiver to allow less than the minimum 30 feet of open-to-the-sky separation between structures and/or less than the minimum 30-foot open-to-the-sky building break required for buildings over 425 feet in length, subject to approval by the Planning Director or designee.

The project proposes to provide a break between multi-family structures between 12 feet and 21 feet. The applicant's justification is that meeting the development standard would physically preclude the project and require the removal of 48 units

5. A waiver to allow less than the minimum required 125 cubic feet of enclosed private storage space per unit.

   The project proposes to provide no private enclosed storage, for which 125 cubic feet of storage is required. The total building area needed to comply with this requirement is approximately 3,808 square feet (14 square feet by 272 units = 3,808 square feet) for the entire project. The applicant’s justification is that meeting the development standard would physically preclude the project and require the removal of four to five units.

These requested waivers are intended to facilitate the construction of high-quality affordable housing while accommodating the site’s physical constraints and design needs. The project complies with all other applicable zoning regulations and supports the City’s goals for housing production and affordability.

The Housing Division has determined that granting the concessions listed above will result in actual and identifiable cost reductions to provide affordable housing. In addition, the proposed project will contribute to the City’s Regional Housing Needs Assessment (RHNA) allocation.

FISCAL IMPACT

$4,659.38 Revenue: The applicant paid the processing fee specified in the City's fee resolution (Resolution No. CC 2025-043). Additional revenue will be received as the project progresses, as it includes improving an underdeveloped site by providing utilities infrastructure, a traffic signal, street improvements, curbs, gutters, sidewalks, and additional housing.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

E. Transform housing inventory to meet the changing lifestyle and market demands.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Reso. No. CC 2025-087
Exh A - Reso. No. CC 2025-087 (Agrmt No. A-9355)
Exh B - Reso. No. CC 2025-087 (Agrmt No. A-9355)
Exh C - Reso. No. CC 2025-087 (Agrmt No. A-9355)
Reso. No. PC-2025-015

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-087

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING A FORM OF DENSITY BONUS AGREEMENT (AGR) 25-0003 (A-9355), WITH PALMDALE FAMILY APARTMENTS, LP; TO FACILITATE THE CONSTRUCTION OF A 272-UNIT MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON TWO VACANT PARCELS TOTALING APPROXIMATELY 9.8 ACRES LOCATED AT THE NORTHWEST CORNER OF EAST AVENUE Q AND 25TH STREET EAST, AND AUTHORIZE THE INTERIM CITY MANAGER OR HIS DESIGNEE TO EXERCISE THE OPTION TO AMEND THE AGREEMENT AS NECESSARY, INCLUDING MINIMAL AND/OR NON SUBSTANTIAL CHANGES (APNS: 3022-012-036 and -037)

WHEREAS, Palmdale Family Apartments, LP, has filed an application requesting the Planning Commission recommend City Council approve a form of Density Bonus Agreement (AGR) 25-0003 (A-93557), described herein (hereinafter "Application"); and

WHEREAS*,* The Application applies to two vacant parcels located on the northwest corner of East Avenue Q and 25th Street East indicated on the Los Angeles Assessor roll as Assessor Parcel Numbers 3022-012-036 and -037, legally described on Exhibit A hereto and shown on the map attached as Exhibit B; and,

WHEREAS, On October 9, 2025, the Planning Commission of the City of Palmdale conducted a duly noticed public hearing on the Application and recommended City Council approval of the Application on that date; and

WHEREAS, on November 4, 2025, the City Council of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date. Evidence, both written and oral, was duly presented and considered by the City Council at the aforesaid public hearing, including but not limited to, the staff report dated November 4, 2025; and

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

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. The City Council hereby finds as follows with respect to the documents prepared for the project:

A The custodian of records for all other materials which constitute the record of proceedings upon which the City Council's decision is based, is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

SECTION 3. Based upon substantial evidence presented to the City Council during the above-referenced November 4, 2025, public hearing, including public testimony, and written and oral staff reports, the City Council specifically finds as follows:

A The proposed development agreement conforms with the maps and policies of the General Plan or any applicable Specific Plan;

The proposed project as demonstrated in Exhibits C and D, is consistent with the Mixed Use 3 (MU 3) General Plan land use designation and zone, which allow for high-density residential development on the project site. The project meets applicable land use, density, and development standards, and no General Plan amendments or zone changes are required. The project site is located within the City's Regional Housing Needs Assessment Allocation (RHNA). Additionally, the project supports the City's goals for increasing affordable housing and promoting compact, infill development in areas served by existing infrastructure and transit, further aligning with General Plan objectives. As demonstrated in Exhibit D, the proposed project meets the density, lot size, lot width, and lot depth requirements of the MU 3 zone, and is therefore suitable for the type and density of the proposed development.

B The proposed development agreement complies with the requirements of California Government Code Sections 65865 through 65869.5; (DBA)
The proposed Density Bonus Agreement complies with the requirements of California Government Code Section 65915 by providing the required percentage of affordable housing units in exchange for density bonuses and development incentives. The project includes deed-restricted affordable units for lower-income households, consistent with state-mandated eligibility thresholds. In accordance with Section 65915, the applicant has requested concessions and waivers that facilitate the development of affordable housing, and the City has verified that all requests meet the statutory criteria. As such, the agreement fully aligns with the provisions and intent of California's Density Bonus Law.
Pursuant to the Palmdale Municipal Code (PMC), AGR approval is required to allow the proposed development. The project has been reviewed for

consistency with applicable design standards and policies related to density, site planning, circulation, landscaping, and building form. As a result, the applicant is entitled to and is requesting multiple incentives and concessions under the Density Bonus Law and PMC Section 17.25.020, as follows:

1 A waiver to allow less than the minimum 15-foot front setback and 20-foot rear setback requirements.

The applicant proposed a 10-foot front setback and a nine-foot rear setback. The applicants justification is that meeting the development standard would physically preclude the project and require the removal of 24 units.

2 A waiver to allow parking garages that are smaller than the required dimensions of 10 feet in width by 40 feet in length.

The project will provide tandem garages that are 10 feet in width by 35 feet in length and uncovered tandem spaces that are nine feet in width by 33 feet in length. The proposal would provide approximately 42 percent of tandem parking spaces. The applicants justification is that meeting the development standard would physically preclude the project and require the removal of 24 units.

3 A waiver to allow parking spaces to be located more than 200 feet from the dwelling units they serve.

The applicants justification is that due to the site configuration and building typology necessary to achieve 30 du/acre, it is not feasible to meet the max 200-foot distance from parking to the unit served.

4 A waiver to allow less than the minimum 30 feet of open-to-the-sky separation between structures and/or less than the minimum 30-foot open-to-the-sky building break required for buildings over 425 feet in length, subject to approval by the Planning Director or designee.
The project proposes to provide a break between multi-family structures between 12 feet and 21 feet. The applicant's justification is that meeting the development standard would physically preclude the project and require the removal of 48 units

5 A waiver to allow less than the minimum required 125 cubic feet of enclosed private storage space per unit.

The project proposes to provide no private enclosed storage, for which 125 cubic feet of storage is required. The total building area needed to comply with this requirement is approximately 3,808 square feet, (14 square feet by 272 units = 3,808 square feet) for

the entire project. The applicants justification is that meeting the development standard would physically preclude the project and require the removal of four to five units.

These requested waivers are intended to facilitate the construction of high-quality, affordable housing while accommodating the site's physical constraints and design needs. The project complies with all other applicable zoning regulations and supports the City's goals for housing production and affordability.

The Housing Division has determined that granting the waivers listed above will result in actual and identifiable cost reductions to provide affordable housing. In addition, the proposed project will contribute to the City's RHNA allocation.

SECTION 4. Based on the findings and conclusions set forth in Sections 1, 2, and 3 above, the City Council approves a form of AGR 25-0003 (A-9355) as set forth in Exhibit C.

SECTION 5. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of November, 2025.

Approved as to form:

_____
Laura Bettencourt, Mayor Pro Tem

ATTEST:

_____
Alexandra Severino
City Attorney

_____
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 4th day of November, 2025, by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

EXHIBIT A

LEGAL DESCRIPTION FOR AGR 25-0003

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:

PARCEL ONE:

THE NORTH HALF OF THE SOUTH HALF OF THE EAST HALF OF LOT 14 IN SECTION 19, TOWNSHIP 6 NORTH, RANGE 11 WEST, SBBM, IN PALMDALE COLONY LANDS, AS PER MAP RECORDED IN BOOK 11, PAGE 11 OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY.

PARCEL TWO:

THE SOUTH HALF OF THE SOUTH HALF OF THE EAST HALF OF LOT 14 IN SECTION I9, TOWNSHIP 6 NORTH, RANGE 11 WEST, SBBM, IN PALMDALE COLONY LANDS, AS PER MAP RECORDED IN BOOK 11, PAGE 11 OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY.

APN’S: 3022-012-036 AND -037

EXHIBIT B

AERIAL MAP FOR AGR 25-0003

EXHIBIT C

OFFICIAL BUSINESS
Document entitled to free
Recording per California
Government Code Section 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, CA 93550
Attn: City Clerk

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

APNs: 3022-012-036 & 3022-012-037

DENSITY BONUS HOUSING AGREEMENT
Zenith at 25th- Palmdale Family Apartments
Agreement No. A-9355

THIS DENSITY BONUS HOUSING AGREEMENT (this "Agreement"), dated as of _____, 2025, is entered into by and between the City of Palmdale, a municipal corporation of the State of California (the "City"), and Palmdale Family Apartments LP, a California limited partnership and/or its assigns (the "Owner"), as follows:

RECITALS

A. The Owner is the owner of a fee interest in certain real property located in the City of Palmdale, County of Los Angeles, State of California, identified as APNs 3022-012-036 & 3022-012-037, located at the Northwest Corner of 25th St. East and East Avenue Q and legally described in Exhibit "A" attached hereto and incorporated by reference (the "Property").

B. The Owner will construct a 272-unit affordable housing development, with fourteen (14) residential buildings and included amenities (the "Residential Development"). The project provides for units of varying types, one-, two-, three-, and four-bedroom flats. The project will provide 422 parking stalls onsite.

C. The Owner proposes construction of a rental housing development of 272 units for very low income and low income individuals and families. Ten percent (10%) of the units will be available to and occupied by households whose incomes do not exceed the maximum income of low income households in Los Angeles County as determined by the California Department of Housing and Community Development, pursuant to the terms of this Agreement; provided, the Owner acknowledges that all other units at the Residential Development (excluding three property manager units) will be restricted as affordable to Lower Income Households (as defined below)

for the Term (as defined below) pursuant to a regulatory agreement for the benefit of the California Tax Credit Allocation Committee (the "CTCAC").

D. Under California Government Code Section 65915, *et seq*. and Palmdale Municipal Code Section 17.25.020, the City must, upon the request of an applicant, grant a density bonus and/or certain incentives/concessions and/or waivers/modifications for any development applicant that seeks and agrees to construct a minimum number of housing units that are affordable to low or very low income households (the "Density Bonus Law").

E. The subject site has a General Plan Land Use Designation of Mixed Use 3 and is zoned MU-3 (30 to 50 units per acre). In order to provide for affordable housing cost of the low-income units, the Owner has requested cost-saving waivers in accordance with California Government Code Section 65915, *et seq*. and Palmdale Municipal Code Section 17.25.020, as follows:

a. A waiver of the requirement of Palmdale Municipal Code ("PMC") Section 17.55.010 to provide private enclosed storage.

b. A waiver of the requirement of PMC Section 17.55.010 to provide 15 feet of front setback and 15 or 20 feet (as applicable) of rear setback. Instead, the project shall provide 10 feet of front setback and 9 feet of rear setback.

c. A waiver of the requirement of PMC Sections 17.87.090(B)(6)(d) and 17.87.090(C)(5) that (i) garages and carports serving residential uses shall be constructed to have minimum inside dimensions of 10 feet in width by 40 feet in length, and (ii) tandem parking to meet required parking for multifamily residential development shall be located within an enclosed structure and shall not exceed twenty-five percent (25%) of the total number of spaces. Instead, the project shall provide (i) tandem garages that are 10 feet in width by 35 feet in length, (ii) uncovered tandem spaces that are 9 feet in width by 33 feet in length, and (iii) forty-two percent (42%) tandem parking spaces.

d. A waiver of the requirement of Development Standard 5.2 that all new multi-family residential development projects that include more than one building shall maintain a minimum open-to-the-sky separation of 30 feet between structures to allow for landscape, courtyards, passageways, and paseos. Instead, the project shall provide a break between multifamily structures of no less than 12 feet up to 21 feet.

e. A waiver of the requirement of PMC Section 17.87.090(A)(1)(b)(i) that (i) off-street parking spaces for multifamily dwelling types shall be located no more than 200 feet from the dwelling unit for which the parking space is provided, and (ii) no parking space shall be located in the required front, side, or rear setback area. Instead, the project shall provide 16 spaces in the

rear setback area, 3 spaces in the front setback area, and 8 spaces in the east side setback area.

F. The City and the Owner enter into this Agreement pursuant to and in accordance with California Government Code Section 65915, *et seq*., and Section 17.25.020 of the Palmdale Municipal Code, in order to provide housing for lower income households.

G. The City finds that granting the waivers listed under Recital E, above, (i) is required to ensure City development standards are not applied that will have the effect of physically precluding construction of the Project, (ii) will not have a specific, adverse impact upon health and safety, and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact; or (iii) will not have an adverse impact on any real property that is listed in the California Register of Historical Resources, and is consistent with state and federal law. The City also finds that the Residential Development is consistent with the General Plan.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein, the parties hereto agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct, and incorporated herein.

2. Definitions. For purposes of this Agreement, the terms listed below shall have the meanings thereafter specified:

a. "Adjusted for Household Size Appropriate for the Unit" means a household of two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, and four persons in the case of a three-bedroom unit.

b. "Affordable Rent" shall have the meaning ascribed to it under California Health and Safety Code Section 50053(b)(2).

c. "Affordable Unit" means a dwelling unit that will be offered for rent exclusively to an Income Eligible Household at an Affordable Rent pursuant to this Agreement (namely, ten percent (10%) of the units in the Residential Development).

d. "Director" means City's Department of Housing Director, or his or her designee.

e. "Income Eligible Household" means a Low Income Household which is eligible to rent a particular Affordable Unit.

f. "Lower Income Household" shall have the meaning ascribed to it under California Health and Safety Code Section 50079.5. The upper income

limit for Lower Income Households shall be the income limits for such households published annually by the California Department of Housing and Community Development with adjustments for household size.

g. "Management Plan" means a plan prepared by the Owner and approved by the Director describing in detail the management of the Affordable Units, including marketing of the Affordable Units, tenant selection criteria and process, waiting list management, application of Utility Allowances in setting Affordable Rents, and similar details of the operation, annual monitoring inspections and file review, and a schedule of initial rents.

h. "Occupancy Date" means the earlier to occur of (i) issuance of a Certificate of Occupancy by the City or (ii) issuance of a Temporary Certificate of Occupancy by the City.

i. "Owner" means the person or entity defined as such in the introductory paragraph of this Agreement, and includes all successors and assigns of that person or entity.

j. "Property" shall have the meaning defined in Recital A, as more particularly described in Exhibit "A" attached hereto and incorporated herein.

k. "Residential Development" shall have the meaning given in Recital B.

l. "Utility Allowance" means an amount designated annually by the CTCAC as a reasonable estimate of the cost of utilities for the Affordable Unit, for purposes of calculating the applicable Affordable Rent or as determined using the California Utility Allowance Calculator.

3. Approvals. The Residential Development shall be developed in accordance with all applicable provisions of the Palmdale Municipal Code.

4. Affordable Units. The Owner hereby covenants and agrees that ten percent (10%) of the units in the Residential Development shall be rented exclusively to Lower Income Households at an Affordable Rent; provided, the Owner acknowledges that all other units at the Residential Development (excluding three property manager units) will be restricted as affordable to Lower Income Households for the Term pursuant to a regulatory agreement for the benefit of the CTCAC.

5. Affordable Rents. Affordable Rents for Affordable Units, including Utility Allowances, shall be based on the Los Angeles County Area Median Income published by the CTCAC, as may be amended from time to time. Affordable Rents may not be increased more frequently than annually to reflect increases in Area Median Income.

6. Term of Affordability Covenants. The covenants to restrict the rental of the Affordable Units in accordance with this Agreement shall remain in effect for a term commencing on the Occupancy Date and continuing for fifty-five (55) years (the "Term"). Prior to recording of this Agreement, the Owner must deliver to the City a Lenders Consent and Subordination Agreement ("Lender Consent"), in the form appended to this Agreement, from each lender that will hold a security interest in the Property that is in a senior position to this Agreement. Such Lender Consents shall be recorded as a substantive part of this Agreement.

7. Management Plan. The Owner shall submit the Management Plan for the Director's consideration and approval at least one hundred eighty (180) days prior to the date that the Owner applies for a Certificate of Occupancy for the Residential Development. Such approval shall not be unreasonably withheld. In addition to other components, the Management Plan shall contain the following:

i. Whenever an Affordable Unit becomes available, the Director shall be notified promptly in writing.

ii. The Owner shall conduct affirmative marketing of the Affordable Units, as they become available from time to time, including wide circulation of information and public notice of the availability of Affordable Units for rent during the marketing period required by the Management Plan.

iii. The Owner shall determine eligibility of Low Income Households that may lease the Affordable Units in accordance with the Management Plan.

8. Changes in Tenant Income. A tenant who initially qualified as a Low Income Household, but who, due to an increase in income, no longer qualifies as a Low Income Household shall pay as rent an amount that is the least of the amount that would be payable by the tenant under (i) low income housing tax credit regulations, (ii) State or local law, or (iii) thirty percent (30%) of the household's adjusted gross income.

9. Utilization of Affordable Rental Units. All Affordable Units required by this Agreement shall be leased or rented and fully utilized in accordance with this Agreement; notwithstanding any other provision of law to the contrary, no Affordable Unit shall be withdrawn from the market or otherwise held vacant.

10. No Sublease. A tenant occupying an Affordable Unit may not sublet the unit without the written permission of both the Owner and the City. The City shall not grant permission to lease, rent, or sublet the unit if it finds that the prospective tenant or occupant is not an Income Eligible Household. Any individual who subleases an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to the City all monetary amounts so obtained.

11. Lease Agreement. A fully executed copy of the lease agreement for each Affordable Unit, which shall comply with the provisions of this Agreement, shall be delivered to

the City's Department of Housing within ten (10) days of written request of the City, not more than once per annum.

12. Maintenance of Units. The Owner shall: (a) maintain and operate all units on the Property so as to provide decent, safe and sanitary housing consistent with federal housing quality standards and the Palmdale Municipal Code; (b) make any required repairs or provide any required cleanup; and (c) provide the Affordable Units with the same levels of services and maintenance as are provided to any of the other dwelling units on the Property.

13. Annual Report. The Owner shall maintain complete and accurate records pertaining to the Affordable Units and shall prepare and provide the Director with a written annual report commencing one year after the Occupancy Date and continuing every year for fifty-five (55) years, regarding the rental status of the units. The report shall include information regarding the name, address, and income of each resident of the Affordable Units, identify the number of bedrooms of the unit and the monthly rent paid by the tenant. The City acknowledges that the Owner's CTCAC annual compliance report, containing all requisite information as specified above, shall be deemed sufficient to meet the Owner's reporting requirement pursuant to this Agreement. So long as permitted by law, concurrently with the submittal of each annual report to the City, the Owner shall pay a monitoring fee to the City in the amount of Three Thousand Dollars ($3,000) with a maximum increase of 2% per year to defray the City's cost of monitoring the Owner's compliance with this Agreement. The Owner's failure to make such required payment shall be a default under this Agreement. Pursuant to California Government Code Section 65915.3(b), the foregoing monitoring fee requirement shall not apply during any period when the Property is subject to a CTCAC regulatory agreement and all other requirements of Section 65915.3(b) are met.

14. Federal and State Laws. Notwithstanding the above provisions, nothing contained herein shall require the Owner or the City to do anything contrary to or refrain from doing anything required by Federal and State laws and regulations promulgated thereunder applicable to the construction, management, maintenance, and rental of Affordable Units in the City of Palmdale.

15. Prohibition Against Discrimination. The Owner shall not discriminate against any tenant or potential tenant on the basis of sex, color, race, ethnicity, religion, ancestry, national origin, age, pregnancy, marital status, family composition, sexual orientation, or the potential or actual occupancy of minor children. The Owner further agrees to take affirmative action to ensure that no such person is discriminated against for any of the above-mentioned reasons.

16. Indemnification. The Owner shall defend, indemnify, and hold harmless the City of Palmdale and its officers, agents, employees, representatives, and volunteers from and against any loss, liability, claim, or judgment relating solely to this Agreement, including those claims that arise out of: (a) a breach of this Agreement by the Owner; (b) related in any manner to the Owner's administration of this Agreement; or (c) arising out of the City's interest in this Agreement or Affordable Units. This indemnification shall not apply to claims arising out of the negligence or willful misconduct of the City, its officers, agents, employees, representatives, or volunteers.

17. City's Right to Inspect Units and Documents. The City may inspect the Affordable Units (subject to the tenant's privacy rights and lease provisions) and any documents or records relating thereto, at any reasonable time in order to determine the Owner's compliance with this Agreement.

18. Successors and Assigns. This Agreement and its covenants and conditions shall run with the land and be binding upon and inure to the benefit of the City and the Owner, and their respective successors, owners by deed, deed in-lieu of foreclosure, foreclosure or otherwise, and assigns. The City reserves the right to designate another public agency within the City of Palmdale to perform the City's obligations or to exercise the City's rights under this Agreement.

19. Notices. All notices required herein shall be sent by certified mail, return receipt requested, or express delivery service with a delivery receipt and shall be deemed to be effective on the date received or the date delivery was refused as indicated on the return receipt, as follows:

To Owner: Palmdale Family Apartments Ltd.
401 Wilshire Blvd
11th Floor
Santa Monica CA 90401
Attention: President

with a copy to: Cohen Liuzzo PLLC
88 Pine Street, 14th Floor
New York, New York 10005.

To City: City of Palmdale
38250 Sierra Highway
Palmdale, California 93550-4798
Attn: Director of Housing

with a copy to: City of Palmdale
38300 Sierra Highway
Palmdale, California 93550-4798
Attn: City Attorney

The parties hereto may subsequently change addresses or add parties who require copies of any notices by providing written notice of the change in address to the other party hereto in accordance with this Section.

20. Governing Law. The laws of the State of California shall govern this Agreement. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate municipal court in that County, or in Federal District Court in the Central District of California.

21. Default. Failure or delay by either party hereto to perform any term or provision of this Agreement, which is not cured within thirty (30) days after receipt of notice from the other party, constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction, or remedy with due diligence. The injured party shall give written notice of default to the party in default specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not initiate proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. If applicable, the City agrees to accept cures tendered by the Investor Limited Partner of the Owner within the cure periods provided in this Agreement.

22. Remedies.

a. Any individual who rents (including subleasing) an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to the City all monetary amounts so obtained.

b. The City may institute any appropriate legal actions or proceedings necessary to ensure compliance with this Agreement, including, but not limited to, actions for injunctive relief or damages.

c. It is agreed and understood that the covenants to maintain the Affordable Units as set forth herein are a requirement of the Palmdale Municipal Code and as a condition to receiving zoning and parking concessions/incentives/waivers under the Palmdale Municipal Code, the Owner agrees that a breach of the covenants to maintain the Affordable Units as affordable housing for the Term specified herein constitutes a violation of the Palmdale Municipal Code, subject to enforcement by all legally available means.

23. Attorneys' Fees. In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs in an amount determined by the court.

24. Non-Waiver. Failure to exercise any right either party hereto may have or be entitled to in the event of default hereunder shall not constitute a waiver of such right or any other right in the event of a subsequent default.

25. Further Assurances and Recordation. The parties hereto shall cause this Agreement to be recorded in the Official Records of the County of Los Angeles. The Owner shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form and do such further acts as may be necessary, desirable, or proper as the City shall from time to time find necessary or appropriate in order to effectuate its purpose in entering into this Agreement.

26. Entire Agreement. This Agreement, including any Lender's Consent and Subordination Agreements, and all attached Exhibits, constitutes the entire agreement between the parties hereto. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statement, or promise not contained in this Agreement shall not be valid or binding. This Agreement may be amended only by written instrument signed by both the City and the Owner.

27. Third Party Beneficiaries. There are no third party beneficiaries of or to this Agreement.

28. Amendment of Agreement.

a. Generally. This Agreement may be amended from time to time in whole or in part by mutual consent of the original parties hereto or their successors in interest, in accordance with this Agreement, the Palmdale Municipal Code, and the Density Bonus Law.

b. Administrative Amendments. Notwithstanding subdivision (a) of this Section, any amendment to this Agreement, whether requested by the Owner or by the City, which does not relate to the Term; the number, percentage, or type of Affordable Units; or the number or type of any incentives or concessions given by the City, may be determined by the Director to be an administrative amendment and, if so, the Director shall approve the administrative amendment without notice or hearing, and this Agreement and its pertinent exhibits shall be automatically amended without further action by the parties hereto. A memorandum of the amendment shall be executed and recorded in order to reflect such administrative amendment.

29. Counterparts. This Agreement may be executed by each party hereto on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

[*signatures follow*]

IN WITNESS WHEREOF, the City and the Owner have executed this Agreement as of the date set forth above.

CITY
CITY OF PALMDALE,
a municipal corporation

By: _____
Salvador Mendez
City Manager Pro Tem

Dated: _____

ATTEST:

By: _____
Roxanne Faber
City Clerk

APPROVED AS TO FORM:

By: _____
Alexandra Halfman
City Attorney

KANE, BALLMER & BERKMAN
City Special Counsel

By: _____
Todd C. Mooney

OWNER
PALMDALE FAMILY APARTMENTS LP,
a California limited partnership

By: Palmdale Family GP LLC,
a Delaware limited liability company,
its general partner

By: _____
Name: _____
Title: _____

Dated: _____

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

State of California)
County of Los Angeles)

On _____, before me, _____, 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 Los Angeles)

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 _____

FORM OF
LENDER'S CONSENT AND SUBORDINATION AGREEMENT

NOTICE: THIS LENDER'S CONSENT AND SUBORDINATION RESULTS IN YOUR SECURITY INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF A LOWER PRIORITY THAN THIS DENSITY BONUS HOUSING AGREEMENT

The undersigned (the "Lender"), as owner and holder of security interests ("Security Interests") evidenced by that certain [Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing] made by the Owner as trustor in favor of _____ as beneficiary, dated as of _____ and recorded on _____ as Instrument No._____ in the Official Records of the County of Los Angeles, State of California, hereby acknowledges its consent to the terms and provisions of this Density Bonus Housing Agreement. The undersigned further agrees that its Security Interests are and shall unconditionally be and remain at all times junior, subordinate, and subject to the terms, covenants, conditions, and restrictions of this Density Bonus Housing Agreement, provided that in consideration of the Lender's covenants and agreements contained in this Agreement, the City and its designated agencies hereby agree for the benefit of the Lender that concurrently with any notice from the City to the Owner that a default or breach exists under the terms of this Density Bonus Housing Agreement, the City shall send a copy of such notice to the Lender, and the Lender shall have the right, but not the obligation, to cure any defaults within thirty (30) days after the expiration of any cure period set forth in the notice from the City to the Owner regarding such Owner default. The provisions of this consent are intended to supplement, and not to limit, waive, modify, or replace those provisions of law pertaining to notice and cure rights of junior lenders including, without limitation, those set forth in California Civil Code Sections 2924b and 2924c. The Lender intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the Security Interests in favor of this Density Bonus Housing Agreement.

AGREED AND ACKNOWLEDGED:

Dated as of: _____ "LENDER"

By. _____
Name: _____
Title: _____

[*notarized signature required*]

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

State of California)
County of Los Angeles)

On _____, before me, _____, 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 Los Angeles)

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 of Property

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:

PARCEL ONE:

THE NORTH HALF OF THE SOUTH HALF OF THE EAST HALF OF LOT 14 IN SECTION 19, TOWNSHIP 6 NORTH, RANGE 11 WEST, SBBM, IN PALMDALE COLONY LANDS, AS PER MAP RECORDED IN BOOK 11, PAGE 11 OFMISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY.

PARCEL TWO:

THE SOUTH HALF OF THE SOUTH HALF OF THE EAST HALF OF LOT 14 IN SECTION I9, TOWNSHIP 6 NORTH, RANGE 11 WEST, SBBM, IN PALMDALE COLONY LANDS, AS PER MAP RECORDED IN BOOK 11, PAGE 11 OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY

APNs: 3022-012-036 & 3022-012-037

PLANNING COMMISSION
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. PC-2025-015

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PALMDALE, CALIFORNIA, RECOMMENDING CITY COUNCIL APPROVAL OF A FORM OF AGREEMENT 25-0003, APPROVING SITE PLAN REVIEW 25-0009; TO FACILITATE THE CONSTRUCTION OF A 272-UNIT, MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON TWO VACANT PARCELS TOTALING APPROXIMATELY 9.8 ACRES LOCATED AT THE NORTHWEST CORNER OF EAST AVENUE Q AND 25TH STREET EAST, AND FIND THAT THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW

WHEREAS, Palmdale Family Apartments, LP, has filed an application requesting approval of Agreement (AGR) 25-0003 and Site Plan Review (SPR) 25-0009, a request to develop approximately 9.8 acres into a 272-unit multi-family residential project, described herein as "Application".

WHEREAS, The Application applies to a parcel located on the northwest corner of East Avenue Q and 25th Street East indicated on the Los Angeles Assessor roll as Assessor Parcel Numbers 3022-012-036 and -037, legally described on Exhibit A hereto and shown on the map attached as Exhibit B.

WHEREAS, On October 9, 2025, the Planning Commission of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date.

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

SECTION 1. The Planning Commission hereby finds that all of the facts set forth in the foregoing Recitals are true and correct.

SECTION 2. The Planning Commission hereby finds as follows with respect to the environmental document:

A Pursuant to the California Environmental Quality Act (CEQA), this project has been determined to be exempt pursuant to California Government Code section 65583.2, subdvs. (i), which exempts a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code" from the CEQA review for by right projects.

B The custodian of records for all other materials which constitute the record of proceedings upon which the Planning Commission's decision is based, is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

SECTION 3. Based upon substantial evidence presented to this Commission during the above-referenced October 9, 2025, public hearing, including public testimony, and written and oral staff report, this Commission specifically finds as follows:

A The proposed density bonus agreement is consistent with the maps and policies of the General Plan and any applicable Specific Plan. (AGR)

B The City's General Plan and any applicable Specific Plan. (SPR)

C The development standards set forth in this Title. (SPR)

D Any applicable design guidelines. (SPR)

The proposed project as demonstrated in Exhibits C and D, is consistent with the Mixed Use 3 (MU 3) General Plan land use designation and zone, which allow for high-density residential development on the project site. The project meets applicable land use, density, and development standards, and no General Plan amendments or zone changes are required. The project site is located within the City's Regional Housing Needs Assessment Allocation (RHNA). Additionally, the project supports the City's goals for increasing affordable housing and promoting compact, infill development in areas served by existing infrastructure and transit, further aligning with General Plan objectives. As demonstrated in Exhibit D, the proposed project meets the density, lot size, lot width, and lot depth requirements of the MU 3 zone, and is therefore suitable for the type and density of the proposed development.

The proposed project complies with the applicable development standards set forth in Title 17 of the PMC, except where deviations are allowed pursuant to Government Code Section 65915 (Density Bonus Law). The project meets all baseline zoning requirements for multifamily residential development, including height, setbacks, parking, and open space standards, or has received appropriate waivers as permitted for qualifying affordable housing projects. These waivers are necessary to physically accommodate the project and do not result in any adverse impacts to health, safety, or the physical environment. In addition, the proposed project is consistent with the City's applicable design guidelines for multifamily residential development. The site layout emphasizes connectivity, security, and convenience through features

such as gated entry, pedestrian walkways, and centrally located amenities. Together, these features demonstrate conformance with the City's intent to encourage attractive and context-sensitive residential development.

E The proposed density bonus agreement complies with the requirements of California Government Code Section 65915. (AGR)

The proposed Density Bonus Agreement complies with the requirements of California Government Code Section 65915 by providing the required percentage of affordable housing units in exchange for density bonuses and development incentives. The project includes deed-restricted affordable units for lower-income households, consistent with state-mandated eligibility thresholds. In accordance with Section 65915, the applicant has requested waivers that facilitate the development of affordable housing, and the City has verified that all requests meet the statutory criteria. As such, the agreement fully aligns with the provisions and intent of California's Density Bonus Law.

SECTION 4. Based on the findings and conclusions set forth in Sections 1, 2, and 3 above, this Commission hereby recommends City Council approval of a form of AGR 25-0003 as set forth in Exhibit E, approves SPR 25-0009 subject to the Conditions of Approval as set forth in Exhibit F, and finds that the project is exempt from environmental review.

SECTION 5. The Deputized Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and **ADOPTED** this 9th day of October 2025.

Dean Henderson
Chair, Planning Commission

ATTEST:

Sylvia Magallanes, Deputized Clerk

I, Sylvia Magallanes, Deputized Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly approved, and adopted by the Planning Commission of the City of Palmdale at a regular meeting of said Commission held on the 9th day of October, 2025, by the following roll call vote:

AYES: (5) Chair Henderson, Vice Chair Elize, Commissioners Lujan, Olivarez, Jones

NOES: (0)

ABSTAIN: (0) ABSENT: (0)

Date: 10/21/2025

Sylvia Magallanes, Deputized Clerk

EXHIBIT A

LEGAL DESCRIPTION FOR AGR 25-0003 SPR 25-0009

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:

PARCEL ONE:

THE NORTH HALF OF THE SOUTH HALF OF THE EAST HALF OF LOT 14 IN SECTION 19, TOWNSHIP 6 NORTH, RANGE 11 WEST, SBBM, IN PALMDALE COLONY LANDS, AS PER MAP RECORDED IN BOOK 11, PAGE 11 OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY.

PARCEL TWO:

THE SOUTH HALF OF THE SOUTH HALF OF THE EAST HALF OF LOT 14 IN SECTION I9, TOWNSHIP 6 NORTH, RANGE 11 WEST, SBBM, IN PALMDALE COLONY LANDS, AS PER MAP RECORDED IN BOOK 11, PAGE 11 OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY.

APN'S: 3022-012-036 AND -037

EXHIBIT B

VICINITY MAP FOR AGR 25-0003 AND SPR 25-0009

EXHIBIT C

TABLE 3 - GENERAL PLAN CONSISTENCY

Element	Goal, Objective, or Policy	Standard Met?	Justification*
Land Use	LUD-4.1: Quality Construction. Use simple, urban building forms made with permanent materials with high-quality detailing that stands the test of time.	Yes	The proposed project incorporates durable, high-quality building materials that include stucco in complementary tones, stone veneer, and cement board panels, urban architectural forms that align with the City's long-term vision for residential developments. The buildings feature clean lines, breaks in building massing, and permanent exterior finishes designed to minimize maintenance needs while maintaining visual appeal over time. In addition, the proposed project includes varied rooflines, prominent building entrances, and intentional façade articulation to create visual interest along the street frontage.
	LUD-4.3: Promote high-quality, cohesive architectural design by encouraging building forms, materials, and styles that are durable, compatible with surrounding development, and supportive of long-term community character.	Yes	
	LUD-4.7: Iconic Architecture. Allow iconic and memorable building designs, particularly on larger non-residential properties.	Yes	

TABLE 3 - GENERAL PLAN CONSISTENCY (CONTINUED)

Element	Goal, Objective, or Policy	Standard Met?	Justification*
Land Use	LUD-5.3: Require new developments to be designed for and provided with adequate public services and infrastructure. Require that these public facilities and services be provided concurrently with development to ensure a high quality of life for residents.	Yes	The project is located within the Palmdale Water District and the Los Angeles County Sanitation District. Both agencies have reviewed the project and provided conditions of approval to ensure the project can be adequately served by existing water and wastewater facilities upon approval of development plans. Additionally, the project has been conditioned by the Engineering Division to provide roadways, curbs, gutters, and sidewalks to adequately serve future residents.
	LUD-10.6: Implement urban design guidelines and features that encourage pedestrian activity and reduce automobile use.	Yes	The proposed project incorporates urban design features that promote walkability and reduce car dependency. The project includes pedestrian pathways, shade trees, and long-term bike parking further enhances pedestrian comfort and supports alternative transportation. The site's proximity to transit and its compact, connected layout align with the City's vision for transit-oriented, pedestrian-friendly development.

TABLE 3 - GENERAL PLAN CONSISTENCY (CONTINUED)

Element	Goal, Objective, or Policy	Standard Met?	Justification*
Land Use	LUD-22.5 Varying Housing Types. Encourage and allow a variety of housing types developed at a range of densities to serve varying household types, including, but not limited to, single-family attached and detached, accessory dwelling units, multifamily apartments, townhomes, duplexes, triplexes, quadplexes, and condominiums.	Yes	The proposed project is located on a vacant site and will provide a new multifamily development for low-income individuals. The site is within a half-mile distance of a major bus corridor, which provides alternative transportation mobility for the residents. The proposal meets this land use goal by providing a different type of housing than what is currently within the immediate vicinity and by serving the need for multifamily developments.
Economic Development	ED-5.2: Increase the supply and diversity of housing options to support different types of households, including seniors, young adults, families, empty nesters, individuals or families with special needs, and multigenerational families.	Yes	The proposed project supports the General Plan goal to increase the supply and diversity of housing options by offering a mix of unit sizes ranging from one to four bedrooms to accommodate a wide range of household types, and ensures more inclusive and flexible housing opportunities within the community.

**Justification is based on a review of the plans date stamped 'Received June 25, 2025'.*

EXHIBIT D

PMC STANDARDS

	Standard	Standard Met?	Justification*
Density	Minimum Density: 30 dwelling units per acre Maximum Density: 50 dwelling units per acre	Yes	The proposed project would accommodate the development of 272 multifamily residential units on an approximately 9.8-acre site, resulting in a residential density of approximately 28.2 dwelling units per acre.
Lot Size	Minimum: 20,000 square feet	Yes	The proposed project is situated on an approximately 9.8-acre site, which exceeds the minimum requirement.
Lot Width	Minimum: 60 feet	Yes	The proposed project has a lot width of approximately 590 feet.
Lot Depth	Minimum: 100 feet	Yes	The proposed project has a lot depth of approximately 600 feet.
Setbacks	Front: 15 feet Street Side: 10 feet Interior: 0 feet Rear: 15 feet	No	The applicant proposes a 10-foot front yard, a 15-foot street side, a five-foot interior, and a nine-foot rear yard setback. The applicant has submitted a waiver to reduce the required front setback from 15 feet to 10 feet and the required rear setback from 15 feet to nine feet, because it would require the removal of 24 units.
Building Height	Maximum Height: 65 feet or five stories	Yes	The proposed project is 36 feet in height and three stories.
Private Storage	Minimum required 125 cubic feet of enclosed private storage space per unit	No	The applicant has submitted a waiver to allow the project to not provide any private storage space for any of the units.

PMC STANDARDS (CONTINUED)

	Standard	Standard Met?	Justification*
Landscaping	30 percent of the minimum required front yard area shall be landscaped, of which half must be planted with live plant material	Yes	The front yard area of the proposed project is landscaped with live plant material with the exception of walkways and a monument sign.
Building Separation	A minimum 30 feet of open-to-the-sky separation between structures and/or less than the minimum 30-foot open-to-the-sky building break required for buildings over 425 feet in length.	No	The applicant is requesting a waiver to reduce the required minimum 30 feet of open-to-the-sky separation between structures.
Parking	Utilizing the state density bonus for parking spaces, 422 spaces would be required.	Yes	The proposed project includes 453 parking spaces.
	Tandem parking garages shall be a minimum dimension of 10 feet in width by 40 feet in length.	No	The project will provide tandem garages 10 feet in width by 35 feet in length and uncovered tandem spaces 9 feet in width by 33 feet in length. The applicant has submitted a waiver to reduce this requirement.
	A waiver to allow parking spaces to be located more than 200 feet from the dwelling units they serve.	No	The applicant is requesting a waiver to deviate from this requirement.
Amenities	Five amenities are required for the 272 residential unit project.	Yes	Amenities include: a community gathering area with a pergola shade structure and barbecue with table seating and benches; a children's play area; a swimming pool area; and four garden courtyards.

**Justification is based on a review of the plans date stamped 'Received June 25, 2025'.*

EXHIBIT F

FINAL

CONDITIONS OF APPROVAL FOR

SITE PLAN REVIEW 25-0009

APPROVAL DATE: OCTOBER 9, 2025
EFFECTIVE DATE: OCTOBER 21, 2025
EXPIRATION DATE: OCTOBER 21, 2028

These Conditions of Approval apply to Site Plan Review (SPR) 25-0009 to facilitate the construction of a 272 multi-family residential development on two vacant parcels totaling approximately 9.8 acres located at the northwest corner of 25th Street East and Avenue Q (APN(s): 3022-012-036 and 037). Any proposed change of use or expansion of the area, or modifications to the site plan or structures shall be submitted to the Planning Division, along with the required application and fee, for review. For the purpose of these conditions, the term "applicant" shall also mean the developer, the owner or any successor(s) in interest to the terms of this approval. For the purposes of these conditions, an * indicates that the condition is a mitigation measure.

GENERAL CONDITIONS:

1 This approval shall not become effective for any purposes until any appeal period has passed and the applicant has filed at the office of the Planning Division their notarized affidavit stating that they agree to and accept all of the Conditions of Approval as approved by the Reviewing Authority as set for in Resolution PC-2025-015. (P)

2 Should the City Council deny or revise Density Bonus Agreement (AGR) 25-0003, this SPR shall be modified to ensure consistency with AGR 25-0003, which may require additional reviews and/or approvals. (P)

3 Site Plan Review 25-0009 shall be inaugurated within three years during the initial approval period; an extension of time may be submitted prior to the expiration date. Applications for time extensions must be filed a minimum of 90 days prior to the expiration date. Request for time extensions must be accompanied by a formal application, all required exhibits and plans, and required application fees. (P)

4 Should this project not be inaugurated during the initial approval period, an extension of time not to exceed an additional two years may be granted by the Review Authority. Applications for time extensions must be filed a minimum of 90 days prior to the expiration date. Requests for time extensions must be accompanied by a formal application, all required exhibits and plans and required application fees. (P)

5 Immediately upon approval of this project by the Review Authority, the applicant shall submit to the City a cashier's check or check, payable to Los Angeles County Clerk in the amount of $75 for the environmental filing fee in compliance with the California Environmental Quality Act (CEQA) Guidelines. Furthermore, if the California Department of Fish and Wildlife (CDFW) determines that this project is not exempt from a filing fee imposed pursuant to Fish and Wildlife Code Section 711.4 because the project has more than a de minimis impact on fish and wildlife, then the applicant shall also pay to CDFW any fee and any fine which the Department determines to be owed. (P)

6 The applicant shall defend, indemnify, and hold harmless the City and its elected and appointed officials, officers, employees, and agents from and against any claim, action, or proceeding against the City, its elected and appointed officials, officers, employees, or agents to attack, set aside, void, or annul any approval or condition of approval of the City concerning this project, including but not limited to any approval or condition of approval of the Review Authority. The City shall promptly notify the applicant of any claim, action, or proceeding concerning the project and the City shall cooperate fully in the defense of the matter. The City reserves the right, at its own option, to choose its own attorney to represent the City, its elected and appointed officials, officers, employees, and agents in the defense of the matter. (P)

7 Pursuant to Government Code Section 66020(a), any party may protest the imposition of any fees, dedications, reservations, or other exactions imposed on this development project. Required fees must be paid in full or arrangements must be made to pay the fee when due. Written notice of payment under protest must be filed with the City at the time of approval or conditional approval of this project or within 90 days after the date of the imposition of the fees, dedications, reservations, or other exactions imposed on this project. (P)

8 The applicant shall be responsible for informing all subcontractors, consultants, engineers, or other business entities providing services related to the project of their responsibilities to comply with all pertinent requirements in the PMC, including the requirement that a business license be obtained by all entities doing business in the City. (P)

9 The use shall meet the standards and shall be developed within the limits established by the PMC as related to emissions of noise, odor, dust, vibration, wastes, fumes, or any public nuisances arising or occurring incidental to the establishment or operation. (P)

10 The applicant shall be responsible for the on-going maintenance and upkeep of undeveloped portions of the site, in accordance with the property maintenance

requirements as set forth in the PMC Chapter 8.36 (Regulation of Property Maintenance). (P)

11 The applicant shall comply with all requirements of the PMC, all requirements of the City ordinances, resolutions, and all applicable standards and policies that are in effect at the time that building permits are issued for the development. (P)(E)

12 When exhibits and written Conditions of Approval are inconsistent, the written conditions shall prevail. (P)(E)

13 Off-site public improvements (streets, drainage, sewers, etc.) may be necessary to adequately serve this subdivision/development. If off-site public improvements are required, said improvements shall be located within public easements. This project approval is subject to the applicant's acceptance of the City requirements for acquisition of said public easements, at the sole cost and expense of the applicant. The City Engineer shall have the authority to withhold approval of any affected improvement plans for failure to satisfy this Condition. (E)

14 The applicant shall participate in such on-site and off-site water service improvements or wells as may be required by the serving water purveyor/master. (E)

15 Coordination with utility companies by the applicant's engineer during design shall be required to ensure that required public improvements are not in conflict with existing or proposed utilities. (E)

16 Transmission or distribution lines less than 50kV and all other utility lines, existing and proposed, shall be installed underground in accordance with the PMC Chapter 12.04 (Underground Utilities). (E)

17 All plans, specifications, studies, reports, calculations, maps, notes, legal documents, and designs, shall be prepared, signed, and stamped (when required) only by those individuals legally authorized to do so. Development plans must be prepared, signed, and stamped by a California Registered Civil Engineer. (E)

18 Sign approval for the project is a separate process requiring the issuance of a sign permit and building permits and shall be subject to review and approval by the Planning Division and Building and Safety Division. (P)(B&S)

19 Left-turn ingress and/or egress at all access locations shall be subject to approval of the City Engineer and may be restricted in the future due to traffic operational or safety concerns. Alternatives to such restrictions may be considered. (TE)

20 Intersection sight distance and stopping sight distance shall be shown to meet the required standards both horizontally and vertically at all vehicular ingress/egress locations including consideration for walls, landscaping, grading, and vegetation. (TE)

21 The applicant shall provide a complete set of street improvement plans for review and comment to utility providers including but not limited to the following: (E)

21.1 Water District

21.2 Southern California Edison

21.3 Southern California Gas Company

21.4 AT&T

21.5 Cable TV

22 The applicant shall provide standard street improvements for Regional/Crosstown roadway classification streets, along the western half of 25th Street East across the project frontage. The design shall be based on a 104-foot right-of-way on an acceptable centerline profile extending a minimum of 300 feet beyond the project, where applicable. Improvements listed below shall be constructed and operational prior to occupancy release. These improvements shall consist of: (E)

22.1 Curb and gutter,

22.2 Sidewalk (width = eight feet),

22.3 Roadway grading and paving, overlay and/or match-up, as directed by City Engineer,

22.4 Traffic control signs and devices as required by the City Engineer,

22.5 Pavement transition from the project boundaries to the satisfaction of the City Engineer,

22.6 Wheelchair ramp(s) at all walk returns,

22.7 Roadway drainage device(s),

22.8 Streetlights,

22.9 Raised median,

22.10 Dedicate an additional 17-feet of right-of-way and construct improvements as required by Traffic Division,

22.11 Dedicate sufficient right-of-way for corner cut-off in accordance with City's Engineering Design Standards,

22.12 Dedicate and construct a four-foot-wide minimum Americans with Disabilities Act (ADA) by-pass at all proposed driveway approaches,

22.13 Provide a minimum four-foot sidewalk clearance around any object, and,

22.14 Dedicate additional right of way for a right turn lane per the Traffic Division dimension requirements.

23 The applicant shall provide standard street improvements for Regional/Crosstown roadway classification streets, along the northern half of East Avenue Q across the project frontage. The design shall be based on a 114-foot right-of-way on an acceptable centerline profile extending a minimum of 300 feet beyond the project where applicable. Improvements listed below shall be constructed and operational prior to occupancy release. These improvements shall consist of: (E)

23.1 Curb and gutter,

23.2 Sidewalk (width = eight feet),

23.3 Roadway grading and paving, overlay and/or match-up, as directed by City Engineer,

23.4 Traffic control signs and devices as required by the City Engineer,

23.5 Pavement transition from the project boundaries to the satisfaction of the City Engineer,

23.6 Wheelchair ramp(s) at all walk returns,

23.7 Roadway drainage device(s),

23.8 Streetlights,

23.9 Raised median,

23.10 Dedicate an additional 17-feet of right-of-way and construct improvements as required by Traffic Division,

23.11 Dedicate sufficient right-of-way for corner cut-off in accordance with City's Engineering Design Standards,

23.12 Dedicate and construct a four-foot-wide minimum Americans with Disabilities Act (ADA) by-pass at all proposed driveway approaches,

23.13 Provide a minimum four-foot sidewalk clearance around any object, and,

23.14 Dedicate additional right of way for a right turn lane per the Traffic Division dimension requirements.

THE FOLLOWING CONDITIONS SHALL BE ADDRESSED WITH THE SUBMITTAL OF GRADING PLANS OR PRIOR TO ISSUANCE OF A GRADING PERMIT:

Screening

24 The applicant shall submit the final site plan, floor plans, architectural elevations(s), and photometric lighting plans to the Planning Division for review and approval, along with the required fee(s) for plan check review through the Accela Citizen Access portal. Such plans shall be fully dimensioned and in substantial conformity with those approved by the Review Authority. Plans shall address the following: (P)(TE)(B&S)(PS)

24.1 Utility and transformer boxes, backflow devices, and other similar equipment facilities shall be placed underground unless otherwise specified and approved. Screening shall be compatible with main structures and include landscaping where appropriate. All electrical switchgear shall be located within an electrical or utility room within the building which may be accessible from an exterior door or doors. Exterior surface-mounted switchgear shall be prohibited.

24.2 The location of all devices required by the water district shall be shown on the site plan. All such devices shall be screened with a low-profile wall to match the building or another method as approved by the Planning Manager.

24.3 The location and method of screening for all roof-mounted equipment shall be demonstrated, including but not limited to air conditioning and heating units, plumbing flues and vents. All equipment shall be screened from public view. All roof-mounted equipment shall be screened from view by parapet walls or other architectural means. The applicant shall demonstrate to the satisfaction of the Planning Manager that no roof-mounted equipment will be visible from the public right-of-way. A line of-sight drawing showing

full screening of the roof-mounted equipment by the building parapets shall be submitted to the satisfaction of the Planning Manager.

24.4 Exterior ladders providing roof access shall be prohibited. Access to the roof shall be concealed within buildings.

24.5 Any proposed bollards shall include a decorative cover consistent with the architectural style of the associated building. Safety Yellow colored pipe style bollards shall only be permitted in areas hidden from the public right-of-way, such as tucked under parking garage spaces.

24.6 The location and enclosure details of refuse containment areas are to be in compliance with PMC Chapter 17.85.020 (Refuse and Recycling). Refuse and recycling enclosures shall be screened by a six-foot decorative masonry block wall/material compatible with the main structure(s). A self-closing gate constructed of solid metal material painted to match the enclosure and a solid decorative roof treatment shall be provided. Refuse enclosures shall be designed to meet or exceed the minimum capacity requirements of the development as determined by PMC Chapter 15.30 (CALGreen Recycling Requirements), PMC Chapter 17.85 (Utilities and Services), and waste hauler. Enclosures shall be located to provide unobstructed 24-hour access to refuse collection vehicles.

Lighting

24.7 The photometric lighting plan for parking areas shall comply with applicable standards contained in the PMC Section 17.86.030 (Outdoor Lighting).

24.8 All exterior lighting shall be decorative and appropriate for the architecture of the associated building. Light fixtures shall comply with PMC Section 17.86.030 (Outdoor Lighting) and shall not project above the fascia or roof line of the building.

24.9 Buildings shall have exterior security lighting fixtures or wall packs installed that are protected by a weather and vandal-resistant covering. Security lighting must follow the specifications of the PMC Section 17.86.030 (Outdoor Lighting).

24.10 Parking lot lighting shall comply with applicable height and design standards contained in the PMC and shall not be obstructed by trees or other landscaping.

24.11 Pedestrian walkways shall have sufficient decorative pathway lighting.

24.12 Each entry, patio, balcony and pedestrian garage shall be equipped with its own light source.

24.13 Exterior door, perimeter, canopy, and parking area lights shall be controlled by photocell and shall be left on during hours of darkness or diminished lighting.

24.14 Parking area lights shall be controlled by photocell and shall be left on during hours of darkness or diminished lighting.

24.15 All parking lots, aisles, and grounds contiguous to walkways shall be provided with sufficient lighting to provide adequate illumination for the safety and security of vehicles and pedestrians using the site during the hours of darkness or diminished lighting. Such lighting shall be equipped with vandal and weather-resistant covers/lenses and comply with the specifications of the PMC.

Architectural Design

24.16 Architectural elevations shall note proposed materials, colors, height, dimensions, window, roof, and treatments for all four sides of proposed structure(s).

24.17 If glass skylights are installed on the roof, they shall be provided with rated burglary resistant glass or glass like acrylic material. Iron bars of at least one-half inch round or by one-fourth inch flat steel material spaced no more than five inches apart or a steel grill of at least one-eighth inch material or two-inch mesh, shall be securely fastened over the skylight to prevent entry.

24.18 Iron bars or steel grills, with the same specifications as for skylights, shall be used on air ducts or air vent openings exceeding eight inches by 12 inches located on the roof or exterior walls to prohibit access by unauthorized persons.

24.19 Primary living areas and windows of individual units should be focused for observation of common use areas, adjacent units, recreational areas, and tenant parking to allow for natural surveillance and a sense of community.

Circulation/Parking Safety and Loading Areas

24.20 The site plan shall identify the interior traffic flow pattern.

24.21 Driveways shall have a minimum radius of 15 feet.

24.22 The site plan shall identify all pedestrian access ways and traffic crossings. Crossings shall be clearly marked, lighted, and identified throughout the interior of the project. Design of these areas shall be reviewed and approved by the applicable City departments and shall comply with Title 24 Accessibility Standards and current City Building Codes.

24.23 The site plan shall indicate the alignment of all adjacent streets, turn lanes, medians, bus turnouts, the location of project entrance(s), drive aisles, traffic control devices, sidewalks, landscape setbacks, and the location of other infrastructure.

24.24 The site plan shall indicate the location and method of operation of any vehicle restricting gates. The gates shall be subject to the approval of the City Engineer and the Los Angeles County Fire Department. Where utilized, a portion of the guest spaces shall be accessible without passing through a security entrance and residents shall not be required to pay additional costs to receive devices to open a security gate.

24.25 The applicant shall coordinate with Antelope Valley Transit Authority (AVTA) to ensure that right-of-way and street construction includes the provision of a bus turnout along East Avenue Q. Design shall be subject to the approval of the City Engineer.

24.26 All walkways perpendicular to parking stalls shall be a minimum of seven feet in width.

24.27 The site plan shall clearly indicate no parking areas and fire lanes and indicate how such areas will be designated on the site.

24.28 If gated, the applicant shall provide some means of access for law enforcement purposes by way of a keypad, or some other method as approved by the Los Angeles County Fire Department and Los Angeles County Sheriff's Department.

Development Landscaping Requirements

25 The landscape plans shall comply with all provisions of PMC Chapter 14.05 (Water Efficient Landscape and City Landscaping Standards). (E)

26 The applicant shall submit landscape and irrigation plans for all project landscaping improvements to the Engineering Division for review and approval, through the Accela Citizen Access Portal. The applicant is responsible to pay all plan review fees for the improvements reflected on the landscape plans prior to the plans being reviewed. All landscape permit and inspection fees shall be paid prior to the

issuance of a landscape permit. These plans shall include, but not be limited to, the following items: (P)(E)(PS)

26.1 Trees in the parkways shall not exceed a spacing approved by the City Engineer for the species proposed.

26.2 Where trees are incorporated into the landscape design of common or open areas, all trees shall be a minimum one-inch caliper in a 15-gallon or larger container size. Fifty percent of the trees shall be a minimum two-inch caliper in a 24-inch box size or larger container. Twenty percent of the trees shall be a minimum two-and-a-half-inch caliper in a 36-inch box size or larger container. The trunk caliper shall be measured four and a half feet above the root crown. Any Washingtonia spp. or similar palm trees proposed shall have a minimum of 12 feet of brown trunk height.

26.3 All shrubs shall be a minimum five-gallon size. If one-gallon plants are proposed to be used as a ground cover (i.e., with drip irrigation), such planting shall be supplemented with additional five-gallon plant material to provide variation in texture and height.

26.4 All plant material shall be indicated on the landscape plans with symbols that are 75 percent of a diameter of the mature size of the plant. When determining mature plant size, the lower end of the size range shall be used (for example, if a plant is indicated to have a mature size of six to -ten feet, a six-foot diameter shall be used when graphically indicating the plant material on the plan).

26.5 All landscape areas shall be enclosed by a six-inch raised concrete curb. Differences in planting areas or landscaping ground cover materials shall be separated by approved landscape edging or concrete mow strips.

26.6 All slopes steeper than 3:1 shall be landscaped for erosion control per the Engineering Design Standards.

26.7 Backflow devices shall be screened with a solid Le Meur cover or equivalent and landscaping.

26.8 All plant material sizes and calipers shall conform to the American Standard for Nursery Stock, ANSI (Z60.1) 2014.

26.9 Landscaping shall be provided within parking areas so that at least 15 percent of the surface area of the parking lot is landscaped (excluding perimeter and front setback landscaping). Landscaping shall be dispersed throughout the parking lot to provide shade throughout the lot.

26.10 A minimum of one canopy tree for every four parking stalls (or eight parking stalls when two rows of four share a common frontage) shall be provided.

26.11 A minimum 50 percent of the parking lot trees shall be a minimum 24-inch box size and with a minimum two-inch caliper. Twenty percent of the trees shall be a minimum two-and-a-half-inch caliper in a 36-inch box size or larger container.

26.12 Landscape planters shall be a minimum of six feet in width (inside dimension), except that tree wells located between parking rows and spaces may be a minimum of four feet in width (inside dimension). All landscaping and planting within paved areas shall be contained within raised planters surrounded by six-inch concrete curbs. Tree areas shall be planted a minimum of five feet from walls, walkways, or buildings. To protect the hardscape and encourage deep root development, root barriers shall be installed during planting operations.

26.13 Wheel stops or curbs shall be placed a minimum of 30 inches away from the trunk of any tree.

26.14 Landscape islands, a minimum 10 feet in width with minimum aisle turning radii of 10 feet shall be provided at the end of all parking rows, except where parking rows directly abut buildings, sidewalks, wall, or similar features.

26.15 Parking rows containing 15 or more spaces shall contain one landscape island within the interior of the parking row for each 15 parking spaces in addition to the required row end landscape islands.

26.16 Landscape islands shall not extend closer than three feet from the aisle end of the adjacent parking space(s).

26.17 Landscape islands shall be designed with a six-inch curb and a minimum one-foot paved area where abutting the side of parking stalls. Paved areas of landscape islands shall not be counted toward fulfilling landscape requirements.

26.18 All landscape islands, which are located at the front of head-in parking spaces, shall be designed with a minimum two-and-a-half-foot area free from vegetation where the front of a vehicle may overhang the island. The overhang area shall be surfaced with non-living landscape material such as gravel or rock. Two and a half feet of the overhang area may be counted as part of the overall parking space length.

26.19 Landscaping along the western and northern property line shall be defined by use of a six-inch concrete curb or a block wall or six-inch concrete mowing strip or a combination thereof.

26.20 Parking areas located adjacent to East Avenue Q Street shall contain a low-profile wall, berm, or lowered parking area, at least three feet in height, designed to screen vehicles from the adjacent street.

26.21 Landscaping located within the vehicle sight distance triangle shall be designed and maintained in a manner that does not block the view at driveways and adjacent intersections. Landscaping shall not exceed three feet in height within the sight distance triangle.

26.22 On-site landscaping should not provide hiding places. Limit surrounding landscaping to low-growth plants no higher than two feet.

26.23 Trees that will not block area surveillance or light distribution shall be utilized. Tree canopies shall be no lower than six feet.

26.24 Landscaping located beneath a window shall be no taller than the windowsill and maintained at this standard. Barrier plants shall be used below and to the sides of windows, when feasible.

27 Slope erosion control and street trees shall be installed to the satisfaction of the City Engineer. (E)

Project Grading/Wall/Fences Requirements

28 The applicant shall submit a current Title Report for the subject property, dated within six months of the date for civil plan submittal. (E)

29 Grading and wall plans shall be submitted for review and approval to the Engineering Division, through the Accela Citizen Access Portal. Approval by both the City Engineer and Planning Manager shall be obtained prior to the issuance of a Grading Permit. Final grading and wall concepts shall be in substantial conformance with those shown on the approved site plan, conceptual grading plan, and in accordance with the following: (P)(E)(B&S)

29.1 Northerly Boundary - The applicant shall provide a six-foot-high decorative wall constructed of masonry, wrought iron, durable vinyl, or other similar durable materials as approved by the Planning Manager.

29.2 Westerly Boundary - The applicant shall provide a six-foot-high decorative wall constructed of masonry, wrought iron, durable vinyl, or other similar durable materials as approved by the Planning Manager.

29.3 If a wall is not proposed, where commercial or industrial property share a property line with a commercially or industrially designated property, a minimum of a six-inch wide concrete mow strip shall be provided.

29.4 Proposed retaining walls or engineered free-standing walls shall be submitted to Building and Safety Division for review and approval. Said wall types shall require a building permit prior to construction.

30 In all cases where a required wall is to be located adjacent to the top of a 2:1 or greater slope the wall shall be set back a minimum two and a half feet from the crest of that slope on the level side. All slope and wall configurations shall meet the setback requirements of the City Building Code. (P)(E)(B&S)

31 The exterior face and footings of all project perimeter walls shall be located no more than two inches from the property line on the subject property except where appropriate off-site easements have been obtained. (P)(E)

32 Double boundary walls between developments are prohibited except as approved by the Planning Manager and City Engineer. (P)(E)

33 The applicant shall incorporate into the project design all existing easements within the project boundaries or obtain abandonment of said easements from the affected easement holder(s). If this requirement cannot be accomplished, the project shall be redesigned accordingly to the satisfaction of the Planning Manager, City Engineer, or the Review Authority. (P)(E)

34 The applicant shall obtain off-site easements from the affected property owner(s) for all proposed off-site improvements (i.e., slopes and related grading activities, street improvements, walls drainage, etc.). If said easements cannot be obtained, the project shall be redesigned to incorporate these improvements entirely within the project boundary to the satisfaction of the Planning Manager or the Review Authority. The City Engineer shall have the right to withhold approval of the affected improvement plans for failure to satisfy this condition. (P)(E)

35 All manufactured slopes on or adjacent to project boundaries shall meet the setback requirements of the current City Building Code. A recorded off-site Slope Acceptance Letter from all affected property owners shall be submitted to the City Engineer prior to approval of grading plans for any off-site slope not meeting these requirements. In addition, all slopes are required to meet City Standards with respect to erosion control. (E)

36 The applicant shall submit a temporary erosion control and sedimentation plan for approval by the City Engineer prior to grading plan approval and grading permit issuance when grading activity will occur between October 1st and April 15th. Said erosion control plan shall provide appropriate dust control measures per City and Antelope Valley Air Quality Management District (AVAQMD) Standards to minimize nuisance from dust at all times. (E)

37 The applicant shall submit a dust control plan to AVAQMD for review and shall obtain clearance from said agency prior to issuance of a City grading permit. The applicant shall provide proof of compliance with all AVAQMD requirements and applicable fees. (E)

38 From the beginning of the first ground disturbing activity until the use has been released for occupancy, the following are required of the applicant: 1) have erosion control measures, per an approved Erosion Control and Sedimentation Plan, in place during the rainy season (October 15 - April 15); 2) provide appropriate dust control measures, per City and AVAQMD Standards, to minimize nuisance from dust at all times. (E)(B&S)

39 This project shall be designed and constructed in accordance with the stormwater pollution control requirements of the Lahontan Region of the California Regional Water Quality Control Board. Prior to the issuance of a grading permit, the applicant shall file a Notice of Intent with the Lahontan Region of the California Regional Water Quality Control Board to comply with the applicable National Pollution Discharge Elimination System (NPDES) requirements. The applicant shall submit a copy of the Stormwater Pollution Prevention Plan (SWPPP) to the City Engineer. (E)

40 A drainage acceptance letter from each affected property owner shall be submitted to the City Engineer when the pre-developed storm runoff onto any adjacent property is increased, concentrated, diverted, or changed in any form as required by State law. (E)

41 A final hydrology study and hydraulics report shall be prepared for this project and approved by the City Engineer. The hydrology study and hydraulics report shall address on-site and off-site conditions and impacts, based on the City of Palmdale adopted Storm Water Management Policy. (E)

42 Based on the findings of the final hydrology and hydraulics report, the applicant shall be responsible, at their own expense, for any and all improvements imposed on the project by the Engineering Department to the satisfaction of the City Engineer. (E)

43 All nuisance water generated from this development shall be mitigated on-site in accordance with City's Design Standards requirements. (E)

44 An on-site storm drainage basin (detention) shall be required for this development. Such basin(s) shall be granted in easement to the City (for emergency maintenance only), but regular maintenance shall be the responsibility of the applicant, or their City approved designee. (E)

45 This development shall be designed in accordance with the City's Floodplain Management Ordinance, Master Plan of Drainage, and related criteria within the Engineering Design Standards. (E)

46 Dry wells or other stormwater management systems, such as an infiltration tank and detention tank shown on the stormwater plans, shall be required for this project to dispose of on-site nuisance water in accordance with the approved drainage plan. No nuisance water generated from this development shall be allowed outside the boundaries of this development unless authorized by the City Engineer. Appropriate measures shall be taken to protect dry wells and basins from silt during grading operations and any off-site flow from undeveloped areas designed to flow through subdivision. (E)

47 The applicant shall submit geotechnical reports, prepared in accordance with the City's Engineering Design Standards, to the City Engineer for review and approval prior to the approval of a grading permit. (E)

48 The applicant shall enter into a Development Improvement Agreement and post securities for grading operations with the City and pay all applicable fees. Grading activities extending beyond phase boundaries shall require approval of the City Engineer and Planning Manager. Such grading activity shall be reflected in the Subdivision/Development Improvement Agreement of the phase which request such grading. (E)

49 Grading shall be designated "Engineering Grading" per City Building Code and shall be done in accordance with an approved grading plan. All grading work shall be performed in one continuous operation, or in phases as approved by the Planning Manager and the City Engineer. (E)

50 A sanitary sewer-area study for this project shall be prepared and submitted to the City Engineer for review and approval. A public sanitary sewer system is to be dedicated to the City. The system shall be designed and installed as the only method of sewage disposal for this development. Coordination and clearance must be obtained from Los Angeles County Sanitation District prior to issuance of a sewer permit. (E)

51 The applicant shall obtain sufficient off-site sewer easements and design and construct an off-site outfall sewer with supplemental size, capacity, and length as required by the City Engineer. The City Engineer shall have the right to withhold approval of any affected improvement plans for failure to satisfy this condition. (E)

THE FOLLOWING CONDITIONS SHALL BE COMPLETED PRIOR TO OR IN CONJUNCTION WITH RECORDATION OF THE FINAL MAP OR ANY PHASE THEREOF:

52 The applicant shall provide written evidence to the Planning and Engineering Divisions that approval has been obtained from the Los Angeles County Fire Department. (F)(P)(E)

53 The applicant shall enter into an Improvement Agreement and post securities with the City and pay all applicable fees prior to permit issuance for the development. If any transfer of ownership/title of land within this proposed development takes place prior to release of all agreements and securities, the new applicant shall be required to enter into a separate Improvement Agreement with the City and pay all applicable fees. Agreement and securities with the prior applicant will be released after the agreement and securities with the new applicant take effect. (E)

54 Access rights shall be granted to the City for the purpose of allowing access over private drives within the development for all City vehicles, including police, fire, and other emergency vehicles. The document(s) recording this access shall be prepared by the applicant for review and approval by the City Engineer. (E)

THE FOLLOWING CONDITIONS SHALL BE COMPLETED PRIOR TO OR IN CONJUNCTION WITH ISSUANCE OF BUILDING PERMITS (FOR ANY PHASE OF THE DEVELOPMENT):

55 The applicant shall pay all fees at the time fees are determined payable and comply with all requirements of the applicable Federal, State, and local agencies including, but not limited to, the following:

Antelope Valley Air Quality Management District
Los Angeles County Consolidated Fire District
Los Angeles County Department of Health Services
Los Angeles County Sanitation District
Palmdale School District
Palmdale Water District
Regional Water Resources Control Board

The duty of inquiry as to such requirements shall be upon the applicant. Receipt and proof of payment shall be provided to the Building and Safety Division prior to issuance of any building permits. (P)(E)(F)(B&S)

56 The applicant shall comply with all applicable development regulations and requirements prior to the issuance of any building permits on the subject property. (P)(E)(B&S)

57 The project shall comply with all requirements of PMC Chapter 13.05 (Sewer Collection Service Charges). (E)

58 Water mains shall be designed to meet or exceed the total flow requirements determined from domestic flow and fire flow for this development. Required domestic flow shall be calculated by the applicant's engineer. Fire flow shall be determined by the Los Angeles County Fire Department. (E)

59 The plans and specifications for the water delivery system shall be submitted for approval to the responsible water purveyor prior to final approval of this development by the City Engineer. In all cases where water system facilities have not been installed prior to filing this development with the City Engineer for final approval, the applicant shall submit a Labor and Materials bond in addition to one of the following: (E)

59.1 An Agreement and Faithful Performance bond in the amount approved by the City Engineer to be sufficient to guarantee installation of the improvements; or

59.2 An Agreement and evidence satisfactory to the City Engineer showing that the applicant has entered into a contract with the serving water utility for establishing a security guaranteeing payment for the installation of the improvements.

60 Street lighting plans shall be reviewed and approved separate of the approval of the street improvement plans. Street lighting plans and electrical plans shall be submitted to the City Engineer for review and approval and to Southern California Edison (SCE) for reference. Electrical plans shall be prepared by a Registered California Electrical Engineer. (E)

61 The applicant shall petition the City to annex to the City's Community Facilities District for the maintenance of streetlights and appurtenant facilities and/or request annexation into an existing streetlight maintenance assessment district. Such annexation shall be completed at the sole cost and expense of the applicant, and the applicant's deposit of the estimated costs thereof shall be required prior to such actions by the City. If the City is unsuccessful in the annexation to the Community

Facilities District, the Developer shall propose and receive approval for an alternative maintenance entity. The developer shall remain solely responsible for the maintenance of the streetlights and appurtenant facilities until such time that an alternative maintenance entity assumes the maintenance. All costs associated with the formation of an alternative maintenance entity shall be paid by the Developer. (E)

62 Easements for all on-site utilities, public and private, shall be granted and recorded for maintenance and upkeep. Such easements may include, but are not limited to, sewer, water, electric, gas, telephone, storm drains, detention basins, and landscaping. (E)

63 All sanitary sewer mains to be dedicated to the City area required to submit as-built plans, and have TV video inspection prior to final acceptance for maintenance. (E)

64 At completion of rough grading, the applicant shall submit appropriate reports and statements (Certifications) to the City Engineer, for review and approval, prior to release of rough grading. The City of Palmdale Building Code requires these reports from the field or supervising grading engineer, the soils engineer, the geologist, and the grading contractor. (E)(B&S)

65 The applicant shall obtain addresses established by the Building and Safety Division upon application for a building permit. (E)(B&S)

66 If a conflict exists, the project shall be required to relocate the existing streetlight and fire hydrant due to the new driveway approach location. During (TE)

67 A striping and signing plan shall be provided for all roadway improvements and shall be subject to the approval of the City Engineer as part of the approval of the street improvement plans. (TE)

68 Right-of-way and street construction shall include provision of a bus turnout at East Avenue Q. The turnout should begin a minimum 50 feet from the edge of curb radius, be 12 feet wide, 50 feet long, and include a 60-foot transition into the stop and a 40-foot transition out of the stop. Design shall be subject to the approval of the City Engineer. (TE)

69 Design and construction of East Avenue Q shall include a raised median. (TE)

70 The project driveway shall have a clear throat distance of 50 feet without interference with circulation aisles and vehicle turn around in front of the gate. (TE)

71 Driveways shall have a minimum radius of 15 feet.

72 The applicant will be required to dedicate the ultimate half-width right-of-way from centerline and provide standard street improvements along the following project frontages: (TE)

72.1 East Avenue Q: 57 feet

72.2 25th Street East: 52 feet

73 Appropriate right-of-way and construction of right-turn lane(s) shall be provided at the following locations: (TE)

73.1 Southbound 25th Street East at East Avenue Q

73.2 Project driveways access

The lanes shall be a full width of 12 feet for a distance of 250 feet with a taper of 120 feet in length. Design shall be subject to the approval of the City Engineer. (TE)

Impact Fees

74 The applicant shall comply with the provisions of PMC Chapter 3.34 (Parkland Dedication). The applicant shall pay to the Building and Safety Division the applicable Parkland development fees in the amount that is in effect at the time such fees are to be collected pursuant to PMC Chapter 3.34 (Parkland Dedication). (Pk)(B&S)

75 This development is located within the Pearland Natural Drainage Area/Basin as defined by the City's Master Drainage Plan and approved by Resolution 89-75. The applicant shall comply with the provisions of PMC Chapter 3.38 (Drainage Fee Requirements). The applicant shall pay the applicable drainage fees to the Engineering Division in the amount that is in effect at the time such fees are to be collected. Payment of drainage fees for all areas within the map boundaries which are disturbed by grading are due upon submittal of rough grade certification, prior to building permit issuance. (E)

76 The applicant shall comply with the provisions of PMC Chapter 3.40 (Traffic Impact Fee Requirements). The applicant shall pay the applicable traffic impact fees to the Building and Safety Division in the amount that is in effect at the time such fees are to be collected pursuant to the provisions of PMC Chapter 3.40 (Traffic Impact Fee Requirements). (TE)(B&S)

77 The applicant shall comply with the provisions of PMC Chapter 3.42 (Fire Facility Impact Fee Requirements). The applicant shall pay the applicable fire facility impact fees to the Building and Safety Division in the amount that is in effect at the time such fees are to be collected. (B&S)

78 The applicant shall comply with the provisions of PMC Chapter 3.45 (Public Facility Development Impact Fee Requirements). The applicant shall pay the applicable public facility impact fees to the Building and Safety Division in the amount that is in effect at the time such fees are to be collected. (B&S)

79 The applicant will be required to prepare, submit for approval, and record a Voluntary Lot Merger. (E)

THE FOLLOWING CONDITIONS SHALL BE MET WHILE CONSTRUCTION ACTIVITIES ARE ON-GOING:

80 Adequate sanitary disposal facilities shall be required on-site during all phases of construction. (E)(B&S)

81 The applicant shall provide solid waste disposal containers on-site during all phases of construction. The accumulation of refuse and debris which may constitute an unsightly/unsafe public nuisance to surrounding properties is not permitted. (P)

82 Grading shall be done in accordance with a grading plan prepared by the applicant's Registered Civil Engineer. All grading work shall be performed in one continuous operation or in phases as approved by the Planning Manager and the City Engineer. (P)(E)

83 In the event of an unforeseen encounter of subsurface materials suspected to be of an archaeological or paleontological nature, all grading or excavation shall cease in the immediate area, and the find left untouched until a qualified professional archaeologist or paleontologist, whichever is appropriate, is contacted and called in to evaluate the find and make recommendations as to disposition, mitigation, and/or salvage. The applicant shall be liable for costs associated with the professional investigation. (P)

84 The City Engineer shall be notified a minimum of 60 days prior to anticipated opening of any street to public travel. (TE)(E)

85 The applicant shall comply with all City and State guidelines and requirements for traffic control during construction and prior to final project acceptance. (TE)

86 The project shall be required to install a traffic signal at the intersection of East Avenue Q & 25th Street East. Traffic signal plan shall be subject to the approval of the City Engineer. The proposed traffic signal shall be eligible to receive traffic impact fees credits not to exceed the total traffic impact fee required for this project. The final credit amount shall be subject to City Engineer approval. (TE)

87 Additional pavement shall be constructed in order to provide for intersection widening to accommodate the traffic signal and separate left turn lane at East Avenue Q and 25th Street East. (TE)

88 Electric Meter Installations: SCE's rules and policies require that all metering equipment be located to provide 24-hour access to the Utility. Metering equipment may be installed inside a building when located in an illuminated meter room directly accessible from the outside and readily accessible 24 hours a day. Southern California Edison requires their approval on all metering equipment prior to installation. (P)(SCE)(B&S)

THE FOLLOWING CONDITIONS SHALL BE MET PRIOR TO OCCUPANCY OF THIS PROJECT:

89 The applicant shall contact the Planning Division a minimum of two weeks prior to final inspection by the Building and Safety Division to make arrangements for a final walk-through inspection by the Planning Division. (P)

90 All public improvements must be completed by the City. (E)

91 At completion of final grading, the applicant shall submit appropriate statements (Certifications) to the City Engineer prior to release of final grading. The City requires that these be submitted by the field or supervising grading engineer, and/or the landscape architect. (E)

92 Any broken, damaged or non-compliance curb, gutter, sidewalk, and pavement on streets within or along the frontage of the development shall be repaired. Any existing driveways that are not to be used shall be replaced with standard curb, gutter, and sidewalk. (E)

93 The applicant shall improve any private street(s) or access drives for this project according to the plans approved by the City Engineer. (E)

94 The project shall be constructed in accordance with all the approved plans, including but not limited to site plans, grading plans, wall plans, landscape/irrigation plans, lighting plans, and elevations. (P)(E)

95 Street name signs shall be purchased and installed in accordance with City of Palmdale standards. The number and location of signs will be as directed by the City Engineer. (TE)(E)

96 A detailed security/management plan that includes security procedures, lease/rental agreement, application, tenant screening procedures, hours of operation of common facilities and offices shall be submitted to the Public Safety

Division a minimum of two weeks prior to issuance of a certificate of occupancy. (PS)

THE FOLLOWING CONDITIONS SHALL BE MET AS AN ON-GOING ELEMENT OF THE PROJECT:

97 A valid business license obtained from HdL Business Support Center shall be maintained while the use is in operation. (P)

98 The operation of the business shall comply fully with all the rules and regulations of the PMC. Failure to comply with the PMC shall be subject to PMC Section 1.12.010 (Misdemeanors – Infractions – Administrative Citations), which specifies the violation is a misdemeanor, and subject to penalties specified in PMC Section 1.12.020 (Punishment). (P)

99 If problems arise as a result of business practices or operations that are detrimental to public health, safety, or welfare, the Review Authority may review the CUP and, if after review, the Review Authority deems that there is sufficient evidence that the business practices or operations are detrimental to public health, safety, or welfare then the Review Authority, subsequent to a public hearing, may revoke the CUP pursuant to PMC Section 17.22.070 (Post Decision Procedures). (P)

100 Pursuant to PMC Section 17.22.050 (Approval Requirements and Conditions), the CUP approval shall apply only to the property for which the application was made and shall apply to that property as long as the use for which approval was granted is in effect, regardless of changes in ownership. (P)

101 Revisions or modifications to an approved CUP such as, but not limited to, expansions or intensification of the use, may be requested by the applicant. Such requests shall be processed through the proper application, as determined by the Review Authority. (P)

102 All parking facilities shall be maintained in good condition in accordance with the provisions of PMC Chapter 17.87 (Off-Street Parking and Loading). The maintenance thereof may include, but shall not be limited to, the repaving, oiling, and striping of a parking area and the repair, restoration and/or replacement of any parking area design features when deemed necessary by the Planning Manager to ensure the health, safety, and welfare of the general public. (P)(E)

103 The applicant shall be responsible for the establishment, maintenance, and upkeep of the landscape area and all landscape vegetation. All landscape vegetation shall be maintained in a manner to ensure proper growth. Trees and other landscape vegetation shall be pruned as needed to ensure proper growth

and give a maintained appearance. Trees shall not be "topped" or pruned excessively. (P)

104 All owners, future owners, heirs, or assigns of the property shall be required to maintain all private drainage facilities in good working condition, as determined by the City Engineer, and shall be responsible for any damages associated with the private drainage facilities and for any costs incurred by the City for emergency maintenance, repairs, and any other efforts to keep the private drainage facilities in good working condition and/or to insure the health, safety, and welfare of the general public. The developer shall record a covenant upon the property regarding said maintenance. (E)

105 The applicant shall fully cooperate with any adjacent property development to provide improved site access in the future including, but not limited to, the closure, removal, sharing, or relocation of project parking, landscaping, driveways, and drive-aisles. (TE)

106 The installation of speed bumps or humps as a means to control speed on the site shall be prohibited as required by PMC Section 10.04.100 (Regulation of Speed Bumps on Private Streets, Easements and Fire Lanes). If any of these devices are installed while this ordinance is in effect, the owner shall be required to remove these devices at their own expense. (TE)

107 The premises, while open or closed for business after dark, shall be sufficiently lighted by the use of interior night lights. (PS)

108 Storage rooms, roof access doors, maintenance, mechanical, electrical, and other room doors that contain property that may be susceptible to theft, shall be covered by a silent intrusion alarm system. These systems may terminate at the front desk. (PS)

109 Establishments shall be required to register in the City of Palmdale Business Watch Program and receive training through the Public Safety Department. To schedule enrollment and training, contact Public Safety at (661) 267-5170 / publicsafety@cityofpalmdaleca.gov. (PS)

110 Window signage shall be limited to no more than 25 percent coverage of window area provided visibility into the building is maintained as stated in PMC Section 17.88.070 (Exemptions to Sign Permit Requirements). (PS)

111 The premises shall always be properly maintained and kept in a neat and orderly condition. This includes, but is not limited to, building and parking lot lighting and trash and debris removal as stated in PMC Section 8.36.020 (Findings and Purpose. (PS)

112 Graffiti shall be removed by the owner within 72 hours of discovery as specified within PMC Section 9.30.080 (Graffiti Removal from Private Property by Owner). Consider graffiti mitigation measures such as vining/climbing and barrier plants along block walls. (PS)

113 Trash enclosures shall be kept locked when not in use to discourage illegal dumping and other improper uses. (PS)

114 Outside electrical outlets and water spigots/hose bibs shall be secured to prevent unauthorized use. (PS)

115 Outside hinges on all exterior doors shall be provided with non-removable pins when pin-type hinges are used or shall be provided with hinge studs, to prevent removal of doors. (PS)

116 Roll-up doors and individual storage space doors shall be equipped with locking hardware including metal flanges on the lock bolts to protect the padlock shackle from being cut. (PS)

117 Overhead roll-up doors shall be so secured on the inside that the lock cannot be defeated from the outside and shall also be secured with a cylinder lock or padlock from the inside. (PS)

118 Primary building address numbers shall be located on the building side where the main entrance is located. The development shall display an additional set of numbers on the secondary frontage (street side) when the building does not front on the street of address. Numbers shall be no less than eight inches in height, if located less than 100 feet from the centerline of the addressed street or 12-inches in height if placed further than 100 feet from the centerline of the addressed street. Numbers shall be of a color contrasting to the background to which they are affixed. (PS)

119 All entrances to the parking area shall be posted with appropriate signs per California Vehicle Code Section 22658(a) to assist in removing vehicles at the property. (PS)

120 Landscaping shrubs or bushes shall be no higher than two (2) feet, and tree canopies no lower than six (6) feet. (PS)

121 A means of access for fire department and law enforcement purposes shall be provided by the agency's requested method. The Los Angeles County Sheriff's Department requires a keypad. (PS)

122 The applicant shall restrict tenant access to the property outside of normal business hours. Tenants requiring after-hours access shall submit an advance request to management to help minimize on-site activity during off-hours. (PS)

123 Install alarms on all gates to alert on-site management or alarm monitor to unauthorized entry or exit. (PS)

124 The applicant shall have adequate lighting throughout the project site and consider installing motion-activated lights in low-visibility areas or locations that may be vulnerable to unauthorized access. (PS)

125 All parking facilities shall be maintained in good condition in accordance with the provisions of PMC Chapter 17.87 (Off-Street Parking and Loading). The maintenance thereof may include, but shall not be limited to, the repaving, oiling, and striping of a parking area and the repair, restoration and/or replacement of any parking area design features when deemed necessary by the Planning Manager to insure the health, safety, and welfare of the general public. (P)(E)

126 All owners, future owners, heirs, or assigns of the property shall be required to maintain all private drainage facilities in good working condition, as determined by the City Engineer, and shall be responsible for any damages associated with the private drainage facilities and for any costs incurred by the City for emergency maintenance, repairs, and any other efforts to keep the private drainage facilities in good working condition and/or to insure the health, safety, and welfare of the general public. The developer shall record a covenant upon the property regarding said maintenance. (E)

127 The applicant shall fully cooperate with any adjacent property development to provide improved site access in the future, including but not limited to, the closure, removal, sharing, or relocation of project parking, landscaping, driveways, and drive-aisles. (TE)

128 The installation of speed humps shall be prohibited as required by PMC Section 10.04.100. If any of these devices are installed while this ordinance is in effect the owner shall be required to remove these devices at their own expense.

129 All agency approvals for permit issuance shall be on file with the Building and Safety Division. (B&S)(F)

130 The applicant shall be required to post 'No Trespassing' signs on the property wall/fence. One printed sign shall be posted in a conspicuous manner at every walkway and driveway entering any enclosed private property or portion thereof, and at a minimum of every fifty feet along the boundary of any unenclosed lot. The

sign shall contain the following language which shall be printed in letters not less than two inches high: (PS)

THIS PROPERTY CLOSED TO THE PUBLIC
No Entry Without Permission
P.M.C. Sec. 9.44.030
Palmdale Sheriff's Station 272-2400

131 The premises shall always be properly maintained and kept in a neat and orderly condition per PMC Section 8.36.050 (Conditions constituting a nuisance). This includes, but is not limited to, building and parking lot lighting and trash and debris removal. (PS)

132 Graffiti shall be removed by the owner within 72 hours of discovery as specified within PMC Section 9.30.080 (Graffiti Removal from Private Property by Owner). Consider graffiti mitigation measures such as vining/climbing and barrier plants along block walls. (PS)

133 Outside electrical outlets and water spigots/hose bibs shall be secured to prevent unauthorized use. (PS)

134 All doors shall be equipped with single cylinder dead bolt lock with a minimum throw of one inch and an embedment of not less five-eighths inch into the holding device. (PS)

135 All front doors shall have a peephole installed for security purposes. (PS)

136 Primary building address numbers shall be located on the building side where the main entrance is located. The development shall display an additional set of numbers on the secondary frontage (street side) when the building does not front on the street of address. Numbers shall be no less than eight inches in height, if located less than 100 feet from the centerline of the addressed street or 12-inches in height if placed further than 100 feet from the centerline of the addressed street. Numbers shall be of a color contrasting to the background to which they are affixed. (PS)

137 The management of this development shall undergo training and certification through the Partners Against Crime (PAC) program and shall remain active in this program during the life of the development. Contact the Public Safety Office at publicsafety@cityofpaldmale.org or (661) 267-5170 for more information. (PS)

138 This site shall be subject to periodic site inspections by the City and Sheriff's Department for the purpose of maintaining compliance with City regulations, project conditions of approval and public health and safety. (PS)

139 All entrances to the parking area shall be posted with appropriate signs per California Vehicle Code Section 22658(a) to assist in removing vehicles at the property. (PS)

Key to Departmental Conditions:

(B&S) Building and Safety Division (661-267-5353)
(E) Engineering Division (661-267-5272)
(F) Los Angeles County Fire Department (661-949-6319)
(Pk) Parks and Recreation Department (661-267-5611)
(P) Planning Division (661-267-5200)
(PA) Public Art (661-267-5686)
(PS) Public Safety Division (661-267-5170)
(SCE) Southern California Edison (661-726-5617)
(TE) Traffic Engineering (661-267-5300)

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

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

DISTRICT: **ALL**

SUBJECT: **ADOPT ORDINANCE NO. 1663, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING ZONE CHANGE 25-0002 AND ZONING ORDINANCE AMENDMENT 25-0003 TO ADDRESS INCONSISTENCIES AND STREAMLINE REVIEW PROCEDURES; AND ADOPT RESOLUTION NO. CC 2025-085; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING GENERAL PLAN AMENDMENT 25-0002 TO AMEND THE LAND USE MAP AND FINDING THAT THE PROJECT IS CONSISTENT WITH PROGRAM ENVIRONMENTAL IMPACT REPORT 22-002 PREPARED AND CERTIFIED IN CONJUNCTION WITH THE CITY'S GENERAL PLAN (PALMDALE 2045)**

RECOMMENDATION

Staff recommend that the City Council:

1. Receive public testimony regarding Ordinance No. 1663 and Resolution No. CC 2025-085;

2. Adopt Ordinance No. 1663, an Ordinance of the City Council of the City of Palmdale, approving zone change 25-0002 and Zoning Ordinance Amendment 25-0003 to address inconsistencies and streamline review procedures;

3. Adopt Resolution No. CC 2025-085, a Resolution of the City Council of the City of Palmdale, approving General Plan Amendment 25-0002 to amend the land use map and finding that the project is consistent with Program Environmental Impact Report 22-002 prepared and certified in conjunction with the City's General Plan (Palmdale 2045); and,

4. Find that the request is consistent with Program Environmental Impact Report (PEIR) 22-002 prepared and certified in conjunction with the City's General Plan (Palmdale 2045).

BACKGROUND

Since adopting Palmdale 2045 in September 2022, the City has passed several ordinances to align the Palmdale Municipal Code (PMC) and zoning regulations with the new General Plan. Between 2023 and 2025, the City Council approved updates to clarify review procedures, fix inconsistencies, adjust land use and zoning maps, and refine residential, commercial, and industrial standards.

In October 2025, the Planning Commission recommended additional minor amendments (GPA 25-0002, ZOA 25-0003, ZC 25-0002) to further ensure consistency with Palmdale 2045.

DISCUSSION

The Planning Commission recommends that the City Council approve the proposed amendments to the General Plan land use and zoning maps and to the zoning ordinance to streamline review procedures for certain commercial uses.

The first project site, owned and operated by Southern California Edison (SCE), consists of two parcels totaling approximately 1.86 acres, located at the northwest corner of East Avenue R-8 and 40th Street East.

General Plan and Zone Change

GPA 25-0002 and ZC 25-0002 will update the General Plan Land Use and zoning maps to more accurately reflect the existing land uses of three project sites.

The first project site is owned and operated by SCE and consists of two parcels totaling approximately 1.86 acres, located at the northwest corner of East Avenue R-4 and 40th Street East, and is developed as an electrical substation. The designations are Utilities (U) and Single Family Residential 3 (SFR 3). The SFR 3 designation will be modified to Utilities. The zone of the project site will be modified from SFR 3 to Utilities and Rights-of-Way (U-ROW) to be consistent with the Utilities designation. The site will continue to be used as an electrical substation. Therefore, staff recommend that the General Plan Land Use designation be modified from SFR 3 to U, and the zone modified from SFR 3 to U-ROW, as shown in Figures 1 through 4.

FIGURE 1 - EXISTING LAND USE DESIGNATIONS

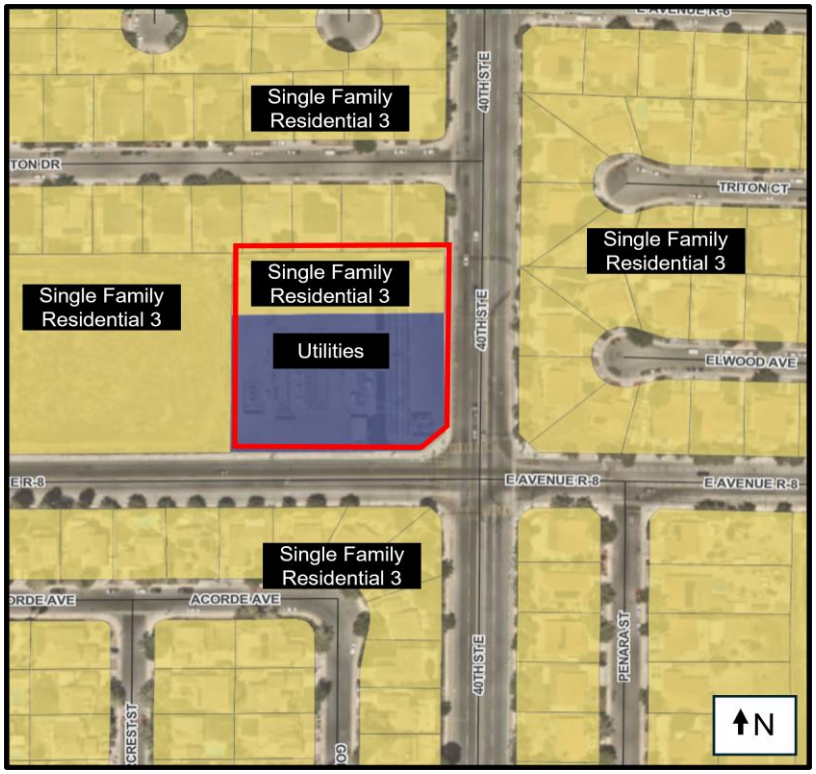


FIGURE 2 - PROPOSED LAND USE DESIGNATION

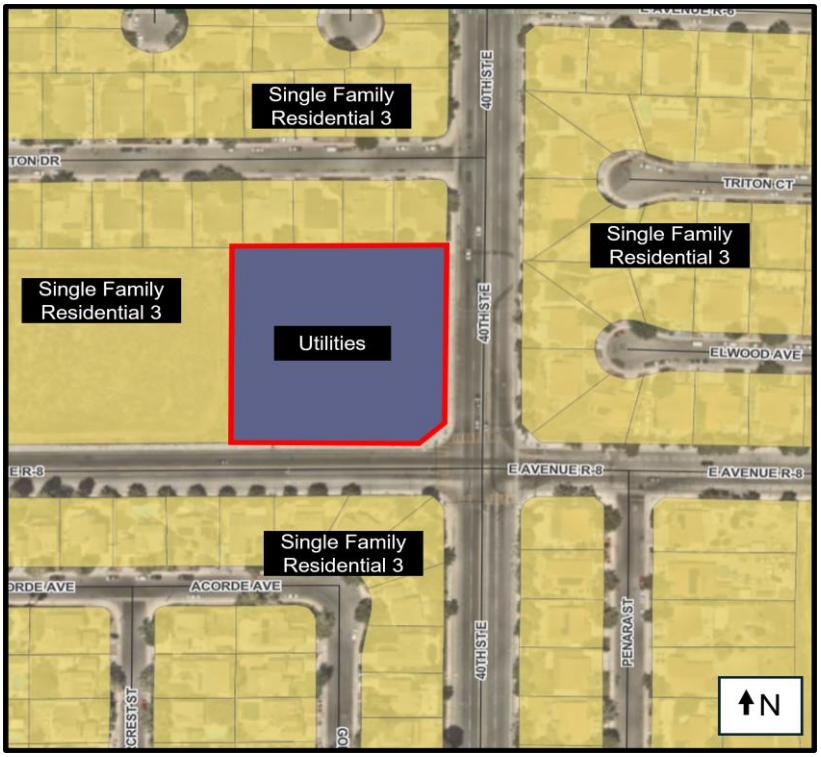


FIGURE 3 - EXISTING ZONE

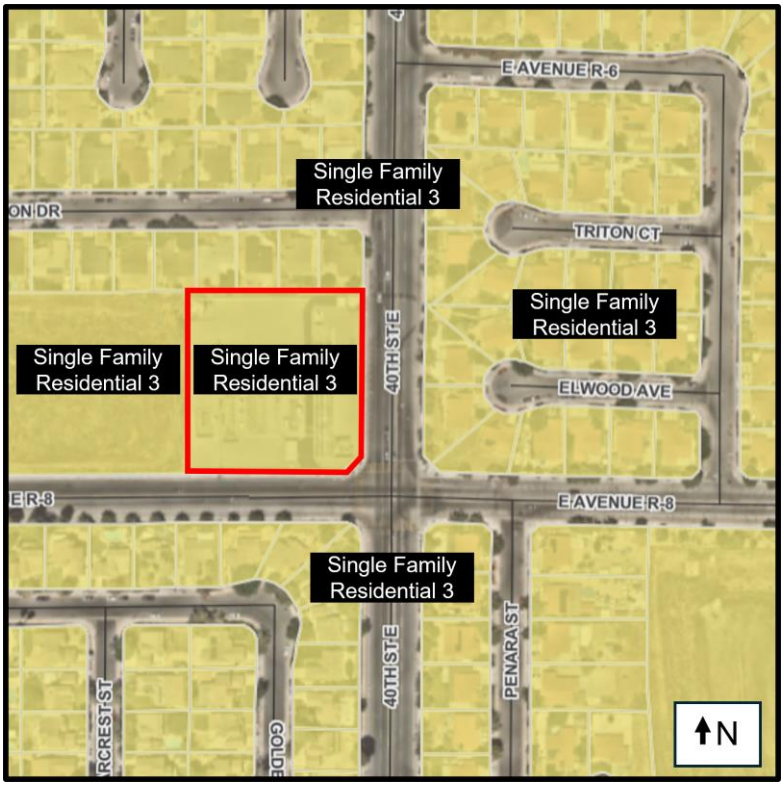
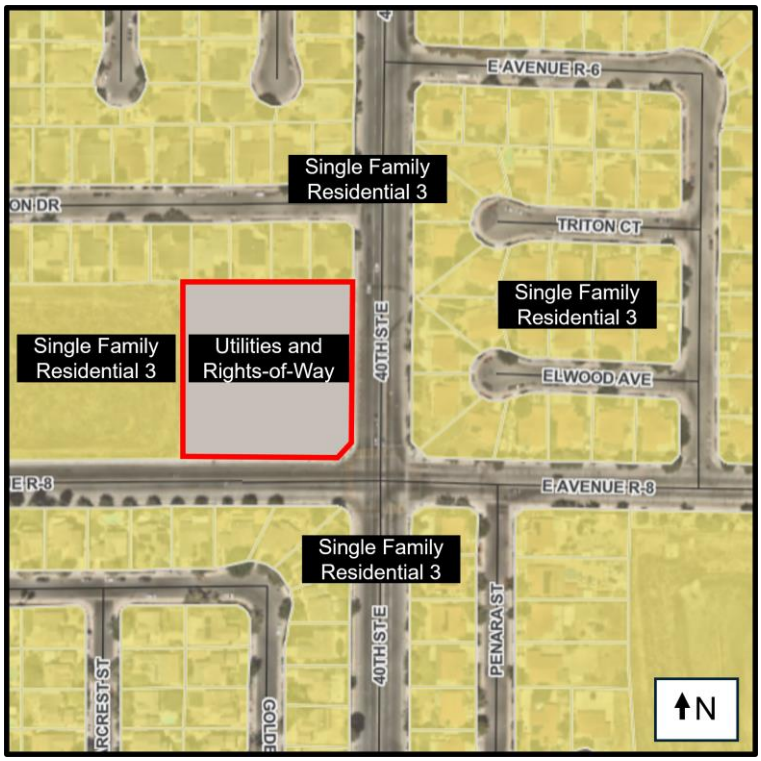


FIGURE 4 - PROPOSED ZONE



The second project site is owned and operated by the Palmdale School District (PSD) and consists of five vacant parcels with a total area of 67.6 acres and is located at the northeast corner of East Avenue Q and 40th Street East. The future uses of the project site will be intended to serve and further PSD's educational purposes, and for this reason, the existing land use designations, which include commercial and industrial designations, are not consistent. As a public school district site, any future on-site development will be subject to review by the Division of the State Architect (DSA), and off-site improvements will be reviewed by the City. The zone change will not have an adverse effect on surrounding properties or the community as the zone change will ensure consistency with the General Plan. Therefore, staff recommend that the General Plan Land Use designations be modified from Employment Flex (EMPFX) and Regional Commercial (RC) to Educational Flex (EDFX) and that the zones be modified from Light Industrial (LI), Office Flex (OFX), and Regional Commercial (RC) to Educational Flex (EDFX), as shown in Figures 5 through 8.

FIGURE 5 - EXISTING LAND USE DESIGNATIONS

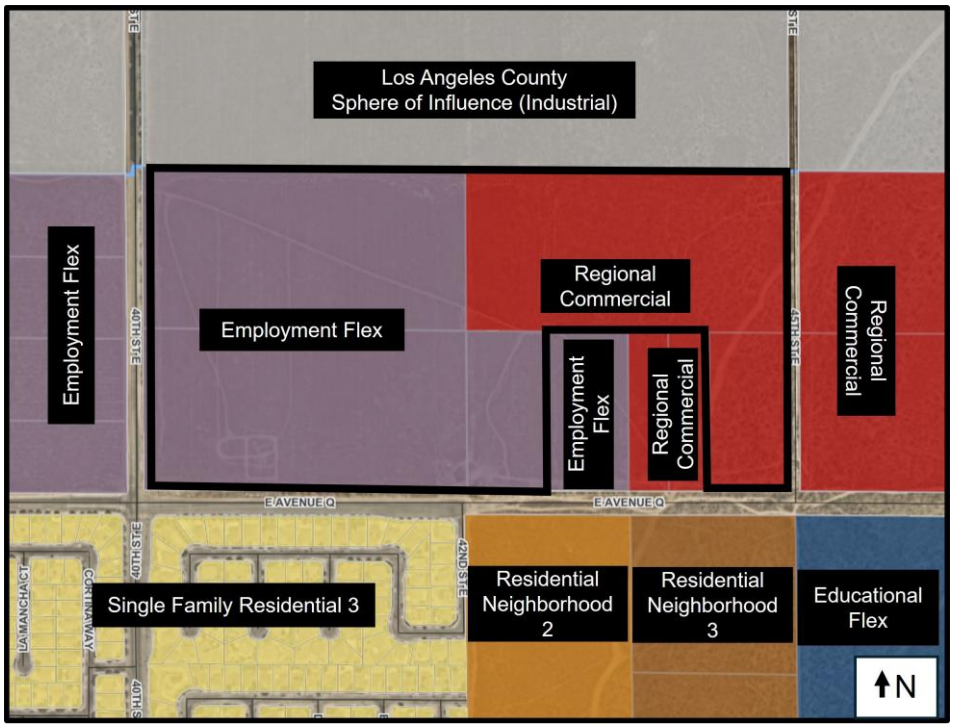


FIGURE 6 - PROPOSED LAND USE DESIGNATION

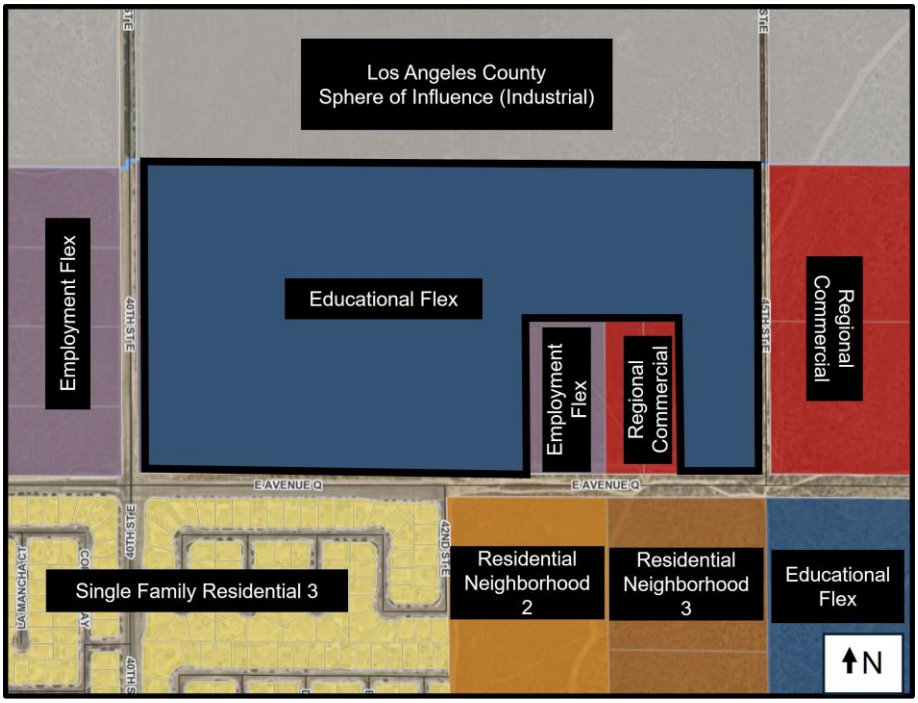


FIGURE 7 - EXISTING ZONES

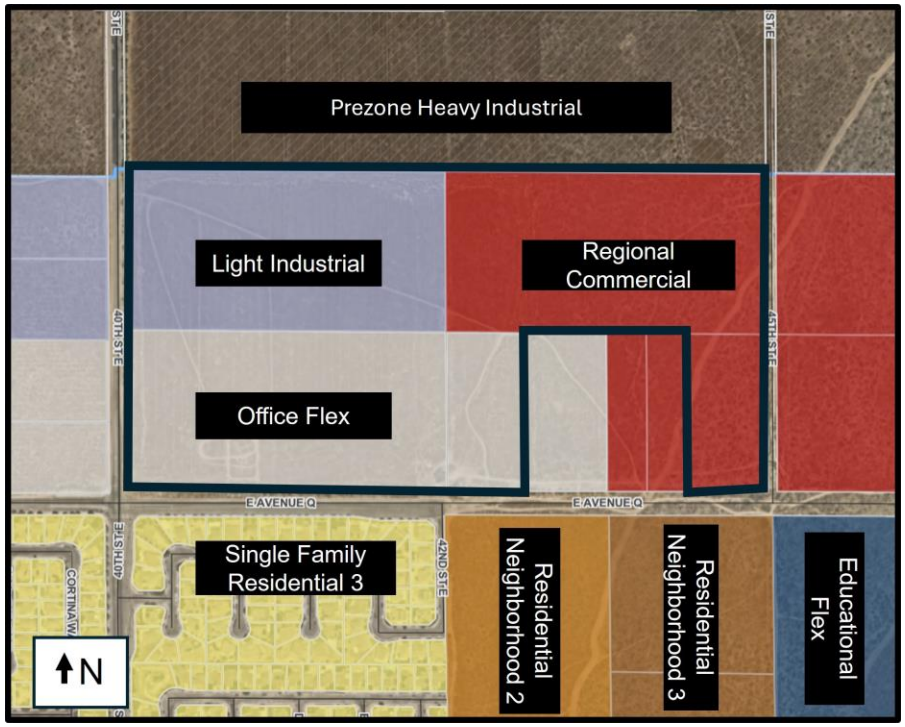
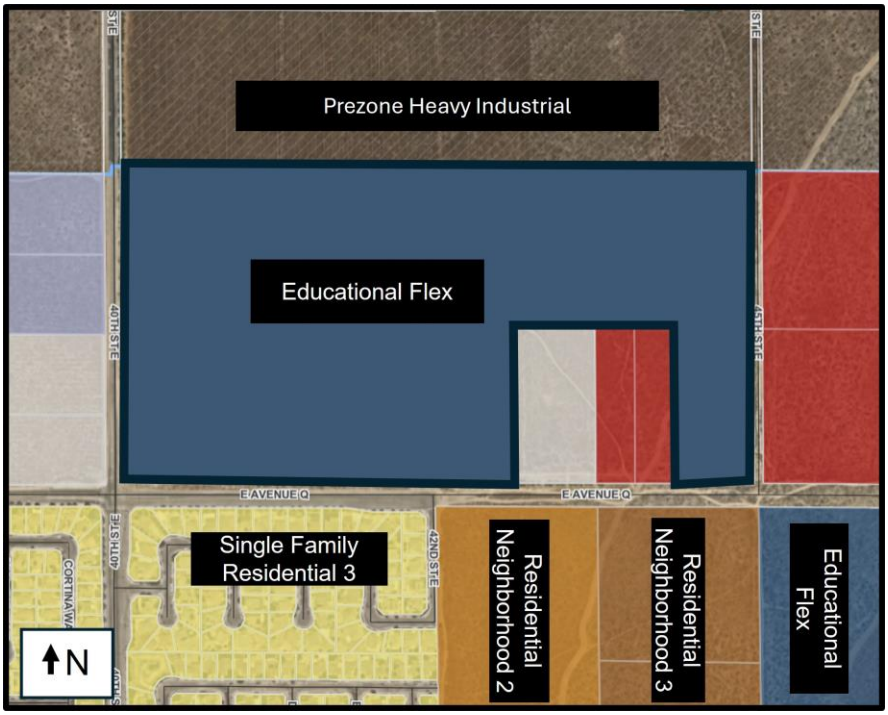


FIGURE 8 - PROPOSED ZONE



The third project site consists of two parcels with a total area of 40.9 acres, located at the northeast corner of East Palmdale Boulevard and 55th Street East. The project site is vacant and has a Land Use designation and zone of Residential Neighborhood 2 (RN 2), which allows residential development with a density range of 10 to 20 units per acre. The proposed amendment will modify the Land Use designation and zone to Residential Neighborhood 1 (RN 1), with a density range of 6 to 10 units per acre. The proposed modification will reduce the required density but has similar allowable uses, providing viable use of the site for future development. Therefore, staff recommend that the General Plan Land Use designation and the zone be modified from RN 2 to RN 1, as shown in Figures 9 through 12.

FIGURE 9 - EXISTING LAND USE DESIGNATION

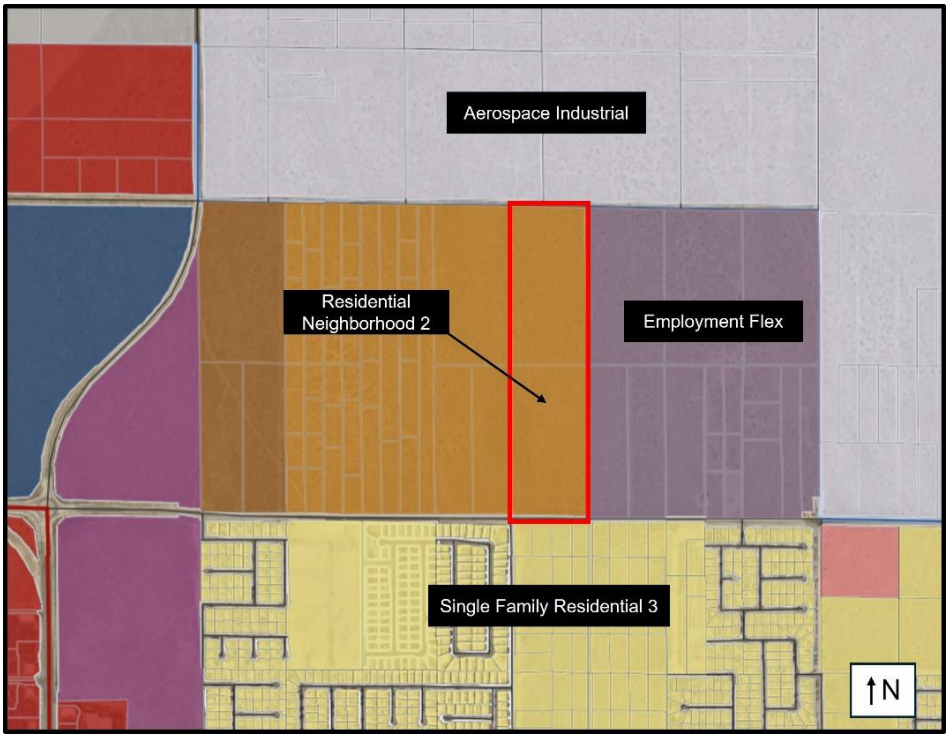


FIGURE 10 - PROPOSED LAND USE DESIGNATION

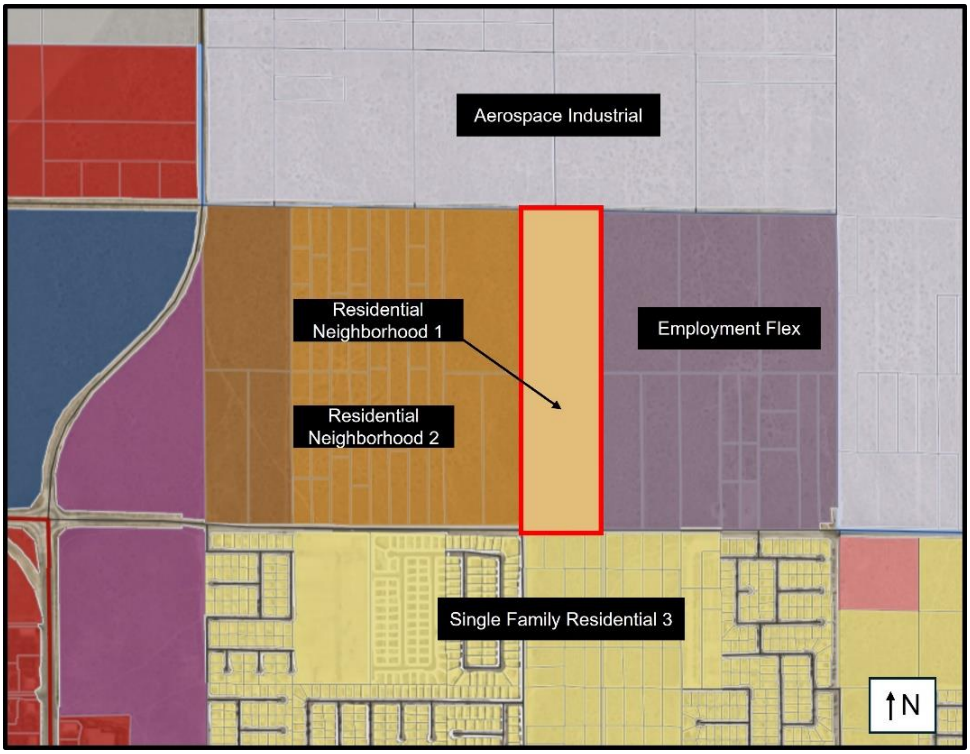


FIGURE 11 - EXISTING ZONE

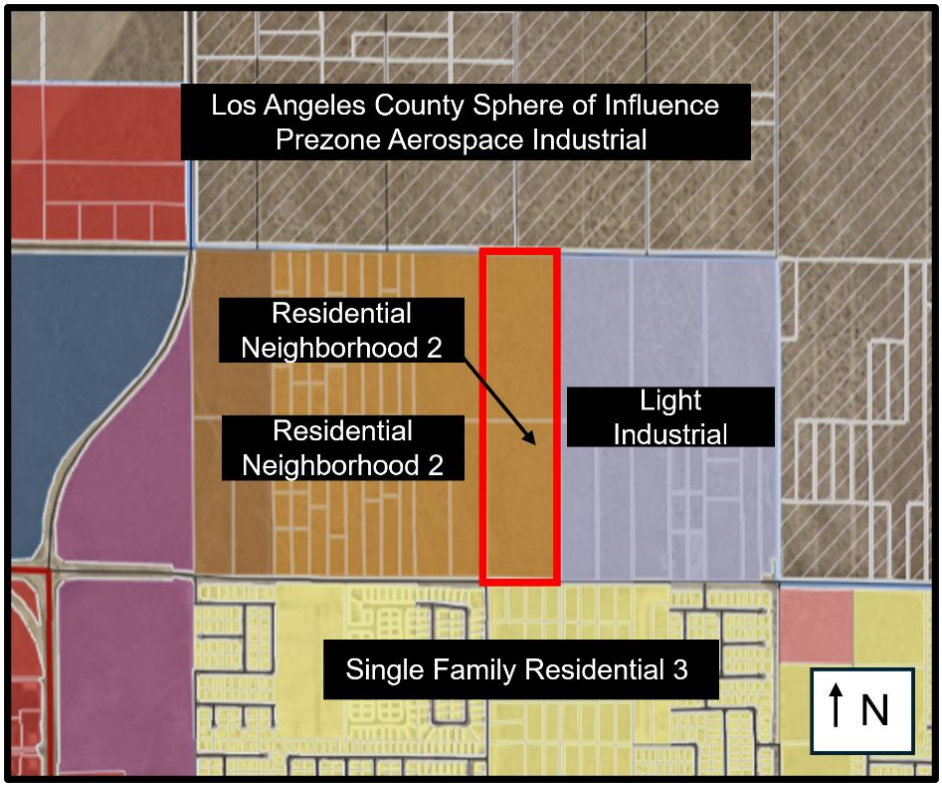
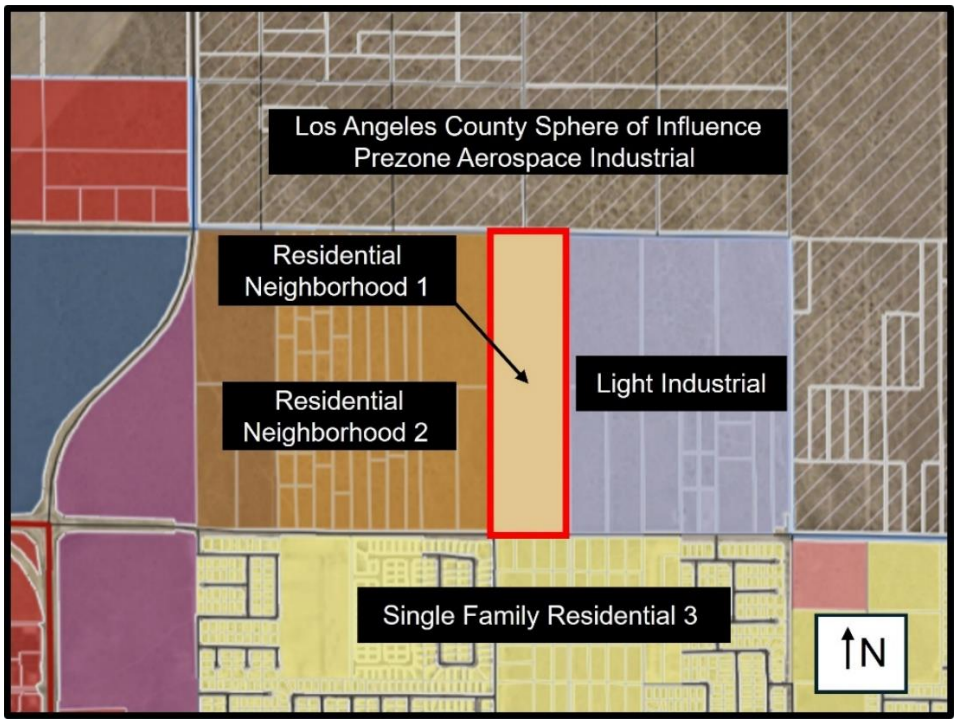


FIGURE 12 - PROPOSED ZONE



Zoning Ordinance Amendment

When Palmdale 2045 was adopted by the City Council on September 21, 2022, the Council directed Staff to collaborate with the Mainstreet Coalition to address concerns raised about the updated commercial development standards in the City. Since then, staff have been working diligently with the Mainstreet Coalition and have incorporated some modifications to resolve those concerns within a series of prior Zoning Ordinance Amendments. ZOA 25-0003 will further amend the special regulations for commercial uses in PMC Chapter 17.92, specifically Sections 17.92.050 (Drive-through restaurants and drive-through services) and 17.92.070 (Fueling station/vehicle and equipment services and repair) to conclude the coordination efforts with the Mainstreet Coalition.

Development standards for new drive-through restaurants will be simplified and streamlined. Currently, a new drive-through restaurant cannot be located closer than 500 feet from an existing or proposed drive-through restaurant, unless it meets a waiver requirement, in which case no more than three drive-through restaurants can be located within a 500-foot buffer, as measured in a straight line from the nearest proposed menu board to the nearest menu board of the subject property. To simplify this standard, the buffer will be uniformly set to a 250-foot buffer between the proposed menu board and any existing or other proposed menu board, and the waiver provision will be eliminated.

Development standards will also be modified for fueling stations to provide flexibility to the review process. Currently, a new fueling station must be located at a minimum distance of 500 feet from an existing or proposed fueling station. The proposed revision will require a minimum distance of 300 feet from an existing or proposed fueling station, which is measured in a straight line from the nearest proposed fueling pump to the nearest fueling pump of the subject project, in all directions.

The proposed amendments address concerns that were raised by the Mainstreet Coalition group when Palmdale 2045 was adopted and are necessary to clarify review procedures in a continued effort to streamline processes and provide flexibility. The proposed amendments provide for public safety, convenience, and general welfare by allowing for the siting of drive-through restaurants and fueling stations in locations that are suitable and appropriate by setting buffer requirements and requiring compliance with the development standards specific to these commercial uses.

FISCAL IMPACT

$0; There is no proposed development, therefore, this action has no fiscal impact. However, it will facilitate the development of housing and commercial areas, which will increase property value.

STRATEGIC PLAN

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

A. Support opportunities to celebrate rich traditions and diverse cultures in the community.

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, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Ord. No. 1663
Reso. No. CC-2025-085
Reso. No. PC-2025-022

CITY OF PALMDALE, A CHARTER CITY,
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1663

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING ZONE CHANGE 25-0002 AND ZONING ORDINANCE AMENDMENT 25-0003 TO ADDRESS INCONSISTENCIES AND STREAMLINE REVIEW PROCEDURES AND FINDING THAT THE PROJECT IS CONSISTENT WITH PROGRAM ENVIRONMENTAL IMPACT REPORT 22-002 PREPARED AND CERTIFIED IN CONJUNCTION WITH THE CITY'S GENERAL PLAN (PALMDALE 2045)

A. INTENT OF THE CITY COUNCIL:

1. The City of Palmdale (City) has filed an application that applies to the City and the City's sphere of influence, requesting approval of Zoning Ordinance Amendment (ZOA) 25-0003 and Zone Change (ZC) 25-0002, to amend the Zoning Ordinance and Zoning Map, to address inconsistencies and streamline review procedures (hereinafter referred to as "Application");

2. State law requires that the regulations governing the use and development of lands within the municipal limits of a city be consistent with the adopted General Plan for that city. On September 21, 2022, the City Council adopted a comprehensive update to the General Plan (Palmdale 2045), which required a comprehensive update to Title 17 of the Palmdale Municipal Code (PMC), and,

3. On March 15, 2023, the City Council of the City of Palmdale adopted Ordinance No. 1603, a comprehensive Zoning Code and Map update; and,

4. On August 16, 2023, the City Council of the City of Palmdale adopted Ordinance Nos. 1613 and 1614, which identified minor amendments to the PMC necessary to address inconsistencies, clarify review procedures, correct typographical errors and section references, as well as update the associated Zoning Map; and,

5. On December 6, 2023, the City Council of the City of Palmdale adopted Ordinance No. 1627, which identified minor amendments to Title 17 necessary to address inconsistencies and clarify review procedures; and,

6. On February 7, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1639, which amended the Noise Element of the General Plan, the Development Standards for Mixed-Use zones, the Land Use map, and Zoning map to address inconsistencies and clarify review procedures; and,

7. On December 6, 2023, the City Council of the City of Palmdale adopted Ordinance No. 1627 which identified minor amendments to Title 17 necessary to address inconsistencies and clarify review procedures; and,

8. On December 22, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1647 to address review procedures and streamline review processes for City projects; and,

9. On July 15, 2025, the City Council of the City of Palmdale adopted Ordinance No. 1658 to address residential development standards for single-family residences and accessory dwelling units (ADUs) as required by State law; and,

10. On August 19, 2025, the City Council of the City of Palmdale adopted Ordinance No. 1659, to modify commercial standards within the zoning ordinance; and,

11. On October 9, 2025, the Planning Commission of the City of Palmdale adopted Resolution No. PC-2025-0022, recommending City Council approval of the Application; and,

12. On November 4, 2025, the City Council of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date.

B. ORDINANCE

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all the facts set forth in the Recitals, Part A of this Ordinance, are true and correct.

SECTION 2. The City Council hereby finds as follows with respect to the environmental document:

A. PEIR 22-002 (State Clearinghouse #2021060494) was prepared and certified by the City Council (Resolution No. CC 2022-096) on September 21, 2022, for approval of the City's General Plan (Palmdale 2045). As part of the environmental analysis, PEIR 22-002 also considered the adoption and implementation of the Comprehensive Zoning Code and Map update. A subsequent or supplemental EIR or addendum as described in California Environmental Quality Act (CEQA) Guidelines Sections 15162, 15163, or 15164, is not required because the intent of the zoning ordinance amendment is to clarify development standards related to certain commercial uses and to modify the zones of certain areas to ensure consistency with the General Plan Land Use map. There are no significant changes in circumstances and there

is no new information of substantial importance that will involve new significant environmental effects or increase the severity of previously identified significant effects. Any future projects will be required to go through separate environmental reviews. Therefore, the Application is consistent with the PEIR in accordance with CEQA Guidelines and no additional environmental analysis is required.

B. The custodian of records for the environmental document and all other materials which constitute the record of proceedings upon which the City Council's decision is based is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale, located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

   In addition, the Final PEIR is available at: https://static1.squarespace.com/static/5c7dc93065a707492aca3e47/t/631fa8d1f119fa360cd7f0ee/1663019242025/Palmdale+2045+GPU+FEIR_reduce.pdf.

SECTION 3. Based upon substantial evidence presented to the City Council during the above-referenced November 4, 2025, public hearing, including public testimony, and written and oral staff report, the City Council specifically finds as follows:

A. The proposed zone change is consistent with the goals, policies, and objectives of the General Plan. (ZC)

B. The proposed zone change will not have a substantial adverse effect on surrounding properties or the community in general. (ZC)

   The first project site is owned and operated by Southern California Edison (SCE) and consists of two parcels totaling approximately 1.86 acres, and is located at the northwest corner of East Avenue R-4 and 40th Street East, and is developed as an electrical substation. The City has adopted GPA 25-0002 (Resolution No. CC 2025-085) to modify the General Plan Land Use designation to Utilities (U) for the parcel that was previously designated Single Family Residential 3 (SFR 3). The zone of both parcels will be modified to Utilities and Rights-of-Way (U-ROW) to be consistent with the General Plan Land Use designation of Utilities. There is no proposed change in the use of the project site as an electrical substation. The modification in the zone accurately reflects the current land use and will not have an adverse effect on the surrounding properties or the community.

   The second project site is owned and operated by the Palmdale School District and consists of five vacant parcels with a total area of 67.6 acres and is located north of East Avenue Q between 40th Street East and 45th Street East. The

City adopted GPA 25-0002 (Resolution CC 2025-085) to modify the General Plan Land Use Designation to Educational Flex (EDFX) to be consistent with the school district's education related uses. The proposed zone change is intended for consistency with the General Plan land use designation. The zone change will not have an adverse effect on surrounding properties or the community as the zone change clarifies that the land use of the project site is education related. Therefore, it is proposed that the zone be modified from Light Industrial, Office Flex, and Regional Commercial to Educational Flex (EDFX), as shown on Exhibit B.

The third project site consists of two vacant parcels with a total area of 40.9 acres located at the northeast corner of East Palmdale Boulevard and 55th Street East. The project site is vacant and has a Land Use designation and zone of Residential Neighborhood (RN 2), which allows for residential development with a density range of 10 to 20 units per acre. The proposed amendment will modify the Land Use designation and zone to Residential Neighborhood 1 (RN 1), with a density range of 6 to 10 units per acre. The proposed modification will reduce the required density but has similar allowable uses, providing viable use of the site for future development. Therefore, staff recommends that the General Plan Land Use designation and zone be modified from RN 2 to RN 1, as shown on Exhibit C.

C. The proposed Zoning Ordinance Amendment conforms with the goals, objectives, and policies of the General Plan, as shown on Exhibit A attached hereto. (ZOA)

D. The proposed Zoning Ordinance Amendment is necessary to implement the General Plan and to provide public safety, convenience and/or general welfare. (ZOA)

The proposed ZOA conforms with the goals, objectives, and policies of the General Plan, as shown on Exhibit D. The proposed ZOA provides for public safety, convenience, and general welfare by allowing for the siting of drive-through restaurants and fueling stations in locations that are suitable and appropriate by setting buffer requirements and requiring compliance with the development standards specific to these commercial uses.

SECTION 4. Based on the findings and conclusions outlined in Sections 1, 2 and 3, the City Council approves ZC 25-0002, as shown on Exhibits A through C and ZOA 25-0003, as shown in Exhibit E, and finds that the project is consistent with PEIR 22-002 prepared and certified for Palmdale 2045.

SECTION 5. Severability. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses, or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 6. All legal prerequisites and pre-conditions to introducing, enacting, and adopting this Ordinance have occurred as required by law and policy.

SECTION 7. The City Clerk shall certify the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 4h day of November, 2025.

_____
Laura Bettencourt, Mayor Pro Tem

Approved as to form:

_____
Alexandra Severino, City Attorney

Attest:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing Ordinance was duly introduced, passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of November, 2025 effective on the 4th day of December, 2025 by the following roll call vote:

AYES: _____

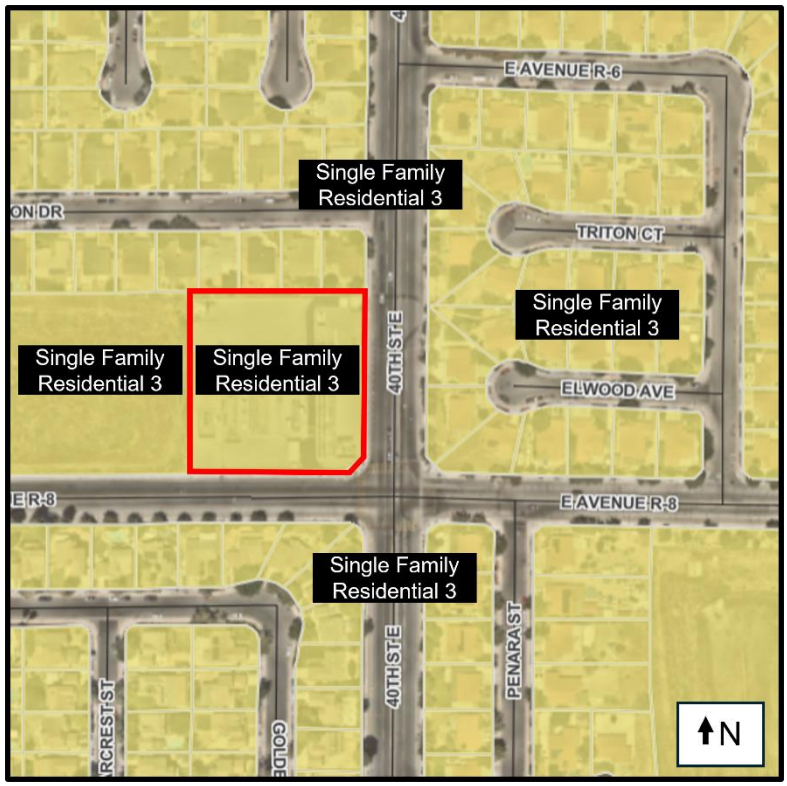
NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

EXHIBIT A

EXISTING ZONE



PROPOSED ZONE

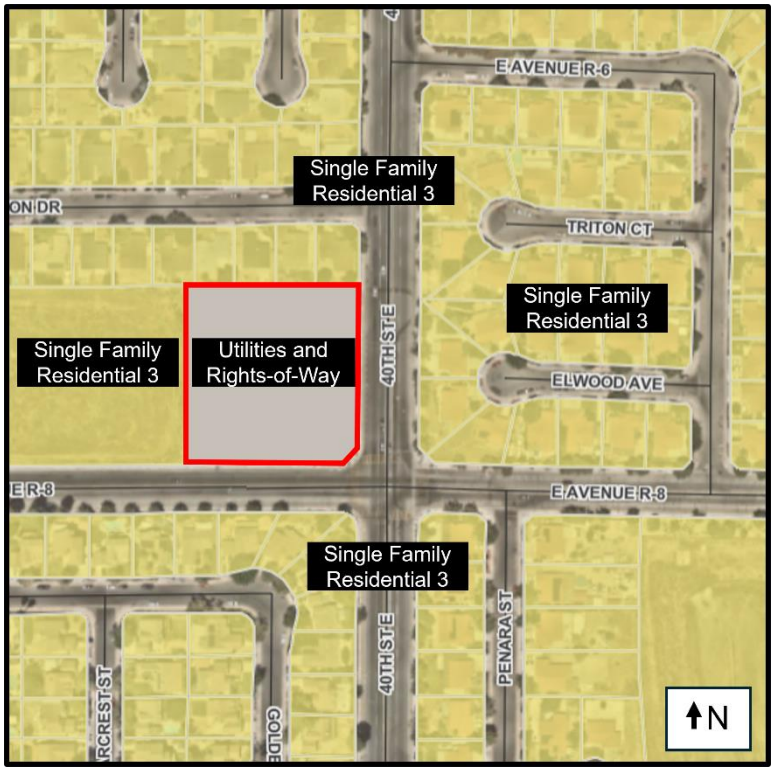
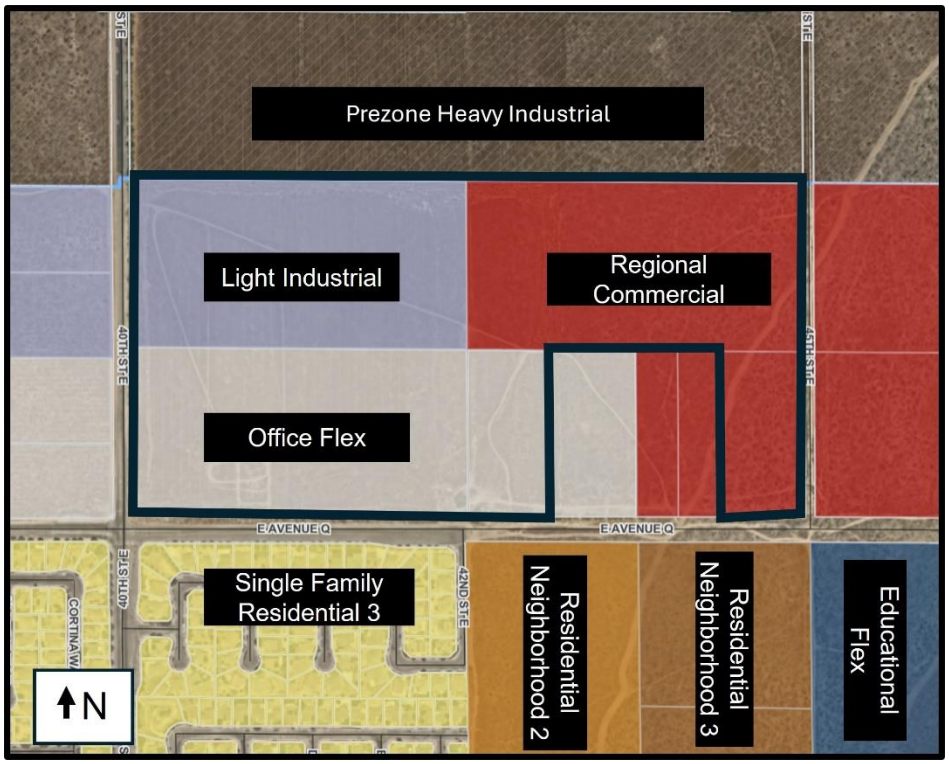


EXHIBIT B

EXISTING ZONE



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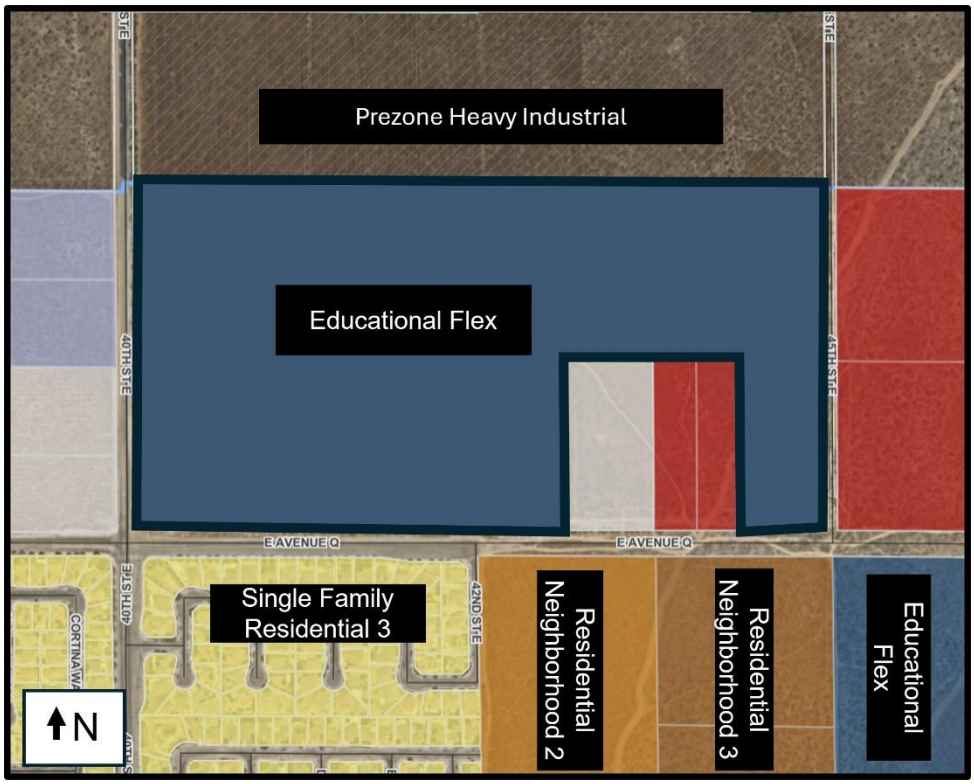
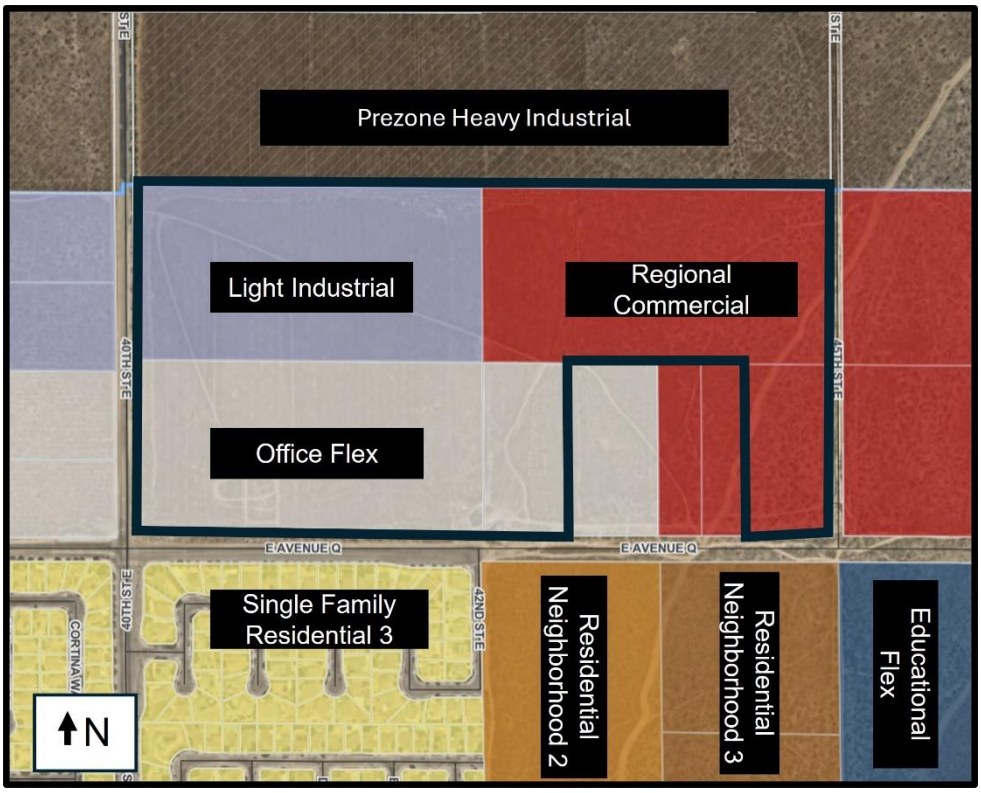


EXHIBIT C

EXISTING ZONE



PROPOSED ZONE

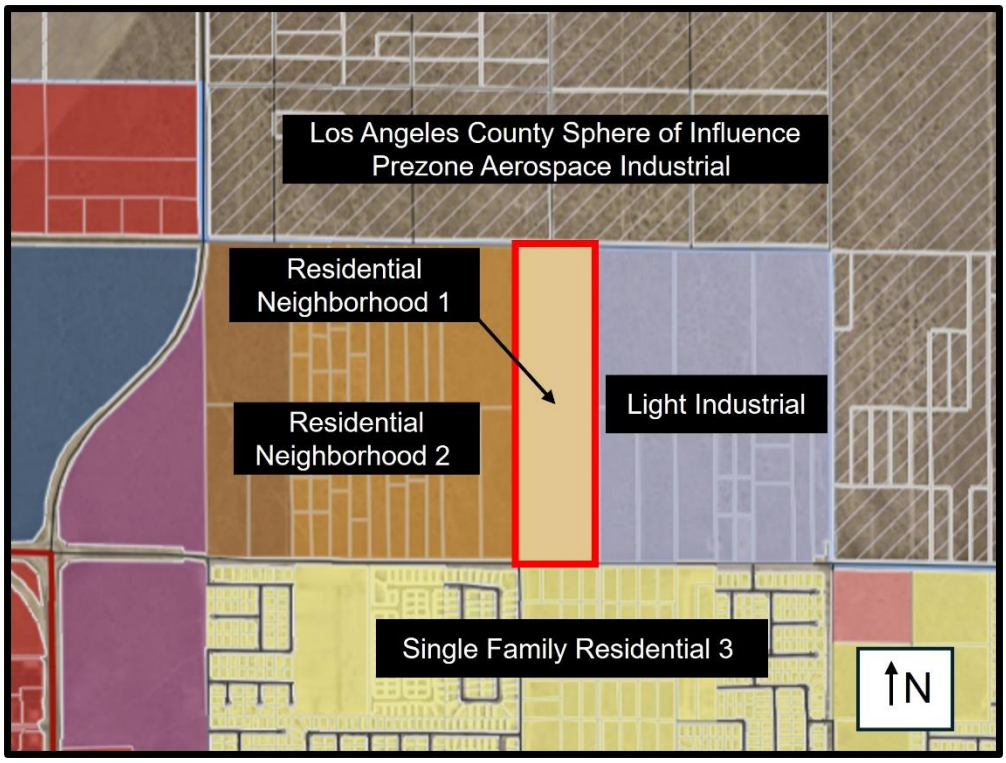


EXHIBIT D

GENERAL PLAN CONSISTENCY

Element	Goal, Objective, or Policy	Standard Met?	Justification
Economic Development	ED-2: Attract diverse and high-quality job options that contribute to the City's economic growth by diversifying the economic base.	Yes	The proposed amendment will clarify and streamline approval processes and expand business potential, which will attract businesses to the City.
Land Use & Community Design	LUD-1: Complete Neighborhoods where residents can reach daily amenities, local retail, services, parks, and public facilities within a short 20-minute walk.	Yes	The proposed amendment will allow for residential development which will have access to daily amenities, including educational facilities and local retail.
	LUD-18: Attraction and stimulation of new employment uses through flexible land use regulations and supportive policies/actions.	Yes	The proposed amendment provides flexible land use regulations and supportive policies/actions by implementing locational standards for drive-through restaurants and fueling stations that will account for site-specific considerations and performance standards, which will result in the attraction and stimulation of new employment uses.

GENERAL PLAN CONSISTENCY CONTINUED

Element	Goal, Objective, or Policy	Standard Met?	Justification
Equitable and Healthy Communities	EHC-14.6: Limit drive-through restaurants and off-sale alcohol beverage establishments—as defined in the municipal code—in neighborhoods with a significant concentration of stores (e.g., multiple stores on the same block or intersection) and child-sensitive areas, such as schools, parks, and childcare facilities.	Yes	The proposed amendment requires a minimum buffer of 250 feet between a new and existing drive-through restaurant and requires compliance with development standards for the use.
Housing	Goal 1: Promote the construction of a variety of residential development opportunities for all income groups.	Yes	The proposed amendment will allow for the development of housing at a residential density range of 6 to 10 units per acre, which will provide opportunities for development at this density range and facilitate housing for a variety of income groups.

EXHIBIT E

PMC Section 17.92.050.C Development Standards

~~(1) Site design should locate the drive-through aisle so that pedestrians do not need to cross the aisle in order to access the main building entrance from the parking lot or street. If a pedestrian walkway intersects a drive-through aisle, the walkway shall be highlighted with enhanced paving and lighting and shall be located for maximum visibility of pedestrians.~~

(1)~~(2)~~ Drive-through aisles shall have a minimum 15-foot width on curves and a minimum 12-foot width on straight sections, with a minimum inside turning radius of 15 feet.

(2)~~(3)~~ Drive-through aisles and structures shall be set back from the ultimate curb face of an adjacent public right-of-way a minimum of 20 feet, or as otherwise determined by the Review Authority.

(3)~~(4)~~ Drive-through aisles shall be screened with a combination of decorative walls and landscape to a minimum height of 40 inches to prevent headlight glare and direct visibility of vehicles from adjacent streets and parking lots. Any wall shall comply with sight triangle requirements of PMC Chapter 17.82 (Setbacks and Location of Buildings) and shall not be located in a required setback.

(4)~~(5)~~ Each drive-through entrance and exit shall be at least 100 feet from an intersection of public rights-of-way, measured at the closest intersecting curbs, and at least 25 feet from the nearest curb cut on an adjacent property.

(5)~~(6)~~ Drive-through restaurants and drive-through services within an integrated shopping center shall have an architectural style consistent with the theme established in the center. The architecture of any drive-through shall provide compatibility with surrounding uses in form, materials, colors, scale, and other design elements.

(6)~~(7)~~ Other than menu boards, signs for drive-through restaurants and services shall conform to PMC Chapter 17.88.

(7)~~(8)~~ Drive-through restaurants ~~shall~~ may be required to include a minimum 11-foot-wide bypass lane, which allows vehicles already served or other vehicles to navigate around a drive-through lane. A bypass lane shall not include parking spaces. This requirement may be modified or waived at the discretion of the Review Authority ~~where site constraints make a bypass lane infeasible~~.

(8)~~(9)~~ No new drive-through restaurant use may be approved if located within ~~500~~250 feet from an existing or proposed drive-through restaurant use as measured according to PMC Section 17.17.020 (Measuring distances).

~~(D) The location standard described in Subsection (C)(9) of this Section shall not apply if:~~

~~(1) A minimum of 50 percent of the products sold at the proposed drive-through restaurant establishment are beverages or are not available at an existing drive-through restaurant establishment within 500 feet of the project location;~~

~~(2) The drive-through queuing lane does not impact pedestrian access throughout the development, including but not limited to points of ingress and egress to the development and access to public rights-of-way;~~

~~(3) The proposed drive-through restaurant establishment does not require more than 10 vehicle queuing spaces;~~

~~(4) The proposed drive-through restaurant establishment is situated on a parcel of at least one acre and is approved concurrently with a larger development; and~~

~~(5) The proposed drive-through restaurant establishment will not constitute the fourth drive-through restaurant establishment within a 500-foot radius.~~

~~(E) Review Process. Uses subject to this Section shall be subject to the permit requirements as specified in the applicable zone pursuant to the permissions tables in Divisions 3 through 7 of this Title. In making the decision for approval of the proposed drive-through, the Review Authority shall consider possible air quality, traffic safety, and visual impacts, as well as consistency with this Section and other applicable provisions of this Title. (Ord. 1603 § 4 (Exh. I), 2023)~~

PMC Section 17.92.070.B

(4) All ~~parking,~~ loading~~, circulation aisles,~~ and pump island bay areas shall be constructed with plain cement concrete.

(11) Distance Requirements. No new fueling station/vehicle and equipment services and repair facility shall be located within ~~500~~300 feet from another fueling station/vehicle and equipment services and repair facility as measured according to PMC Section 17.17.20 (Measuring distances).

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-085

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, APPROVING GENERAL PLAN AMENDMENT 25-0002; AMENDING THE LAND USE MAP AND FINDING THAT THE PROJECT IS CONSISTENT WITH PROGRAM ENVIRONMENTAL IMPACT REPORT 22-002 PREPARED AND CERTIFIED IN CONJUNCTION WITH THE CITY'S GENERAL PLAN (PALMDALE 2045)

WHEREAS, The City of Palmdale (City) has filed an application that applies to the City and the City's sphere of influence, requesting approval of General Plan Amendment (GPA) 25-0002, and finding that the project is consistent with Program Environmental Impact Report (PEIR) 22-002 prepared and certified in conjunction with the City's General Plan (hereinafter referred to as "Application"); and,

WHEREAS, State law requires that the regulations governing the use and development of lands within the municipal limits of a city be consistent with the adopted General Plan for that city. On September 21, 2022, the City Council adopted a comprehensive update to the General Plan (Palmdale 2045); and,

WHEREAS, On March 15, 2023, the City Council of the City of Palmdale adopted Resolution No. CC 2023-019 to modify the City's General Plan to ensure consistency with zoning ordinance amendment 21-007 and amend the General Plan Land Use map; and,

WHEREAS, On February 7, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1639 which amended the Noise Element of the General Plan and the Land Use map; and,

WHEREAS, On June 5, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1641, to amend and update the Health and Wellness Land Use designation and the General Plan Land Use map; and,

WHEREAS, On June 26, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1643, to modify the Palmdale Transit Area Specific Plan (PTASP) boundary with the General Plan Land Use Map; and,

WHEREAS, On March 4, 2025, the City Council of the City of Palmdale adopted Resolution No. CC 2025-011 amending the General Plan Land Use map; and,

WHEREAS, On March 18, 2025, the City Council of the City of Palmdale adopted Resolution No. CC 2025-020 amending the Public Facilities, Services, and Infrastructure Element regarding private sewage disposal systems; and,

WHEREAS, on October 9, 2025, the Planning Commission of the City of Palmdale adopted Resolution No. PC 2025-022 recommending City Council approval of the Application; and,

WHEREAS, on November 4, 2025, the City Council of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date.

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

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 Council hereby specifically finds that all the facts set forth in the Recitals of this Resolution are true and correct.

SECTION 2. The City Council hereby finds as follows with respect to the environmental document:

A. PEIR 22-002 (State Clearinghouse # 2021060494) was prepared and certified by the City Council Resolution No. CC-2022-096 on September 21, 2022, for approval of the City's General Plan, Palmdale 2045. As part of the environmental analysis, PEIR 22-002 also considered the adoption and implementation of the comprehensive zoning update and its associated map. Staff review has determined that a subsequent or supplemental program Environmental Impact Report as described in California Environmental Quality Act Guidelines Sections 15162, 15163, or 15164, is not required because the project is a General Plan Amendment that modifies General Plan Land Use map to ensure consistency with the current and future land uses, and would not require major revisions of the PEIR, there are no significant changes in circumstances and there is no new information of substantial importance that will involve new significant environmental effects or increase the severity of previously identified significant effects. Any future projects will be required to go through separate environmental reviews. The Application is consistent with the PEIR in accordance with CEQA Guidelines and determines that no additional environmental analysis is required. Therefore, the Application is consistent with the PEIR in accordance with CEQA Guidelines and no additional environmental analysis is required.

B. The custodian of records for the environmental document, and all other materials which constitute the record of proceedings upon which the Planning Commission's decision is based, is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200. In addition, the Final PEIR is available at: https://static1.squarespace.com/static/5c7dc93065a707492aca3e47/t/631fa8d1f119fa360cd7f0ee/1663019242025/Palmdale+2045+GPU+FEIR_reduce.pdf.

SECTION 3. Based upon substantial evidence presented to the City Council during the above-referenced November 4, 2025, public hearing, including public testimony, and written and oral staff report, this Commission specifically finds as follows:

A. The proposed change in land use is consistent with State law.

B. The amendment is reasonable and beneficial.

The first project site is owned and operated by Southern California Edison and consists of two parcels totaling approximately 1.86 acres, located at the northwest corner of East Avenue R-4 and 40th Street East, and is developed as an electrical substation. The General Plan Land Use designations are Utilities (U) for one parcel and Single Family Residential 3 (SFR 3), which is not consistent. The parcel with the SFR 3 designation will be modified to Utilities. The amendment is in conjunction with Ordinance No. 1663, which modifies the zone to a corresponding zone of Utilities and Rights of Way (U ROW). There is no proposed change in the use of the site as an electrical substation and the intent of the General Plan amendment is for consistency with the existing development. Therefore, staff recommends that the General Plan Land Use designation be modified from RN 2 to RN 1, as shown on Exhibit A.

The second project site is owned and operated by the Palmdale School District and consists of five vacant parcels with a total area of 67.6 acres, located northeast of East Avenue Q and 40th Street East. The future uses of the project site will be intended to serve and further the school district's educational purposes and for this reason the commercial and industrial designation are not consistent. The amendment is in conjunction with Ordinance No.1663, which modifies the zone to a corresponding zone of Educational Flex (EDFX). Therefore, it is proposed that the land use designations be modified from Employment Flex and Regional Commercial to Educational Flex (EDFX), as shown on Exhibit B.

The third project site consists of two vacant parcels with a total area of 40.9 acres, located at the northeast corner of East Palmdale Boulevard and 55th Street East. The project site is vacant and has a General Plan Land Use designation of Residential Neighborhood 2 (RN 2), which allows for residential development with a density range of 10 to 20 units per acre. The proposed amendment will modify the designation to Residential Neighborhood 1 (RN 1), with a density range of 6 to 10 units per acre. The proposed modification will reduce the required density but has similar allowable uses, providing viable use of the site for future development. The amendment is in conjunction with Ordinance No. 1663, which modifies the zone to a corresponding zone of Educational Flex (EDFX). Therefore, staff recommends that the General Plan Land Use designation be modified from RN 2 to RN 1, as shown on Exhibit C.

SECTION 4. Based on the findings and conclusions set forth in Sections 1, 2, and 3 above, this City Council adopts GPA 25-0002, as shown in Exhibits A through C.

SECTION 5. The City Clerk shall certify the adoption of this Resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of November, 2025.

_____
Laura Bettencourt, Mayor Pro Tem

Approved as to form:

ATTEST:

_____
Alexandra Severino
City Attorney

_____
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 4th day of November 2025, by the following roll call vote:

AYES:

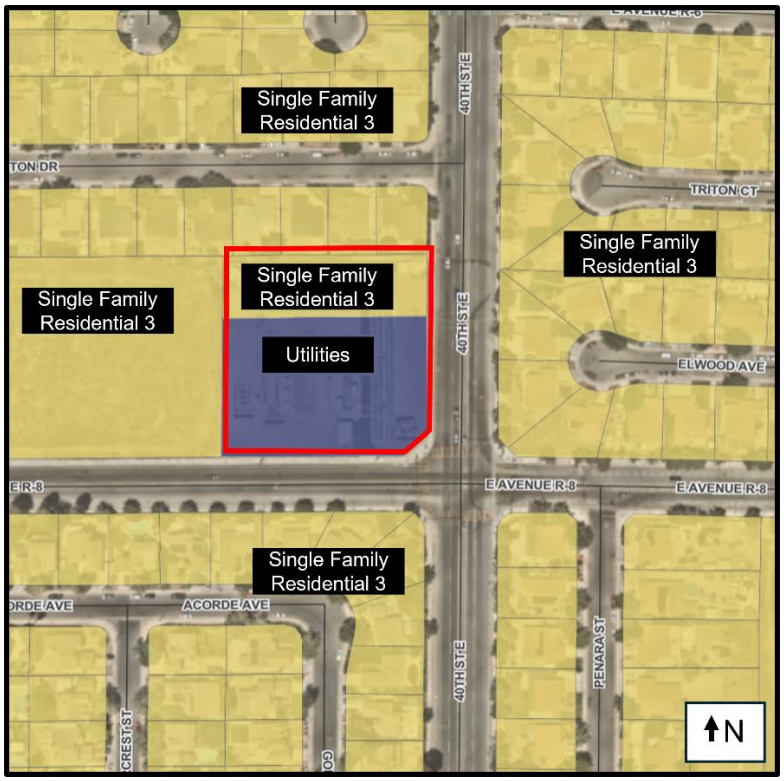
NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

EXHIBIT A

EXISTING LAND USE DESIGNATIONS



PROPOSED LAND USE DESIGNATION

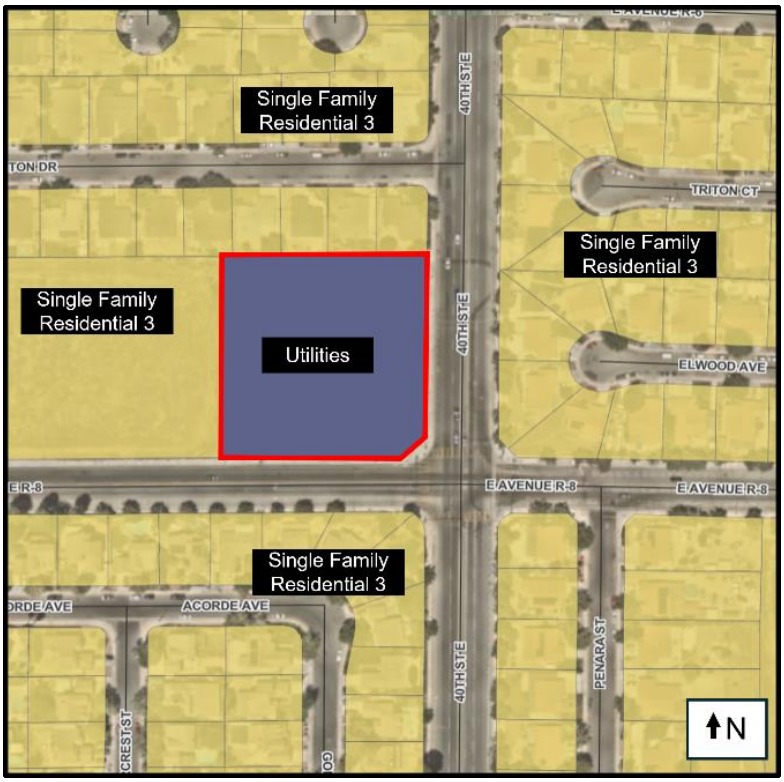
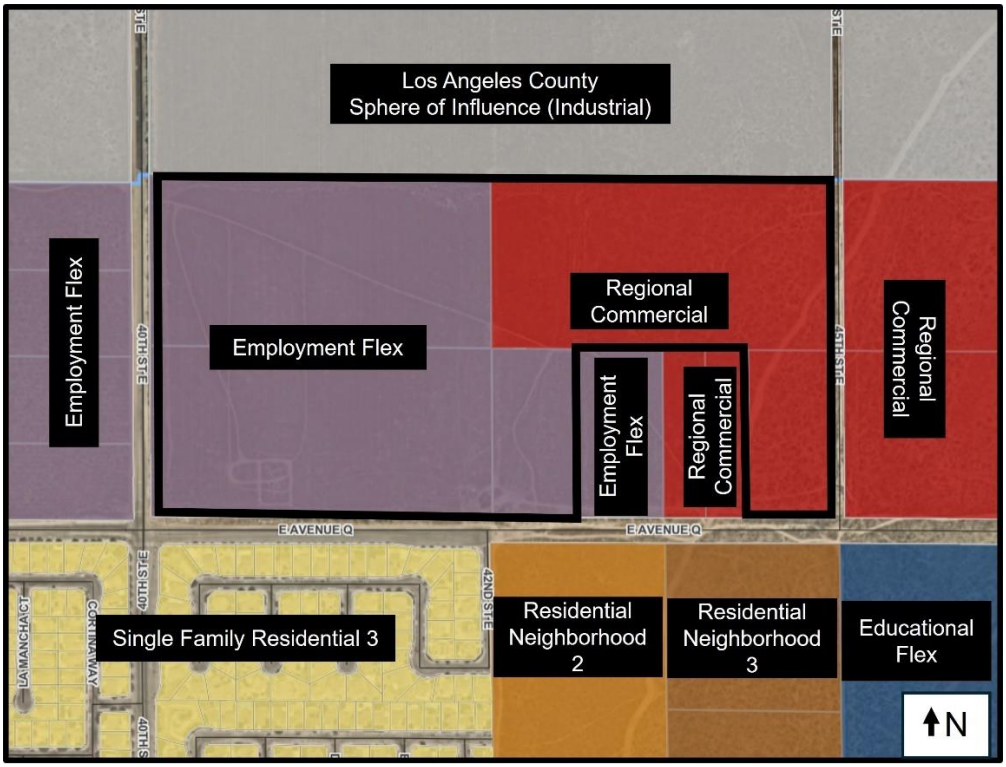


EXHIBIT B

EXISTING LAND USE DESIGNATIONS



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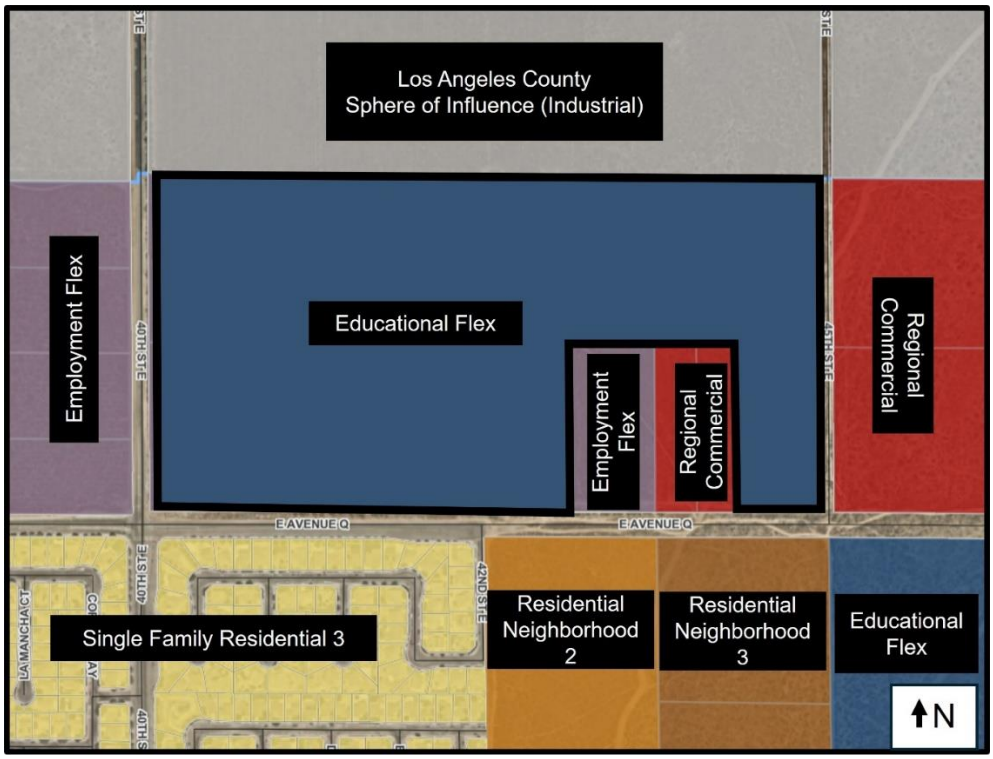
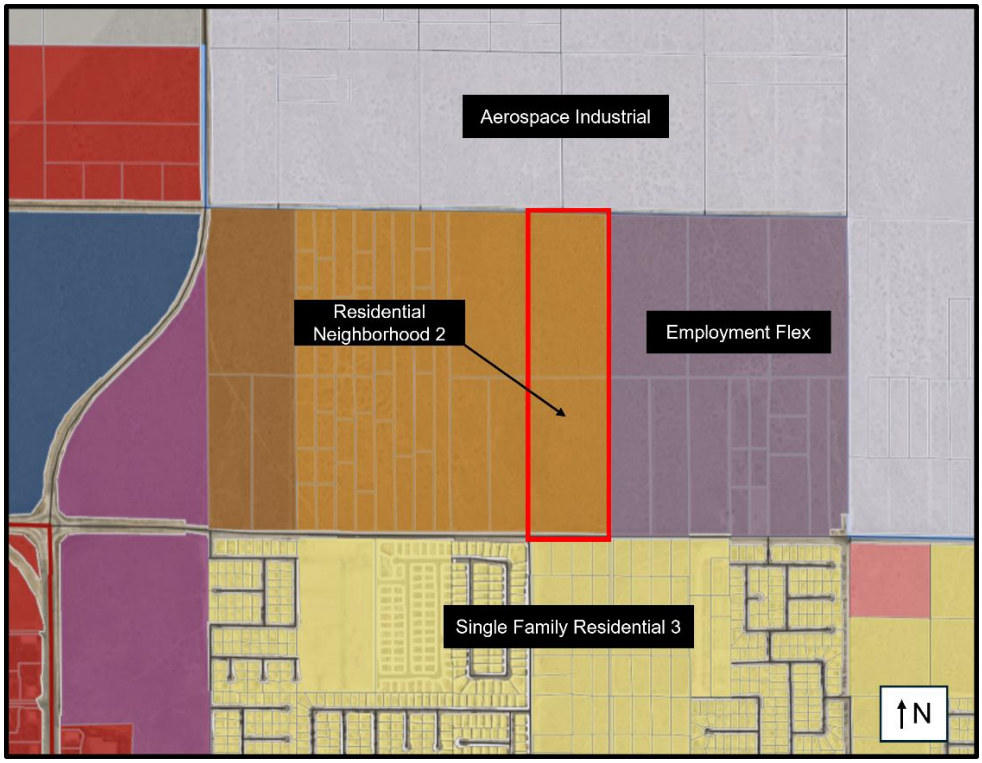


EXHIBIT C

EXISTING LAND USE DESIGNATION



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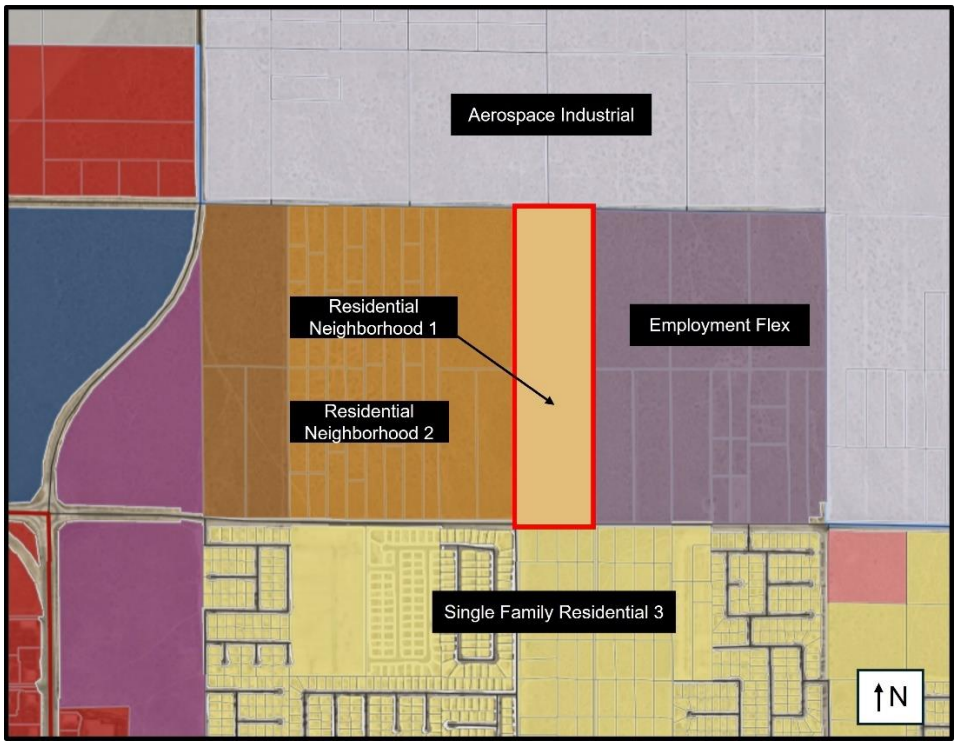


PLANNING COMMISSION
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. PC-2025-022

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PALMDALE, CALIFORNIA, RECOMMENDING CITY COUNCIL APPROVAL OF GENERAL PLAN AMENDMENT 25-0002, ZONING ORDINANCE AMENDMENT 25-0003, AND ZONE CHANGE 25-0002 TO AMEND THE ZONING ORDINANCE AND LAND USE AND ZONING MAPS, TO ADDRESS INCONSISTENCIES AND STREAMLINE REVIEW PROCEDURES, AND FINDING THAT THE PROJECT IS CONSISTENT WITH PROGRAM ENVIRONMENTAL IMPACT REPORT 22-002 PREPARED AND CERTIFIED IN CONJUNCTION WITH THE CITY'S GENERAL PLAN (PALMDALE 2045)

WHEREAS, The City of Palmdale (City) has filed an application that applies to the City and the City's sphere of influence, requesting approval of General Plan Amendment (GPA) 25-0002, Zoning Ordinance Amendment (ZOA) 25-0003, and Zone Change (ZC) 25-0002, to amend the Zoning Ordinance and Land Use and Zoning Maps, to address inconsistencies and streamline review procedures as indicated in Exhibits A through G, and finding that the project is consistent with Program Environmental Impact Report (PEIR) 22-002 prepared and certified in conjunction with the City's General Plan (hereinafter referred to as "Application"); and,

WHEREAS, State law requires that the regulations governing the use and development of lands within the municipal limits of a city be consistent with the adopted General Plan for that city. On September 21, 2022, the City Council adopted a comprehensive update to the General Plan (Palmdale 2045), which required a comprehensive update to Title 17 of the Palmdale Municipal Code (PMC); and,

WHEREAS, On March 15, 2023, the City Council of the City of Palmdale adopted Ordinance No. 1603 a comprehensive Zoning Code and Map update; and,

WHEREAS, On August 16, 2023, the City Council of the City of Palmdale adopted Ordinance No. 1613 AND 1614 which identified minor amendments to the PMC necessary to address inconsistencies, clarify review procedures, correct typographical errors and section references, as well as update the associated Zoning Map; and,

WHEREAS, On December 6, 2023, the City Council of the City of Palmdale adopted Ordinance No. 1627 which identified minor amendments to Title 17 necessary to address inconsistencies and clarify review procedures; and,

WHEREAS, On February 7, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1639 which amended the Noise Element of the General Plan, the Development Standards for Mixed-Use zones, the Land Use map, and Zoning map to address inconsistencies and clarify review procedures; and,

WHEREAS, On June 5, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1641, to amend and update the Health and Wellness designation and Medical Flex zone density requirements, Minor Exception process, Aerospace Industrial zone allowed uses, industrial open space requirements, and the General Plan Land Use Map and Zoning Map; and,

WHEREAS, On December 22, 2024, the City Council of the City of Palmdale adopted Ordinance No. 1647, to address review procedures and streamline review processes for City projects; and,

WHEREAS, On July 15, 2025, the City Council of the City of Palmdale adopted Ordinance No. 1658, to address residential development standards for single-family residences and accessory dwelling units (ADUs) as required by State law; and,

WHEREAS, On August 19, 2025, the City Council of the City of Palmdale adopted Ordinance No. 1659, to modify commercial standards within the Zoning Ordinance; and,

WHEREAS, On October 9, 2025, the Planning Commission of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date. All legal prerequisites to the adoption of this Resolution have occurred.

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

SECTION 1. The Planning Commission hereby specifically finds that all the facts set forth in the Recitals of this Resolution, are true and correct.

SECTION 2. The Planning Commission hereby finds as follows with respect to the environmental document:

A. The project has been determined to be consistent with PEIR 22-002 (State Clearinghouse # 2021060494), which was prepared and certified by the City Council Resolution No. CC-2022-096 on September 21, 2022, for approval of the City's General Plan, Palmdale 2045. As part of the environmental analysis, PEIR 22-002 also considered the adoption and implementation of the comprehensive zoning update and its associated map. Staff review has determined that a subsequent or supplemental program Environmental Impact Report as described in California Environmental Quality Act Guidelines Sections 15162, 15163, or 15164, is not required because the proposed project modifies the zoning ordinance and the land use and zoning map to ensure compliance with the recently adopted General Plan and applicable laws, and would not require major revisions of the PEIR, there are no significant changes in circumstances and there is no new information of substantial importance that will

involve new significant environmental effects or increase the severity of previously identified significant effects. As such, staff concluded that the request is consistent with the previous PEIR in accordance with California Environmental Quality Act Guidelines.

B. The custodian of records for the environmental document, and all other materials which constitute the record of proceedings upon which the Planning Commission's decision is based, is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200. In addition, the Final PEIR is available at: https://palmdale2045gp.org/wp-content/uploads/2022/10/PalmdaleGP_FinalEIRAppendicesResponsetoCommentsFindingofFactandStatementofOverridingConsiderations.pdf.

SECTION 3. Based upon substantial evidence presented to this Commission during the October 9, 2025, public hearing, including public testimony, and written and oral staff report, this Commission specifically finds as follows:

A. The proposed change in land use is consistent with State law. (GPA)

B. The amendment is reasonable and beneficial. (GPA)

C. The proposed zone change is consistent with the goals, policies, and objectives of the General Plan. (ZC)

D. The proposed Zoning Ordinance Amendment conforms with the goals, objectives, and policies of the General Plan, as shown on Exhibit A attached hereto. (ZOA)

The Application includes a corresponding zone change for parcels that will be redesignated to ensure consistency with the General Plan.

The first project site is owned and operated by Southern California Edison (SCE) and consists of two parcels totaling approximately 1.86 acres, located at the northwest corner of East Avenue R-4 and 40th Street East, and is developed as an electrical substation. The land use designation of the site is split with a Utilities (U) designation for one parcel, which is consistent with the existing development of the site, and a Single Family Residential 3 (SFR 3) designation for the other parcel, which is not consistent. The zone of both parcels is proposed be changed to Utilities and Rights-of-Way (U-ROW) to be consistent with the Utilities designation of one parcel and the redesignation to Utilities of the other parcel. There is no proposed change in the use or development of the project site as the electrical substation, a non-residential development, will

remain, and the proposed zone change is to accurately reflect the current land use and as such will not have an adverse effect on the surrounding properties or the community. Therefore, it is proposed that the land use designation for one parcel be changed from SFR 3 to Utilities, as shown on Exhibit B, and that the zone of both parcels be changed from SFR 3 to Utilities Rights-of-Way (U-ROW), as shown on Exhibit E.

The second project site is owned by the Palmdale School District and consists of five vacant parcels with a total area of 67.6 acres, located north of East Avenue Q between 40th Street East and 45th Street East (PSD Parcels). The intended future uses will serve and further the school district's educational purposes. For this reason, the existing land use designations are not consistent with the intended uses, which will not be commercial or industrial, and need to be changed to reflect the ownership by the school district. As a public school district site, any future on-site development will be subject to review by the Division of the State Architect (DSA), and off-site improvements will be reviewed by the City. The zone change will not have an adverse effect on surrounding properties or the community as the intent of the zone change is to accurately reflect the land use of the project site. Therefore, it is proposed that the land use designations be modified from Employment Flex and Regional Commercial to Educational Flex (EDFX), as shown on Exhibit C, and the zoning will be changed from Light Industrial, Office Flex, and Regional Commercial to Educational Flex (EDFX), as shown on Exhibit F.

The third project site consists of two vacant parcels with a total area of 40.9 acres, located at the northeast corner of East Palmdale Boulevard and 55th Street East. The proposed modification of the general plan and zoning map is from Residential Neighborhood (RN 2) to Residential Neighborhood 1 (RN 1), as shown on Exhibits D and G. The proposed zone change will not have an adverse effect on surrounding properties or the community as it is consistent with the General Plan Housing Element, Goal 1 which is to promote the construction of a variety of residential development opportunities for all income groups. The zone change does not reduce the capacity of sites identified in the Housing Element Sites Inventory to accommodate the City's remaining Regional Housing Needs Allocation (RHNA) obligation.

E. The proposed zone change will not have a substantial adverse effect on surrounding properties or the community in general. (ZC)

The proposed zone change of two parcels to U-ROW will make the property consistent with the existing development on the property, which is an electrical substation owned by SCE, and will not have any effect on surrounding properties. The proposed zone change to EDFX will make the zoning consistent with the ownership of the property by the Palmdale School District. The

proposed zone change to RN 1 will allow substantially the same uses as the RN 2 zone and will allow residential development at a lower density.

F. The proposed Zoning Ordinance Amendment is necessary to implement the General Plan and to provide for public safety, convenience and/or general welfare. (ZOA)

The proposed Zoning Ordinance Amendment provides for public safety, convenience, and general welfare by allowing for the siting of drive-through restaurants and fueling stations in locations that are suitable and appropriate by setting buffer requirements and requiring compliance with the development standards specific to these commercial uses.

SECTION 4. Based on the findings and conclusions outlined in Sections 1, 2 and 3 above, this Commission hereby recommends City Council approval of GPA 25-0002 as shown on Exhibits B through D, and ZC 25-0002 as shown on Exhibits E and G and ZOA 25-0003 as shown on Exhibit H and finds that the project is consistent with PEIR 22-002 prepared and certified for Palmdale 2045.

SECTION 5. The Deputized Clerk shall certify the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 9th day of October 2025.

Dean Henderson
Chair, Planning Commission

ATTEST:

Sylvia Magallanes, Deputized Clerk

I, Sylvia Magallanes, Deputized Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly approved, and adopted by the Planning Commission of the City of Palmdale at a regular meeting of said Commission held on October 9, 2025, by the following roll call vote:

AYES: (5) Chair Henderson, Vice Chair Elize, Commissioners Lujan, Olivarez, Jones

NOES: (0)

ABSTAIN: (0) ABSENT: (0)

Date: 10/21/2025

Sylvia Magallanes, Deputized Clerk

EXHIBIT A

GENERAL PLAN CONSISTENCY

Element	Goal, Objective, or Policy	Standard Met?	Justification
Economic Development	ED-2: Attract diverse and high-quality job options that contribute to the City's economic growth by diversifying the economic base.	Yes	The proposed amendment will clarify and streamline approval processes and expand business potential, which will attract businesses to the City.
Land Use & Community Design	LUD-18: Attraction and stimulation of new employment uses through flexible land use regulations and supportive policies/actions.	Yes	The proposed amendment provides flexible land use regulations and supportive policies/actions by implementing locational standards for drive-through restaurants and fueling stations that will account for site-specific considerations and performance standards, which will result in the attraction and stimulation of new employment uses.
Equitable and Healthy Communities	EHC-14.6: Limit drive-through restaurants and off-sale alcohol beverage establishments—as defined in the municipal code—in neighborhoods with a significant concentration of stores (e.g., multiple stores on the same block or intersection) and child-sensitive areas, such as schools, parks, and childcare facilities.	Yes	The proposed amendment requires a minimum buffer of 250 feet between a new and existing drive-through restaurant and requires compliance with development standards for the use.

EXHIBIT B

EXISTING AND PROPOSED LAND USE DESIGNATIONS (GPA 25-0002)

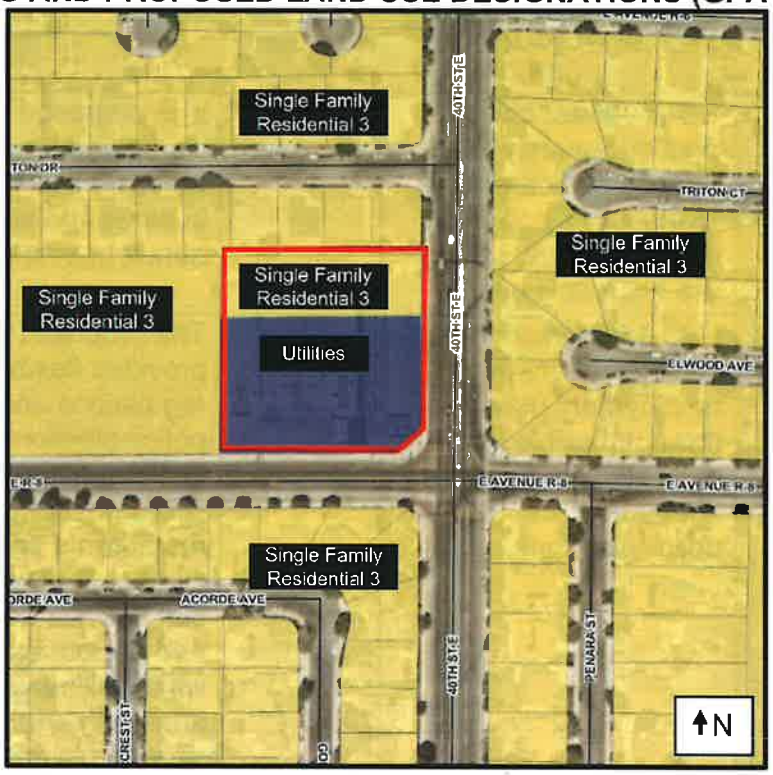
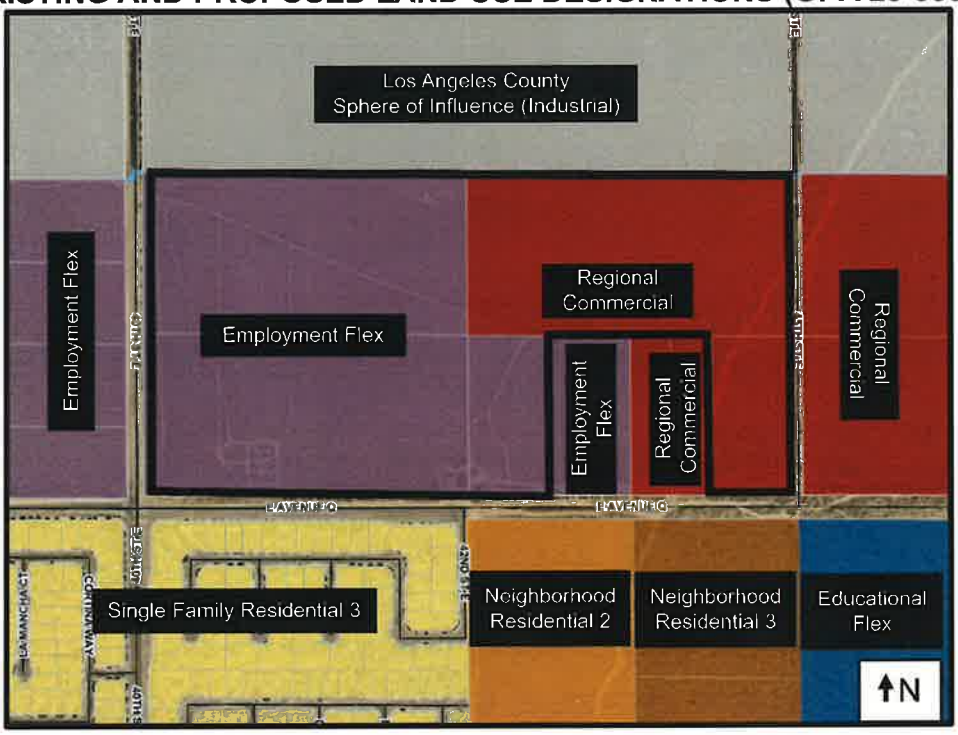


EXHIBIT C

EXISTING AND PROPOSED LAND USE DESIGNATIONS (GPA 25-0002)



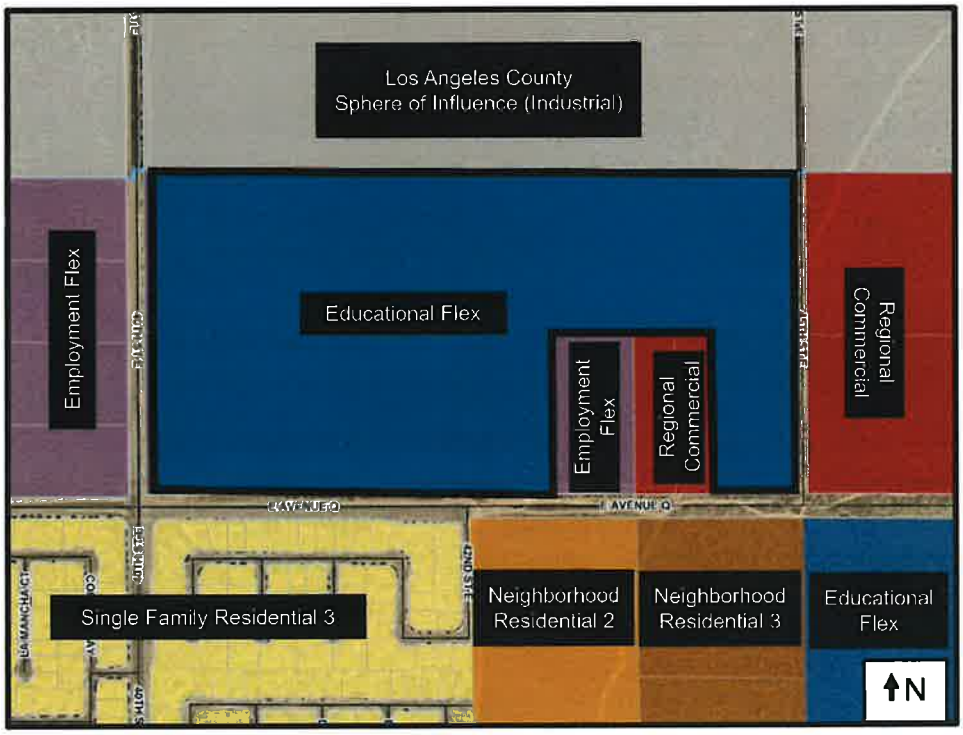
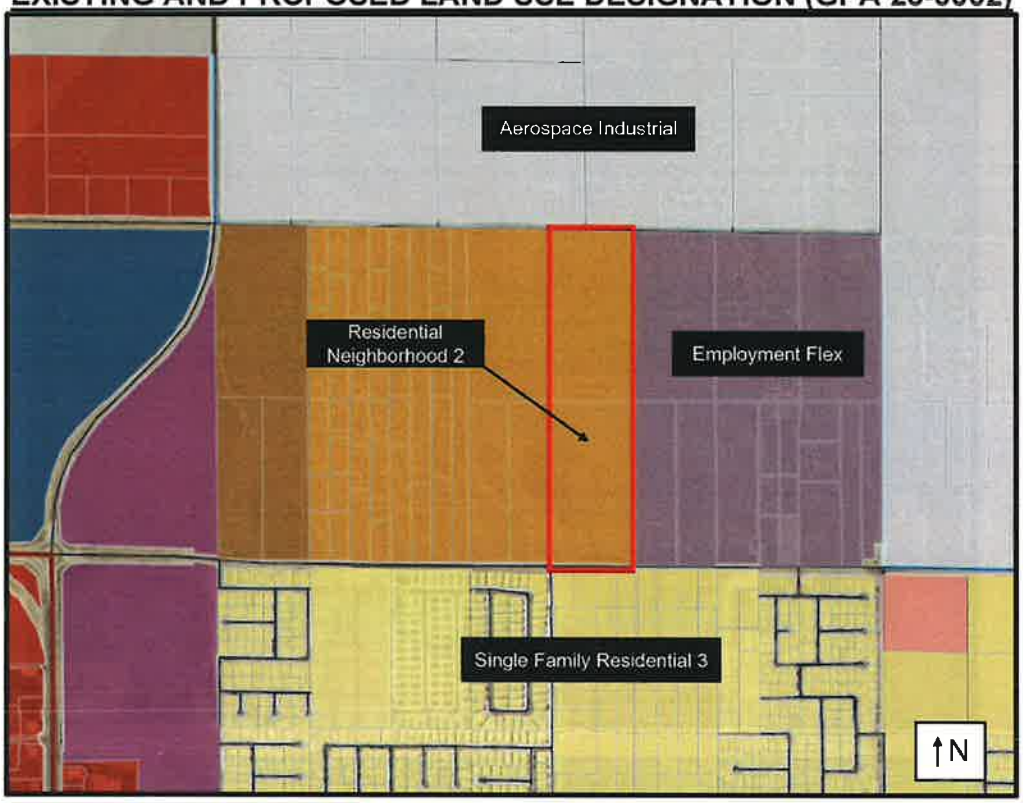


EXHIBIT D

EXISTING AND PROPOSED LAND USE DESIGNATION (GPA 25-0002)



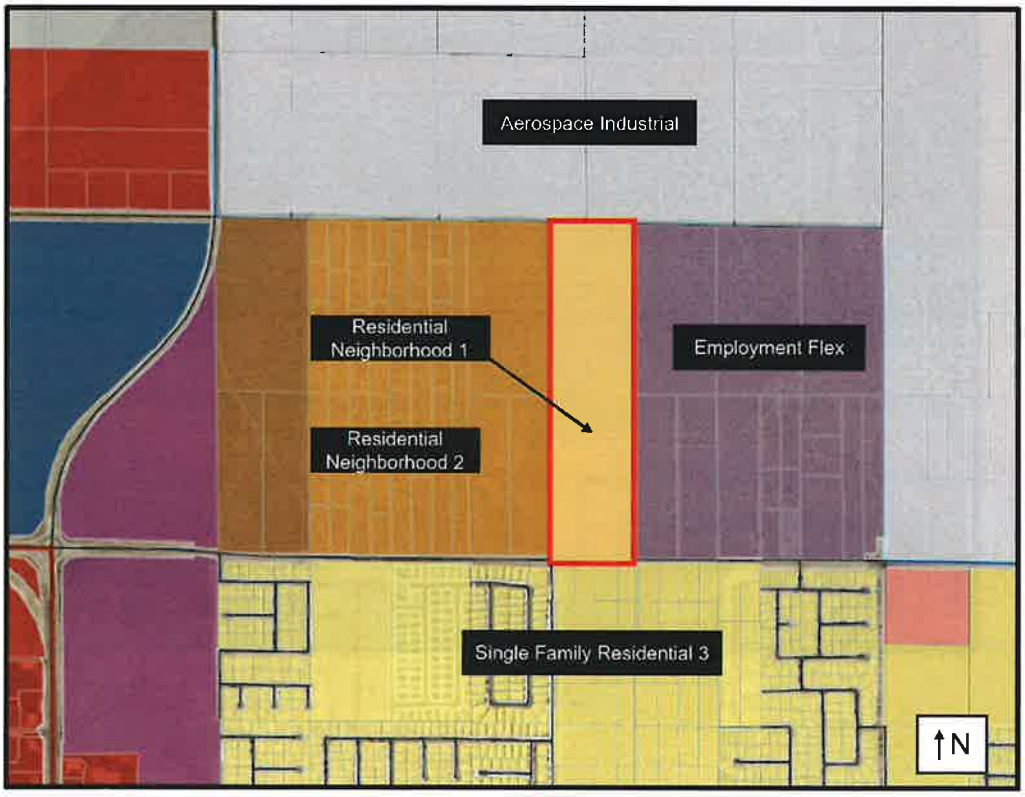
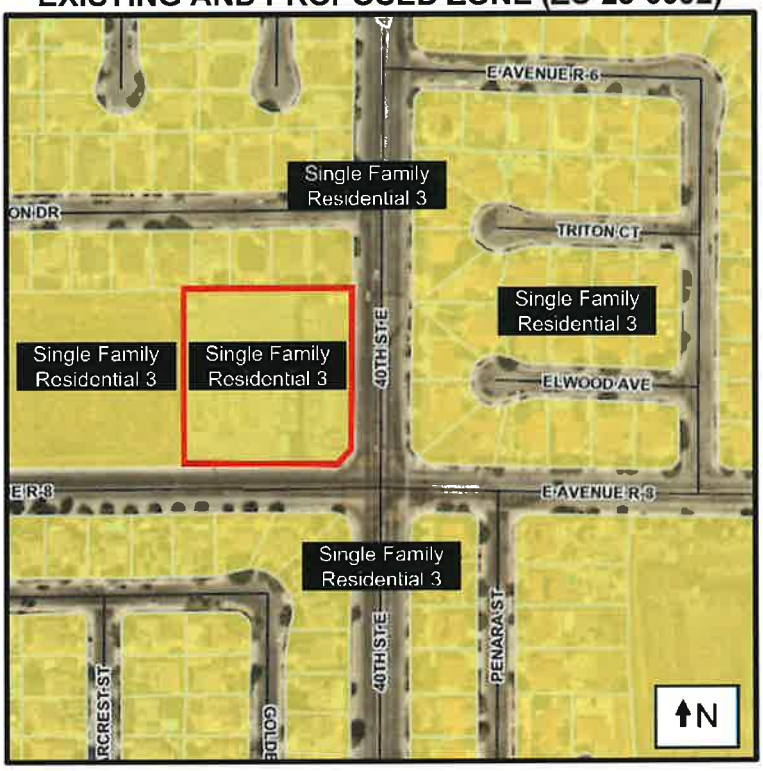


EXHIBIT E

EXISTING AND PROPOSED ZONE (ZC 25-0002)



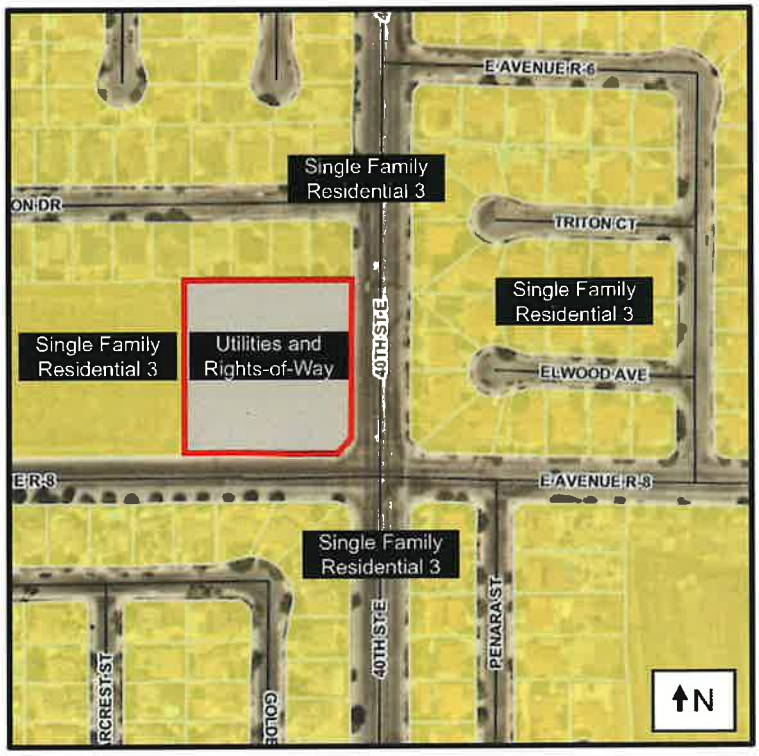
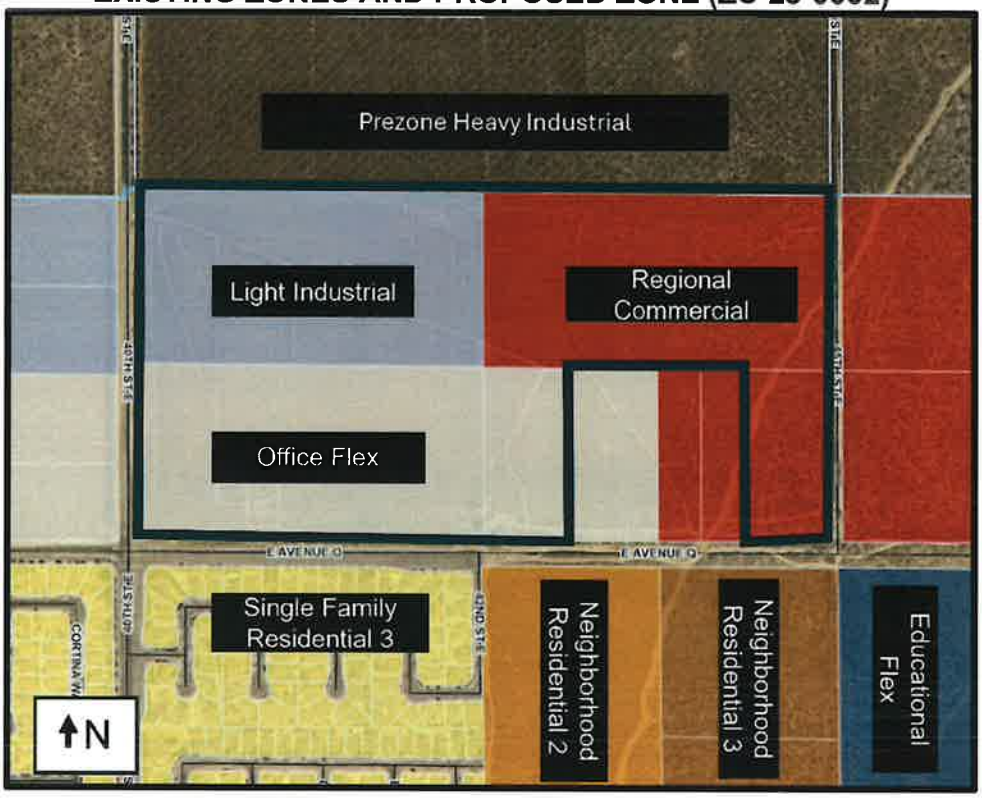


EXHIBIT F

EXISTING ZONES AND PROPOSED ZONE (ZC 25-0002)



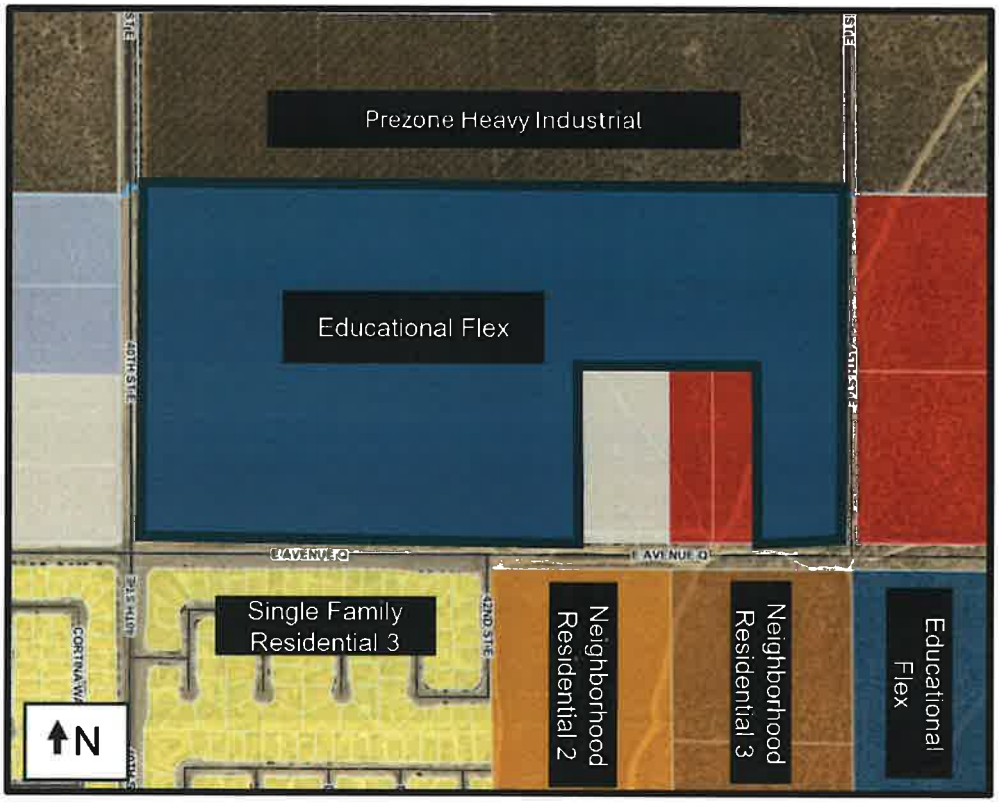
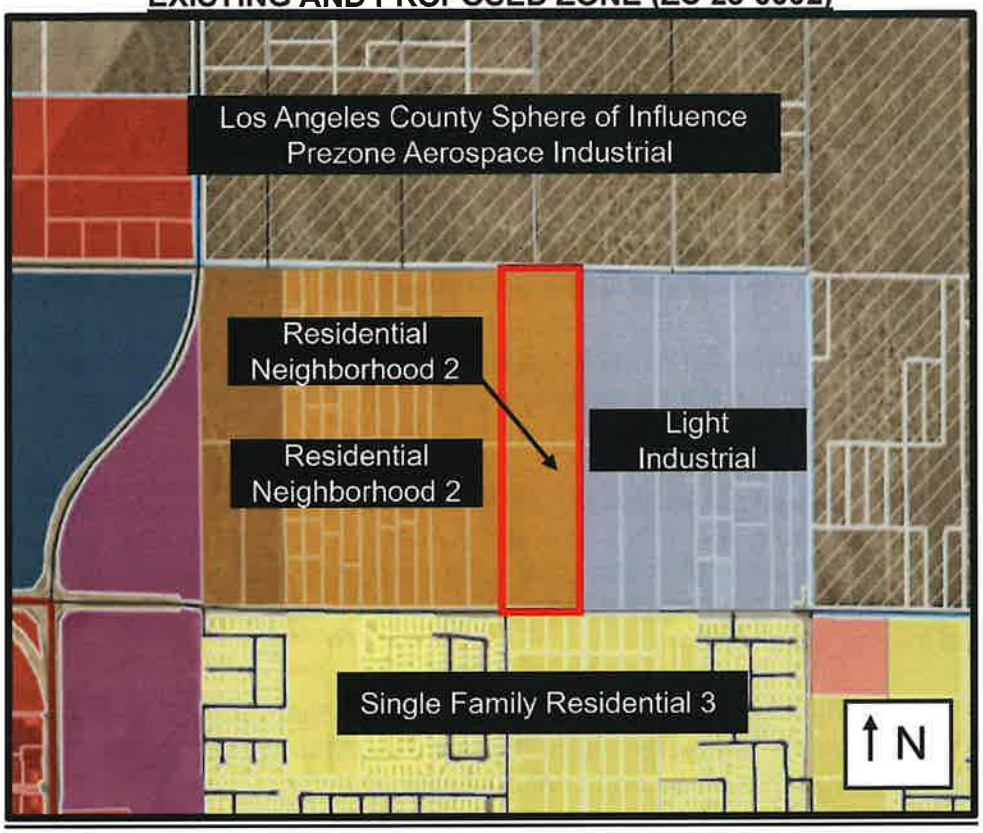


EXHIBIT G

EXISTING AND PROPOSED ZONE (ZC 25-0002)



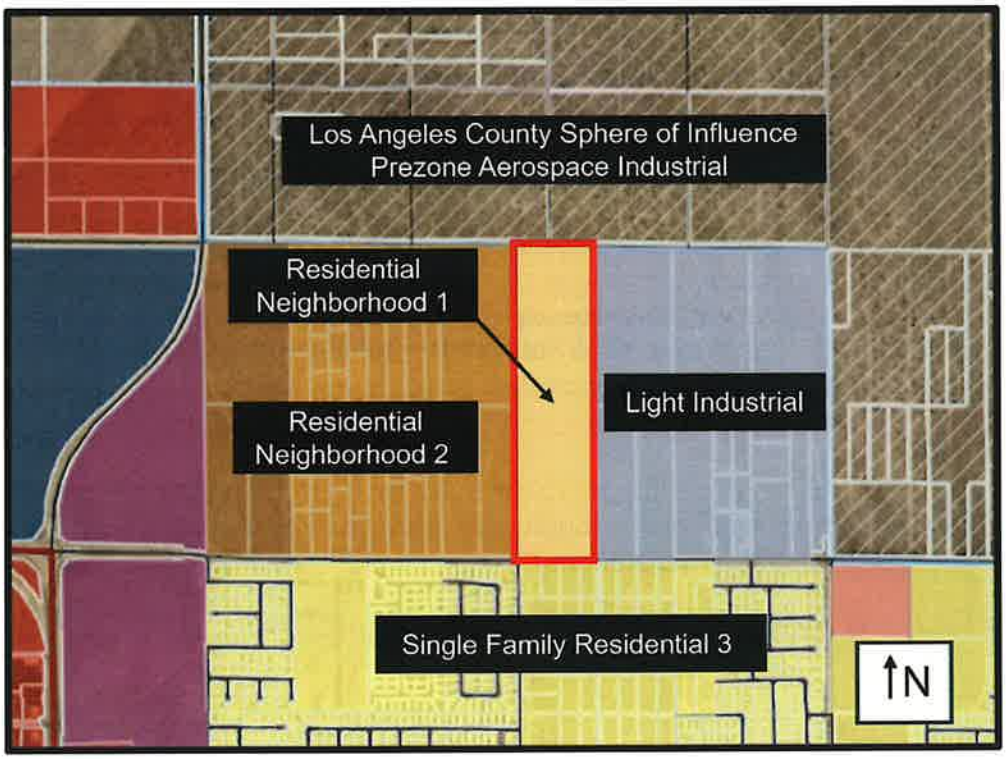


EXHIBIT H

PMC Section 17.92.050.C Development Standards

~~(1) Site design should locate the drive-through aisle so that pedestrians do not need to cross the aisle in order to access the main building entrance from the parking lot or street. If a pedestrian walkway intersects a drive-through aisle, the walkway shall be highlighted with enhanced paving and lighting and shall be located for maximum visibility of pedestrians.~~

(1)~~(2)~~ Drive-through aisles shall have a minimum 15-foot width on curves and a minimum 12-foot width on straight sections, with a minimum inside turning radius of 15 feet.

(2)~~(3)~~ Drive-through aisles and structures shall be set back from the ultimate curb face of an adjacent public right-of-way a minimum of 20 feet, or as otherwise determined by the Review Authority.

(3)~~(4)~~ Drive-through aisles shall be screened with a combination of decorative walls and landscape to a minimum height of 40 inches to prevent headlight glare and direct visibility of vehicles from adjacent streets and parking lots. Any wall shall comply with sight triangle requirements of PMC Chapter 17.82 (Setbacks and Location of Buildings) and shall not be located in a required setback.

(4)~~(5)~~ Each drive-through entrance and exit shall be at least 100 feet from an intersection of public rights-of-way, measured at the closest intersecting curbs, and at least 25 feet from the nearest curb cut on an adjacent property.

(5)~~(6)~~ Drive-through restaurants and drive-through services within an integrated shopping center shall have an architectural style consistent with the theme established in the center. The architecture of any drive-through shall provide compatibility with surrounding uses in form, materials, colors, scale, and other design elements.

(6)~~(7)~~ Other than menu boards, signs for drive-through restaurants and services shall conform to PMC Chapter 17.88.

(7)~~(8)~~ Drive-through restaurants ~~shall~~ may be required to include a minimum 11-foot-wide bypass lane, which allows vehicles already served or other vehicles to navigate around a drive-through lane. A bypass lane shall not include parking spaces. This requirement may be modified or waived at the discretion of the Review Authority ~~where site constraints make a bypass lane infeasible~~.

(8)~~(9)~~ No new drive-through restaurant use may be approved if located within ~~500~~250 feet from an existing or proposed drive-through restaurant use as measured according to PMC Section 17.17.020 (Measuring distances).

~~(D) The location standard described in Subsection (C)(9) of this Section shall not apply if:~~

~~(1) A minimum of 50 percent of the products sold at the proposed drive-through restaurant establishment are beverages or are not available at an existing drive-through restaurant establishment within 500 feet of the project location;~~
~~(2) The drive-through queuing lane does not impact pedestrian access throughout the development, including but not limited to points of ingress and egress to the development and access to public rights-of-way;~~
~~(3) The proposed drive-through restaurant establishment does not require more than 10 vehicle queuing spaces;~~
~~(4) The proposed drive-through restaurant establishment is situated on a parcel of at least one acre and is approved concurrently with a larger development; and~~
~~(5) The proposed drive-through restaurant establishment will not constitute the fourth drive-through restaurant establishment within a 500-foot radius.~~
~~(E) Review Process. Uses subject to this Section shall be subject to the permit requirements as specified in the applicable zone pursuant to the permissions tables in Divisions 3 through 7 of this Title. In making the decision for approval of the proposed drive-through, the Review Authority shall consider possible air quality, traffic safety, and visual impacts, as well as consistency with this Section and other applicable provisions of this Title. (Ord. 1603 § 4 (Exh. I), 2023)~~

PMC Section 17.92.070.B

(4) All ~~parking,~~ loading~~, circulation aisles,~~ and pump island bay areas shall be constructed with plain cement concrete.

(11) Distance Requirements. No new fueling station/vehicle and equipment services and repair facility shall be located within ~~500~~300 feet from another fueling station/vehicle and equipment services and repair facility as measured according to PMC Section 17.17.20 (Measuring distances).

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **PUBLIC SAFETY DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **ADOPT ORDINANCE NO. 1664, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, AMENDING SECTIONS 8.04.410 AND 8.04.430, AND REPEALING SECTIONS 8.04.440 THROUGH 8.04.510 OF THE PALMDALE MUNICIPAL CODE (PMC) TO PROHIBIT FIREWORKS, FINDING THE ORDINANCE EXEMPT FROM CEQA; AND ADOPT RESOLUTION NO. CC 2025-091, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, MAKING ITS EXPRESS FINDINGS AS REQUIRED BY SECTION 17958.7 OF THE HEALTH AND SAFETY CODE OF THE STATE OF CALIFORNIA RELATING TO THE ADOPTION OF ORDINANCE NO. 1664 PROHIBITING ALL FIREWORKS, AND FINDING IT IS NOT A PROJECT PER CEQA**

RECOMMENDATION

Staff recommend that the City Council:

1. Receive public testimony regarding proposed Ordinance No. 1664;

2. Adopt Ordinance No. 1664, an Ordinance of the City Council of the City of Palmdale, California, amending PMC Sections 8.04.410 and 8.04.430, and repealing Sections 8.04.440 through 8.04.510 to prohibit fireworks;

3. Find the Ordinance exempt from the California Environmental Quality Act (CEQA); and,

4. Adopt Resolution No. CC 2025-091, a Resolution of the City Council of the City of Palmdale, California, making its express findings as required by Section 17958.7 of the Health and Safety Code of the State of California relating to the adoption of Ordinance No. 1664 prohibiting all fireworks; and finding it is not a project per CEQA.

BACKGROUND

Palmdale is a charter city and under its charter powers and California Health and Safety Code Sections 12451 and 17958, it has the authority to allow, regulate, or prohibit fireworks by ordinance.

In 1992 and 2006, voter initiatives to repeal the City's fireworks provisions failed. Because those measures did not pass, any future prohibition may be adopted directly by ordinance without voter approval. The proposed amendments to PMC Chapter 8.04 address the sale and use of fireworks within the City.

During the fireworks holiday season, the use of "safe and sane" and illegal fireworks remains widespread, and the City receives a high volume of calls for service from community complaints regarding, but not limited to, noise, fire safety, and the impacts on pets and members of the veteran community. The complaints result in a high demand for staff resources and coordination with the Los Angeles County Sheriff's Department and the Los Angeles County Fire Department.

The table below is a five-year summary of enforcement efforts (2021 – 2025):

Fiscal Year	Calls for Service Received	Illegal Fireworks Confiscated (lbs.)	City Administrative Citations Issued
2021	556	646	46
2022	205	963	56
2023	358	144	35
2024	246	347	23
2025	149	345	58

Note: Administrative citations for fireworks violations carry bail amounts of $2,500 for the first violation, $5,000 for the second violation and $10,000 for the third violation.

DISCUSSION

PMC Section 8.04.430 currently allows for the sale and discharge of "safe and sane" fireworks within Palmdale during designated periods.

The proposed amendments to PMC Chapter 8.04 remove language that permits the sale and discharge of "safe and sane" fireworks during limited periods. The revised sections now expressly prohibit the possession, storage, sale, offer for sale, handling, use, discharge, or explosion of any fireworks, including "safe and sane" fireworks, except as authorized under a license or permit issued by the State Fire Marshal.

In addition, PMC Sections 8.04.440 through 8.04.510 are repealed. These sections establish the permitting process, eligibility criteria, and operational standards related to the sale and use of “safe and sane” fireworks.

This update aligns the City’s regulations with current fire safety practices and reinforces the intent of the Los Angeles County Fire Code, which prohibits fireworks except where specifically allowed by applicable laws and regulations.

FISCAL IMPACT

$0; There is no fiscal impact with this action.

STRATEGIC PLAN

Goal I: Maintain effective public safety and protection for life, property and the environment.

A. Provide comprehensive and innovative safety services to prevent crime and promote a safe community.

Prepared by:	Ken Pulskamp, Interim Director of Public Safety
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

Ord. No. 1664
Reso. No. CC 2025-091

CITY OF PALMDALE, A CHARTER CITY,
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1664

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING SECTIONS 8.04.410 AND 8.04.430, AND REPEALING SECTIONS 8.04.440 THROUGH 8.04.510 OF THE PALMDALE MUNICIPAL CODE TO PROHIBIT FIREWORKS; FINDING THE ORDINANCE EXEMPT FROM CEQA

A. INTENT OF THE CITY COUNCIL:

1. The City of Palmdale currently permits the sale and use of State-licensed "safe and sane" fireworks by nonprofit organizations as a means of local fundraising during a specific period each year;

2. In recent years, the use of both legal and illegal fireworks has increasingly impacted public safety, contributing to a rise in structure and brush fires, noise disturbances, injuries, and enforcement demands. Despite these measures, illegal firework use remains widespread, and the City continues to receive numerous complaints each year regarding noise, fire safety, and impacts on pets and members of the veteran community;

3. The Los Angeles County Fire Code, which is adopted by reference by the City of Palmdale, prohibits the possession, sale, and use of all fireworks unless specifically authorized by a license or permit issued by the State Fire Marshal;

4. To align with regional fire safety practices, reduce fire risk, and improve enforcement consistency, the City Council finds it necessary to prohibit the possession, sale, discharge, and use of all fireworks within city limits, including "safe and sane" fireworks, except as authorized by the State Fire Marshal;

5. While the City recognizes the role that fireworks sales have played in supporting nonprofit fundraising, the risk to public health and safety posed by fireworks outweighs the benefits. The City Council remains committed to working with nonprofit organizations to identify and promote alternative fundraising opportunities;

6. Pursuant to Health and Safety Code Sections 17958.5 and 19758.7 and contemporaneously herewith, the City Council has made the findings required for local modifications that are reasonably necessary because of local climatic, topographical, and geological conditions; and

7. The City Council further finds that this ordinance is exempt from the California Environmental Quality Act (CEQA) because it does not result in a direct or

reasonably foreseeable indirect physical change to the environment and qualifies for exemption under CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and/or 15061(b)(3).

B. ORDINANCE

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 8.04.410 of the Palmdale Municipal Code is hereby amended to read as follows:

8.04.410. Definitions

Whenever any of the following names or terms are used in the Palmdale Fire Code, each such name or term shall be deemed and construed to have the meaning ascribed to it in this section as follows:

(A) "Board of Supervisors" means the Palmdale City Council.

(B) "County" or "County of Los Angeles" means the City of Palmdale.

(C) "Jurisdictional area" means the City of Palmdale.

SECTION 2. Section 8.04.430 of the Palmdale Municipal Code is hereby repealed and amended to read as follows:

8.04.430. Fireworks Prohibited

Section 5601.1.3 is amended to read as follows:

5601.1.3 Fireworks prohibited. The possession, manufacture, storage, sale, offer for sale, display, handling, and use of fireworks is prohibited. The provisions of this section do not apply to fireworks displays conducted in accordance with the provisions of any permit issued by the Fire Marshal and Title 19 of the California Code of Regulations, Chapter 6 – Fireworks reprinted in Section 5608 and Health and Safety Code Division 1.

SECTION 3. Section 8.04.440 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor

shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 4. Section 8.04.450 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 5. Section 8.04.460 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 6. Section 8.04.470 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 7. Section 8.04.480 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 8. Section 8.04.490 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 9. Section 8.04.500 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal

enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 10. Section 8.04.510 of Title 8 of the Palmdale Municipal Code is hereby repealed and deleted in its entirety; however, such repeal shall not affect or excuse any violation of said Section that occurred prior to the effective date of this Ordinance, nor shall such repeal impede, deter, impact, or negate any administrative, civil, or criminal enforcement of any violation of said Section that occurred prior to the effective date of this Ordinance.

SECTION 11. The City Council has reviewed the matter and, based upon the facts and information contained in the staff report, administrative record, and written and oral testimony, hereby finds that this ordinance is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3) and/or 15061(b)(3) of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, in that it will not result in a direct or reasonably foreseeable indirect physical change in the environment nor have a significant impact on the environment.

SECTION 12. Severability. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses, or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 13. This Ordinance shall become effective on the 30th day after the date of its adoption and shall be enforceable on December 4, 2025.

SECTION 14. The City Clerk shall certify the adoption of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 4th day of November, 2025.

	_____
Approved as to form:	Laura Bettencourt, Mayor Pro Tem
	ATTEST:
_____	_____
Alexandra Severino, City Attorney	Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing Ordinance was duly introduced, passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of November, 2025, effective on the 4th day of December, 2025, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____ _____

Rochelle Scott, City Clerk

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2025-091

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, MAKING ITS EXPRESS FINDINGS AS REQUIRED BY SECTION 17958.7 OF THE HEALTH AND SAFETY CODE OF THE STATE OF CALIFORNIA RELATING TO THE ADOPTION OF ORDINANCE NO. 1664 PROHIBITING ALL FIREWORKS; AND FINDING IT IS NOT A PROJECT PER CEQA

WHEREAS, Palmdale Municipal Code Section 8.04.430 currently allows the possession and use of State-licensed "safe and sane" fireworks during a limited period each year; and

WHEREAS*,* the increasing use of both legal and illegal fireworks has resulted in adverse impacts to public safety, including fire hazards, injuries, noise complaints, and disturbances affecting vulnerable populations such as veterans and pet owners; and

WHEREAS*,* the Los Angeles County Fire Code, which is adopted by reference by the City of Palmdale, prohibits the possession, sale, and discharge of all fireworks unless specifically authorized by a license or permit issued by the State Fire Marshal; and

WHEREAS, the City Council seeks to align with regional fire prevention strategies and enhance enforcement capacity by amending the Palmdale Municipal Code to prohibit the possession, sale, and use of all fireworks, including "safe and sane" fireworks, within city limits unless authorized by the State Fire Marshal; and

WHEREAS, Section 17958.7 of the Health and Safety Code requires the governing body of a city, before making any modifications or changes pursuant to Section 17958.5, to make an express finding that such modifications or changes are reasonably necessary because of local climatic, geological or topographical conditions; and

WHEREAS, the City Council has determined that the proposed amendment is in the interest of public health, safety, and welfare; and

WHEREAS*,* the City Council has reviewed the proposed ordinance and finds it to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3), as the adoption of the ordinance does not result in a direct or reasonably foreseeable indirect physical change to the environment.

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

SECTION 1. With respect to the adoption of Ordinance No. 1664 prohibiting the possession, sale, and discharge of all fireworks within the City of Palmdale, it is necessary to adopt more restrictive requirements for the following reasons:

(a) The City of Palmdale is located in the high desert region of the Antelope Valley, characterized by a dry, hot, and windy climate, especially during the summer and fall months. These climatic conditions create an elevated risk of wildfire ignition and rapid fire spread.

(b) Palmdale's topography includes open desert terrain and wildland-urban interface areas, where combustible vegetation, low humidity, and seasonal high winds contribute to increased fire hazards.

(c) Due to these unique local climatic and topographical factors, stricter prohibitions on fireworks are reasonably necessary to reduce the risk of fires that threaten public safety, life, and property.

(d) Therefore, to protect the health, safety, and welfare of the community, it is reasonably necessary to adopt Ordinance No. 1664, as amended, prohibiting all fireworks, including "safe and sane" fireworks, except as authorized by the State Fire Marshal.

SECTION 2. The City Council finds that the adoption of Ordinance No. 1664 is exempt from CEQA under Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the CEQA Guidelines.

SECTION 3. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of November, 2025.

_____
Laura Bettencourt, Mayor Pro Tem

APPROVED AS TO FORM:

_____
Alexandra Severino
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 4th day of November, 2025, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____ _____
Rochelle Scott, City Clerk

City Council Staff Report

DATE: **NOVEMBER 4, 2025**

TO: **HONORABLE MAYOR PRO TEM AND CITY COUNCIL**

FROM: **CITY MANAGER DEPARTMENT**
CITY MANAGER'S OFFICE

DISTRICT: **ALL**

SUBJECT: **APPROVE COMMUNITY GRANT PROGRAM**

RECOMMENDATION

Staff recommend that the City Council:

1. Approve Community Grant Program; and,

2. Authorize the Interim City Manager or his designee to approve and execute community grant agreements, including minimal and/or non-substantial changes.

BACKGROUND

The City Council has long recognized the importance of supporting community-based organizations that enhance Palmdale's social, cultural, and economic vitality. These organizations play a vital role in providing services and programs that strengthen neighborhoods, promote inclusion, and improve residents' quality of life.

Staff developed the Community Grant Program framework to formalize and streamline the City's approach to community support. The Program's mission is to foster a strong sense of community by supporting a safe, vibrant, and socially and economically diverse environment where people of all ages can live and work together in harmony.

DISCUSSION

The proposed Program establishes a transparent, equitable framework for distributing community grant funding in alignment with City Council goals and priorities. The Program is designed to ensure the responsible and efficient use of public funds while maximizing community impact. The Program incorporates clear eligibility criteria, evaluation standards, and reporting requirements to maintain fairness, accountability, and transparency.

Funding Structure:

- Maximum Award: $5,000 per applicant
- Annual Allocation**:** $100,000 per fiscal year (FY 2025–26 through FY 2029–30)
- Total Program Allocation**:** $500,000

The total program allocation of $500,000 will be distributed in equal annual amounts of $100,000 over five fiscal years, beginning in FY 2025–26. This phased approach ensures consistent community investment and long-term program sustainability.

This structure enables the City to support a broad range of small-scale, high-impact community projects each year, while maintaining fiscal prudence and ongoing engagement with local organizations.

Eligibility and Focus Areas:

Eligible applicants must be tax-exempt 501(c)(3) nonprofit organizations or community-based agencies that are located within the City of Palmdale boundaries and provide direct services to the residents of Palmdale. Programs must align with one or more Council-approved priority areas, which include:

- Youth and Senior Programs;
- Health, Wellness, and Mental Health Services;
- Homelessness and Food Insecurity Initiatives;
- Arts, Culture, and Community Events;
- Environmental Sustainability and Beautification Projects; and,
- Workforce Development.

Applicants may apply annually, with priority given to those that had not received funding in the previous year.

Evaluation Process:

All applications will be submitted to the City Manager’s Office, which will forward them to an independent third-party consultant review panel consisting of unaffiliated field experts. Applications will be scored on a 100-point rubric, evaluating factors such as community benefit, project feasibility, alignment with Council priorities, inclusivity, and budget reasonableness. Applications receiving a score below 75 points will not be recommended for funding.

City Manager’s Office will review third-party consultant recommendations and will award the applications in accordance with completeness and policy alignment.

Reporting Requirements:

Award recipients will be required to submit a grant report within 4–8 weeks of project completion. Reports must include an expenditure summary, measurable outcomes, financial documentation, and media or photographic evidence of project results. Compliance with reporting requirements is mandatory for future funding eligibility.

FISCAL IMPACT

$500,000; Multi-year allocation of $500,000 total, distributed in $100,000 increments over five fiscal years, beginning in FY 2025–26, with individual grant awards still capped at $5,000. Funds are budgeted and available in FY 2025-26, and future years' allocations will be proposed through the annual budget process.

STRATEGIC PLAN

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:	Nardy Lopez, Deputy City Manager
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Salvador Mendez, Interim City Manager
Approved as to form:	Alexandra Severino, City Attorney

ATTACHMENTS

None

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: November 4, 2025

During the period October 1 through October 31, 2025, I attended the following meetings and events:

Oct. 4	4th Annual AV Mental Health Awareness Day Walk
Oct. 4	Palmdale's Pumpkin Palooza Grand Opening
Oct. 6	LA County Sanitation District Board of Directors Meeting
Oct. 7	AV Hispanic Chamber of Commerce Hispanic Heritage Month Recognition Lunch Celebration
Oct. 7	Regular City Council Meeting
Oct. 8-10	League of California Cities Annual Conference and Expo
Oct. 20	Jason Viger Memorial Golf Tournament Luncheon
Oct. 21	Regular City Council Meeting
Oct. 24	Palmdale Medical Regional Center Employee Recognition Awards
Oct. 25	Making Strides Breast Cancer Walk at Palmdale Amphitheater

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: November 4, 2025

During the period October 1 through October 31, 2025, I attended the following meetings and events:

Oct. 4	4th Annual AV Mental Health Awareness Day Walk
Oct. 4	Palmdale's Pumpkin Palooza Grand Opening
Oct. 6	LA County Sanitation District Board of Directors Meeting
Oct. 7	Regular City Council Meeting
Oct. 8-10	League of California Cities Annual Conference and Expo
Oct. 11-12	Kaleidoscope Fall Frenzy at Palmdale Amphitheater
Oct. 11-12	Palmdale Sheriff Booster's Haunted House
Oct. 16	AS Aerospace Groundbreaking
Oct. 16	Pueblo y Salud Youth Coalition Meeting
Oct. 20	North County Transportation Coalition Board of Governors Meeting
Oct. 21	Regular City Council Meeting
Oct. 24	World Series Watch Party at Holiday Inn
Oct. 25	Making Strides Breast Cancer Walk at Palmdale Amphitheater
Oct. 25	Neighborhood Improvement Project-Focus Neighborhood 3
Oct. 27	World Series Watch Party at Holiday Inn
Oct. 30	Visit Palmdale Board of Directors Meeting

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Richard Loa, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: November 4, 2025

During the period October 1 through October 31, 2025, I attended the following meetings and events:

Oct. 6	Neighborhood Watch District 2
Oct. 7	Regular City Council Meeting
Oct. 7	AV Hispanic Chamber of Commerce Hispanic Heritage Month Recognition Lunch Celebration
Oct. 8-10	League of California Cities Annual Conference and Expo
Oct. 11	AV Medical Center 70th Anniversary Gala
Oct. 12	Palmdale Sheriff's Station Haunted House and Trunk or Treat
Oct. 13	Littlerock Reservoir Recreation Center Ad Hoc Committee Meeting
Oct. 21	Regular City Council Meeting
Oct. 23	AV Fair JPA Board Meeting
Oct. 31	LA County Executive Committee for Regional Homeless Alignment

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: November 4, 2025

During the period October 1 through October 31, 2025, I attended the following meetings and events:

Oct. 4	4th Annual AV Mental Health Awareness Day Walk
Oct. 7	Regular City Council Meeting
Oct. 8-10	League of California Cities Annual Conference and Expo
Oct. 9	High Desert Corridor JPA Board of Directors Meeting
Oct. 12	Palmdale Sheriff's Station Haunted House and Trunk or Treat
Oct. 13	Littlerock Reservoir Recreation Center Ad Hoc Committee Meeting
Oct. 16	AS Aerospace Groundbreaking
Oct. 20	North County Transportation Coalition Board of Governors Meeting
Oct. 21	Regular City Council Meeting
Oct. 25	The Painted Turtle Benefit