PALMDALE

a place to call home

CITY COUNCIL MEETING
REVISED
SUCCESSOR AGENCY/HOUSING AUTHORITY MEETING

CITY COUNCIL CHAMBERS
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550 TUESDAY, FEBRUARY 2, 2021
5:00 PM & 7:00 PM
www.cityofpalmdale.org

WELCOME

EMERGENCY PUBLIC MEETING PROCEDURE DUE TO COVID-19

As a result of the COVID-19 emergency, and resulting orders and direction from the President of the United States, the Governor of the State of California, and the County of Los Angeles Department of Public Health temporary Health Officer Order, effective Tuesday, December 1, 2020, the Palmdale City Council Chamber will be closed to the public, until further notice. Councilmembers may choose to participate via webcast.

How to Observe the Meeting:

1. **Spectrum local access Channel 27**

2. **Online live webcast at www.cityofpalmdale.org.**

How to Submit Public Comments through Palmdale eComments on this Agenda:

Note: Public Comments submitted will become part of the official meeting record.

1) Click the Agendas & Minutes webpage at https://cityofpalmdale.org/310/City-Council-Meetings and find this meeting under Upcoming Events; 2) Click on the eComment button; and 3) Scroll through the agenda to find the agenda item for which you would like to provide a comment and submit your comment; 4) The cut off times are one hour prior to the time listed on the printed agenda (e.g: 6:00 p.m.

meeting cut-off is 5:00 p.m.)

2) VERBAL PUBLIC COMMENT DURING THE MEETING – (ZOOM Number: US: +1 669 900 9128 Webinar ID: 924 4965 6374 Passcode: 184570 Webinar attendee link https://zoom.us/j/92449656374?pwd=MndPNm5US2tROGhoTFdtdzBFVk5PQT09 Verbal comments must be limited to 3 minutes.

The safety and well-being of employees and the public remains the City's top priority. The City of Palmdale appreciates your patience and understanding during these challenging times.

Please note: The City Council is making every effort to follow the spirit and intent of the Brown Act and other applicable laws regulating the conduct of public meetings in order to maximize transparency and public access.

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 call the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

1. **CALL TO ORDER 5:00 P.M. HOUSING AUTHORITY CLOSED SESSION SPECIAL MEETING.**

2. **ROLL CALL: CHAIR HOFBAUER, VICE CHAIR BETTENCOURT, COMMISSIONERS CARRILLO, BISHOP, LOA, BROWN, AND FRAGA-SAENZ**

3. **HOUSING AUTHORITY PUBLIC COMMENTS. Note: Public comments become part of the official meeting record**

4. **PRESENTATION BY AUTHORITY ATTORNEY of the following item (s) to be discussed in Closed Session:**

    4.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

    Community Development Associates, et al. v. City of Palmdale, et al.
    Los Angeles County Superior Court
    Case No. 18STCV06968

    This closed session is being held pursuant to California Government Code Section 54956.9(d)(1).

5. **ANNOUNCEMENT BY AUTHORITY ATTORNEY of item(s) discussed in Closed**

Session.

6. **ADJOURN HOUSING AUTHORITY CLOSED SESSION MEETING.**

7. **CALL TO ORDER 5:00 P.M. CITY COUNCIL CLOSED SESSION SPECIAL MEETING.**

8. **ROLL CALL: MAYOR HOFBAUER, MAYOR PRO TEM BETTENCOURT, COUNCILMEMBERS CARRILLO, BISHOP, AND LOA**

9. **CLOSED SESSION PUBLIC COMMENTS. Note: Your comments will become part of the official meeting record.**

10. **PRESENTATION BY CITY ATTORNEY of the following item(s) to be discussed in Closed Session:**

10.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Community Development Associates, et al. v. City of Palmdale, et al.
Los Angeles County Superior Court
Case No. 18STCV06968

This closed session is being held pursuant to California Government Code Section 54956.9(d)(1).

10.2 CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Responsible Growth Palmdale, et al. v. City of Palmdale, et al.
Los Angeles County Superior Court Case No. 20STCP00484
California Court of Appeal, Second Appellate District Case No. B308348

This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

10.3 CONFERENCE WITH LABOR NEGOTIATORS

City representative: Patricia Nevarez, Human Resources Manager
Unrepresented employee: City Manager, J.J. Murphy

This Closed Session is being held pursuant to the authority of California Government Code Section 54957.6.

10.4 CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One case.

A point has been reached where, in the opinion of the City on the advice of the City Attorney, based on existing facts and circumstances, there is a significant exposure to litigation against the City. The City believes that the facts and circumstances that might result in litigation against the City are not yet known to a potential plaintiff or plaintiffs.

11. CLOSED SESSION

12. ANNOUNCEMENT BY CITY/AUTHORITY ATTORNEY of item(s) discussed in Closed Session

13. ADJOURN CLOSED SESSION MEETING

14. CALL TO ORDER 7:00 P.M. CC/SA REGULAR MEETINGS.

15. ROLL CALL: MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT, COUNCILMEMBERS/DIRECTORS CARRILLO, BISHOP, AND LOA

16. PRESENTATIONS:

16.1 Presentation by City Manager Murphy of the City of Palmdale's Warrior Award to Steve Montenegro, Landscape Superintendent, and Mark Etherton, recently Retired Landscape Inspector.

16.2 Presentation by Mayor, Council and City Manager to the NAACP-Antelope Valley and the The Way Center of Truth, Inc. proclaiming February 2021 as "National Black History Month."

16.3 Presentation by Mayor and Council of a picture of a cute critter that is available for adoption from our Palmdale Animal Care Center.

17. WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S): Staff Recommendation: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting. (Voice Vote - Requires a majority to waive.)

18. PUBLIC COMMENTS ON CONSENT CALENDAR ITEMS AND NON-AGENDA ITEMS. Note: Your comments will become part of the official meeting record. For Non-Agenda Items, Individuals have the opportunity to address the Council on any subject regarding City business not on the Agenda. Under state legislation, no action can be taken on items not specifically referenced on the Agenda. PLEASE NOTE: A three-minute time limit will be imposed on each speaker other than staff members.

19. CONSENT CALENDAR: NOTICE: 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 Calendar and will be considered separately following this portion of the Agenda.

19.1 Receive and file the monthly and quarterly investment activity reports for December 2020.(Staff Reference: Finance Manager Kang)

19.2 Adopt Resolution No. CC 2021-012, a Resolution of the City Council of the City of Palmdale approving the issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an aggregate principal amount not to exceed $30,000,000 for the purpose of financing or refinancing the acquisition and construction of Maison's Palmdale Apartments and certain other matters relating to thereto. (Staff Reference: Finance Manager Kang)

19.3 Adopt Resolution No. CC 2021-004, a Resolution of the City Council of the City of Palmdale approving the Preliminary Engineer's Report, and declaring the City's intention to levy and collect assessments within said Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, for Fiscal Year 2021/2022. (Staff Reference: Director of Public Works Heffernan)

19.4 Adopt Resolution No. CC 2021-013, a Resolution of the City Council of the City of Palmdale Amending the City's Classification and Pay Plan. (Staff Reference: Human Resources Manager Nevarez)

19.5 Award Construction Contract with R.C. Becker and Sons, Inc. for Project No. 816, 40th Street East Pavement Rehabilitation (East Avenue S-4 to Noll Drive), in the amount of $190,197.57. (Staff Reference: Director of Public Works Heffernan)

19.6 Award Construction Contract with Elecnor Belco Electric to install a traffic signal and construct ADA ramp upgrades at the intersection of 5th Street West and Auto Center Drive, in the amount of $360,815. (Staff Reference: Director of Public Works Heffernan)

19.7 Reject bids for the Upper Amargosa Creek Recharge Habitat Restoration/Mitigation Program. (Staff Reference: Director of Public Works Heffernan)

19.8 CC/SA - Approve the minutes from the previous meetings. (Staff Reference: City Clerk/Agency Secretary Smith)

CC – January 12, 2021 (5:00 p.m. & 7:00 p.m.)
SA- January 12, 2021 (7:00 p.m.)

20. CALL TO ORDER 7:00 P.M. HA SPECIAL MEETING.

21. ROLL CALL: CHAIR HOFBAUER, VICE CHAIR LOA, COMMISSIONERS BETTENCOURT, CARRILLO, BISHOP, BROWN, FRAGA SAENZ

22. PUBLIC COMMENTS ON HOUSING AUTHORITY CONSENT CALENDAR: Note: Your comments will become part of the official meeting record. PLEASE NOTE: A three-minute time limit will be imposed on each speaker other than staff members.

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

23.1 Adopt Resolution No. HA 2021-001, a Resolution of the Housing Authority of the City of Palmdale approving Affordable Housing Agreement No. A-7358 with Victory Outreach - Palmdale and Housing Authority Ground Lease and Rehabilitation Loan of $665,000 for property located at 507 East Avenue Q4 (APN 3008-013-903). (Staff Reference: Neighborhood Services Director Miller)

23.2 Approve the minutes from the previous meeting held on December 15, 2020 at 7:00 p.m. (Staff Reference: Authority Secretary Smith)

24. APPOINTMENT:

24.1 Appoint Mayor Hofbauer to the Antelope Valley Mosquito and Vector Control District Committee. (Staff Reference: City Clerk Smith)

25. PUBLIC HEARING:

25.1 Public Hearing to: 1) review the Draft Substantial Amendment to the 2019-2020 Annual Action Plan; 2) receive public comments in compliance with the requirements of the U.S. Department of Housing and Urban Development (HUD) and the City's Citizen Participation Plan; 3) direct staff to incorporate the public comments into the 2019-2020 Annual Action Plan Substantial Amendment; 4) approve Resolution CC2021-006 approving the 2019-2020 Annual Action Plan Substantial Amendment and request for CDBG-CV3 grant funds; and 5) authorize the City Manager or his designee to execute the Application for Federal Assistance, required certifications, agreements with subrecipients, and any document related to the acceptance and implementation associated with the CDBG-CV3 program. (Staff Reference: Director of Administrative Services Ambrose)

Staff recommendation: Move to approve the recommendations and findings as listed in the staff report and adopt Resolution CC 2021-006. (**Voice Vote** – Requires a majority vote to approve.)

25.2 Public Hearing and Review of Proposed Resolution No. CC 2021-005 for adoption. (Staff Reference: Director of Public Works Heffernan)

RESOLUTION NO. CC 2021-005, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ENGINEER'S REPORT FOR THE ANNEXATION OF ASSESSOR'S PARCEL NUMBER 3005-050-001 INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2020-193, EDWARDS FEDERAL CREDIT UNION, AND ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN SAID ASSESSMENT DISTRICT FOR FISCAL YEAR 2021/2022

Staff Recommendation: Adopt Resolution No. CC 2021-005. (**Voice Vote** - Requires a majority vote to adopt.)

25.3 Public Hearing and Review of Proposed Ordinance No. 1552 for adoption. (Staff Reference: Director of Economic and Community Development Saxton)

ADOPT ORDINANCE NO. 1552 APPROVING ZONING ORDINANCE AMENDMENT 20-004 AMENDING VARIOUS SECTIONS OF TITLE 17 OF THE PALMDALE MUNICIPAL CODE TO IMPROVE THE ORGANIZATION, CONSISTENCY AND FLOW OF THE DOCUMENT AND FIND THAT THE

PROJECT IS NOT SUBJECT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Staff Recommendation: Adopt Ordinance No. 1552. (**Voice Vote**: Requires a majority vote of the City Council to adopt.)

25.4 Public Hearing and Review of Proposed Resolution Nos. CC 2021-009 and CC 2021-010 for adoption. (Staff Reference: City Attorney Christopher Beck)

ADOPT RESOLUTION NO. CC 2021-009, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING CERTAIN PROPERTY RIGHTS IN FEE SIMPLE NECESSARY FOR THE CONSTRUCTION OF THE EAST AVENUE Q-2 IMPROVEMENT PROJECT (CLARK, APN 3015-012-036)

Staff Recommendation: Adopt Resolution No. CC 2021-009. (**Voice Vote** - Requires a two-thirds vote to adopt.)

ADOPT RESOLUTION NO. CC 2021-010, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING CERTAIN PROPERTY RIGHTS IN FEE SIMPLE NECESSARY FOR THE CONSTRUCTION OF THE EAST AVENUE Q-2 IMPROVEMENT PROJECT (HAVIVI, APN 3015-012-001)

Staff Recommendation: Adopt Resolution No. CC 2021-010. (**Voice Vote** - Requires a two-thirds vote to adopt.)

26. NEW BUSINESS:

26.1 Review and approve FY 2021 Mid-Year Budget Adjustments. (Staff Reference: Finance Manager Kang)

26.2 Approve Third Amendment to the Employment Agreement between the City of Palmdale and John J. Murphy, City Manager. (Staff Reference: Human Resources Manager Nevarez)

Staff Recommends the City Council Approve the Third Amendment to the Employment Agreement between the City of Palmdale and John J. Murphy, City Manager. (**Voice Vote** - Requires a majority vote to approve.)

27. INFORMATIONAL REPORT FROM MAYOR AND / OR COUNCILMEMBERS ON THEIR VARIOUS COMMITTEE MEMBERSHIPS AND MEETINGS ATTENDED AT PUBLIC EXPENSE.

27.1 VARIOUS COMMITTEE MEMBERSHIPS:

Attachments: Committee Membership Memos from Councilmember Bettencourt, Councilmember Bishop, and Councilmember Carrillo

- ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
- ANTELOPE VALLEY TRANSIT AUTHORITY
- CALIFORNIA CONTRACT CITIES ASSOCIATION
- CITY OF PALMDALE AUDIT COMMITTEE
- CITY OF PALMDALE INVESTMENT OVERSIGHT COMMITTEE
- HIGH DESERT CORRIDOR JOINT POWERS AUTHORITY
- LEAGUE OF CALIFORNIA CITIES
- LOS ANGELES COUNTY SANITATION DISTRICT
- NORTH LOS ANGELES COUNTY TRANSPORTATION COALITION
- PALMDALE RECYCLED WATER AUTHORITY
- SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL
- UNITED STATES/MEXICO SISTER CITIES ASSOCIATION
- CALIFORNIA STATE PRISON – LOS ANGELES COUNTY, CITIZENS ADVISORY COMMITTEE

27.2 MEETINGS ATTENDED AT PUBLIC EXPENSE.

27.3 CITY MANAGER'S REPORT.

28. CITY COUNCIL REQUESTS FOR NEW AGENDA ITEMS.

29. ADJOURN meeting to February 16, 2021 at 7:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE MONTHLY AND QUARTERLY INVESTMENT ACTIVITY REPORTS FOR DECEMBER 2020**

ISSUE

Receive and file the monthly and quarterly investment activity reports for December 2020.

RECOMMENDATION

Staff recommends that the City Council accept the monthly and quarterly investment activity reports for City of Palmdale and Successor Agency for December 2020.

BACKGROUND

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

The monthly and quarterly reports provide a synopsis of the investment activity for the City of Palmdale and Successor Agency. The reports 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 source of market prices.

DISCUSSION

Compliance with Investment Policy

For December, the invested portfolio amount for the City of Palmdale totaled $189,695,732, an increase of $10,000,832 from the previous month and $901,418 increase in comparison to last year. The increase in overall portfolio balance from the previous month is a result of more cash receipts, and fewer disbursements. Debt service payments are the largest contributing factor for cash disbursements. Fewer debt service payments were made during the month in December than the prior month.

The par value of Successor Agency's portfolio as of December, was $5,173,517. The balance decreased by $300,000 from last month due to a monthly withdrawal to cover expenditures.

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, U.S. 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 entity's investment policy to 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

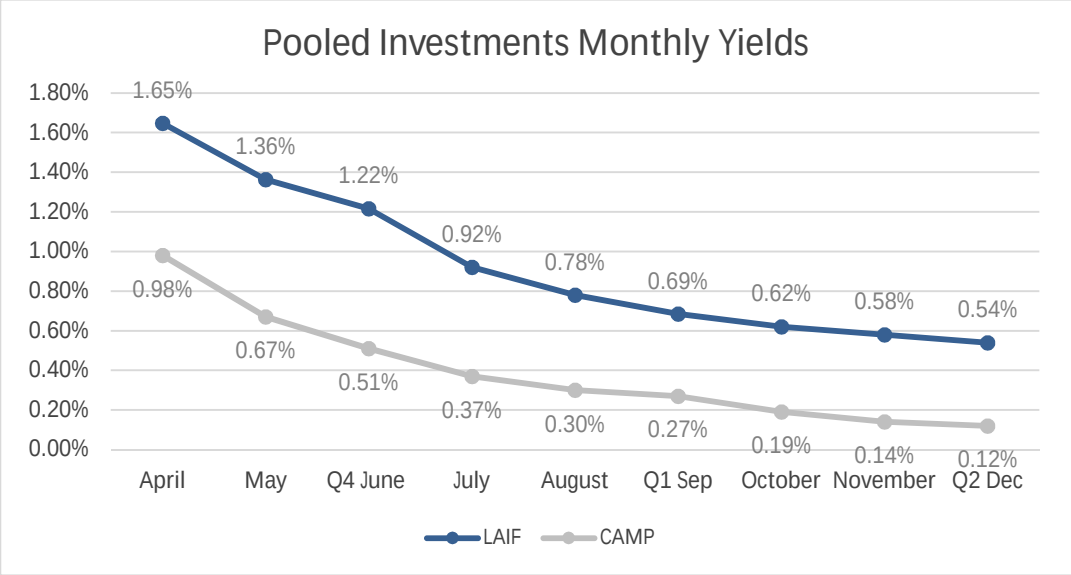
One core approach the Finance Division focuses on, is providing liquidity to measure up to the City and Successor Agency's operational requirements. Thus, the Finance Department is currently investing in two pooled funds, LAIF and CAMP. These are intended for the daily operational activities, used for economic uncertainties and maintenance needs. The pooled funds provide a higher liquidity ratio to ensure the City and Successor Agency meet cash flow requirements.

Total LAIF balance for the City of Palmdale is $113,706,962 compared to $88,706,962 at the end of November. Successor Agency LAIF balance at the end of December was $5,173,517, a 29.7 percent decrease from June. The decrease in balance is due to withdraws to cover monthly expenses.

CAMP's balance for City of Palmdale is $10,246,334, compared to November's balance of $10,245,281. Increase in balance is due to the reinvestment of monthly

interest received. Due to declining interest rates for CAMP, no additional funds were invested.

The interest rates presented are the most current rates available as of the date of this report. As of December 31, 2020, the interest rates for LAIF and CAMP investments were at .54 percent and .12 percent, respectively. By comparison, the LAIF and CAMP interest rates at the end of November were at .58 percent and .14 percent. Both rates have been steadily declining. This time last year, LAIF and CAMP rates were at 2.04 percent and 1.80, respectively.



The chart above shows both the Local Agency Investment Fund and California Management Program's average monthly yields from the beginning of 2020, the graph depicts the prolonged period of declining rates.

We anticipate a further decrease in the upcoming months, considering the economic impacts of COVID. Overall, LAIF shows better performance than CAMP in interest rates. The difference between the performance of the two funds is partly due to the varying pool characteristics. CAMP's portfolio composition is much more subject to market volatility, resulting in performance variation.

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.

City of Palmdale 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 December 31, 2020.
In December, three securities held by the City were called, totaling $15,000,000, resulting in losses of $221.

It is anticipated that both the City of Palmdale and Successor Agency will have sufficient moneys to meet its expenditure requirements for the next six months as we continue to monitor any financial impact due to the Coronavirus pandemic.

Attached are summaries of the investments on the City of Palmdale and Successor Agency's books as of December 31, 2020.

FISCAL IMPACT

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
Certified as to availability of Funds:	Keith Kang
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Monthly Report on City of Palmdale Investments
2. Monthly Report on Successor Agency Investments
3. Quarterly Report on City of Palmdale Investments
4. Quarterly Report on Successor Agency Investments

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
December 31, 2020

CITY OF PALMDALE INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	FDIC Number	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
U.S. TREASURY SECURITIES					Yield			
05-07-18	04-15-21	CITY	9128284G2 U.S. Treasury Note		2.38	5,000,000.00	4,968,000.00	5,086,330.00
05-31-17	05-31-21	CITY	912828R77 U.S. Treasury Note		1.38	5,000,000.00	4,946,986.95	5,054,690.00
05-31-19	04-30-24	CITY	9128286R6 U.S. Treasury Note		2.03	5,000,000.00	5,051,650.00	5,388,280.00
			TOTAL U.S. TREASURY SECURITIES			$ 15,000,000.00	$ 14,966,636.95	$ 15,529,300.00
GOVERNMENT AGENCY PAPER								
05-10-18	c 02-08-21	CITY	313OADME9 Fed Home Ln Bk		2.38	2,000,000.00	1,983,000.00	2,026,423.82
06-05-19	06-05-23	CITY	3133EKPT7 Fed Farm Credit Bk		2.13	5,000,000.00	5,008,600.00	5,264,435.95
02-12-20	02-12-25	CITY	3134GVAQ1 Freddie Mac		1.75	5,000,000.00	5,000,000.00	5,034,728.30
02-26-20	02-26-24	CITY	3130AHZT3 Federal Home Loan Bank		1.70	5,000,000.00	5,000,000.00	5,031,052.70
06-10-20	12-15-22	CITY	313GVN87 Freddie Mac		0.40	5,000,000.00	5,000,000.00	5,000,280.10
06-10-20	06-16-25	CITY	3133ELK37 Federal Farm Credit		0.78	5,000,000.00	5,000,000.00	5,001,470.75
08-07-20	05-06-24	CITY	3133EL2X1 Federal Farm Credit		0.42	2,000,000.00	2,000,000.00	2,000,000.00
08-27-20	11-27-24	CITY	3134GWNG7 Freddie Mac Domestic		0.50	$ 2,000,000.00	2,000,000.00	2,000,000.00
	c = callable							
			TOTAL GOVERNMENT AGENCY PAPER			$ 31,000,000.00	$ 30,991,600.00	$ 31,358,391.62
CERTIFICATES OF DEPOSIT								
05-16-18	05-17-21	CITY	38148PK97 Goldman Sachs Bank Usa	33124	2.90	245,000.00	245,000.00	250,985.84
06-01-17	06-01-21	CITY	14042RFY2 Capital One NA	4297	2.25	245,000.00	245,000.00	249,761.82
05-11-18	05-11-22	CITY	05580AMR2 Bmw Bank North America	35141	2.95	245,000.00	245,000.00	257,552.09
05-15-18	05-16-22	CITY	86063QAN5 Stifel Bank & Trust	57311	2.85	245,000.00	245,000.00	257,132.40
05-18-18	05-18-22	CITY	29278TBF6 Enerbank Usa	57293	2.95	245,000.00	245,000.00	257,627.30
05-31-17	05-31-22	CITY	02587CFM7 American Express Bk	35328	2.40	245,000.00	245,000.00	254,640.02
06-01-17	05-31-22	CITY	51210SMT1 Lakeside Bank	19573	2.00	245,000.00	245,026.85	253,401.79
05-10-18	05-10-23	CITY	61747MX30 Morgan Stanley Bank Na	32992	3.15	245,000.00	245,000.00	264,858.48
05-11-18	05-11-23	CITY	87164WWF1 Synchrony Bank	27314	3.15	245,000.00	245,000.00	264,875.38
05-11-18	05-11-23	CITY	17312QL23 Citibank Na	7213	3.15	245,000.00	245,000.00	264,875.38
05-15-18	05-15-23	CITY	20033AYE0 Comenity Capital Bank	57570	3.10	245,000.00	245,000.00	264,548.55
			TOTAL CERTIFICATES OF DEPOSIT			$ 2,695,000.00	$ 2,695,026.85	$ 2,840,259.05

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
December 31, 2020

CORPORATE NOTES

03-10-20	03-01-23	CITY	30231GAR3 Exxon Mobil	2.73	1,000,000.00	1,045,330.00	1,052,024.89
03-10-20	05-13-22	CITY	037833BF6 Apple Inc	2.70	1,000,000.00	1,039,820.00	1,044,894.60
03-10-20	11-03-22	CITY	594918BH6 Microsoft Corp	2.65	1,000,000.00	1,047,870.00	1,051,523.94
03-10-20	01-13-23	CITY	037833DE7 Apple Inc	2.40	1,000,000.00	1,041,800.00	1,051,978.36
03-10-20	12-14-22	CITY	92826CAC6 VISA Inc	2.80	1,500,000.00	1,572,135.00	1,584,140.90
06-10-20	04-15-23	CITY	30231GBL5 Exxon Mobil Corp	1.75	5,000,000.00	5,000,000.00	5,131,579.15
06-10-20	05-11-23	CITY	166764BV1 Chevron Corp	1.14	2,075,000.00	2,075,000.00	2,110,739.09
08-14-20	08-14-23	CITY	94988J5R4 Wells Fargo Bank	3.55	3,000,000.00	3,000,000.00	3,000,000.00
			TOTAL CORPORATE BONDS		$ 15,575,000.00	$ 15,821,955.00	$ 16,026,880.93

STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND

09-01-84	n/a	CITY ACCOUNT	98-19-620	0.78	53,850,158.72	53,850,158.72	53,850,158.72
06/23/08	n/a	PCA ACCOUNT	40-19-060	0.78	59,844,407.36	59,844,407.36	59,844,407.36
			TOTAL LAIF ACCOUNTS		$ 113,694,566.08	$ 113,694,566.08	$ 113,694,566.08

CAMP- CALIFORNIA ASSET MANAGEMENT PROGRAM

6080-01	n/a	CITY ACCOUNT	6080-01	0.30	10,246,334.20	10,246,334.20	10,246,334.20
			TOTAL CAMP ACCOUNTS		$ 10,246,334.20	$ 10,246,334.20	$ 10,246,334.20
			TOTAL CITY INVESTMENTS		$ 188,210,900.28	$ 188,416,119.08	$ 189,695,731.88

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
December 31, 2020

LIBRARY INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND					
11-20-84	n/a	LIBRARY	16-19-012	0.78	12,395.95
		TOTAL LIBRARY INVESTMENTS			$ 12,395.95

FISCAL AGENT CASH

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
BOND PROCEEDS					
SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
05-10-95	n/a	BOND	95421220	0.01	106.62
05-10-95	n/a	IMPROVEMENT	95421222	0.01	154,922.57
City Held Cash	(Fund 736-114000)	($255,885.63)			
		TOTAL SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1			$ 155,029.19
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	0.00
04-06-95	n/a	IMPV-ACQUI	95420884	0.01	2,585,102.75
04-06-95	n/a	BOND	95420887	0.00	0.15
City Held Cash	(Fund 738-114000)	($1,000,675.82)			
		TOTAL RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1			$ 2,585,102.90
BOND PROCEEDS					
ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
08-01-19	n/a	RESERVE	242969003	0.00	724,064.17
08-01-19	n/a	SP TAX - REFUNDING BC	242969004	0.01	361,359.91
08-01-19	n/a	SP TAX - REFUNDING BC	242969005	0.01	300.42
City Held Cash	(Fund 734-114000)	$900,917.97			
		TOTAL ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1			$ 1,085,724.50

BOND PROCEEDS

2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER)

Fiscal Agent: U.S. Bank National Association (fka First Trust)

08-02-05	n/a	SPEC TRB SER A/B	790330000	0.01	34,426.03
08-02-05	n/a	RESERVE FUND	790330002	0.01	555,447.96

City Held Cash (Fund 735-114000) $744,688.56

TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) $ 589,873.99

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	40,107.56
11-08-06	n/a	ADM EXP	106844002	0.01	1,594.25
11-08-06	n/a	RESERVE FUND	106844003	0.01	107,253.60

City Held Cash (Fund 739-114000) $127,799.09

TOTAL 2006-1 Godde Hill Estate Sewer Improvements LOIB $ 148,955.41

BOND PROCEEDS

2007 $19.9M COP Power Plant Land Acquisition

Fiscal Agent: U.S. Bank National Association (fka First Trust)

04-12-07	n/a	LEASE PAYMENT	112055000	0.01	13,100.34
04-12-07	n/a	RESERVE FUND	112055001	0.00	1,498,202.41

TOTAL 2007 $19.9M COP Power Plant Land Acquisition $ 1,511,302.75

BOND PROCEEDS

2007 $6.5M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER)

Fiscal Agent: U.S. Bank National Association (fka First Trust)

08-23-07	n/a	BOND FUND	117856000	0.01	25,909.34
08-23-07	n/a	RESERVE FUND	117856002	0.01	497,624.83

TOTAL 2007 $6.5M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) $ 523,534.17

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
December 31, 2020

FISCAL AGENT CASH

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
BOND PROCEEDS					
2012 PFA $8.7M LEASE REVENUE BONDS					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
12-19-12	n/a	REVENUE FD	201546000	0.00	2.86
12-19-12	n/a	INTEREST ACCOUNT	201546001	n/a	0.00
12-19-12	n/a	PRINCIPAL ACCOUNT	201546002	n/a	0.00
		TOTAL 2012 PFA $8.7M LEASE REVENUE BONDS			$ 2.86
2013 HA PALMDALE TRANSIT VILLAGE HOMES LLC ESCROW					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
10-11-13	n/a	ESCROW FUND	206455000	0.00	2,979,524.83
		TOTAL 2013 HA TRANSIT VILLAGE HOMES ESCROW			$ 2,979,524.83
2015 HA DEBT SERVICE RESERVE					
Fiscal Agent: Bank of America					
11-19-15	n/a	DEBT SVC RESERVE	1257964992	0.08	39,047.45
		TOTAL 2015 HA DEBT SERVICE RESERVE			$ 39,047.45
PARS RESTRICTED CASH FOR PENSION STABILIZATION TRUST FUND					
05-23-18	n/a	CITY	104790895775 Public Agency Retirement Services	2.60	2,769,893.96
		TOTAL PARS PENSION TRUST FUND			$ 2,769,893.96
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	74,569.92
09-03-15	n/a	INTEREST ACCT	277067001	0.01	160.01
09-03-15	n/a	BOND RESERVE	277067003	0.00	281,016.15
09-03-15	n/a	REPAIR & REPLACE FUN	277067004	0.00	998,272.67
		TOTAL 2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS			$ 1,354,018.75

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	1.34
04-05-17	n/a	PRINCIPAL ACCT	271128002	n/a	0.00

TOTAL 2017 PFA $17.4M LEASE REVENUE BONDS $ 1.34

Total City Held Cash (XXX-114000) $516,844.17

GRAND TOTAL - FISCAL AGENT CASH $ 13,742,012.10

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
December 31, 2020

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand			$	8,447,454
				$1,787,461
Pooled Cash Investments				($8,926,636)
				$9,053,834
City:	$	190,788,521		$0
Insur Fund:		($1,092,789)	$	189,695,732
Library Investments				$12,396
Subtotal			$	200,070,241
City/AD/CFD/PCA/PFA/HA Fiscal Agent Cash			$	13,742,012 *
Grand total			$	213,812,253

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 December 31, 2020.

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF) & CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP)
December 31, 2020

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
CITY ACCOUNT 98-19-620				
Beginning Balance				$ 28,850,158.72
12/23/20	$ 25,000,000.00			
Subtotal	$ 25,000,000.00	$ -	$ -	$ 53,850,158.72
PCA ACCOUNT 40-19-060				
Beginning Balance				$ 59,844,407.36
Subtotal	$ -	$ -	$ -	$ 59,844,407.36
LIBRARY ACCOUNT 16-19-012				
Beginning Balance				$ 12,395.95
Subtotal	$ -	$ -	$ -	$ 12,395.95
CAMP - CALIFORNIA ASSET MANAGEMENT PROGRAM				
Beginning Balance				$ 10,245,280.93
12/31/20			$ 1,053.27	
Subtotal	$ -	$ -	$ 1,053.27	$ 10,246,334.20
Total	$ 25,000,000.00	$ -	$ 1,053.27	$ 123,953,296.23
				$ 113,706,962.03

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - INVESTMENTS MATURED OR CALLED

December 31, 2020

TN	= US Treasury	C	= Call	
FP	= Federal Paper	M	= Maturity	
CD	= Certificate of Deposit	CB	= Corporate Bond	

	ISSUER	PURCHASE DATE	MATURITY DATE	REDEMPTION DATE	FACE VALUE REDEEMED	INTEREST RECEIVED	NET FUNDS	INVESTED AMOUNT	GAIN/ (LOSS)
C	3133ELJ39 Federal Farm Credit	06-10-20	09-11-23	12-22-20	$ 5,000,000.00	$ 7,294.44	$ 5,007,294.44	5,000,099.15	($99.15)
C	313GVG85 Freddie Mac	06-12-20	06-09-25	12-09-20	$ 5,000,000.00	$ 20,000.00	$ 5,020,000.00	5,000,076.90	($76.90)
C	313GVN46 Freddie Mac	06-10-20	12-15-22	12-15-20	$ 5,000,000.00	$ 10,375.00	$ 5,010,375.00	5,000,045.00	($45.00)
					$ 15,000,000.00	$ 37,669.44	$ 15,037,669.44	$ 15,000,221.05	$ (221.05)

Total Number of Transactions: 3

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - INVESTMENTS PURCHASED

December 31, 2020

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	Next Coupon Amount
			$ -	$ -	$ -	$ -	$ -		

Total Number of Transactions: 0

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
December 31, 2020

SUCCESSOR AGENCY POOLED CASH INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	INVESTED AMOUNT	TOTAL
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND						
09-01-84	n/a	SA ACCOUNT	65-19-035	0.78	5,173,516.98	
TOTAL LAIF ACCOUNTS						$ 5,173,516.98

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	0.01	527,730.88	
08-20-02	n/a	INTEREST ACCT	94460701	0.01	191,286.62	
08-20-02	n/a	PRINCIPAL ACCT	94460702	0.01	7,047.38	
TOTAL CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						$ 726,064.88
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	34.94	
04-26-16	n/a	INTEREST ACCT	245113001	N/A	0.00	
TOTAL 2016 SA $31.5M Tax Allocation Refunding Bonds Series A						$ 34.94
GRAND TOTAL - FISCAL AGENT CASH						$726,100

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand	$	142,523
Pooled Cash Investments	$	5,173,517
Successor Agency Fiscal Agent Cash		$726,100
Grand total	$	6,042,140

* The interest rate quoted on LAIF and Fiscal Agent/Trustee accounts is the most current rate available.
LAIF interest rates are as of December 31, 2020.

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF)
December 31, 2020

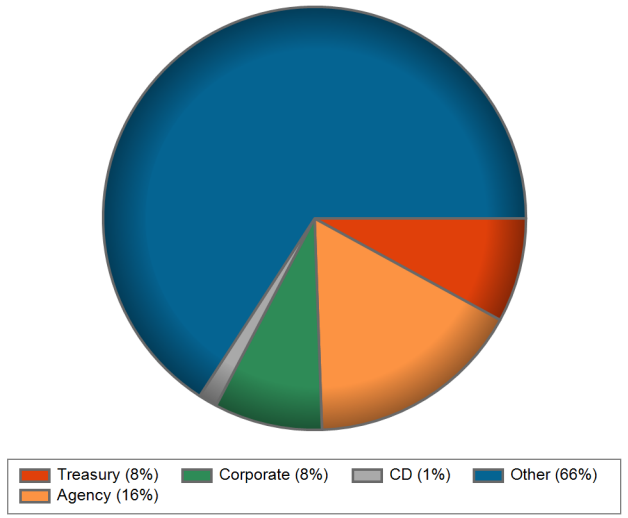
TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
SA ACCOUNT 65-19-035				
Beginning Balance				$ 5,473,516.98
12/02/20		$ (300,000.00)		
Subtotal	$ -	$ (300,000.00)	$ -	$ 5,173,516.98

Portfolio Overview

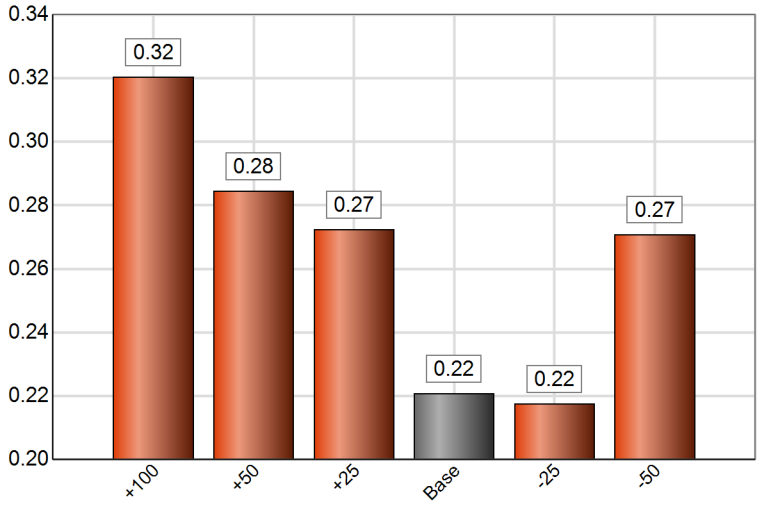
Portfolio Attributes

Curr. Face	188,211
Mkt. Value	189,592
Book Value	188,211
Est. Gain/Loss	1,381
Ave. Mkt. Price	100.73
Ave. Bk. Price	100.00
Eff. Dur.	0.53
Eff. Conv.	-0.23
TOAS	49.4
Mkt YTP	0.62
Bk YTP	1.12
WAL	0.48
Line Items	33

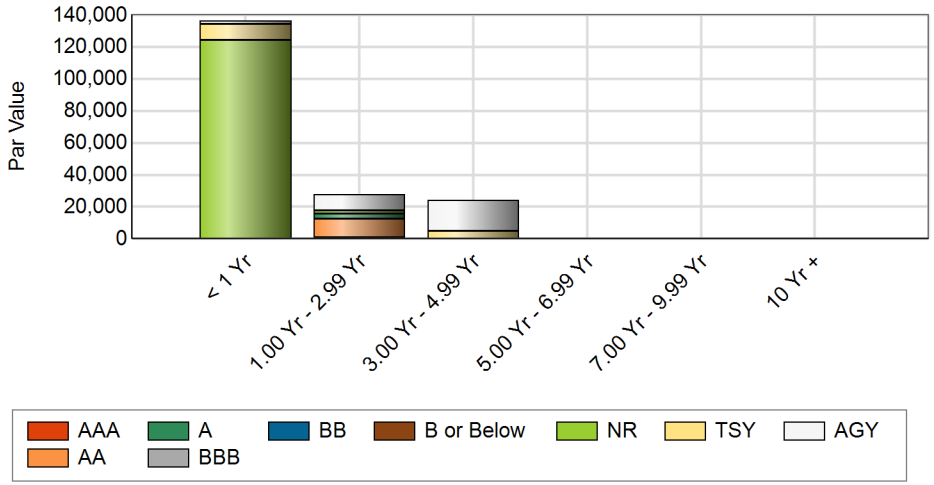
Sector Allocation



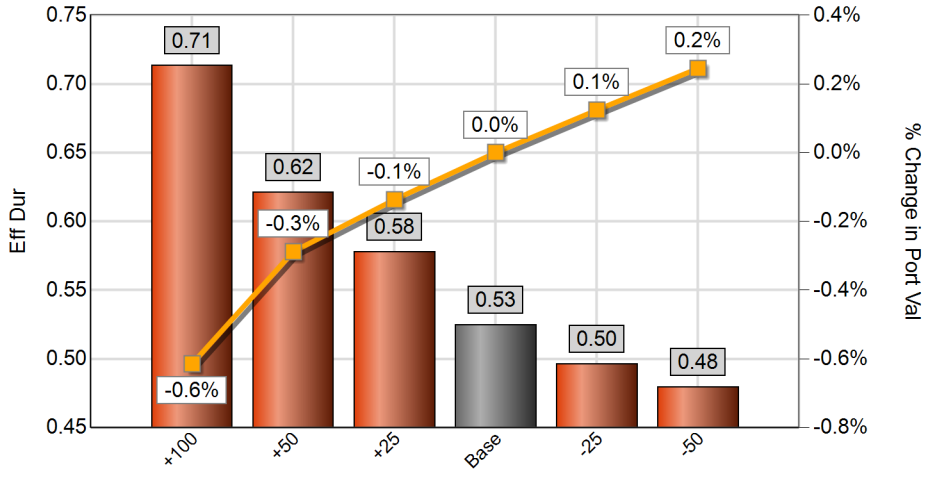
Projected TRR - 12 Mo Horizon



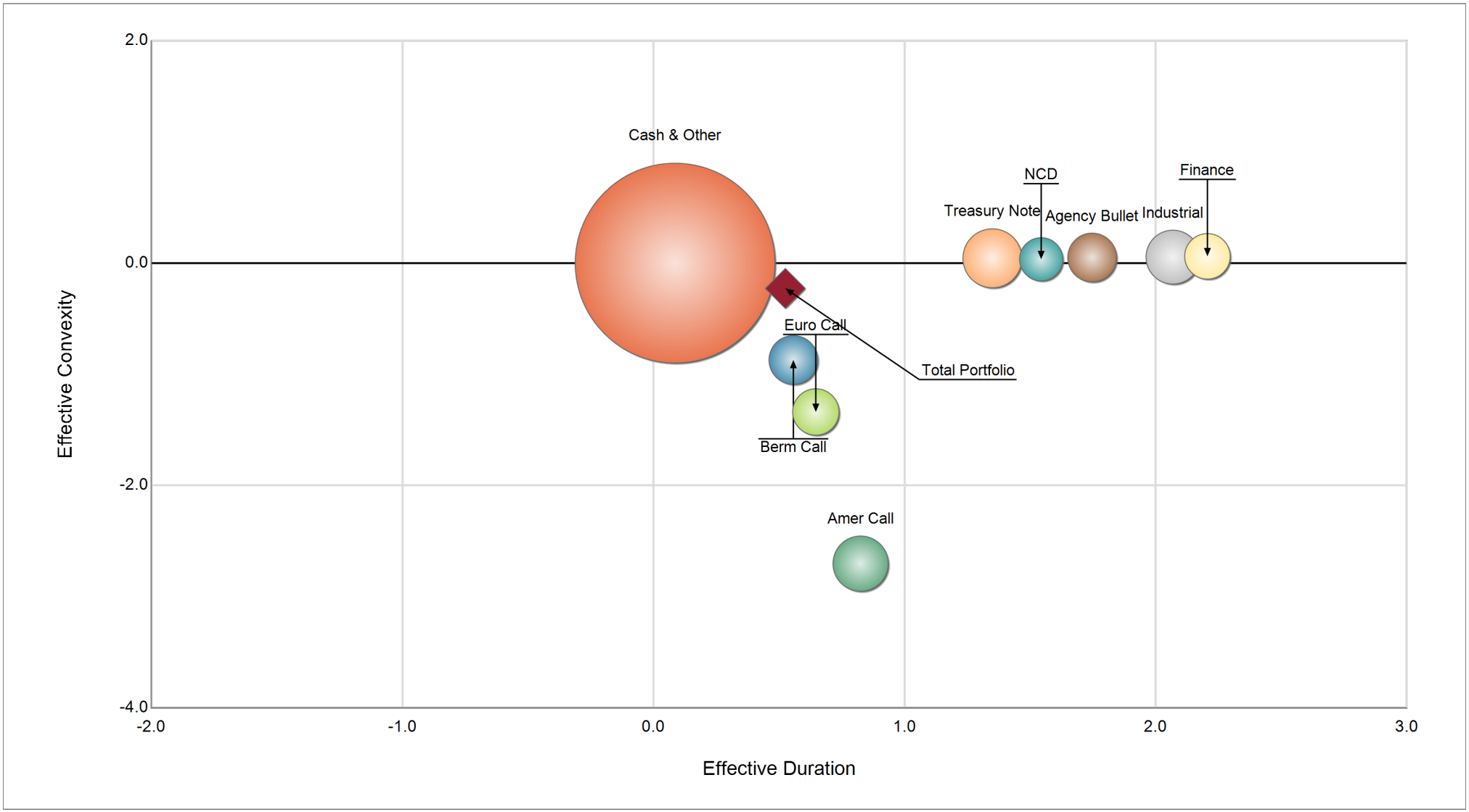
Combined Rating Distribution By Maturity



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



Duration/Convexity



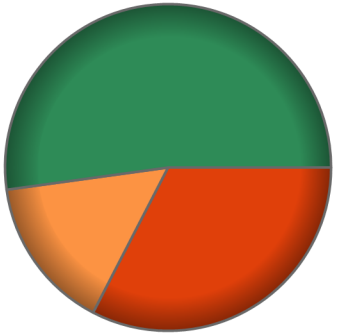
Eff. Dur.	0.53
Eff. Conv.	-0.23

Portfolio Sector Summary

Sector	Par Value	Market Value	% Port	Book Price	Market Price	Est G/L	Eff Conv	Bk Yld	Mkt Yld	Eff Dur			% Δ in Price		
										+50	Base	-50	+50	Base	-50
Cash & Other	123,941	123,941	65.9%	100.00	100.00	0	0.00	0.79	0.79	0.09	0.09	0.09	0.0%	0	0.0%
Treasury Note	15,000	15,397	8.0%	100.00	102.65	397	0.04	1.99	0.18	1.35	1.35	1.35	-0.7%	0	0.7%
Amer Call	12,000	12,019	6.4%	100.00	100.15	19	-2.70	1.10	0.38	1.76	0.82	0.27	-0.7%	0	0.2%
Industrial	11,075	11,371	5.9%	100.00	102.67	296	0.05	1.87	0.50	2.06	2.07	2.07	-1.0%	0	1.0%
Berm Call	7,000	7,011	3.7%	100.00	100.16	11	-0.87	1.39	0.35	0.91	0.56	0.29	-0.4%	0	0.2%
Agency Bullet	7,000	7,240	3.7%	100.00	103.43	240	0.05	2.19	0.29	1.74	1.75	1.75	-0.9%	0	0.9%
Euro Call	5,000	5,006	2.7%	100.00	100.11	6	-1.34	0.40	0.16	1.77	0.65	0.46	-0.6%	0	0.2%
Finance	4,500	4,810	2.4%	100.00	106.88	310	0.06	3.30	0.32	2.20	2.21	2.21	-1.1%	0	1.1%
NCD	2,695	2,799	1.4%	100.00	103.84	104	0.04	2.80	0.40	1.54	1.54	1.55	-0.8%	0	0.8%
Portfolio Totals	188,211	189,592	100.0%	100.00	100.73	1,381	-0.23	1.12	0.62	0.63	0.53	0.48	-0.3%	0	0.2%

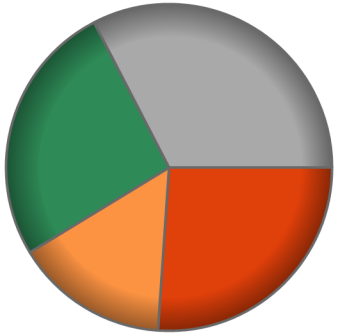
Agency/Sovereign - Summary

Subsector



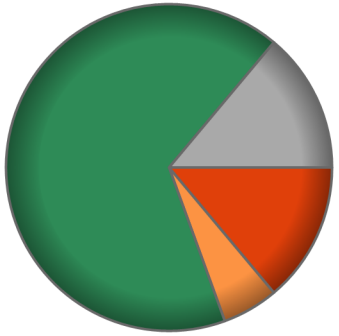
Treasury (33%) | Callable Agency (52%) | Agency Bullet (15%)

Issuer



FFCB (26%) | FHLMC (26%) | UST (33%) | FHLB (15%)

Call Type

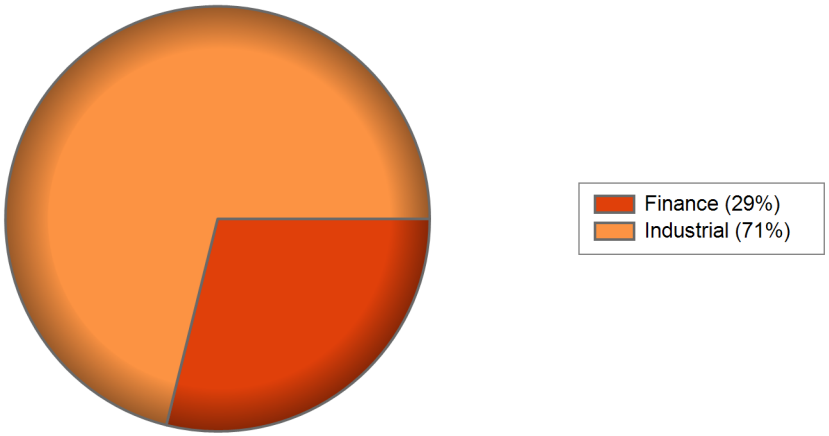


Annually (21%) | Anytime (50%) | Quarterly (8%) | One time (21%)

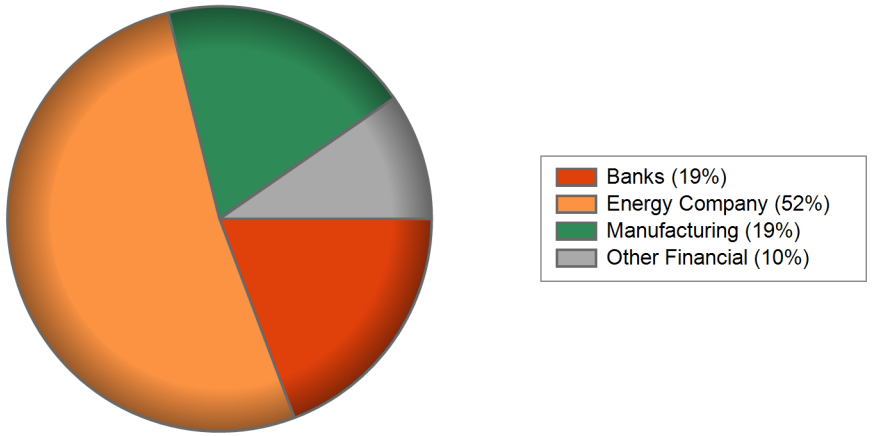
Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 100	G/L % Base + 100	WAL Base + 100	% Px Δ -50 +100	Dur Base	Cvx Base	AFS %
				1.4 yrs	100.00		102.65		397	2.6%	1.39	0.7	1.35	0.04	
Treasury (3)	32.6%	15,000	2.00		15,000	1.99	15,397	0.18	192	1.3%	1.39	-1.3			102.6%
				1.8 yrs	100.00		103.43		240	3.4%	1.79	0.9	1.75	0.05	
Agency Bullet (2)	15.2%	7,000	2.20		7,000	2.19	7,240	0.29	115	1.6%	1.79	-1.7			103.4%
				3.5 yrs	100.00		100.15		35	0.1%	0.30	0.2	0.71	-1.88	
Callable Agency (6)	52.2%	24,000	1.04	0.3 yrs	24,000	1.04	24,035	0.32	-312	-1.3%	2.21	-1.4			100.1%
				2.5 yrs	100.00		101.46		672	1.5%	0.89	0.5	1.08	-0.95	
Total (11)	100.0%	46,000	1.53	0.3 yrs	46,000	1.53	46,672	0.27	-6	0.0%	1.87	-1.5			101.5%

Corporate - Summary

Sector Allocation

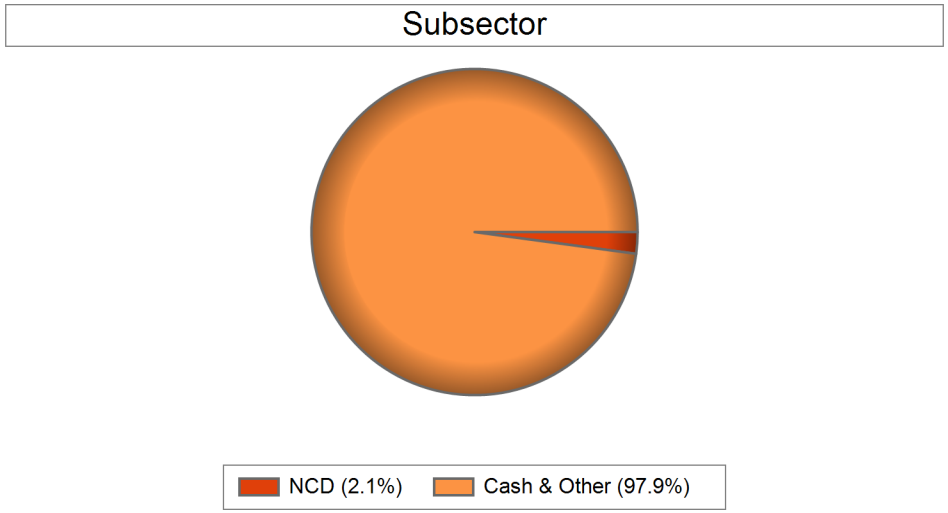


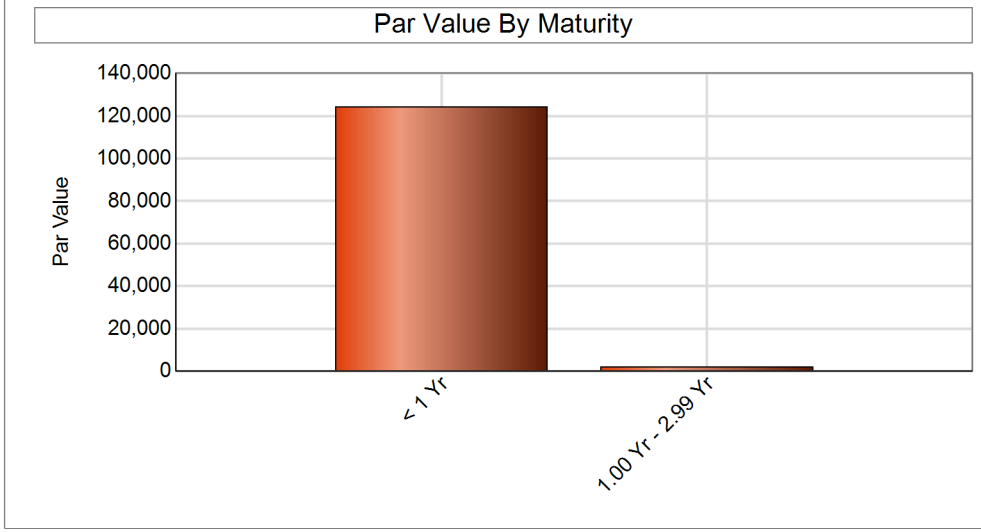
Industry Allocation



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 %
					Aa2	100.00		106.88		310	6.9%	2.29	1.1	2.21	0.06	
Finance (2)	28.9%	4,500	3.30	2.4 yrs	AA-	4,500	3.30	4,810	0.32	204	4.5%	2.29	-2.2			106.9%
					Aa1	100.00		102.67		296	2.7%	2.11	1.0	2.07	0.05	
Industrial (6)	71.1%	11,075	1.87	2.1 yrs	AA+	11,075	1.87	11,371	0.50	63	0.6%	2.11	-2.0			102.7%
					Aa1	100.00		103.89		606	3.9%	2.16	1.1	2.11	0.06	
Total (8)	100.0%	15,575	2.28	2.2 yrs	AA	15,575	2.28	16,181	0.44	267	1.7%	2.16	-2.1			103.9%

Other - Summary





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 Chg -50 +100	Dur Base	Cvx Base	AFS %
				1.6 yrs	100.00		103.84		104	3.8%	1.58	0.8	1.54	0.04	
NCD (11)	2.1%	2,695	2.80		2,695	2.80	2,799	0.40	61	2.3%	1.58	-1.5			103.8%
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.0	0.09	0.00	
Cash & Other (3)	97.9%	123,941	0.78		123,941	0.79	123,941	0.79	-106	-0.1%	0.08	-0.1			100.0%
				0.1 yrs	100.00		100.08		104	0.1%	0.12	0.1	0.12	0.00	
Total (14)	100.0%	126,636	0.83		126,636	0.83	126,740	0.78	-45	0.0%	0.12	-0.1			100.1%

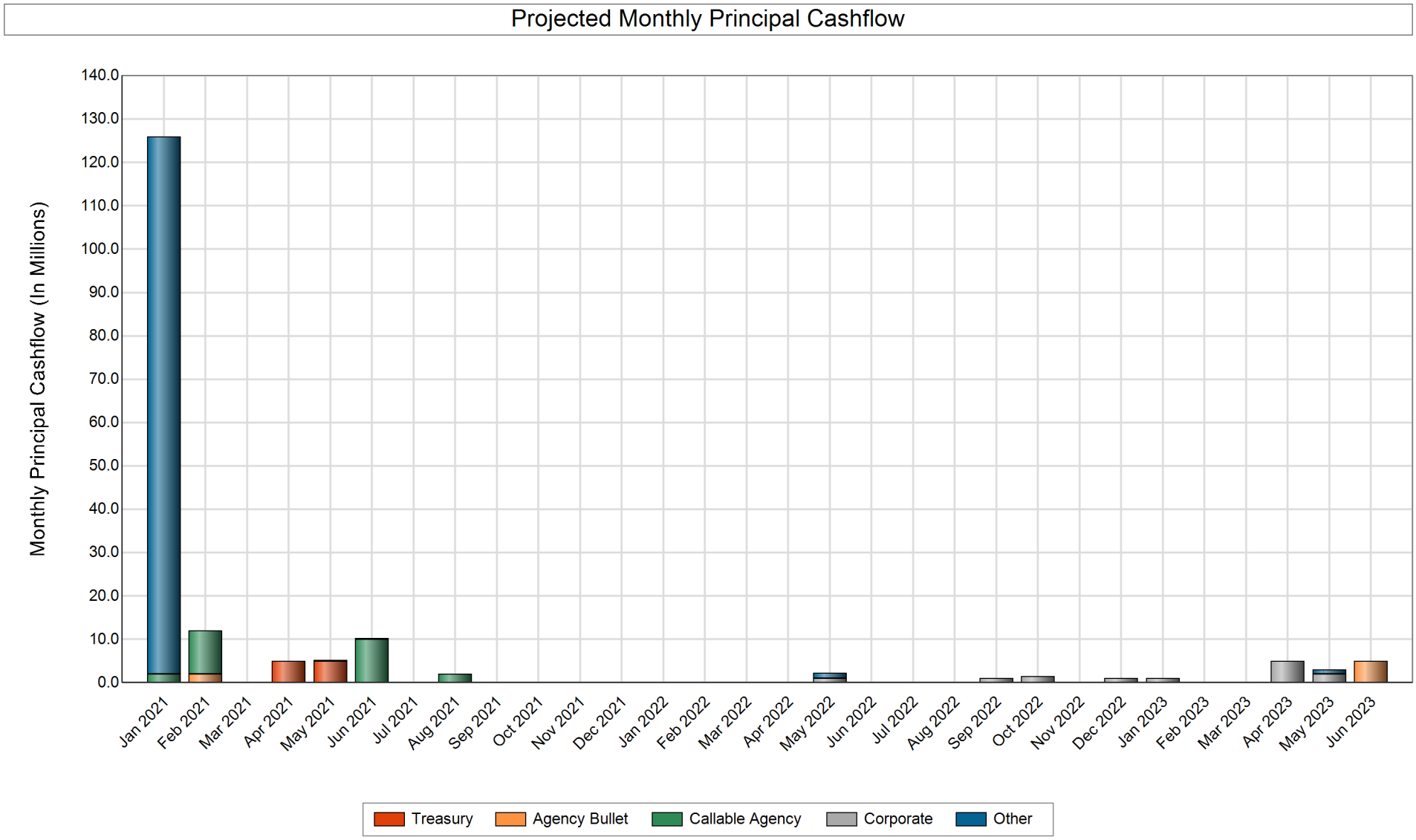
Peer Group Comparison

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	Fix ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD	Other	% Fixed
1	10/20	163,016	3.4	1.92	2.3		2.4			-2.3	2.3	0.0	58%	0%	0%	0%	0%	0%	0%	0%	11%	18%	13%	0%	100%
2	12/20	233,305	2.5	2.29	2.1		2.2			-2.1	2.1	0.0	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
3	10/20	126,353	1.8	1.50	1.7		1.7			-1.7	1.7	0.0	90%	0%	0%	0%	0%	0%	0%	0%	2%	0%	8%	0%	100%
4	11/20	105,014	3.1	1.37	3.3		3.4			-3.1	3.2	0.1	8%	3%	0%	0%	0%	28%	0%	0%	55%	5%	1%	0%	100%
5	10/20	69,917	0.2	0.76	1.1		1.7			-1.5	1.2	-0.8	61%	0%	0%	0%	0%	0%	0%	0%	4%	13%	22%	0%	100%
6	10/20	55,997	0.3	1.17	1.6		3.6			-2.8	2.2	-2.1	64%	0%	0%	0%	0%	0%	0%	0%	0%	0%	36%	0%	100%
7	09/20	48,940	1.2	1.63	0.9		1.8			-1.5	1.1	-0.9	92%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	0%	100%
8	09/20	39,351	1.5	1.24	1.5		3.7			-2.8	2.2	-1.5	67%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%	0%	99%
9	09/20	34,012	2.0	1.53	1.6		4.1			-2.8	2.1	-2.2	68%	0%	0%	0%	0%	0%	0%	0%	0%	0%	32%	0%	100%
10	12/20	22,999	0.5	1.20	0.9		3.0			-2.1	1.4	-1.8	39%	2%	0%	2%	0%	0%	0%	0%	0%	7%	50%	0%	96%
11	12/20	21,747	0.7	1.41	0.8		2.8			-2.1	1.2	-1.8	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	100%
12	12/20	21,257	6.8	3.12	4.4		4.9			-3.8	3.6	-0.1	29%	33%	0%	7%	0%	2%	0%	2%	0%	18%	0%	0%	98%
13	12/20	21,143	0.3	1.41	0.4		3.1			-2.0	0.8	-2.5	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	100%
14	11/20	17,705	2.9	2.09	3.2		3.3			-2.8	2.6	-0.2	0%	17%	0%	31%	0%	35%	16%	0%	0%	0%	0%	0%	93%
15	09/20	363,056	0.0	0.76	1.7		2.5			-1.9	1.5	-1.2	53%	0%	0%	0%	0%	0%	0%	0%	5%	42%	0%	0%	86%
16	11/20	12,961	3.0	2.15	2.4		2.4			-2.3	2.4	0.1	0%	0%	0%	0%	0%	0%	0%	0%	42%	26%	33%	0%	100%
17	09/20	12,890	1.1	1.58	1.0		1.4			-1.3	1.2	-0.6	16%	0%	0%	0%	0%	0%	0%	0%	42%	0%	42%	0%	100%
18	09/20	12,851	4.3	1.30	2.5		2.6			-2.4	2.5	0.1	0%	0%	0%	0%	0%	0%	0%	0%	24%	38%	38%	0%	100%
19	09/20	11,123	0.6	1.14	0.7		1.3			-1.1	0.9	-0.7	45%	0%	0%	0%	0%	0%	0%	0%	28%	0%	27%	0%	100%
20	10/20	9,006	0.8	-0.41	4.3		5.0			-4.5	4.6	0.3	0%	0%	0%	0%	0%	0%	0%	0%	76%	3%	21%	0%	97%
21	12/20	3,750	0.0	1.04	0.3		3.9			-2.4	1.0	-3.9	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
22	12/20	2,000	1.3	2.30	0.7		1.2			-0.9	0.7	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
23	10/20	486,985	2.7	1.95	3.0		4.2			-3.4	3.1	-0.7	55%	0%	0%	0%	0%	0%	0%	0%	33%	5%	7%	0%	100%
24	12/20	537,009	0.4	0.90	1.1		1.5			-1.4	1.2	-0.5	84%	0%	0%	0%	0%	0%	0%	0%	16%	0%	0%	0%	99%
25	09/20	575,378	2.0	1.61	1.4		1.9			-1.6	1.4	-0.5	96%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	100%
Avg		120,311	1.7	1.48	1.8		2.8			-2.3	1.9	-0.9	57%	2%	0%	2%	0%	3%	1%	0%	14%	7%	15%	0%	99%
Port	12/20	188,211	0.7	1.12	0.5	0.5	0.7	0.2	-0.3	-0.6	0.5	-0.2	24%	0%	0%	0%	0%	0%	0%	0%	0%	8%	1%	66%	100%

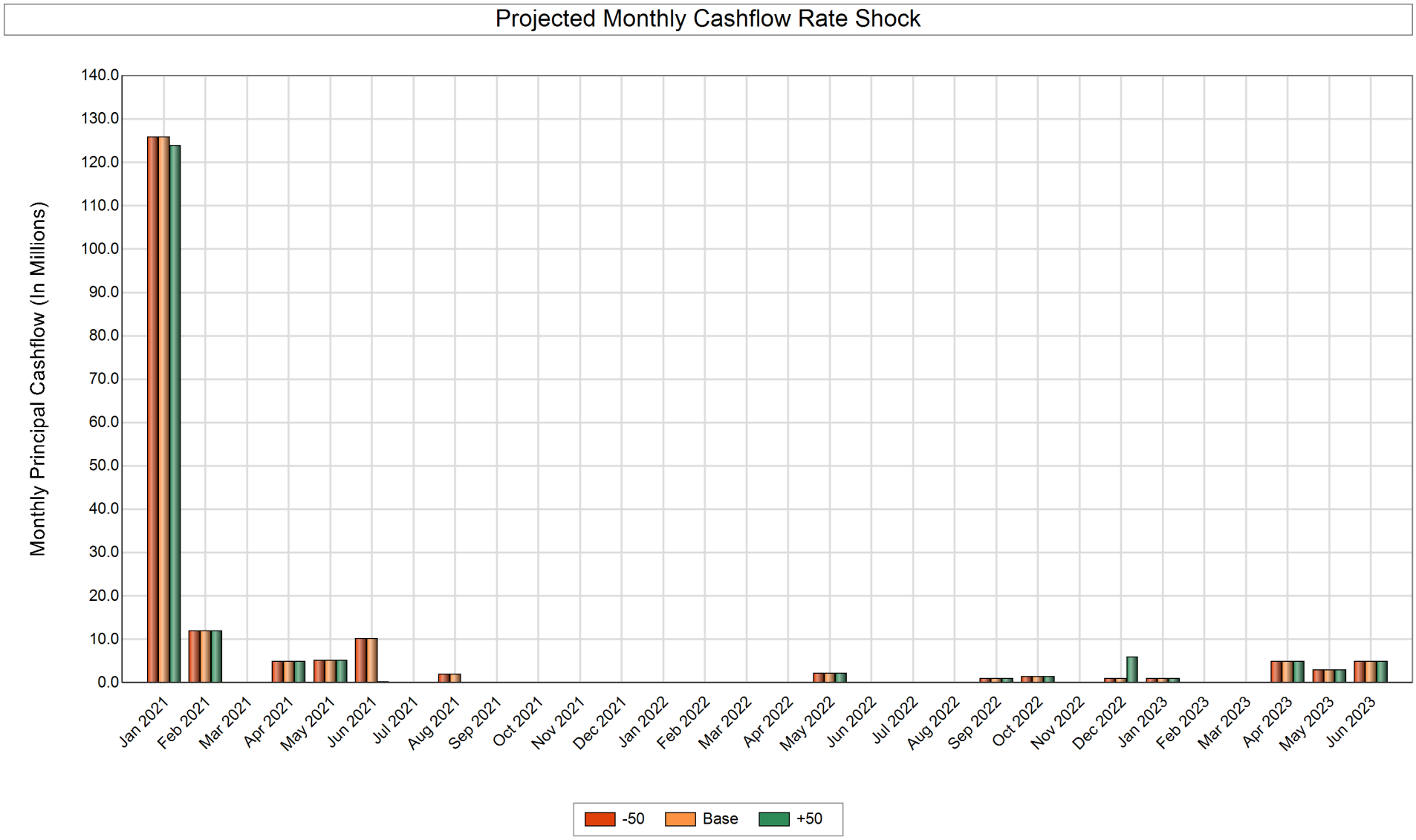
Peer Group Comparison

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	Fix ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD	Other	% Fixed
Diff		67,900	-1.0	-0.36	-1.3		-2.1			1.7	-1.4	0.6	-32%	-2%	0%	-2%	0%	-3%	-1%	0%	-14%	1%	-14%	66%	1%

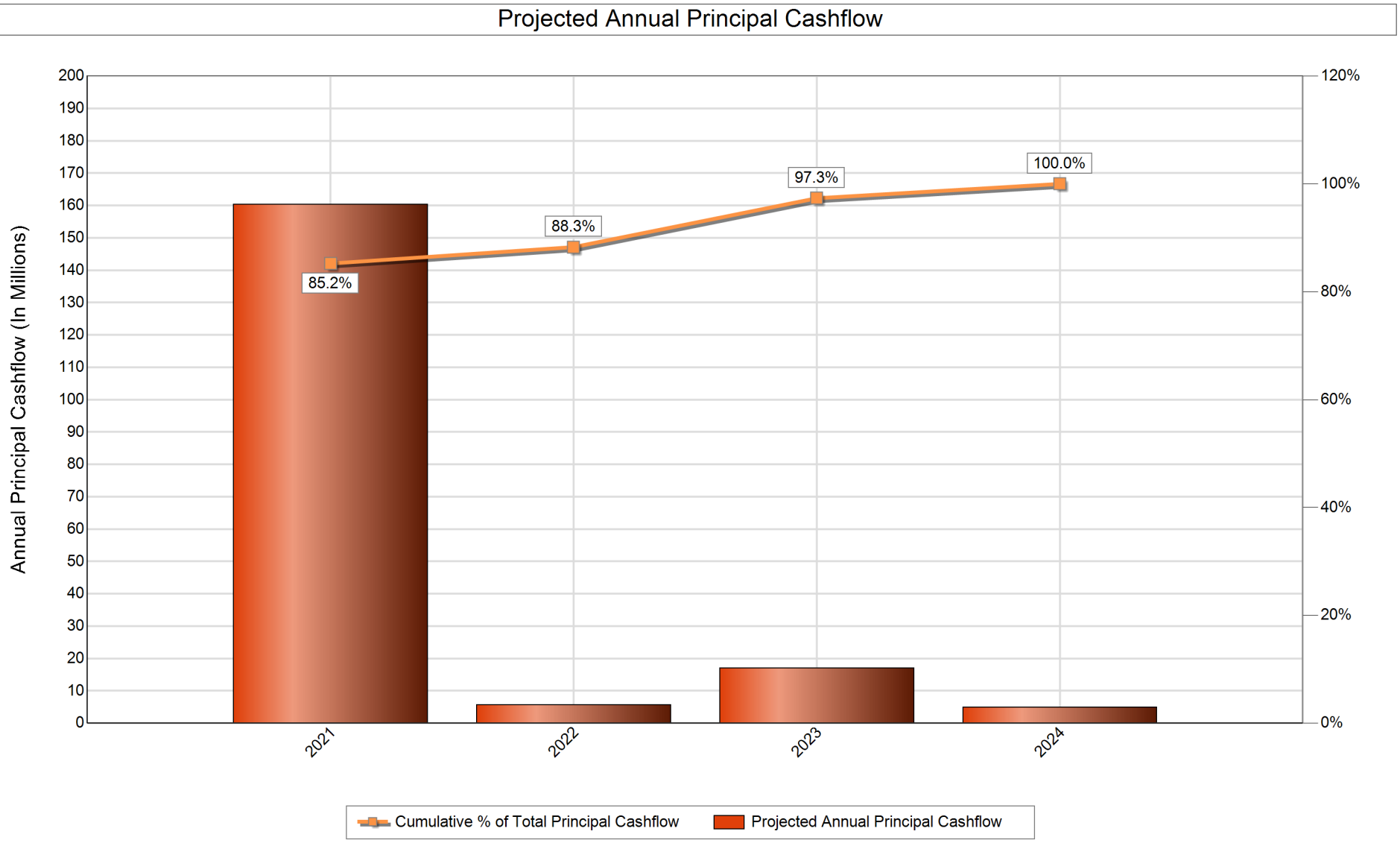
Monthly Cashflow Profile



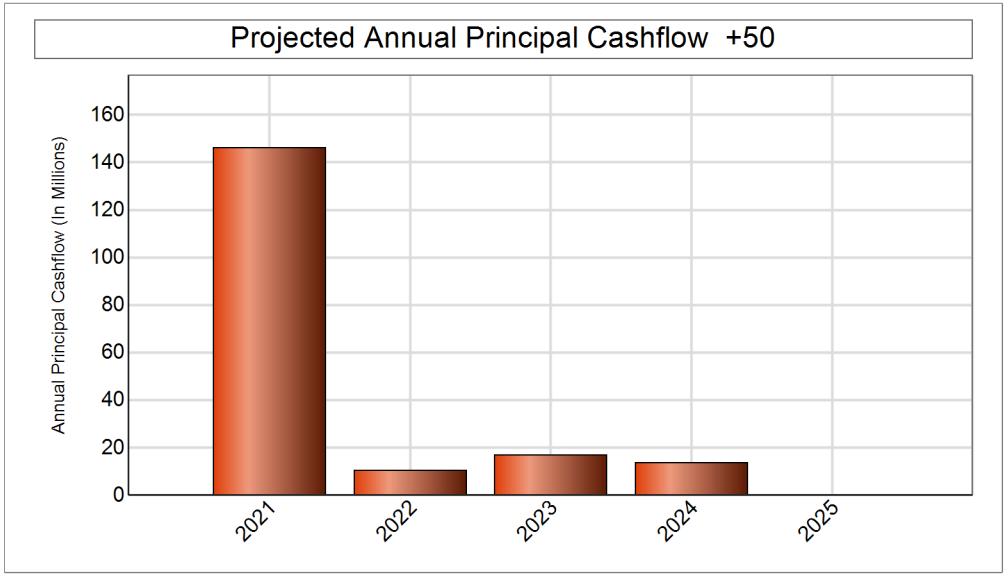
Monthly Cashflow Rate Shock

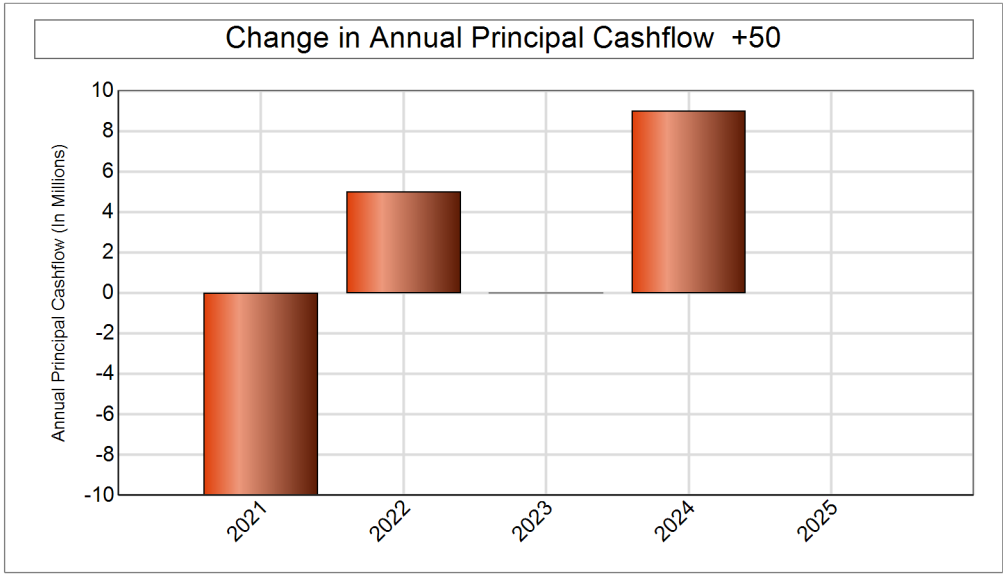


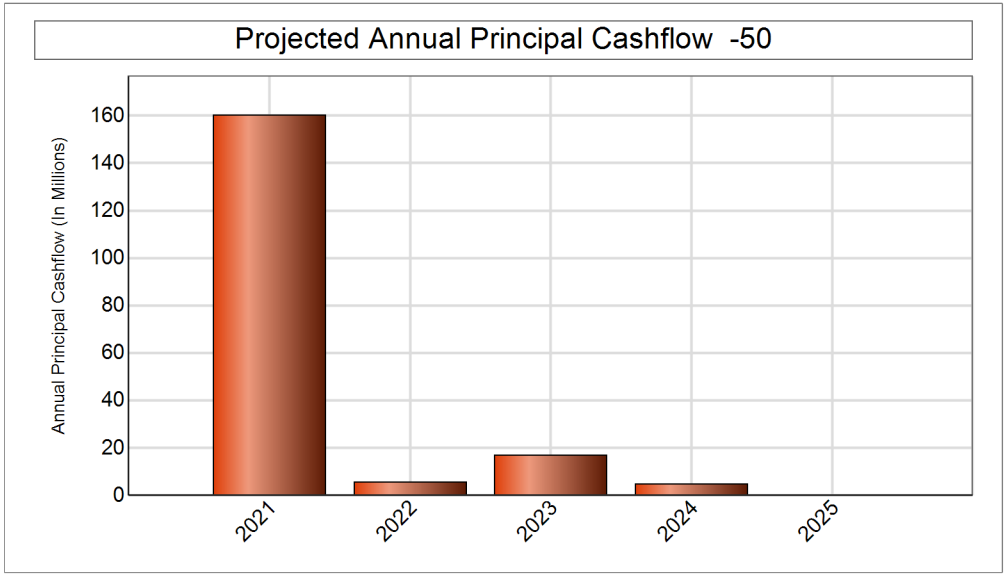
Annual Cashflow Profile

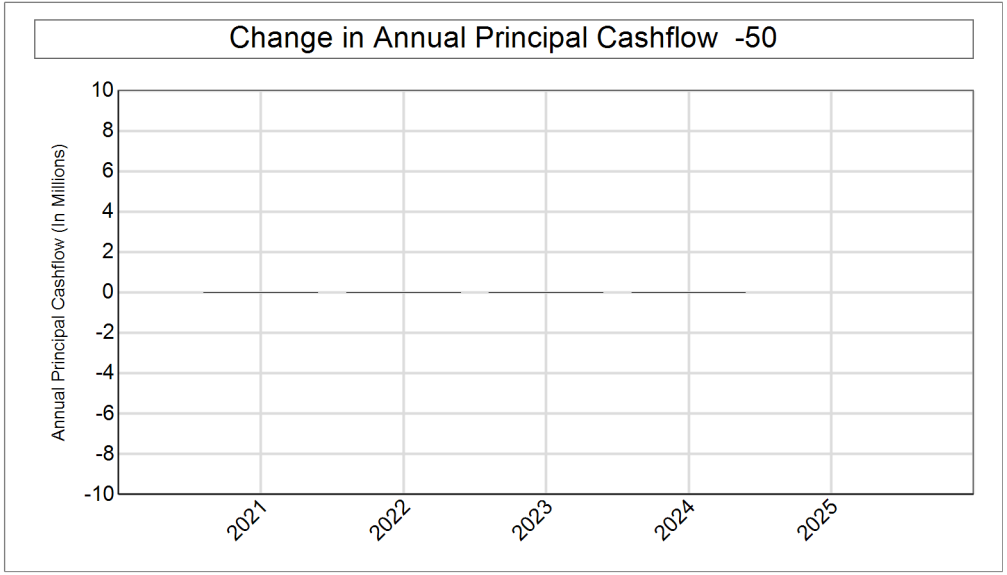


Annual Cashflow Rate Shock









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
Jan 21	123.9	123.9	123.9	125.9	125.9	125.9	66%	66%	66%	67%	67%	67%
Feb 21	7.0	12.0	12.0	12.0	12.0	12.0	70%	72%	72%	73%	73%	73%
Mar 21	0.0	0.0	0.0	0.0	0.0	0.0	70%	72%	72%	73%	73%	73%
Apr 21	5.0	5.0	5.0	5.0	5.0	5.0	72%	75%	75%	76%	76%	76%
May 21	5.2	5.2	5.2	5.2	5.2	5.2	75%	78%	78%	79%	79%	79%
Jun 21	0.2	0.2	0.2	10.2	10.2	10.2	75%	78%	78%	84%	84%	84%
Jul 21	0.0	0.0	0.0	0.0	0.0	0.0	75%	78%	78%	84%	84%	84%
Aug 21	0.0	0.0	0.0	2.0	2.0	2.0	75%	78%	78%	85%	85%	85%
Sep 21	0.0	0.0	0.0	0.0	0.0	0.0	75%	78%	78%	85%	85%	85%
Oct 21	0.0	0.0	0.0	0.0	0.0	0.0	75%	78%	78%	85%	85%	85%
Nov 21	0.0	0.0	0.0	0.0	0.0	0.0	75%	78%	78%	85%	85%	85%
Dec 21	0.0	0.0	0.0	0.0	0.0	0.0	75%	78%	78%	85%	85%	85%

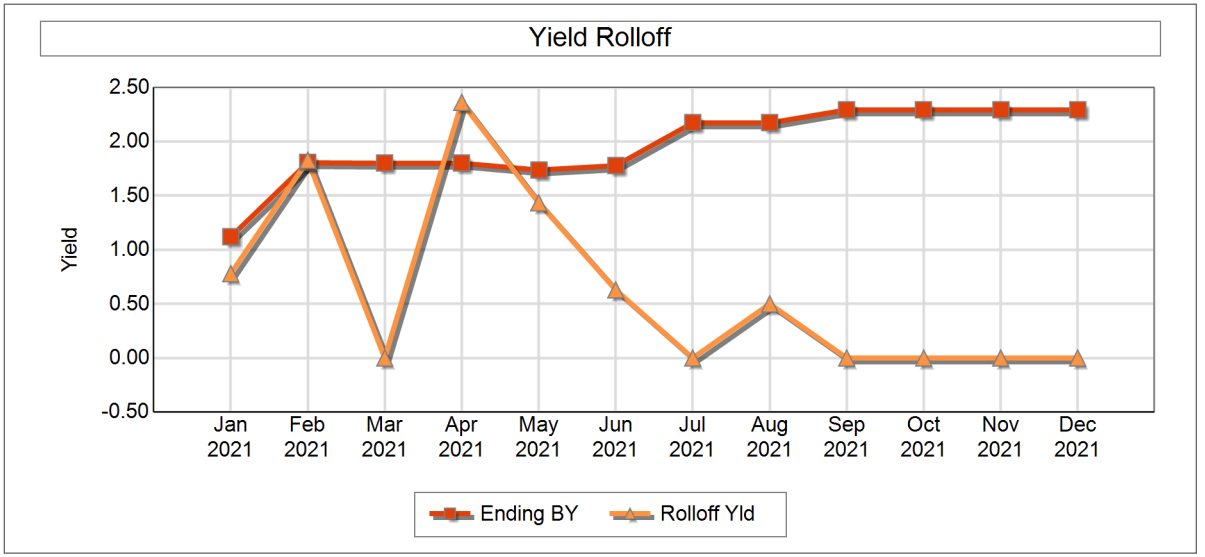
5-Year Quarterly Principal Cash Flow Projections							Percentage of Total Cash Flow Projections					
Period	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1Q21	130.9	135.9	135.9	137.9	137.9	137.9	70%	72%	72%	73%	73%	73%
2Q21	10.5	10.5	10.5	20.5	20.5	20.5	75%	78%	78%	84%	84%	84%
3Q21	0.0	0.0	0.0	2.0	2.0	2.0	75%	78%	78%	85%	85%	85%
4Q21	0.0	0.0	0.0	0.0	0.0	0.0	75%	78%	78%	85%	85%	85%
1Q22	5.0	0.0	0.0	0.0	0.0	0.0	78%	78%	78%	85%	85%	85%
2Q22	2.2	2.2	9.2	2.2	2.2	2.2	79%	79%	83%	86%	86%	86%
3Q22	1.0	1.0	1.0	1.0	1.0	1.0	80%	80%	83%	87%	87%	87%
4Q22	7.5	7.5	7.5	2.5	2.5	2.5	83%	83%	87%	88%	88%	88%
1Q23	1.0	1.0	3.0	1.0	1.0	1.0	84%	84%	89%	89%	89%	89%
2Q23	13.1	13.1	13.1	13.1	13.1	13.1	91%	91%	96%	96%	96%	96%
3Q23	3.0	3.0	3.0	3.0	3.0	3.0	93%	93%	97%	97%	97%	97%
4Q23	0.0	0.0	0.0	0.0	0.0	0.0	93%	93%	97%	97%	97%	97%
1Q24	0.0	5.0	0.0	0.0	0.0	0.0	93%	95%	97%	97%	97%	97%
2Q24	7.0	7.0	5.0	5.0	5.0	5.0	96%	99%	100%	100%	100%	100%
3Q24	0.0	2.0	-	-	-	-	96%	100%	-	-	-	-
4Q24	2.0	-	-	-	-	-	97%	-	-	-	-	-
1Q25	0.0	-	-	-	-	-	97%	-	-	-	-	-
2Q25	5.0	-	-	-	-	-	100%	-	-	-	-	-

In Millions

Cash Flow and Yield Rolloff - Next 12 Months

Yield Rolloff

Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Jan 2021	1.12	125,941	0.78	1.81
Feb 2021	1.81	12,000	1.83	1.80
Mar 2021	1.80	0	0.00	1.80
Apr 2021	1.80	5,000	2.36	1.74
May 2021	1.74	5,245	1.43	1.78
Jun 2021	1.78	10,245	0.63	2.17
Jul 2021	2.17	0	0.00	2.17
Aug 2021	2.17	2,000	0.50	2.29
Sep 2021	2.29	0	0.00	2.29
Oct 2021	2.29	0	0.00	2.29
Nov 2021	2.29	0	0.00	2.29
Dec 2021	2.29	0	0.00	2.29

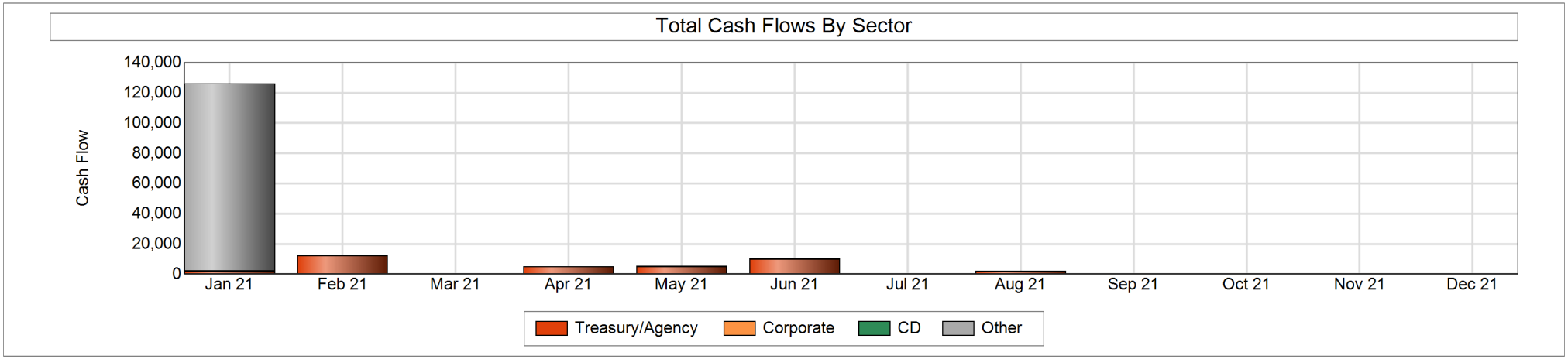


Shocked Principal and Interest Cash Flow Analysis

Year	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
Jan 2021	124,036	124,036	124,036	124,036	126,038	126,038	126,038
Feb 2021	12,170	7,170	12,170	12,170	12,170	12,170	12,170
Mar 2021	16	16	16	16	16	16	16
Apr 2021	5,157	5,157	5,157	5,157	5,157	5,157	5,157
May 2021	5,342	5,342	5,342	5,342	5,342	5,342	5,342
Jun 2021	354	354	354	354	10,354	10,354	10,354
Jul 2021	14	14	14	14	14	14	14
Aug 2021	61	61	61	61	2,061	2,061	2,061
Sep 2021	16	16	16	16	16	16	16
Oct 2021	98	98	98	98	98	98	98
Nov 2021	59	59	59	59	59	59	59
Dec 2021	76	76	76	76	76	76	76

Sector Cash Flow and Yield Rolloff - Next 12 Months

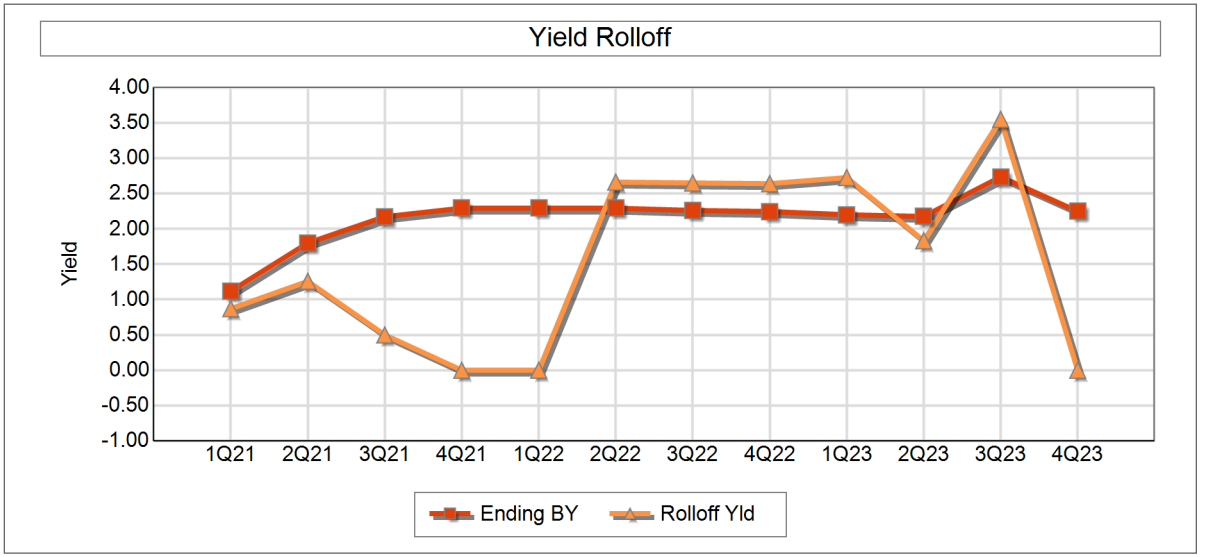
		Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Bk Yld Chg
Treasury/Agency	Cash Flow	2,001	12,115	0	5,115	5,034	10,083	0	2,005	0	57	0	53	
	End BY	1.58	1.48	1.48	1.32	1.31	1.91	1.91	2.19	2.19	2.19	2.19	2.19	0.61
Corporate	Cash Flow	12	53	14	39	39	21	12	53	14	39	39	21	
	End BY	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	0.00
CD	Cash Flow	2	2	2	2	269	250	2	2	2	2	21	2	
	End BY	2.80	2.80	2.80	2.80	2.79	2.86	2.86	2.86	2.86	2.86	2.86	2.86	0.06
Other	Cash Flow	124,022	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	126,038	12,170	16	5,157	5,342	10,354	14	2,061	16	98	59	76	
	End BY	1.81	1.80	1.80	1.74	1.78	2.17	2.17	2.29	2.29	2.29	2.29	2.29	0.49



Cash Flow and Yield Rolloff - Next 3 Years

Yield Rolloff

Quarter	Begin BY	Principal CF	Rolloff Yld	Ending BY
1Q21	1.12	137,941	0.87	1.80
2Q21	1.80	20,490	1.26	2.17
3Q21	2.17	2,000	0.50	2.29
4Q21	2.29	0	0.00	2.29
1Q22	2.29	0	0.00	2.29
2Q22	2.29	2,225	2.66	2.26
3Q22	2.26	1,000	2.65	2.25
4Q22	2.25	2,500	2.64	2.20
1Q23	2.20	1,000	2.73	2.18
2Q23	2.18	13,055	1.83	2.74
3Q23	2.74	3,000	3.55	2.25
4Q23	2.25	0	0.00	2.25

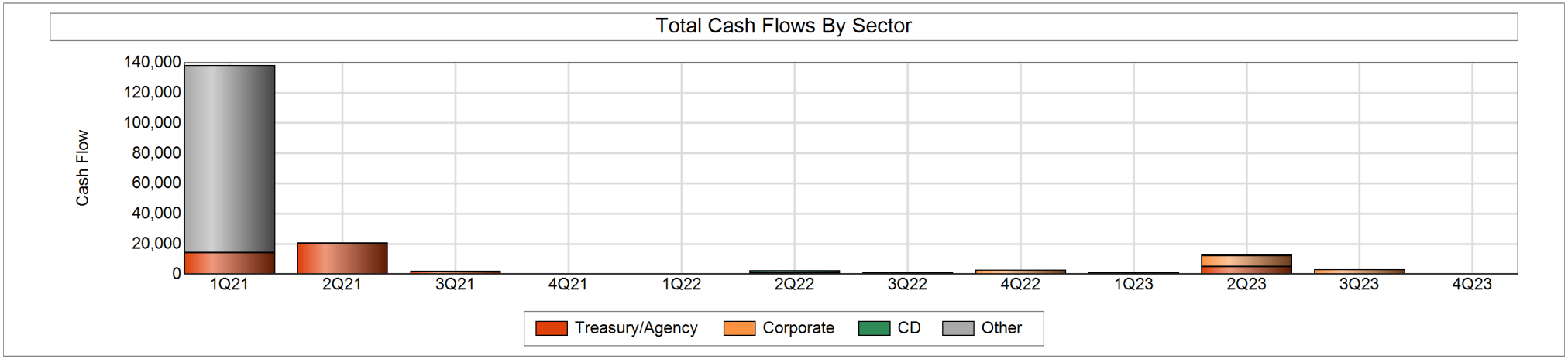


Shocked Principal and Interest Cash Flow Analysis

Quarter	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
1Q21	136,222	131,222	136,222	136,222	138,224	138,224	138,224
2Q21	10,852	10,852	10,852	10,852	20,852	20,852	20,852
3Q21	91	91	91	91	2,091	2,091	2,091
4Q21	234	234	234	234	234	234	234
1Q22	85	85	85	85	85	85	85
2Q22	2,456	2,456	2,456	2,456	2,456	2,456	2,456
3Q22	1,090	1,090	1,090	1,090	1,090	1,090	1,090
4Q22	2,699	2,699	2,699	2,699	2,699	2,699	2,699
1Q23	1,064	1,064	1,064	1,064	1,064	1,064	1,064
2Q23	13,228	13,228	13,228	13,228	13,228	13,228	13,228
3Q23	3,044	3,044	3,044	3,044	3,044	3,044	3,044
4Q23	57	57	57	57	57	57	57

Sector Cash Flow and Yield Rolloff - Next 3 Years

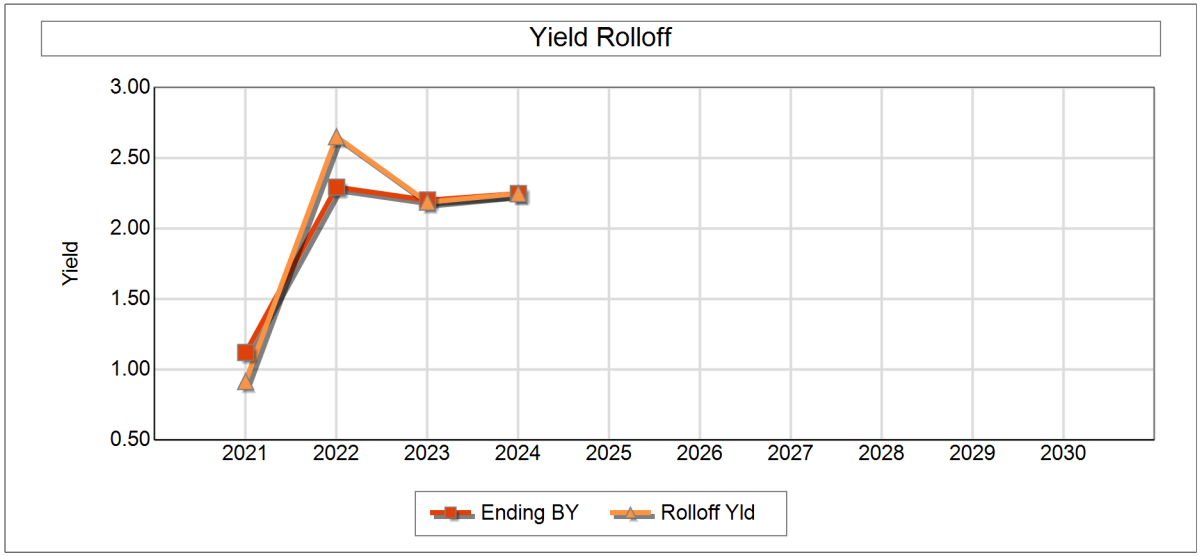
		1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	Bk Yld Chg
Treasury/Agency	Cash Flow	14,116	20,232	2,005	110	0	109	0	110	0	5,109	0	57	
	End BY	1.48	1.91	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.25	2.25	2.25	0.77
Corporate	Cash Flow	79	99	79	99	79	1,099	1,088	2,575	1,062	7,126	3,044	0	
	End BY	2.28	2.28	2.28	2.28	2.28	2.25	2.22	2.13	2.07	3.55	0.00	0.00	-2.28
CD	Cash Flow	7	521	7	25	7	1,248	2	14	2	993	0	0	
	End BY	2.80	2.86	2.86	2.86	2.86	3.13	3.13	3.13	3.13	0.00	0.00	0.00	-2.80
Other	Cash Flow	124,022	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	138,224	20,852	2,091	234	85	2,456	1,090	2,699	1,064	13,228	3,044	57	
	End BY	1.80	2.17	2.29	2.29	2.29	2.26	2.25	2.20	2.18	2.74	2.25	2.25	0.45



Cash Flow and Yield Rolloff - Next 10 Years

Yield Rolloff

Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2021	1.12	160,431	0.92	2.29
2022	2.29	5,725	2.65	2.20
2023	2.20	17,055	2.19	2.25
2024	2.25	5,000	2.25	
2025				
2026				
2027				
2028				
2029				
2030				

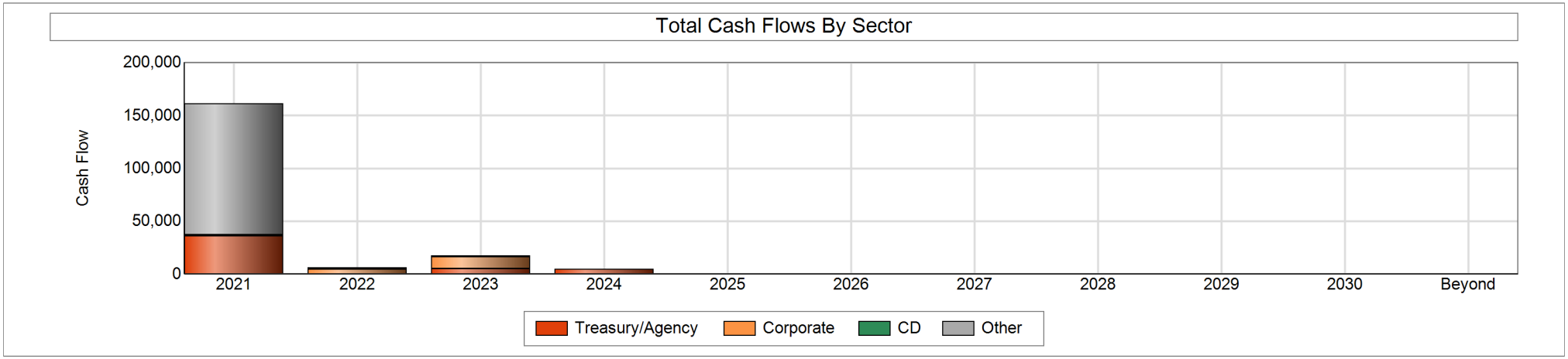


Shocked Principal and Interest Cash Flow Analysis

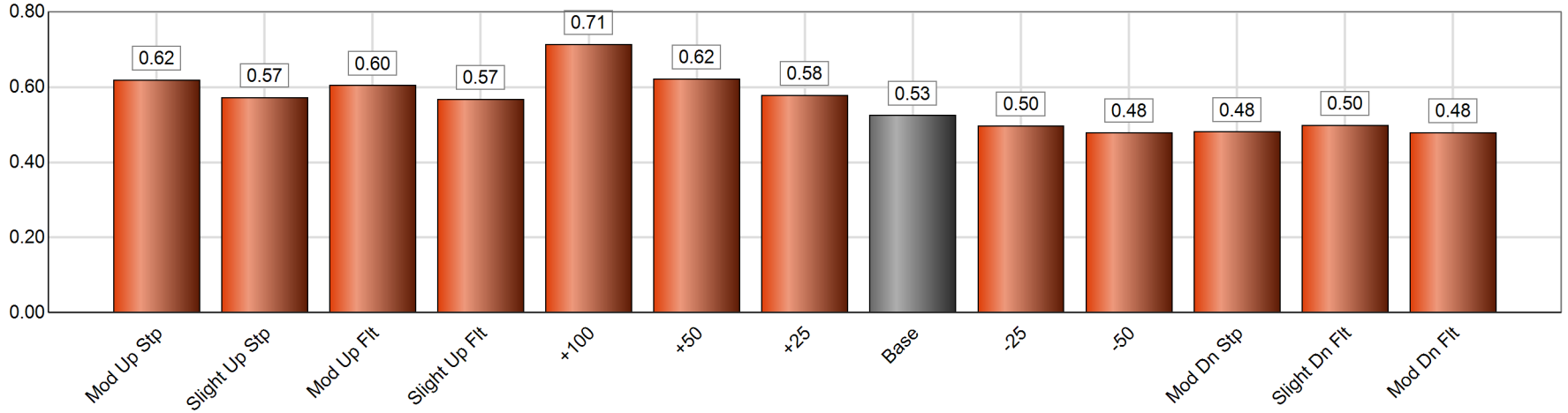
Year	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
2021	147,436	142,480	147,436	147,436	161,400	161,400	161,400
2022	13,409	16,451	11,407	18,378	6,330	6,330	6,330
2023	24,402	17,450	17,450	19,394	17,393	17,393	17,393
2024	5,056	9,112	14,073	5,056	5,056	5,056	5,056
2025	0	5,020	0	0	0	0	0

Sector Cash Flow and Yield Rolloff - Next 10 Years

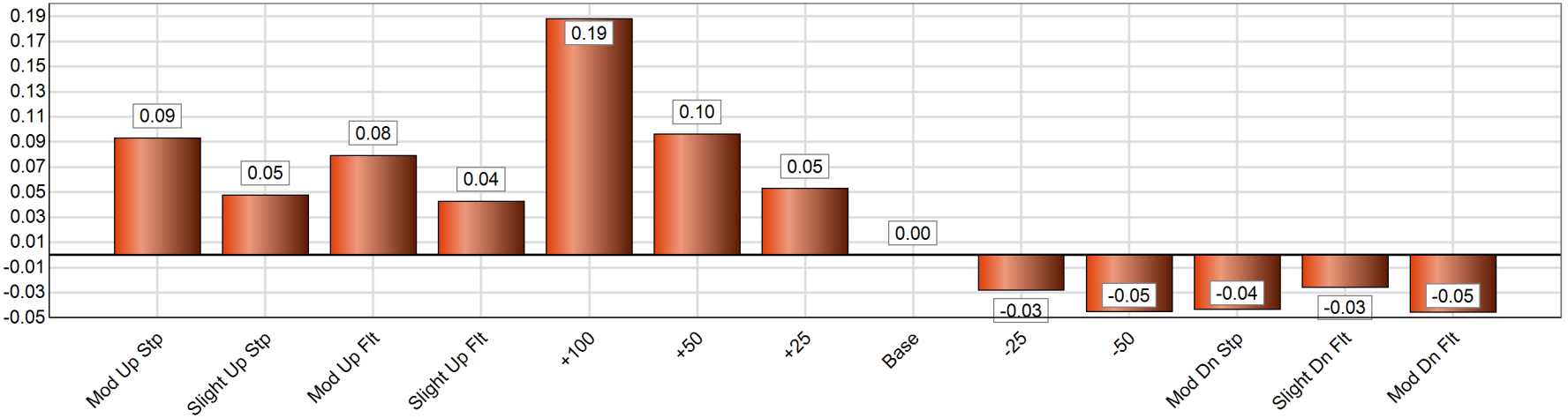
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Bk Yld Chg
Treasury/Agency	Cash Flow	36,463	219	5,166	5,056	0	0	0	0	0	0	
	End BY	1.53	2.19	2.19	2.25	0.00	0.00	0.00	0.00	0.00	0.00	-1.53
Corporate	Cash Flow	355	4,841	11,233	0	0	0	0	0	0	0	
	End BY	2.28	2.28	2.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.28
CD	Cash Flow	559	1,270	995	0	0	0	0	0	0	0	
	End BY	2.80	2.86	3.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.80
Other	Cash Flow	124,022	0	0	0	0	0	0	0	0	0	
	End BY	0.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.79
Total	Cash Flow	161,400	6,330	17,393	5,056	0	0	0	0	0	0	
	End BY	0.00	2.29	2.20	2.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00



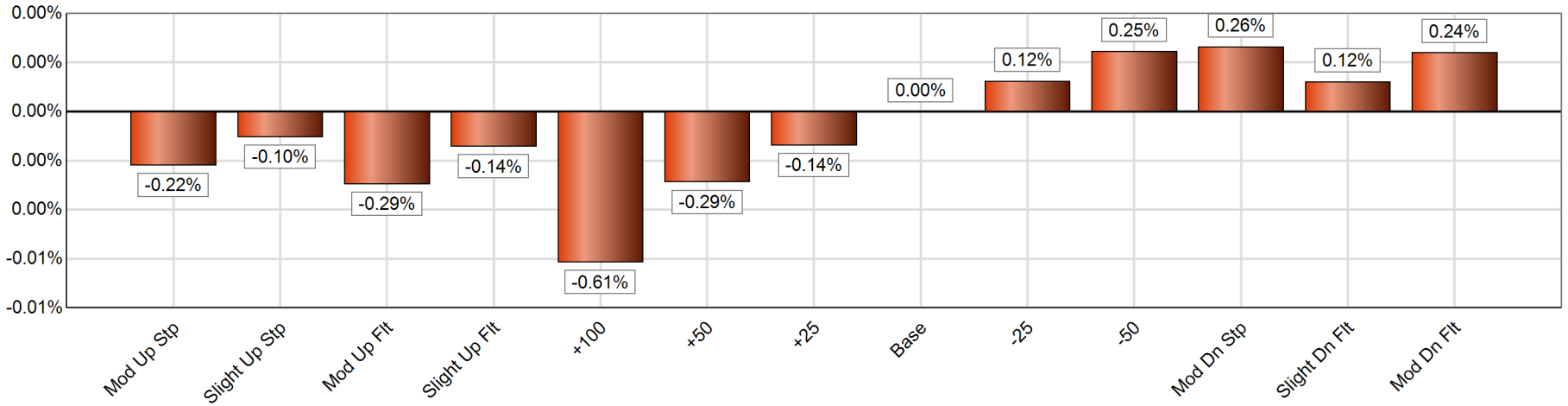
Effective Duration - Instantaneous Rate Shock



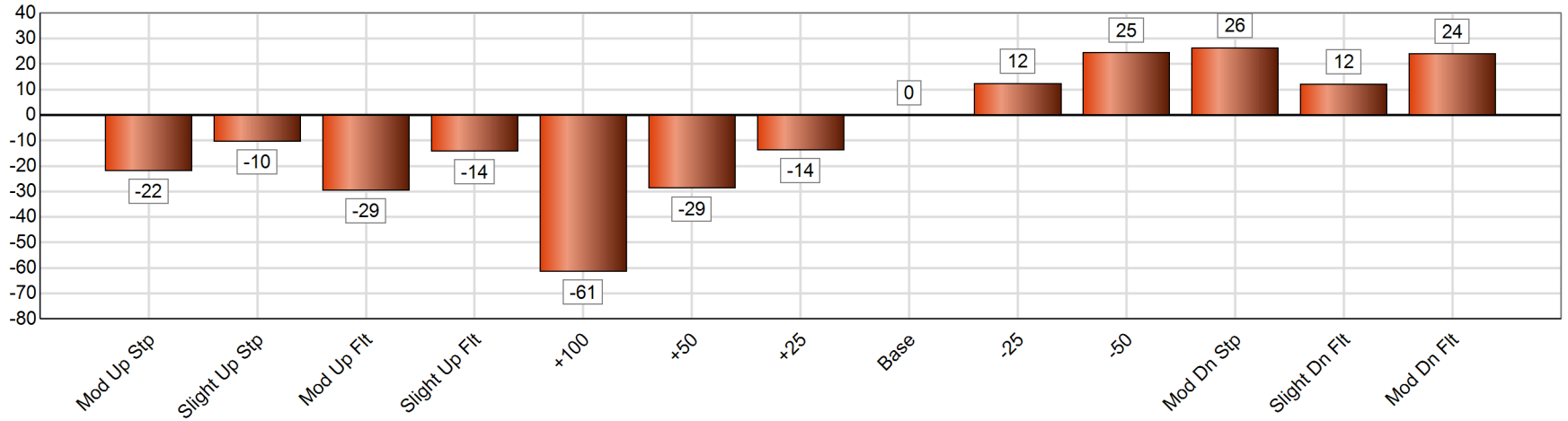
Difference from Base



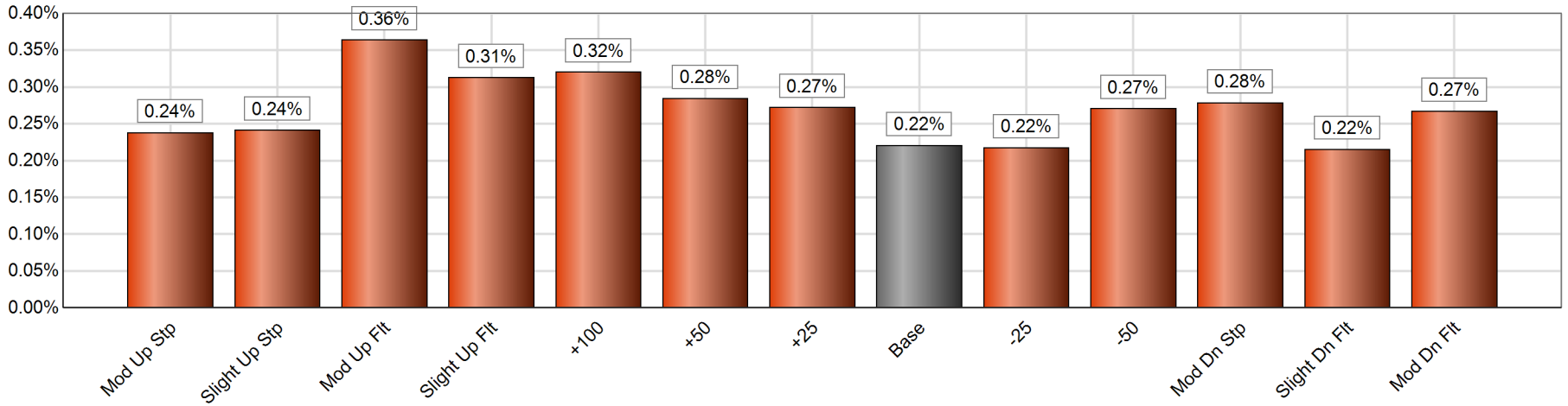
Percentage Price Change - Instantaneous Rate Shock



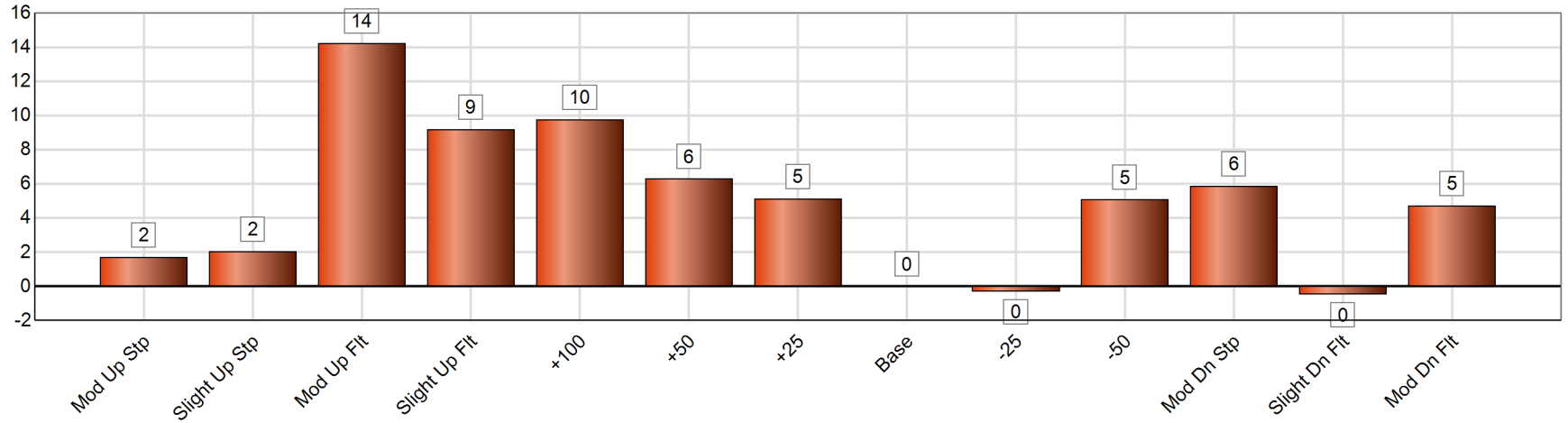
Difference from Base (bps)



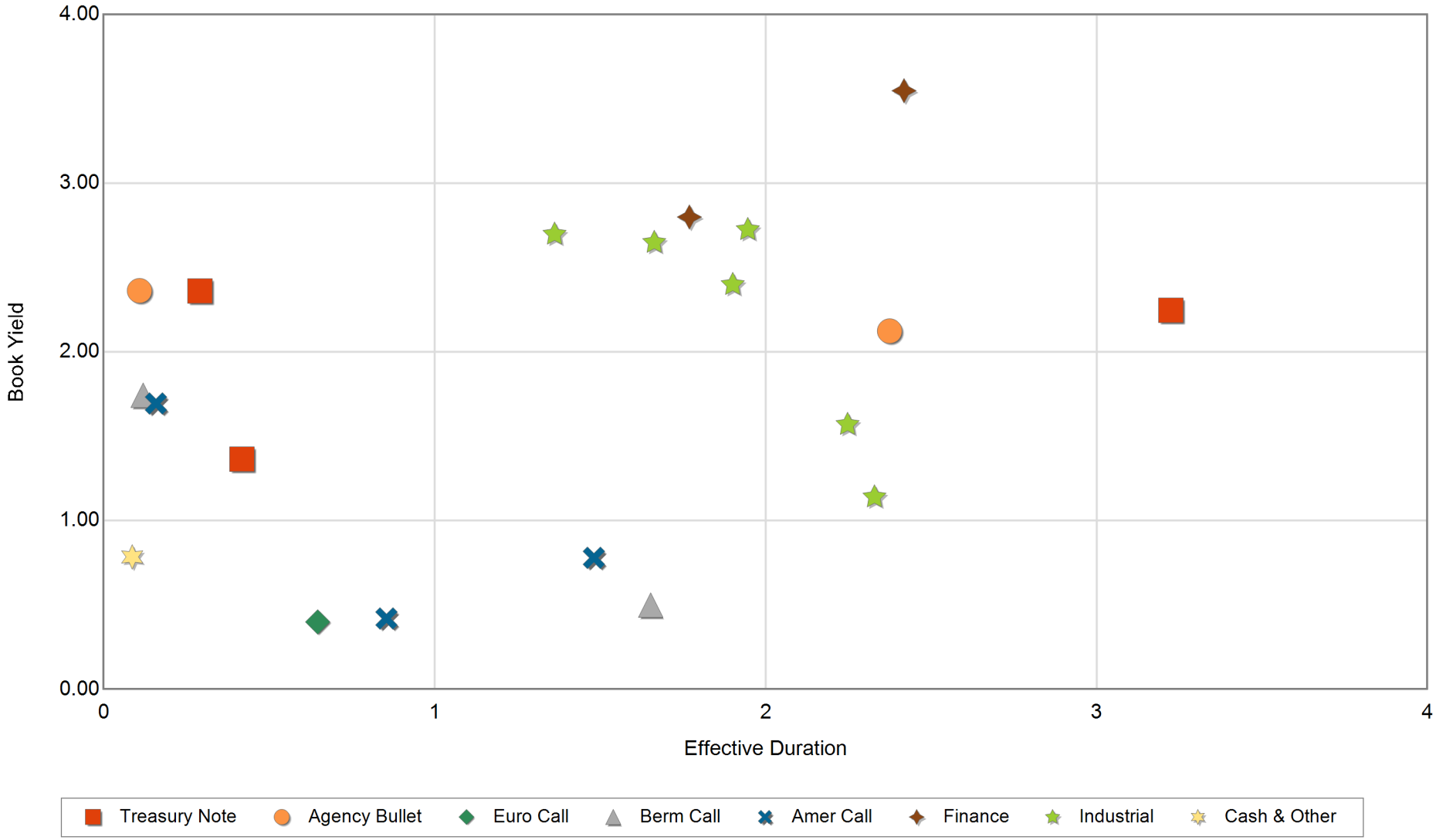
Total Returns Comparison - 12 Mo. Horizon



Difference from Base (bps)

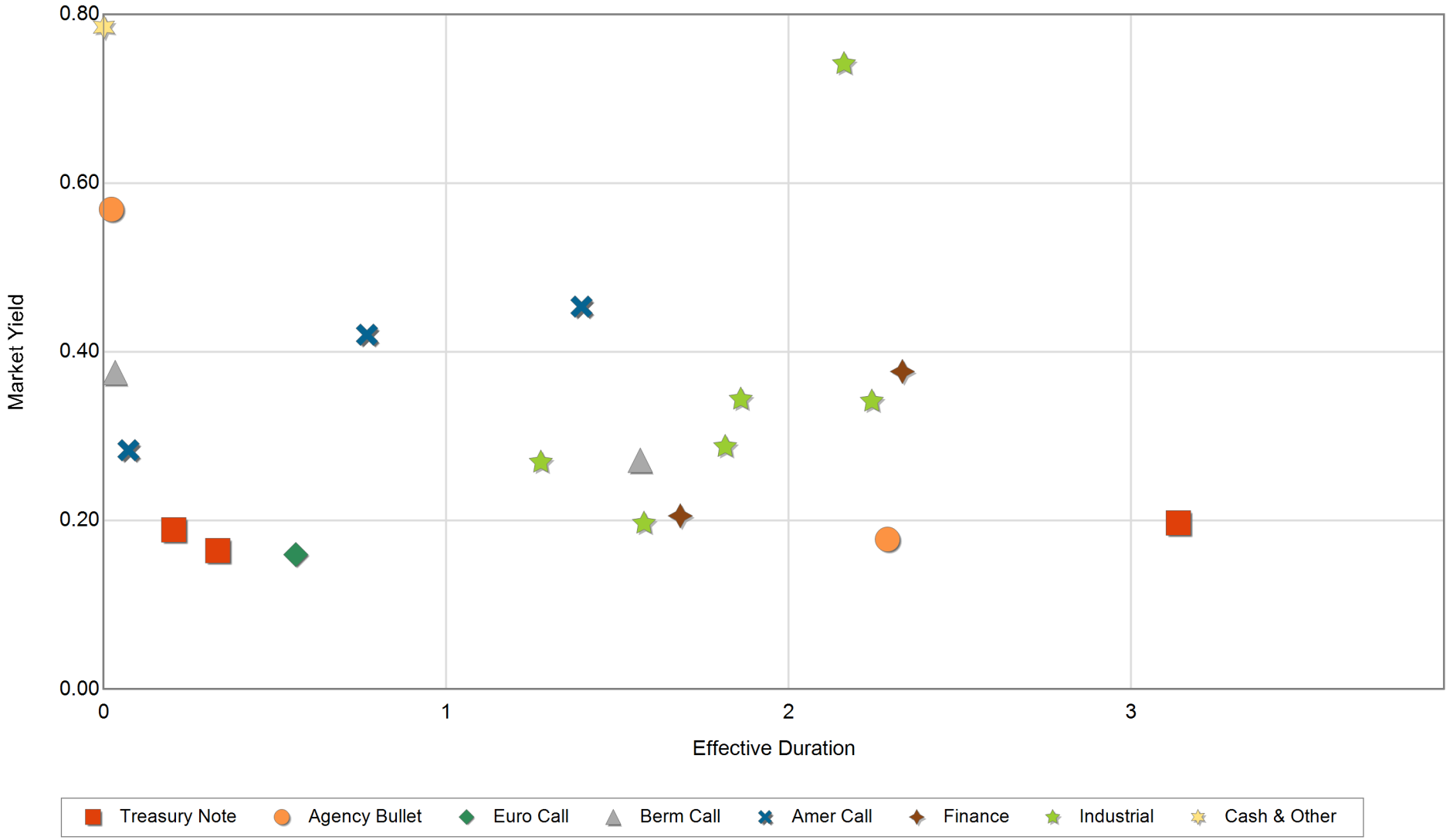


Book Yield / Duration



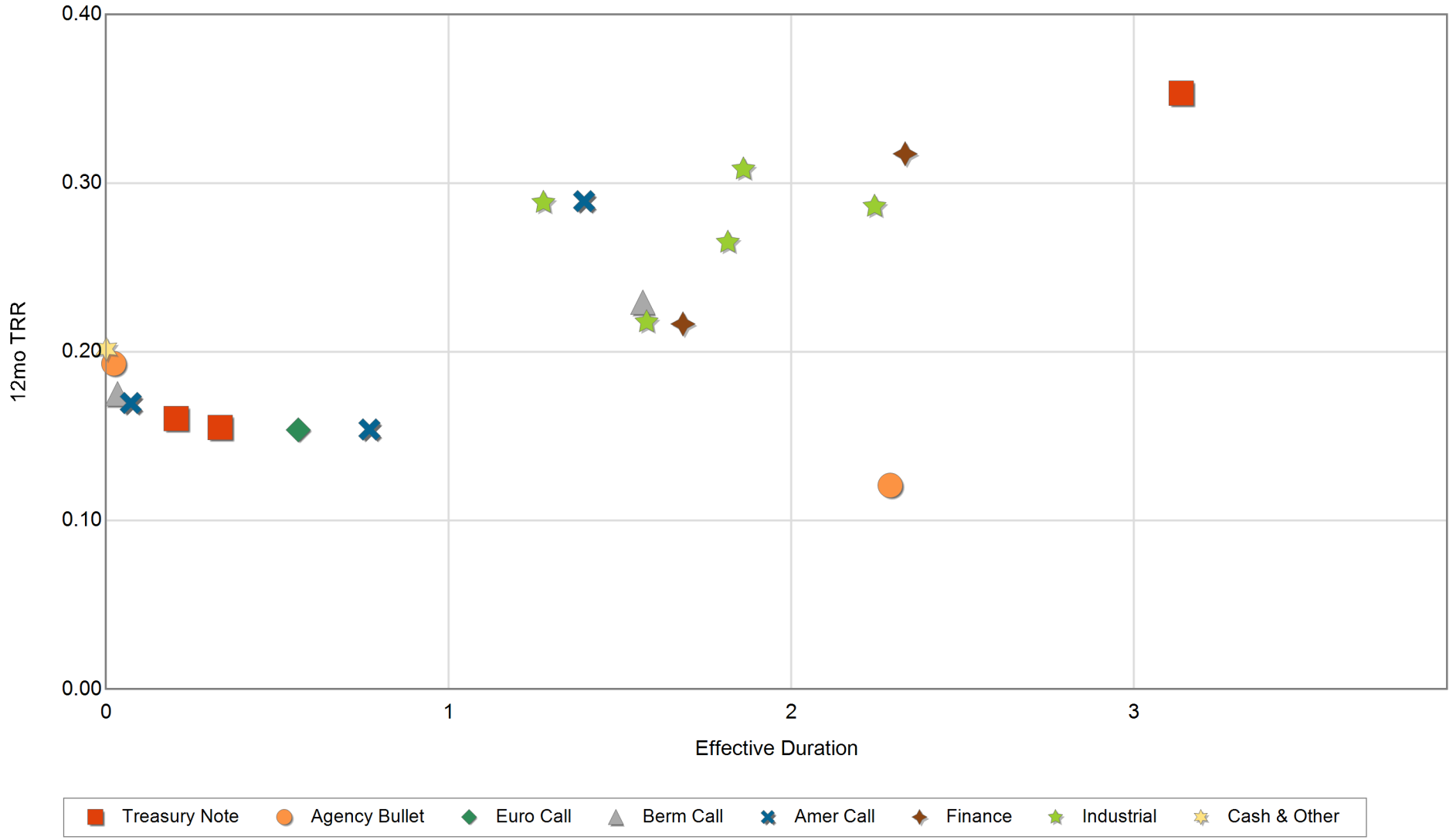
*Only securities >=$1mm shown

Market Yield / Duration



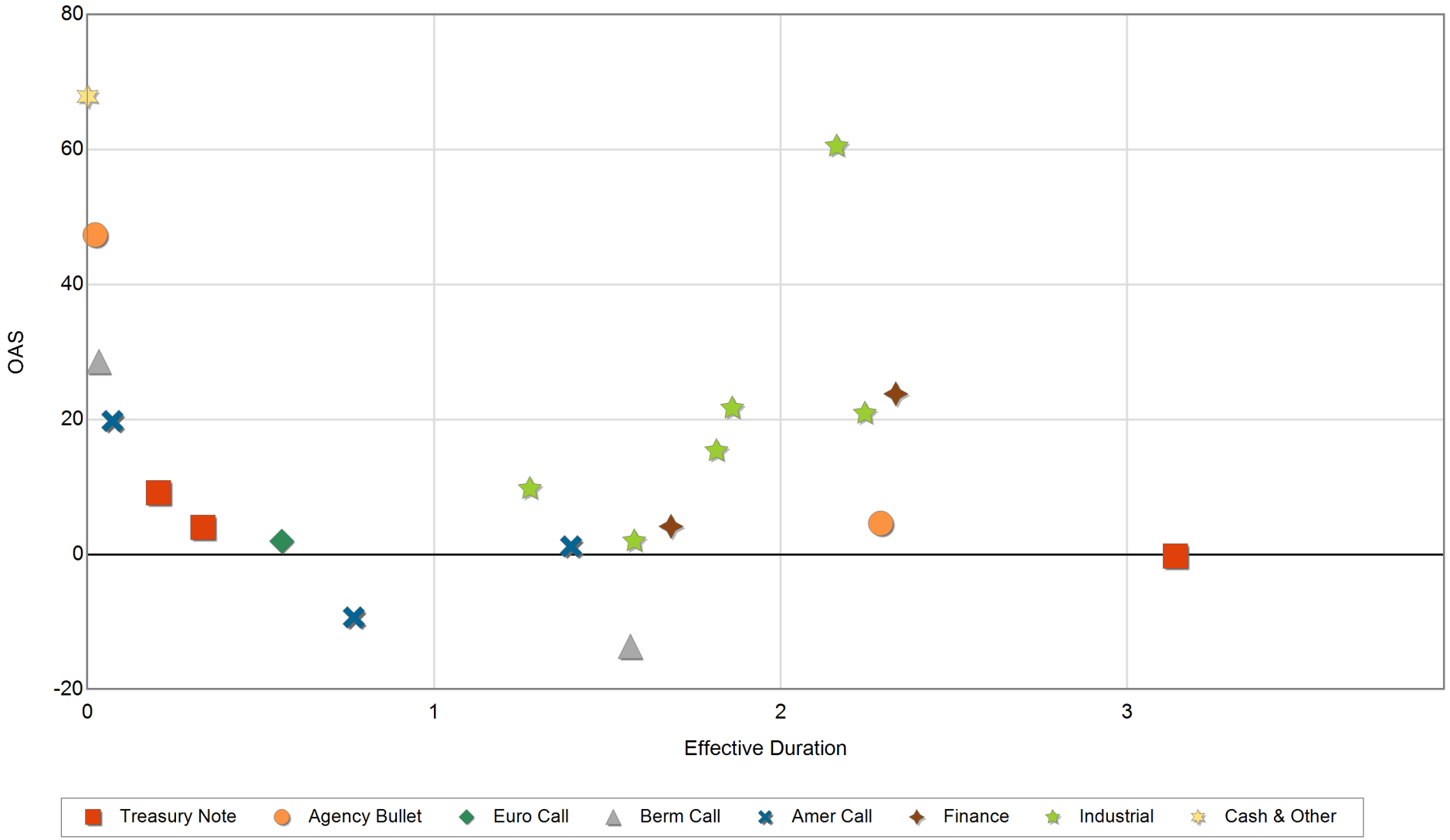
*Only securities >=$1mm shown

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	Next Call Date	Proj. Redemp	Par Value	Book Price	Mkt Price	Est. G/L	Book YTP	Book YTM	Book YTC	Market YTP	Market YTM	Market YTC	TOAS	Eff Dur	Eff Conv
4	3130ADME9	FHLB 2 3/8 02/08/21	3Yr Bullet		02/08/21	2,000	100.00	100.19	4	2.36	2.36	2.36	0.57	0.57	0.57	47.4	0.11	0.00
5	3134GVAQ1	FHLMC 1 3/4 02/12/25	5YrNC1Yr	02/12/21	02/12/21	5,000	100.00	100.16	8	1.74	1.75	1.74	0.38	1.71	0.38	28.6	0.12	0.00
6	3130AHZT3	FHLB 1.7 02/26/24	4YrNC1Yr Amer	02/26/21	02/26/21	5,000	100.00	100.22	11	1.70	1.70	1.70	0.28	1.63	0.28	19.8	0.16	0.00
7	9128284G2	T 2 3/8 04/15/21	3Yr Bullet		04/15/21	5,000	100.00	100.63	32	2.36	2.36	2.36	0.19	0.19	0.19	9.1	0.29	0.00
9	912828R77	T 1 3/8 05/31/21	5Yr Bullet		05/31/21	5,000	100.00	100.50	25	1.36	1.36	1.36	0.16	0.16	0.16	4.0	0.42	0.00
11	3134GVN87	FHLMC 0.4 12/15/22	2.5YrNC1Yr 1x	06/15/21	06/15/21	5,000	100.00	100.11	6	0.40	0.40	0.40	0.16	0.34	0.16	2.0	0.65	-1.34
12	3133EL2X1	FFCB 0.42 05/06/24	3.75YrNC3mo Amer	01/19/21	01/07/21	2,000	100.00	100.00	0	0.42	0.42	0.42	0.42	0.42	0.42	-9.3	0.85	-6.47
19	3133ELK37	FFCB 0.78 06/16/25	5YrNC1Yr Amer	06/16/21	06/16/21	5,000	100.00	100.15	8	0.78	0.78	0.78	0.45	0.75	0.45	1.2	1.48	-3.90
20	3134GWNG7	FHLMC 0 1/2 11/27/24	4.25YrNC1Yr Berm	08/27/21	08/27/21	2,000	100.00	100.15	3	0.50	0.50	0.50	0.27	0.46	0.27	-13.6	1.65	-3.05
31	3133EKPT7	FFCB 2 1/8 06/05/23	4Yr Bullet		06/05/23	5,000	100.00	104.72	236	2.12	2.12	2.12	0.18	0.18	0.18	4.6	2.37	0.07
33	9128286R6	T 2 1/4 04/30/24	5Yr Bullet		04/30/24	5,000	100.00	106.81	341	2.25	2.25	2.25	0.20	0.20	0.20	-0.3	3.22	0.12
						46,000	100.00	101.46	672	1.53	1.53	1.53	0.27	0.62	0.27	8.5	1.08	-0.95

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	TOAS	Eff Dur	Eff Conv
14	037833BF6	AAPL 2.7 05/13/22	AAPL	2.70	05/13/22	N	Fixed	Industrial	Aa1	AA+	1,000	100.00	103.32	2.70	0.27	1.37	9.8	1.36	0.02
21	594918BH6	MSFT 2.65 11/03/22	MSFT	2.65	11/03/22	Y	Fixed	Industrial	Aaa	AAA	1,000	100.00	104.10	2.65	0.20	1.68	2.0	1.66	0.03
22	92826CAC6	V 2.8 12/14/22	V	2.80	12/14/22	Y	Fixed	Finance	Aa3	AA-	1,500	100.00	104.63	2.80	0.21	1.79	4.2	1.77	0.04
23	037833DE7	AAPL 2.4 01/13/23	AAPL	2.40	01/13/23	Y	Fixed	Industrial	Aa1	AA+	1,000	100.00	104.11	2.40	0.29	1.95	15.4	1.90	0.05
24	30231GAR3	XOM 2.726 03/01/23	XOM	2.73	03/01/23	Y	Fixed	Industrial	Aa1	AA	1,000	100.00	104.75	2.73	0.34	2.00	21.7	1.95	0.05
25	30231GBL5	XOM 1.571 04/15/23	XOM	1.57	04/15/23	N	Fixed	Industrial	Aa1	AA	5,000	100.00	101.88	1.57	0.74	2.29	60.5	2.25	0.06
30	166764BV1	CVX 1.141 05/11/23	CVX	1.14	05/11/23	N	Fixed	Industrial	Aa2	AA	2,075	100.00	101.88	1.14	0.34	2.36	20.9	2.33	0.07
32	94988J5R4	WFC 3.55 08/14/23	WFC	3.55	08/14/23	Y	Fixed	Finance	Aa2	A+	3,000	100.00	108.01	3.55	0.38	2.54	23.8	2.42	0.07
				2.28							15,575	100.00	103.89	2.28	0.44	2.16	30.1	2.11	0.06

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	TOAS	Eff Dur	Eff Conv
8	38148PK97	GS 2.9 05/17/21	GS	2.90	05/17/21	N	Fixed	NCD	245	100.00	100.97	2.86	0.31	0.38	19.0	0.38	0.00
10	14042RFY2	COF 2 1/4 06/01/21	COF	2.25	06/01/21	N	Fixed	NCD	245	100.00	100.80	2.23	0.32	0.42	19.7	0.42	0.00
13	05580AMR2	BMW 2.95 05/11/22	BMW	2.95	05/11/22	N	Fixed	NCD	245	100.00	103.50	2.94	0.36	1.36	19.1	1.35	0.02
15	86063QAN5	SF 2.85 05/16/22	SF	2.85	05/16/22	N	Fixed	NCD	245	100.00	103.41	2.86	0.36	1.38	18.5	1.36	0.02
16	29278TBF6	Enerbank USA	29278	2.95	05/18/22	N	Fixed	NCD	245	100.00	103.56	2.97	0.37	1.38	19.7	1.37	0.02
17	51210SMT1	LAKESD 2 05/31/22	LAKESD	2.00	05/31/22	N	Fixed	NCD	245	100.00	102.29	2.00	0.38	1.42	20.1	1.41	0.02
18	02587CFM7	AXP 2.4 05/31/22	AXP	2.40	05/31/22	N	Fixed	NCD	245	100.00	102.86	2.39	0.37	1.42	19.4	1.41	0.02
26	61747MX30	MS 3.15 05/10/23	MS	3.15	05/10/23	N	Fixed	NCD	245	100.00	106.24	3.14	0.48	2.36	34.8	2.28	0.07
27	17312QL23	C 3.15 05/11/23	C	3.15	05/11/23	N	Fixed	NCD	245	100.00	106.25	3.14	0.48	2.36	34.6	2.28	0.07
28	87164WWF1	SYF 3.15 05/11/23	SYF	3.15	05/11/23	N	Fixed	NCD	245	100.00	106.25	3.14	0.48	2.36	34.6	2.28	0.07
29	20033AYE0	ADS 3.1 05/15/23	ADS	3.10	05/15/23	N	Fixed	NCD	245	100.00	106.16	3.11	0.48	2.38	35.0	2.29	0.07
				2.80					2,695	100.00	103.84	2.80	0.40	1.58	25.1	1.54	0.04

Book Yield Table - Instantaneous Rate Shock

Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Book Price	Projected Call Date - Instantaneous Rate Shock						Book Yield Table - Instantaneous Rate Shock					
						+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1	PLMDLLAIF	CITY ACCOUNT		53,850	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
2	PLMDLCAMP	PCA ACCOUNT		10,246	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
3	PLMDLLAIF	CITY ACCOUNT		59,844	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
4	3130ADME9	FHLB 2 3/8 02/08/21	3Yr Bullet	2,000	100.00	2/8/21	2/8/21	2/8/21	2/8/21	2/8/21	2/8/21	2.36	2.36	2.36	2.36	2.36	2.36
5	3134GVAQ1	FHLMC 1 3/4 02/12/25	5YrNC1Yr	5,000	100.00	2/12/22	2/12/21	2/12/21	2/12/21	2/12/21	2/12/21	1.75	1.74	1.74	1.74	1.74	1.74
6	3130AHZT3	FHLB 1.7 02/26/24	4YrNC1Yr Amer	5,000	100.00	2/26/21	2/26/21	2/26/21	2/26/21	2/26/21	2/26/21	1.70	1.70	1.70	1.70	1.70	1.70
7	9128284G2	T 2 3/8 04/15/21	3Yr Bullet	5,000	100.00	4/15/21	4/15/21	4/15/21	4/15/21	4/15/21	4/15/21	2.36	2.36	2.36	2.36	2.36	2.36
8	38148PK97	GS 2.9 05/17/21	3Yr Bullet	245	100.00	5/17/21	5/17/21	5/17/21	5/17/21	5/17/21	5/17/21	2.86	2.86	2.86	2.86	2.86	2.86
9	912828R77	T 1 3/8 05/31/21	5Yr Bullet	5,000	100.00	5/31/21	5/31/21	5/31/21	5/31/21	5/31/21	5/31/21	1.36	1.36	1.36	1.36	1.36	1.36
10	14042RFY2	COF 2 1/4 06/01/21	4Yr Bullet	245	100.00	6/1/21	6/1/21	6/1/21	6/1/21	6/1/21	6/1/21	2.23	2.23	2.23	2.23	2.23	2.23
11	3134GVN87	FHLMC 0.4 12/15/22	2.5YrNC1Yr 1x	5,000	100.00	12/15/22	12/15/22	12/15/22	6/15/21	6/15/21	6/15/21	0.40	0.40	0.40	0.40	0.40	0.40
12	3133EL2X1	FFCB 0.42 05/06/24	3.75YrNC3mo Amer	2,000	100.00	5/6/24	5/6/24	1/5/23	1/7/21	1/7/21	1/7/21	0.42	0.42	0.42	0.42	0.42	0.42
13	05580AMR2	BMW 2.95 05/11/22	4Yr Bullet	245	100.00	5/11/22	5/11/22	5/11/22	5/11/22	5/11/22	5/11/22	2.94	2.94	2.94	2.94	2.94	2.94
14	037833BF6	AAPL 2.7 05/13/22	7YrNC1mo	1,000	100.00	5/13/22	5/13/22	5/13/22	5/13/22	5/13/22	5/13/22	2.70	2.70	2.70	2.70	2.70	2.70
15	86063QAN5	SF 2.85 05/16/22	4Yr Bullet	245	100.00	5/16/22	5/16/22	5/16/22	5/16/22	5/16/22	5/16/22	2.86	2.86	2.86	2.86	2.86	2.86
16	29278TBF6	Enerbank USA		245	100.00	5/18/22	5/18/22	5/18/22	5/18/22	5/18/22	5/18/22	2.97	2.97	2.97	2.97	2.97	2.97
17	51210SMT1	LAKESD 2 05/31/22	5Yr Bullet	245	100.00	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	2.00	2.00	2.00	2.00	2.00	2.00
18	02587CFM7	AXP 2.4 05/31/22	5Yr Bullet	245	100.00	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	2.39	2.39	2.39	2.39	2.39	2.39
19	3133ELK37	FFCB 0.78 06/16/25	5YrNC1Yr Amer	5,000	100.00	6/16/25	1/15/24	4/15/22	6/16/21	6/16/21	6/16/21	0.78	0.78	0.78	0.78	0.78	0.78
20	3134GWNG7	FHLMC 0 1/2 11/27/24	4.25YrNC1Yr Berm	2,000	100.00	11/27/24	8/27/24	5/27/22	8/27/21	8/27/21	8/27/21	0.50	0.50	0.50	0.50	0.50	0.50
21	594918BH6	MSFT 2.65 11/03/22	7YrNC6.8Yr Amer	1,000	100.00	9/3/22	9/3/22	9/3/22	9/3/22	9/3/22	9/3/22	2.65	2.65	2.65	2.65	2.65	2.65
22	92826CAC6	V 2.8 12/14/22	7YrNC6.8Yr Amer	1,500	100.00	10/14/22	10/14/22	10/14/22	10/14/22	10/14/22	10/14/22	2.80	2.80	2.80	2.80	2.80	2.80
23	037833DE7	AAPL 2.4 01/13/23	5.25YrNC5.1Yr Amer	1,000	100.00	12/13/22	12/13/22	12/13/22	12/13/22	12/13/22	12/13/22	2.40	2.40	2.40	2.40	2.40	2.40
24	30231GAR3	XOM 2.726 03/01/23	7YrNC6.8Yr Amer	1,000	100.00	1/1/23	1/1/23	1/1/23	1/1/23	1/1/23	1/1/23	2.73	2.73	2.73	2.73	2.73	2.73
25	30231GBL5	XOM 1.571 04/15/23	3YrNC1mo	5,000	100.00	4/15/23	4/15/23	4/15/23	4/15/23	4/15/23	4/15/23	1.57	1.57	1.57	1.57	1.57	1.57
26	61747MX30	MS 3.15 05/10/23	5Yr Bullet	245	100.00	5/10/23	5/10/23	5/10/23	5/10/23	5/10/23	5/10/23	3.14	3.14	3.14	3.14	3.14	3.14
27	17312QL23	C 3.15 05/11/23	5Yr Bullet	245	100.00	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	3.14	3.14	3.14	3.14	3.14	3.14
28	87164WWF1	SYF 3.15 05/11/23	5Yr Bullet	245	100.00	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	3.14	3.14	3.14	3.14	3.14	3.14
29	20033AYE0	ADS 3.1 05/15/23	5Yr Bullet	245	100.00	5/15/23	5/15/23	5/15/23	5/15/23	5/15/23	5/15/23	3.11	3.11	3.11	3.11	3.11	3.11
30	166764BV1	CVX 1.141 05/11/23	3YrNC1mo	2,075	100.00	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	1.14	1.14	1.14	1.14	1.14	1.14

Book Yield Table - Instantaneous Rate Shock

Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Book Price	Projected Call Date - Instantaneous Rate Shock						Book Yield Table - Instantaneous Rate Shock					
						+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
31	3133EKPT7	FFCB 2 1/8 06/05/23	4Yr Bullet	5,000	100.00	6/5/23	6/5/23	6/5/23	6/5/23	6/5/23	6/5/23	2.12	2.12	2.12	2.12	2.12	2.12
32	94988J5R4	WFC 3.55 08/14/23	5YrNC4.9Yr Amer	3,000	100.00	7/14/23	7/14/23	7/14/23	7/14/23	7/14/23	7/14/23	3.55	3.55	3.55	3.55	3.55	3.55
33	9128286R6	T 2 1/4 04/30/24	5Yr Bullet	5,000	100.00	4/30/24	4/30/24	4/30/24	4/30/24	4/30/24	4/30/24	2.25	2.25	2.25	2.25	2.25	2.25
				188,211	100.00							1.13	1.13	1.13	1.13	1.13	1.13

Market Yield Table - Instantaneous Rate Shock

Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Mkt Price	Projected Call Date - Instantaneous Rate Shock						Market Yield Table - Instantaneous Rate Shock					
						+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1	PLMDLLAIF	CITY ACCOUNT		53,850	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
2	PLMDLCAMP	PCA ACCOUNT		10,246	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
3	PLMDLLAIF	CITY ACCOUNT		59,844	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
4	3130ADME9	FHLB 2 3/8 02/08/21	3Yr Bullet	2,000	100.19	2/8/21	2/8/21	2/8/21	2/8/21	2/8/21	2/8/21	0.57	0.57	0.57	0.57	0.57	0.57
5	3134GVAQ1	FHLMC 1 3/4 02/12/25	5YrNC1Yr	5,000	100.16	2/12/22	2/12/21	2/12/21	2/12/21	2/12/21	2/12/21	1.60	0.38	0.38	0.38	0.38	0.38
6	3130AHZT3	FHLB 1.7 02/26/24	4YrNC1Yr Amer	5,000	100.22	2/26/21	2/26/21	2/26/21	2/26/21	2/26/21	2/26/21	0.28	0.28	0.28	0.28	0.28	0.28
7	9128284G2	T 2 3/8 04/15/21	3Yr Bullet	5,000	100.63	4/15/21	4/15/21	4/15/21	4/15/21	4/15/21	4/15/21	0.19	0.19	0.19	0.19	0.19	0.19
8	38148PK97	GS 2.9 05/17/21	3Yr Bullet	245	100.97	5/17/21	5/17/21	5/17/21	5/17/21	5/17/21	5/17/21	0.31	0.31	0.31	0.31	0.31	0.31
9	912828R77	T 1 3/8 05/31/21	5Yr Bullet	5,000	100.50	5/31/21	5/31/21	5/31/21	5/31/21	5/31/21	5/31/21	0.16	0.16	0.16	0.16	0.16	0.16
10	14042RFY2	COF 2 1/4 06/01/21	4Yr Bullet	245	100.80	6/1/21	6/1/21	6/1/21	6/1/21	6/1/21	6/1/21	0.32	0.32	0.32	0.32	0.32	0.32
11	3134GVN87	FHLMC 0.4 12/15/22	2.5YrNC1Yr 1x	5,000	100.11	12/15/22	12/15/22	12/15/22	6/15/21	6/15/21	6/15/21	0.34	0.34	0.34	0.16	0.16	0.16
12	3133EL2X1	FFCB 0.42 05/06/24	3.75YrNC3mo Amer	2,000	100.00	5/6/24	5/6/24	1/5/23	1/7/21	1/7/21	1/7/21	0.42	0.42	0.42	0.42	0.42	0.42
13	05580AMR2	BMW 2.95 05/11/22	4Yr Bullet	245	103.50	5/11/22	5/11/22	5/11/22	5/11/22	5/11/22	5/11/22	0.36	0.36	0.36	0.36	0.36	0.36
14	037833BF6	AAPL 2.7 05/13/22	7YrNC1mo	1,000	103.32	5/13/22	5/13/22	5/13/22	5/13/22	5/13/22	5/13/22	0.27	0.27	0.27	0.27	0.27	0.27
15	86063QAN5	SF 2.85 05/16/22	4Yr Bullet	245	103.41	5/16/22	5/16/22	5/16/22	5/16/22	5/16/22	5/16/22	0.36	0.36	0.36	0.36	0.36	0.36
16	29278TBF6	Enerbank USA		245	103.56	5/18/22	5/18/22	5/18/22	5/18/22	5/18/22	5/18/22	0.37	0.37	0.37	0.37	0.37	0.37
17	51210SMT1	LAKESD 2 05/31/22	5Yr Bullet	245	102.29	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	0.38	0.38	0.38	0.38	0.38	0.38
18	02587CFM7	AXP 2.4 05/31/22	5Yr Bullet	245	102.86	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	5/31/22	0.37	0.37	0.37	0.37	0.37	0.37
19	3133ELK37	FFCB 0.78 06/16/25	5YrNC1Yr Amer	5,000	100.15	6/16/25	1/15/24	4/15/22	6/16/21	6/16/21	6/16/21	0.75	0.73	0.66	0.45	0.45	0.45
20	3134GWNG7	FHLMC 0 1/2 11/27/24	4.25YrNC1Yr Berm	2,000	100.15	11/27/24	8/27/24	5/27/22	8/27/21	8/27/21	8/27/21	0.46	0.46	0.39	0.27	0.27	0.27
21	594918BH6	MSFT 2.65 11/03/22	7YrNC6.8Yr Amer	1,000	104.10	9/3/22	9/3/22	9/3/22	9/3/22	9/3/22	9/3/22	0.20	0.20	0.20	0.20	0.20	0.20
22	92826CAC6	V 2.8 12/14/22	7YrNC6.8Yr Amer	1,500	104.63	10/14/22	10/14/22	10/14/22	10/14/22	10/14/22	10/14/22	0.21	0.21	0.21	0.21	0.21	0.21
23	037833DE7	AAPL 2.4 01/13/23	5.25YrNC5.1Yr Amer	1,000	104.11	12/13/22	12/13/22	12/13/22	12/13/22	12/13/22	12/13/22	0.29	0.29	0.29	0.29	0.29	0.29
24	30231GAR3	XOM 2.726 03/01/23	7YrNC6.8Yr Amer	1,000	104.75	1/1/23	1/1/23	1/1/23	1/1/23	1/1/23	1/1/23	0.34	0.34	0.34	0.34	0.34	0.34
25	30231GBL5	XOM 1.571 04/15/23	3YrNC1mo	5,000	101.88	4/15/23	4/15/23	4/15/23	4/15/23	4/15/23	4/15/23	0.74	0.74	0.74	0.74	0.74	0.74
26	61747MX30	MS 3.15 05/10/23	5Yr Bullet	245	106.24	5/10/23	5/10/23	5/10/23	5/10/23	5/10/23	5/10/23	0.48	0.48	0.48	0.48	0.48	0.48
27	17312QL23	C 3.15 05/11/23	5Yr Bullet	245	106.25	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	0.48	0.48	0.48	0.48	0.48	0.48
28	87164WWF1	SYF 3.15 05/11/23	5Yr Bullet	245	106.25	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	0.48	0.48	0.48	0.48	0.48	0.48
29	20033AYE0	ADS 3.1 05/15/23	5Yr Bullet	245	106.16	5/15/23	5/15/23	5/15/23	5/15/23	5/15/23	5/15/23	0.48	0.48	0.48	0.48	0.48	0.48
30	166764BV1	CVX 1.141 05/11/23	3YrNC1mo	2,075	101.88	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	5/11/23	0.34	0.34	0.34	0.34	0.34	0.34

Market Yield Table - Instantaneous Rate Shock

Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Mkt Price	Projected Call Date - Instantaneous Rate Shock						Market Yield Table - Instantaneous Rate Shock					
						+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
31	3133EKPT7	FFCB 2 1/8 06/05/23	4Yr Bullet	5,000	104.72	6/5/23	6/5/23	6/5/23	6/5/23	6/5/23	6/5/23	0.18	0.18	0.18	0.18	0.18	0.18
32	94988J5R4	WFC 3.55 08/14/23	5YrNC4.9Yr Amer	3,000	108.01	7/14/23	7/14/23	7/14/23	7/14/23	7/14/23	7/14/23	0.38	0.38	0.38	0.38	0.38	0.38
33	9128286R6	T 2 1/4 04/30/24	5Yr Bullet	5,000	106.81	4/30/24	4/30/24	4/30/24	4/30/24	4/30/24	4/30/24	0.20	0.20	0.20	0.20	0.20	0.20
				188,211	100.73							0.67	0.64	0.64	0.62	0.62	0.62

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	PLMDLLAIF	CITY ACCOUNT		53,850	100.00	-0.09	-0.04	-0.02	0.00	0.02	0.04	0.67	0.43	0.32	0.20	0.13	0.13
2	PLMDLCAMP	PCA ACCOUNT		10,246	100.00	-0.09	-0.04	-0.02	0.00	0.02	0.04	0.67	0.43	0.32	0.20	0.13	0.13
3	PLMDLLAIF	CITY ACCOUNT		59,844	100.00	-0.09	-0.04	-0.02	0.00	0.02	0.04	0.67	0.43	0.32	0.20	0.13	0.13
4	3130ADME9	FHLB 2 3/8 02/08/21	3Yr Bullet	2,000	100.19	-0.11	-0.05	-0.03	0.00	0.03	0.05	0.64	0.42	0.30	0.19	0.13	0.13
5	3134GVAQ1	FHLMC 1 3/4 02/12/25	5YrNC1Yr	5,000	100.16	-0.36	-0.06	-0.03	0.00	0.03	0.06	1.60	0.39	0.28	0.18	0.11	0.11
6	3130AHZT3	FHLB 1.7 02/26/24	4YrNC1Yr Amer	5,000	100.22	-0.18	-0.08	-0.04	0.00	0.04	0.08	0.57	0.37	0.27	0.17	0.11	0.11
7	9128284G2	T 2 3/8 04/15/21	3Yr Bullet	5,000	100.63	-0.29	-0.15	-0.07	0.00	0.07	0.15	0.57	0.36	0.26	0.16	0.10	0.10
8	38148PK97	GS 2.9 05/17/21	3Yr Bullet	245	100.97	-0.38	-0.19	-0.10	0.00	0.09	0.19	0.59	0.40	0.30	0.21	0.15	0.15
9	912828R77	T 1 3/8 05/31/21	5Yr Bullet	5,000	100.50	-0.42	-0.21	-0.10	0.00	0.10	0.21	0.55	0.35	0.25	0.16	0.10	0.10
10	14042RFY2	COF 2 1/4 06/01/21	4Yr Bullet	245	100.80	-0.42	-0.21	-0.11	0.00	0.11	0.21	0.61	0.42	0.32	0.22	0.16	0.16
11	3134GVN87	FHLMC 0.4 12/15/22	2.5YrNC1Yr 1x	5,000	100.11	-1.56	-0.60	-0.20	0.00	0.12	0.24	-0.45	0.02	0.26	0.15	0.10	0.10
12	3133EL2X1	FFCB 0.42 05/06/24	3.75YrNC3mo Amer	2,000	100.00	-2.38	-0.98	-0.39	0.00	0.01	0.02	-1.05	-0.04	0.35	0.15	0.09	0.09
13	05580AMR2	BMW 2.95 05/11/22	4Yr Bullet	245	103.50	-1.35	-0.68	-0.34	0.00	0.34	0.68	0.04	0.21	0.30	0.38	0.47	0.56
14	037833BF6	AAPL 2.7 05/13/22	7YrNC1mo	1,000	103.32	-1.35	-0.68	-0.34	0.00	0.34	0.69	-0.06	0.11	0.20	0.29	0.38	0.47
15	86063QAN5	SF 2.85 05/16/22	4Yr Bullet	245	103.41	-1.35	-0.68	-0.34	0.00	0.34	0.69	0.02	0.20	0.29	0.38	0.47	0.56
16	29278TBF6	Enerbank USA		245	103.56	-1.35	-0.68	-0.34	0.00	0.34	0.69	0.03	0.21	0.30	0.39	0.48	0.57
17	51210SMT1	LAKESD 2 05/31/22	5Yr Bullet	245	102.29	-1.40	-0.70	-0.35	0.00	0.35	0.71	-0.01	0.19	0.29	0.39	0.49	0.60
18	02587CFM7	AXP 2.4 05/31/22	5Yr Bullet	245	102.86	-1.40	-0.70	-0.35	0.00	0.35	0.71	-0.02	0.19	0.29	0.39	0.49	0.59
19	3133ELK37	FFCB 0.78 06/16/25	5YrNC1Yr Amer	5,000	100.15	-2.81	-1.11	-0.45	0.00	0.23	0.37	-1.09	0.21	0.62	0.29	0.24	0.24
20	3134GWNG7	FHLMC 0 1/2 11/27/24	4.25YrNC1Yr Berm	2,000	100.15	-2.69	-1.12	-0.48	0.00	0.30	0.50	-1.26	-0.08	0.33	0.23	0.19	0.19
21	594918BH6	MSFT 2.65 11/03/22	7YrNC6.8Yr Amer	1,000	104.10	-1.65	-0.83	-0.42	0.00	0.42	0.84	-0.43	-0.11	0.05	0.22	0.38	0.55
22	92826CAC6	V 2.8 12/14/22	7YrNC6.8Yr Amer	1,500	104.63	-1.75	-0.88	-0.44	0.00	0.44	0.89	-0.54	-0.17	0.03	0.22	0.41	0.60
23	037833DE7	AAPL 2.4 01/13/23	5.25YrNC5.1Yr Amer	1,000	104.11	-1.90	-0.95	-0.48	0.00	0.48	0.97	-0.65	-0.19	0.04	0.27	0.50	0.73
24	30231GAR3	XOM 2.726 03/01/23	7YrNC6.8Yr Amer	1,000	104.75	-1.94	-0.98	-0.49	0.00	0.49	0.99	-0.64	-0.17	0.07	0.31	0.55	0.79
25	30231GBL5	XOM 1.571 04/15/23	3YrNC1mo	5,000	101.88	-2.22	-1.12	-0.56	0.00	0.57	1.14	-0.57	0.05	0.37	0.69	1.01	1.33
26	61747MX30	MS 3.15 05/10/23	5Yr Bullet	245	106.24	-2.26	-1.14	-0.57	0.00	0.57	1.15	-0.87	-0.22	0.10	0.43	0.75	1.08
27	17312QL23	C 3.15 05/11/23	5Yr Bullet	245	106.25	-2.26	-1.14	-0.57	0.00	0.58	1.16	-0.87	-0.23	0.10	0.43	0.75	1.08
28	87164WWF1	SYF 3.15 05/11/23	5Yr Bullet	245	106.25	-2.26	-1.14	-0.57	0.00	0.58	1.16	-0.87	-0.23	0.10	0.43	0.75	1.08
29	20033AYE0	ADS 3.1 05/15/23	5Yr Bullet	245	106.16	-2.26	-1.14	-0.57	0.00	0.58	1.15	-0.87	-0.23	0.10	0.43	0.76	1.09
30	166764BV1	CVX 1.141 05/11/23	3YrNC1mo	2,075	101.88	-2.30	-1.16	-0.58	0.00	0.59	1.17	-1.05	-0.39	-0.05	0.29	0.63	0.97
31	3133EKPT7	FFCB 2 1/8 06/05/23	4Yr Bullet	5,000	104.72	-2.34	-1.18	-0.59	0.00	0.60	1.20	-1.26	-0.57	-0.23	0.12	0.47	0.82
32	94988J5R4	WFC 3.55 08/14/23	5YrNC4.9Yr Amer	3,000	108.01	-2.41	-1.22	-0.61	0.00	0.61	1.23	-1.12	-0.40	-0.04	0.32	0.68	1.05
33	9128286R6	T 2 1/4 04/30/24	5Yr Bullet	5,000	106.81	-3.17	-1.60	-0.81	0.00	0.81	1.63	-1.85	-0.76	-0.20	0.35	0.91	1.47

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
				188,211	100.73	-0.61	-0.29	-0.14	0.00	0.12	0.25	0.32	0.28	0.27	0.22	0.22	0.27

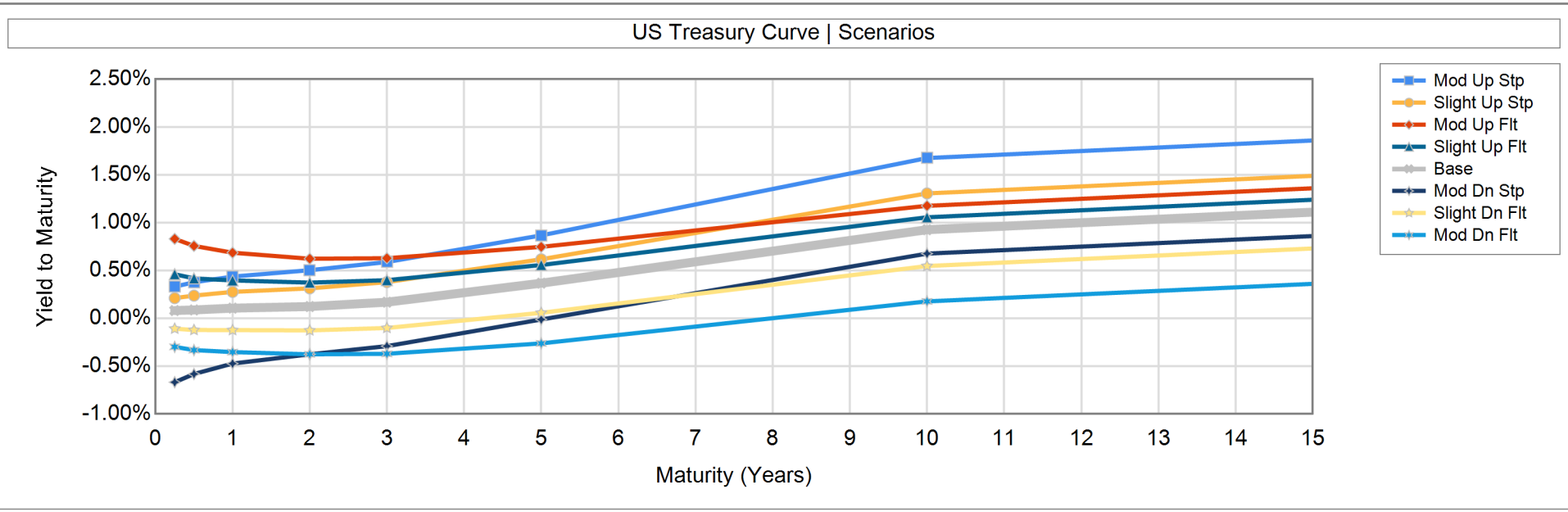
Redemption at Next Call Date - Instantaneous Rate Shock

						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
5	3134GVAQ1	FHLMC 1 3/4 02/12/25	5YrNC1Yr	5,000	02/12/21	17%	100%	100%	100%	100%	100%	12	-38	-63	-89	-114	-139
6	3130AHZT3	FHLB 1.7 02/26/24	4YrNC1Yr Amer	5,000	02/26/21	83%	100%	100%	100%	100%	100%	-4	-54	-79	-104	-129	-154
11	3134GVN87	FHLMC 0.4 12/15/22	2.5YrNC1Yr 1x	5,000	06/15/21	0%	2%	34%	98%	100%	100%	84	34	9	-16	-41	-66
12	3133EL2X1	FFCB 0.42 05/06/24	3.75YrNC3mo Amer	2,000	01/19/21	0%	0%	0%	0%	100%	100%	100	50	25	0	-25	-47
19	3133ELK37	FFCB 0.78 06/16/25	5YrNC1Yr Amer	5,000	06/16/21	0%	2%	12%	66%	88%	98%	90	41	16	-9	-34	-59
20	3134GWNG7	FHLMC 0 1/2 11/27/24	4.25YrNC1Yr Berm	2,000	08/27/21	0%	1%	16%	63%	84%	95%	91	41	16	-9	-34	-59
21	594918BH6	MSFT 2.65 11/03/22	7YrNC6.8Yr Amer	1,000	09/03/22	100%	100%	100%	100%	100%	100%	-144	-194	-219	-244	-270	-295
22	92826CAC6	V 2.8 12/14/22	7YrNC6.8Yr Amer	1,500	10/14/22	100%	100%	100%	100%	100%	100%	-158	-208	-234	-259	-284	-309
23	037833DE7	AAPL 2.4 01/13/23	5.25YrNC5.1Yr Amer	1,000	12/13/22	98%	100%	100%	100%	100%	100%	-111	-161	-186	-211	-236	-261
24	30231GAR3	XOM 2.726 03/01/23	7YrNC6.8Yr Amer	1,000	01/01/23	97%	100%	100%	100%	100%	100%	-136	-186	-211	-236	-261	-286
32	94988J5R4	WFC 3.55 08/14/23	5YrNC4.9Yr Amer	3,000	07/14/23	98%	100%	100%	100%	100%	100%	-216	-266	-291	-316	-341	-366
				31,500													

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	25	13	75	38	100	50	25	0	-25	-50	-75	-19	-38
	6mo	29	15	67	33	100	50	25	0	-25	-50	-67	-21	-42
	12mo	33	17	58	29	100	50	25	0	-25	-50	-58	-23	-46
	2yr	38	19	50	25	100	50	25	0	-25	-50	-50	-25	-50
	3yr	42	21	46	23	100	50	25	0	-25	-50	-46	-27	-54
	5yr	50	25	38	19	100	50	25	0	-25	-50	-38	-31	-63
	10yr	75	38	25	13	100	50	25	0	-25	-50	-25	-38	-75
	30yr	75	38	25	13	100	50	25	0	-25	-50	-25	-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



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	Swap 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	3 Month LIBOR
• 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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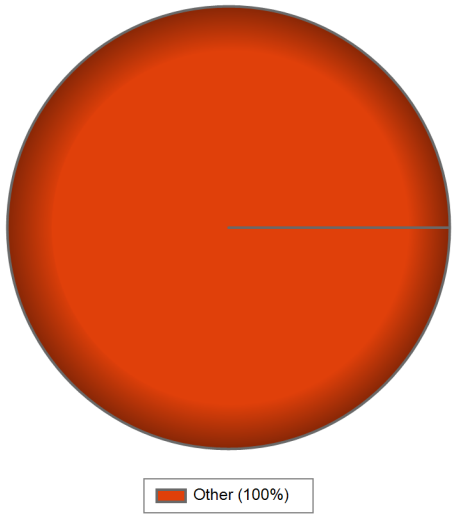
Portfolio Overview

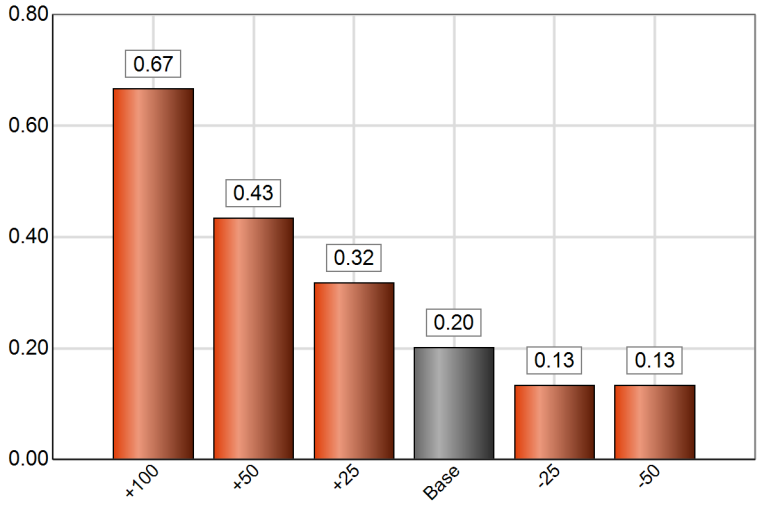
Portfolio Attributes

Curr. Face	5,174
Mkt. Value	5,174
Book Value	5,174
Est. Gain/Loss	0
Ave. Mkt. Price	100.00
Ave. Bk. Price	100.00
Eff. Dur.	0.09
Eff. Conv.	0.00
TOAS	67.9
Mkt YTP	0.79
Bk YTP	0.79
WAL	0.08
Line Items	1

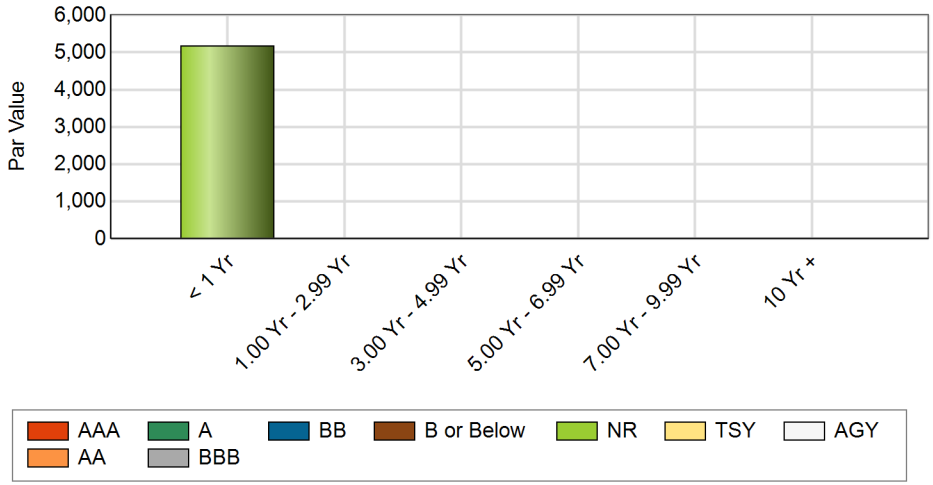
Sector Allocation



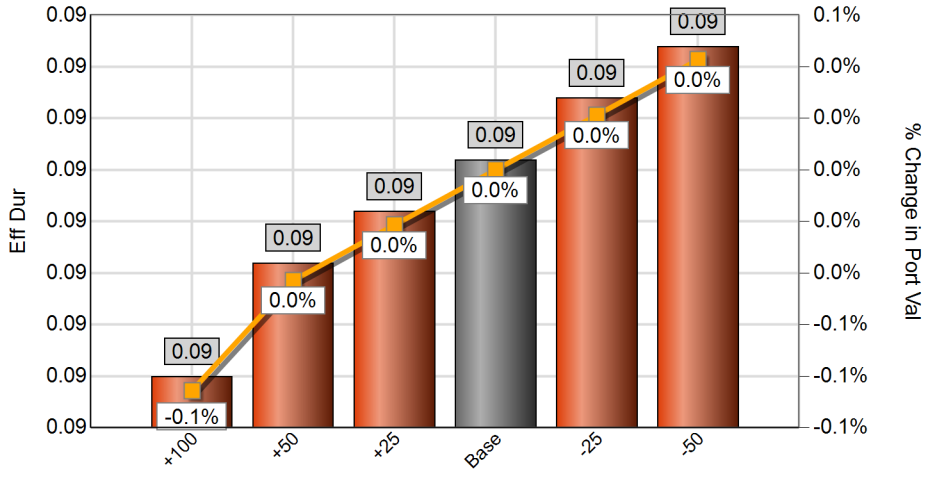
Projected TRR - 12 Mo Horizon



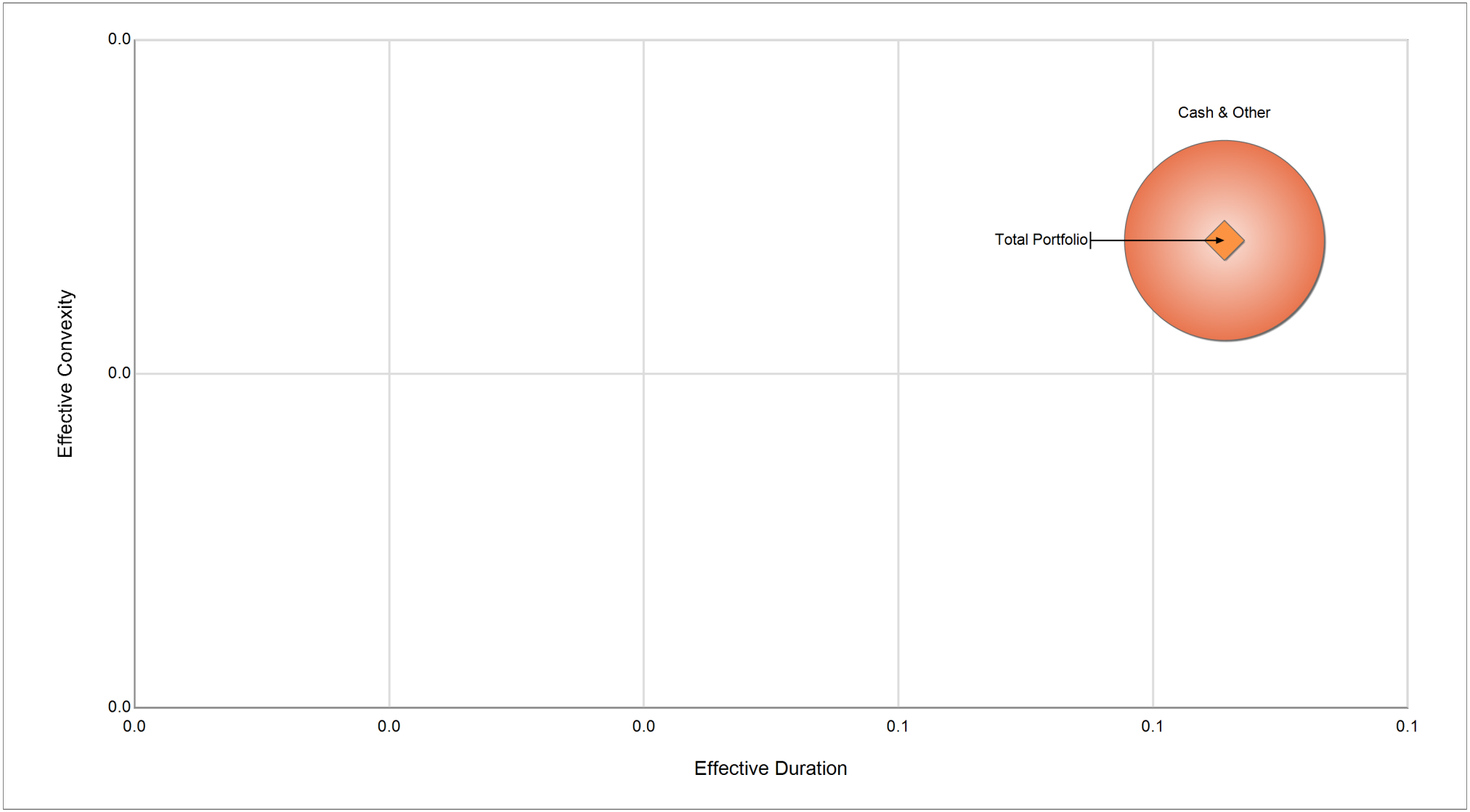
Combined Rating Distribution By Maturity



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



Duration/Convexity

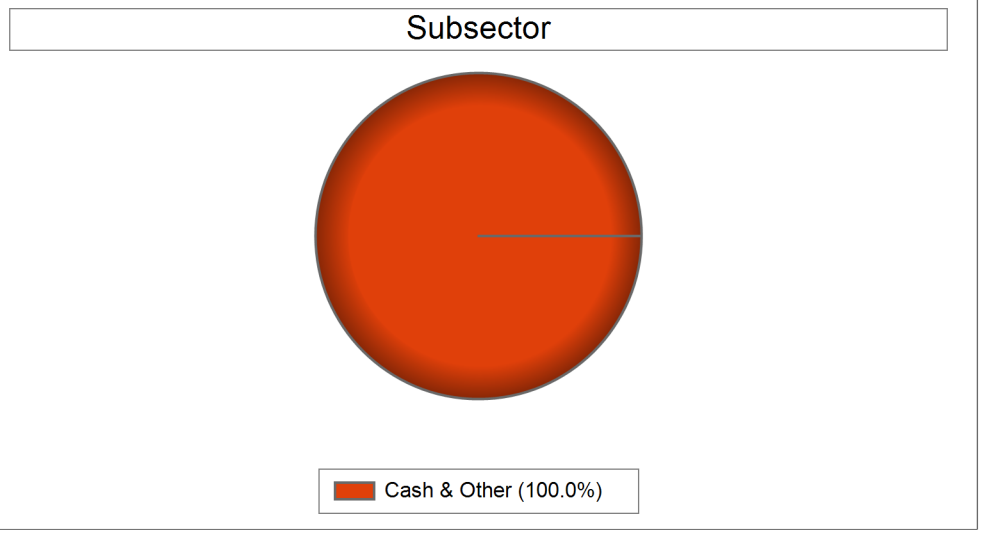


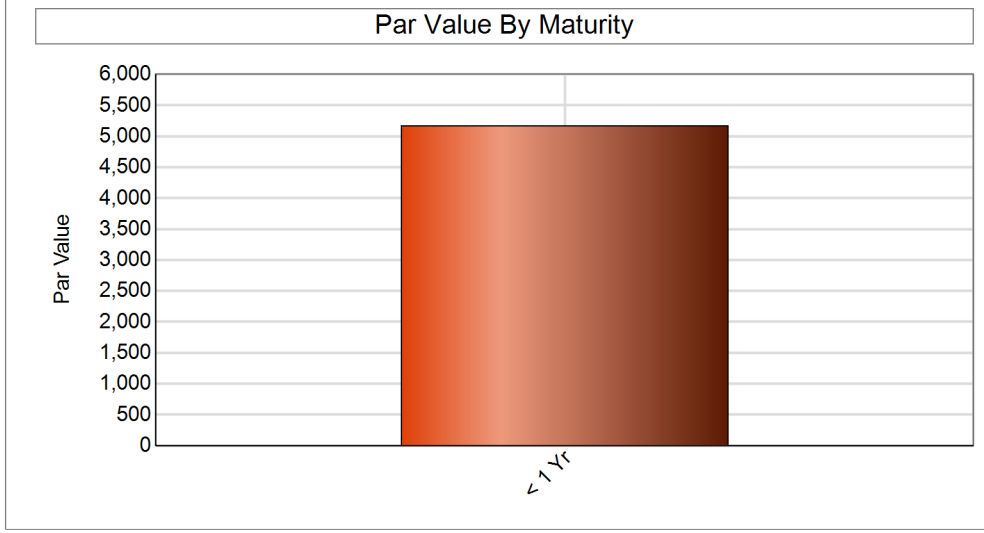
Eff. Dur.	0.09
Eff. Conv.	0.00

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
Cash & Other	5,174	5,174	100.0%	100.00	100.00	0	0.00	0.79	0.79	0.09	0.09	0.09	0.0%	0	0.0%
Portfolio Totals	5,174	5,174	100.0%	100.00	100.00	0	0.00	0.79	0.79	0.09	0.09	0.09	0.0%	0	0.0%

Other - Summary





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 Chg -50 +100	Dur Base	Cvx Base	AFS %
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.0	0.09	0.00	
Cash & Other (1)	100.0%	5,174	0.78		5,174	0.79	5,174	0.79	-4	-0.1%	0.08	-0.1			100.0%
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.0	0.09	0.00	
Total (1)	100.0%	5,174	0.78		5,174	0.79	5,174	0.79	-4	-0.1%	0.08	-0.1			100.0%

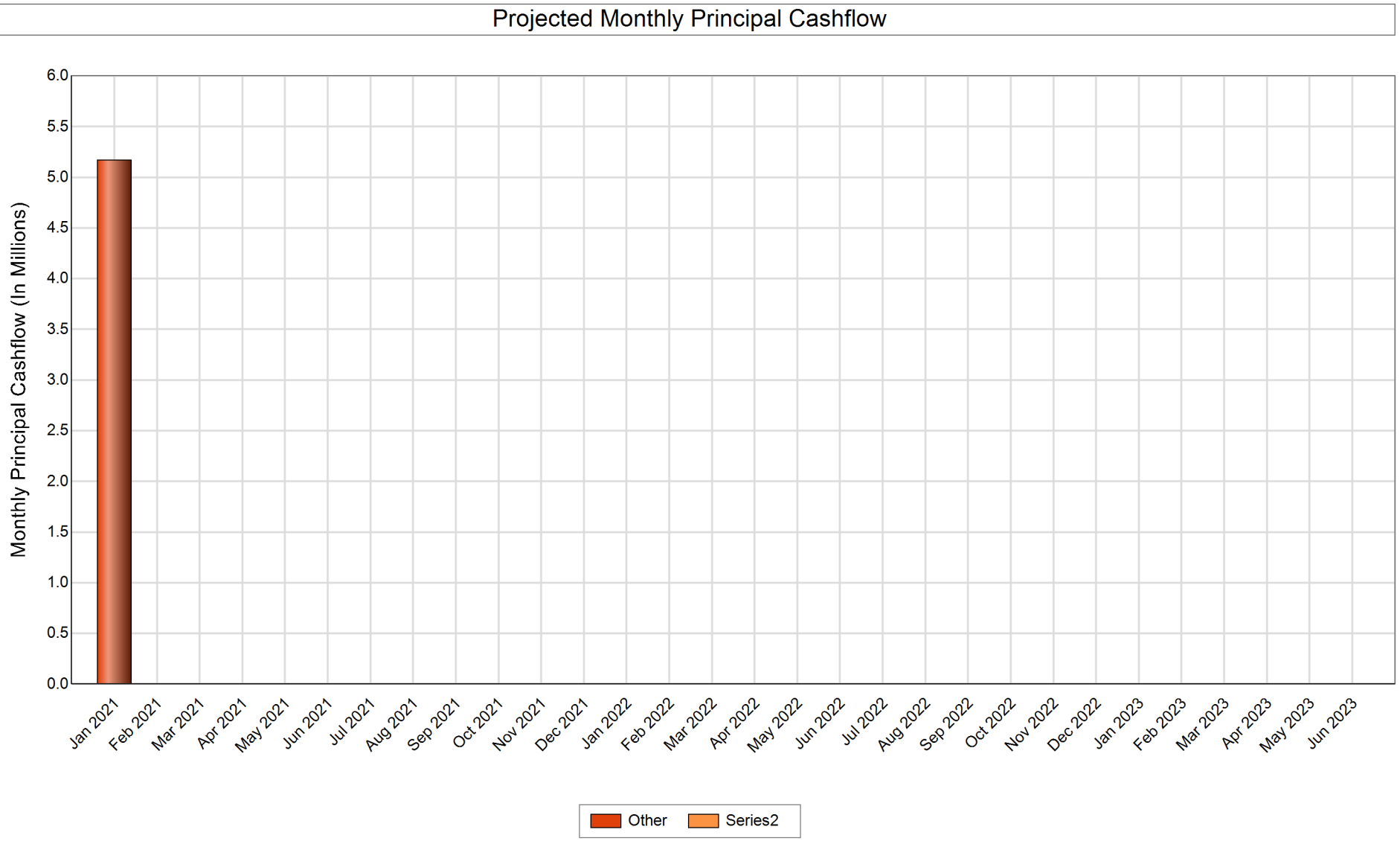
Peer Group Comparison

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	Fix ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD	Other	% Fixed
1	12/20	3,750	0.0	1.04	0.3		3.9			-2.4	1.0	-3.9	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
2	12/20	2,000	1.3	2.30	0.7		1.2			-0.9	0.7	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
3	10/20	9,006	0.8	-0.41	4.3		5.0			-4.5	4.6	0.3	0%	0%	0%	0%	0%	0%	0%	0%	76%	3%	21%	0%	97%
4	09/20	11,123	0.6	1.14	0.7		1.3			-1.1	0.9	-0.7	45%	0%	0%	0%	0%	0%	0%	0%	28%	0%	27%	0%	100%
5	09/20	12,851	4.3	1.30	2.5		2.6			-2.4	2.5	0.1	0%	0%	0%	0%	0%	0%	0%	0%	24%	38%	38%	0%	100%
6	09/20	12,890	1.1	1.58	1.0		1.4			-1.3	1.2	-0.6	16%	0%	0%	0%	0%	0%	0%	0%	42%	0%	42%	0%	100%
7	11/20	12,961	3.0	2.15	2.4		2.4			-2.3	2.4	0.1	0%	0%	0%	0%	0%	0%	0%	0%	42%	26%	33%	0%	100%
8	11/20	17,705	2.9	2.09	3.2		3.3			-2.8	2.6	-0.2	0%	17%	0%	31%	0%	35%	16%	0%	0%	0%	0%	0%	93%
9	12/20	21,143	0.3	1.41	0.4		3.1			-2.0	0.8	-2.5	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	100%
10	12/20	21,257	6.8	3.12	4.4		4.9			-3.8	3.6	-0.1	29%	33%	0%	7%	0%	2%	0%	2%	0%	18%	0%	0%	98%
11	12/20	21,747	0.7	1.41	0.8		2.8			-2.1	1.2	-1.8	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	100%
12	12/20	22,999	0.5	1.20	0.9		3.0			-2.1	1.4	-1.8	39%	2%	0%	2%	0%	0%	0%	0%	0%	7%	50%	0%	96%
13	09/20	34,012	2.0	1.53	1.6		4.1			-2.8	2.1	-2.2	68%	0%	0%	0%	0%	0%	0%	0%	0%	0%	32%	0%	100%
14	09/20	39,351	1.5	1.24	1.5		3.7			-2.8	2.2	-1.5	67%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%	0%	99%
15	09/20	48,940	1.2	1.63	0.9		1.8			-1.5	1.1	-0.9	92%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	0%	100%
16	10/20	55,997	0.3	1.17	1.6		3.6			-2.8	2.2	-2.1	64%	0%	0%	0%	0%	0%	0%	0%	0%	0%	36%	0%	100%
17	10/20	69,917	0.2	0.76	1.1		1.7			-1.5	1.2	-0.8	61%	0%	0%	0%	0%	0%	0%	0%	4%	13%	22%	0%	100%
18	11/20	105,014	3.1	1.37	3.3		3.4			-3.1	3.2	0.1	8%	3%	0%	0%	0%	28%	0%	0%	55%	5%	1%	0%	100%
19	10/20	126,353	1.8	1.50	1.7		1.7			-1.7	1.7	0.0	90%	0%	0%	0%	0%	0%	0%	0%	2%	0%	8%	0%	100%
20	10/20	163,016	3.4	1.92	2.3		2.4			-2.3	2.3	0.0	58%	0%	0%	0%	0%	0%	0%	0%	11%	18%	13%	0%	100%
21	12/20	233,305	2.5	2.29	2.1		2.2			-2.1	2.1	0.0	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
22	09/20	363,056	0.0	0.76	1.7		2.5			-1.9	1.5	-1.2	53%	0%	0%	0%	0%	0%	0%	0%	5%	42%	0%	0%	86%
23	10/20	486,985	2.7	1.95	3.0		4.2			-3.4	3.1	-0.7	55%	0%	0%	0%	0%	0%	0%	0%	33%	5%	7%	0%	100%
24	12/20	537,009	0.4	0.90	1.1		1.5			-1.4	1.2	-0.5	84%	0%	0%	0%	0%	0%	0%	0%	16%	0%	0%	0%	99%
25	09/20	575,378	2.0	1.61	1.4		1.9			-1.6	1.4	-0.5	96%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	100%
Avg		120,311	1.7	1.48	1.8		2.8			-2.3	1.9	-0.9	57%	2%	0%	2%	0%	3%	1%	0%	14%	7%	15%	0%	99%
Port	12/20	5,174	0.0	0.79	0.1	0.1	0.1	0.0	0.0	-0.1	0.1	0.0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%

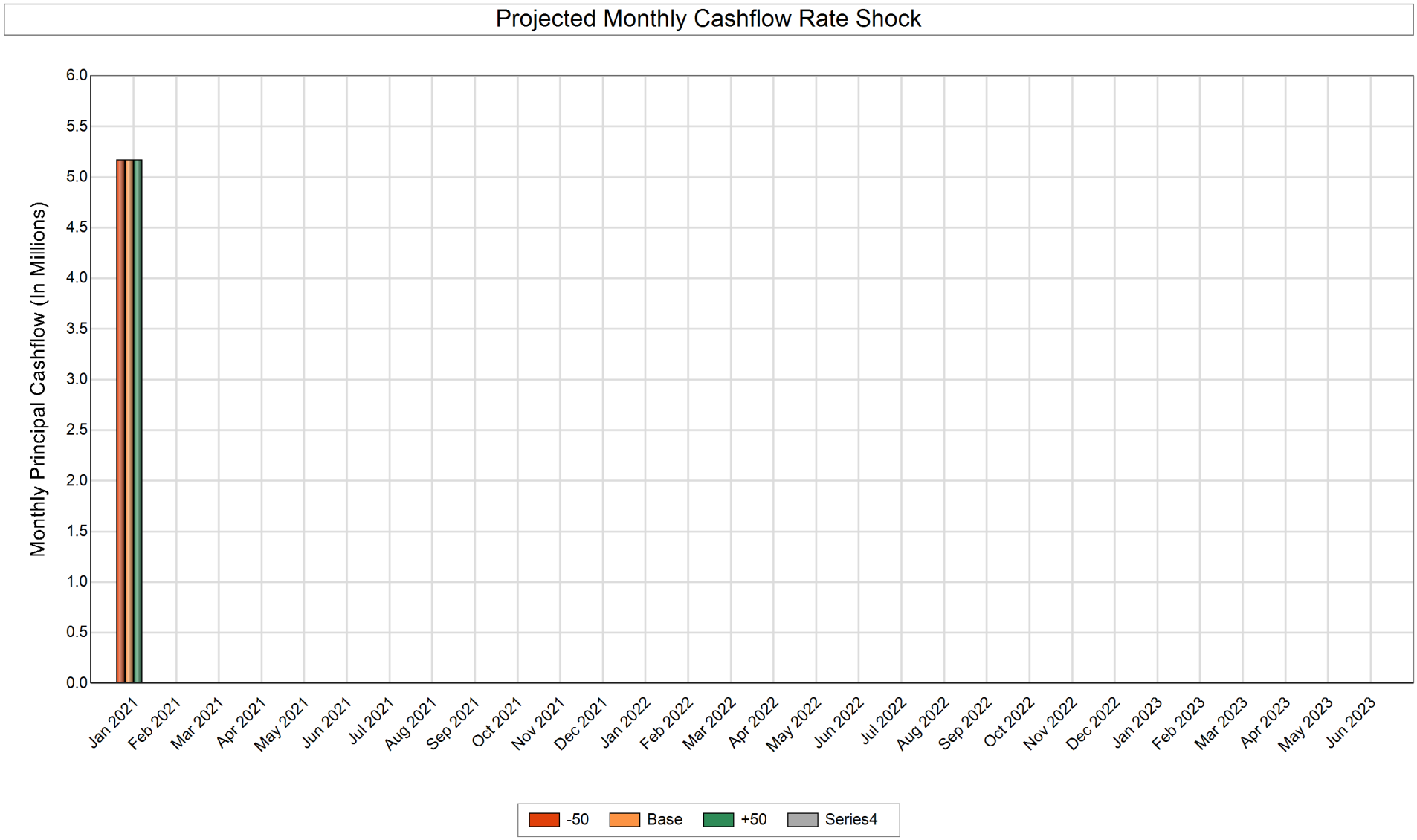
Peer Group Comparison

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	Fix ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD	Other	% Fixed
Diff		-115,137	-1.7	-0.69	-1.7		-2.7		2.2		-1.8	0.9	-57%	-2%	0%	-2%	0%	-3%	-1%	0%	-14%	-7%	-15%	100%	1%

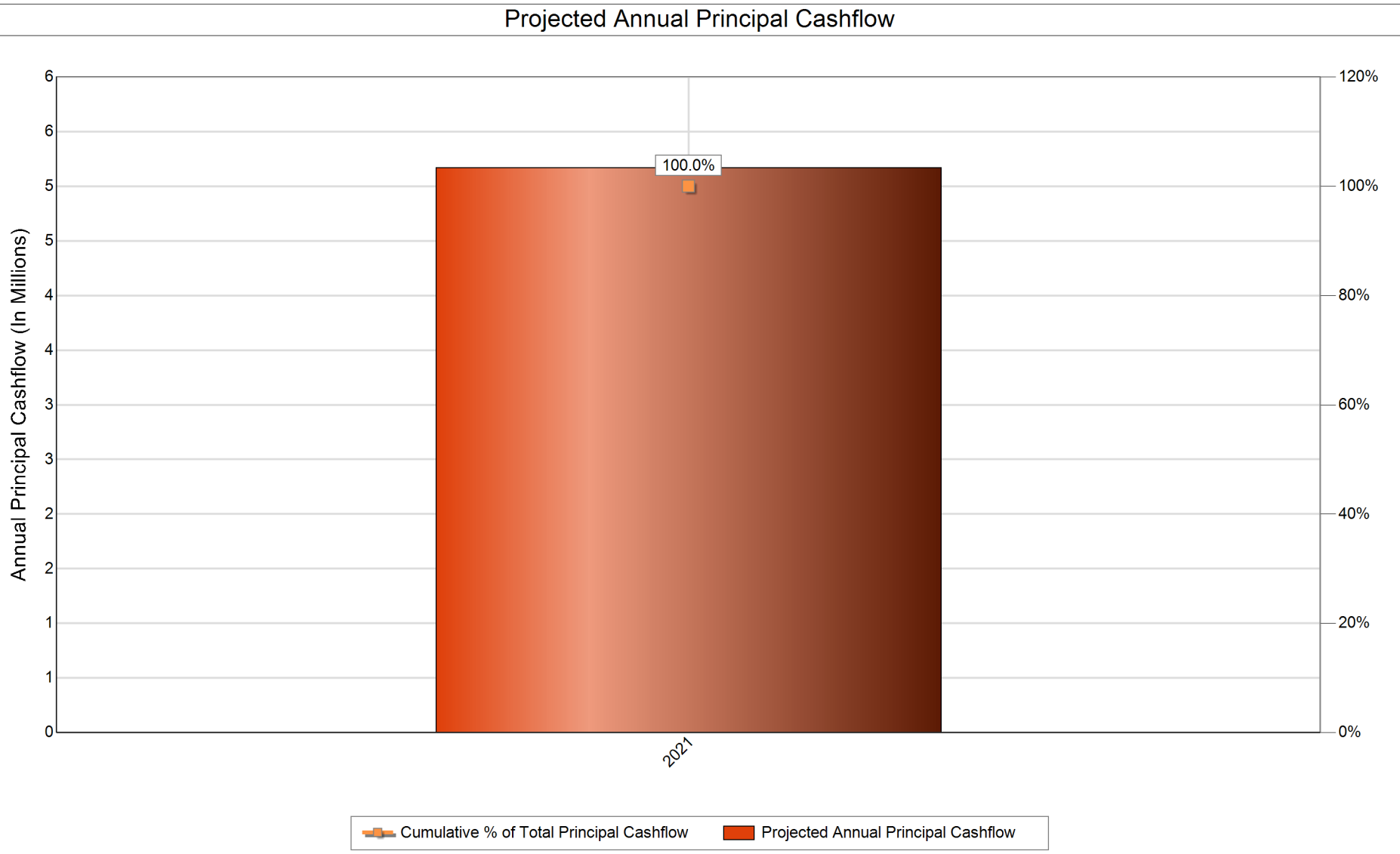
Monthly Cashflow Profile



Monthly Cashflow Rate Shock

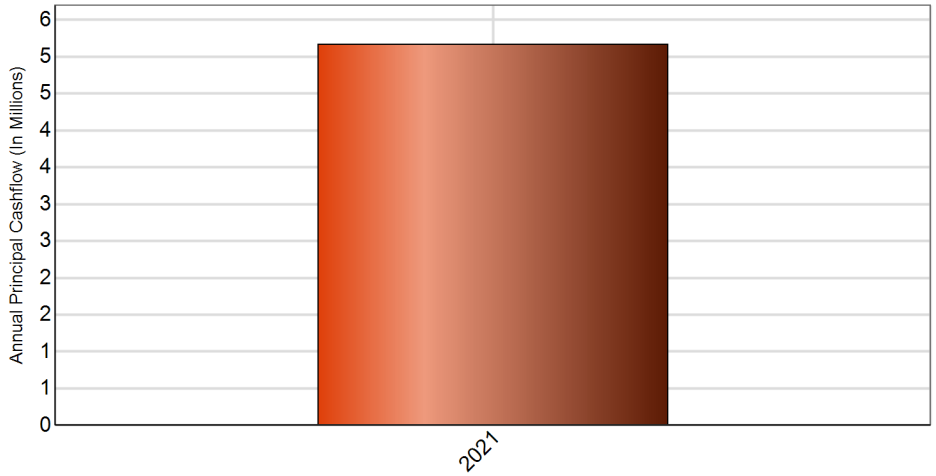


Annual Cashflow Profile

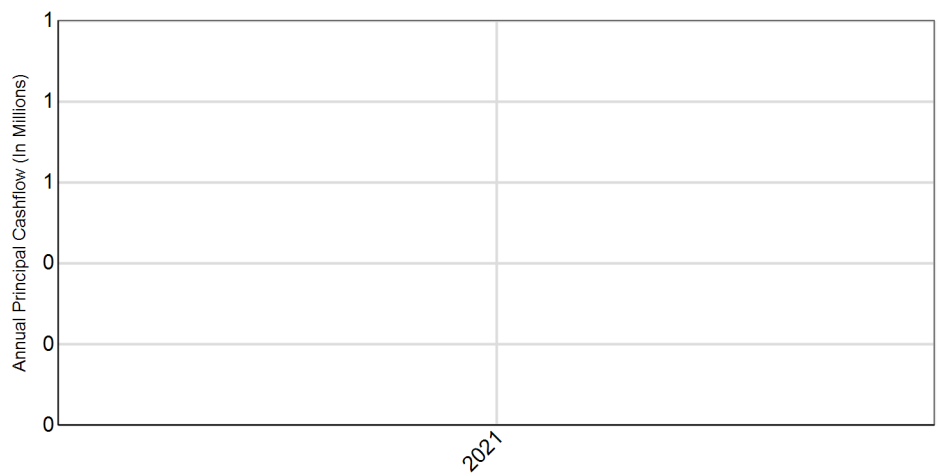


Annual Cashflow Rate Shock

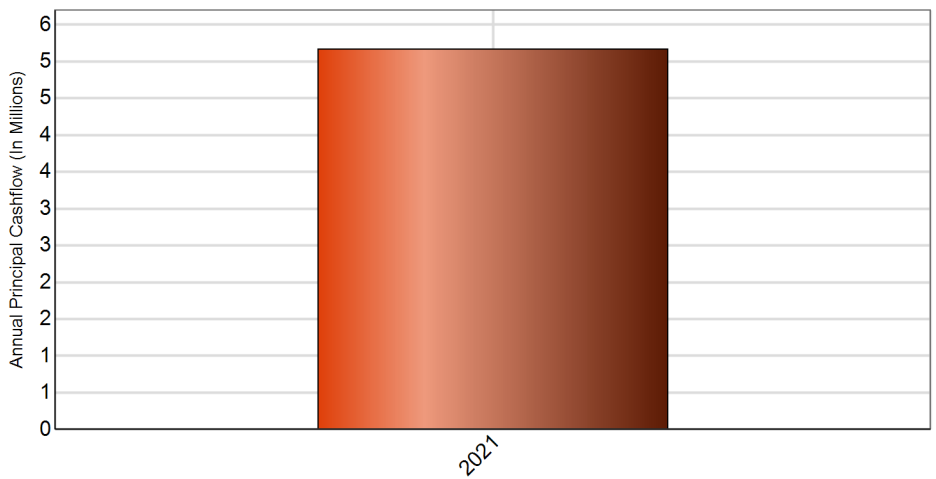
Projected Annual Principal Cashflow +50



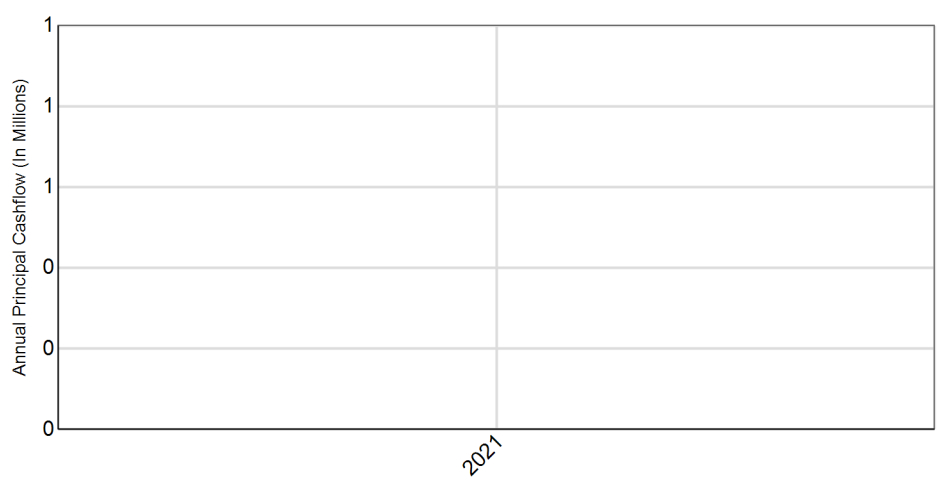
Change in Annual Principal Cashflow +50



Projected Annual Principal Cashflow -50



Change in Annual Principal Cashflow -50



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
Jan 21	5.2	5.2	5.2	5.2	5.2	5.2	100%	100%	100%	100%	100%	100%

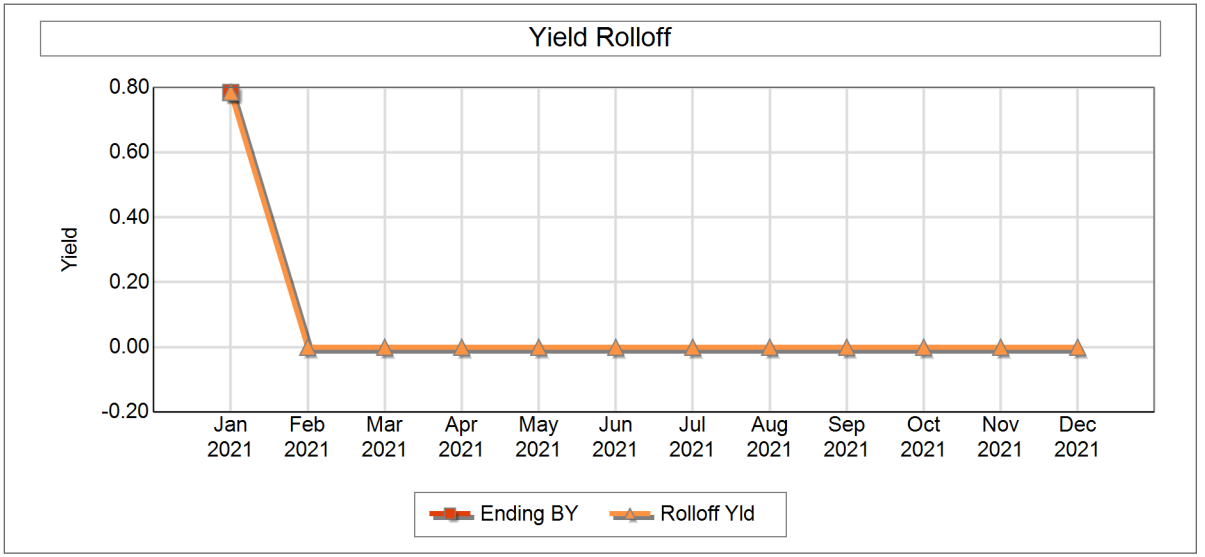
5-Year Quarterly Principal Cash Flow Projections							Percentage of Total Cash Flow Projections					
Period	+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1Q21	5.2	5.2	5.2	5.2	5.2	5.2	100%	100%	100%	100%	100%	100%

In Millions

Cash Flow and Yield Rolloff - Next 12 Months

Yield Rolloff

Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Jan 2021	0.79	5,174	0.79	
Feb 2021		0	0.00	
Mar 2021		0	0.00	
Apr 2021		0	0.00	
May 2021		0	0.00	
Jun 2021		0	0.00	
Jul 2021		0	0.00	
Aug 2021		0	0.00	
Sep 2021		0	0.00	
Oct 2021		0	0.00	
Nov 2021		0	0.00	
Dec 2021		0	0.00	

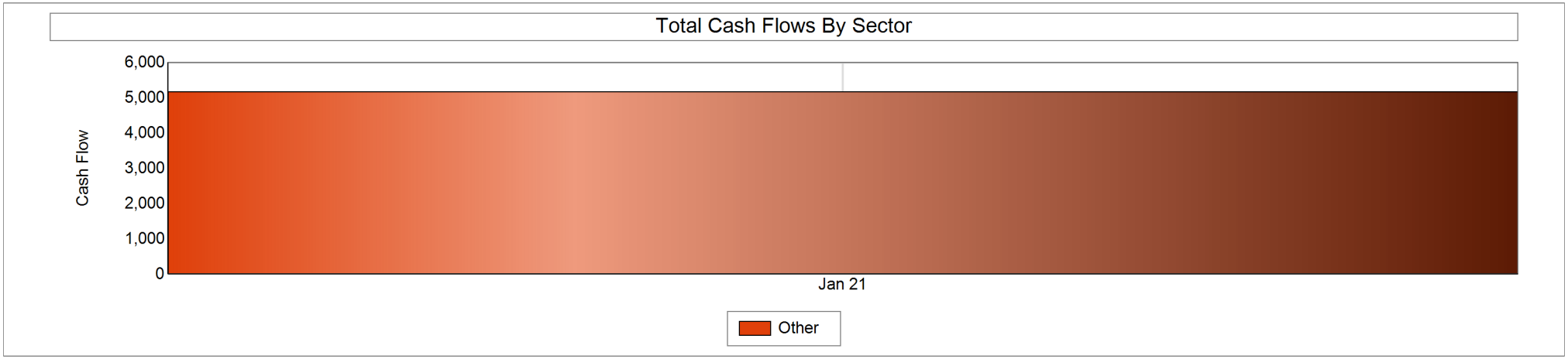


Shocked Principal and Interest Cash Flow Analysis

Year	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
Jan 2021	5,177	5,177	5,177	5,177	5,177	5,177	5,177

Sector Cash Flow and Yield Rolloff - Next 12 Months

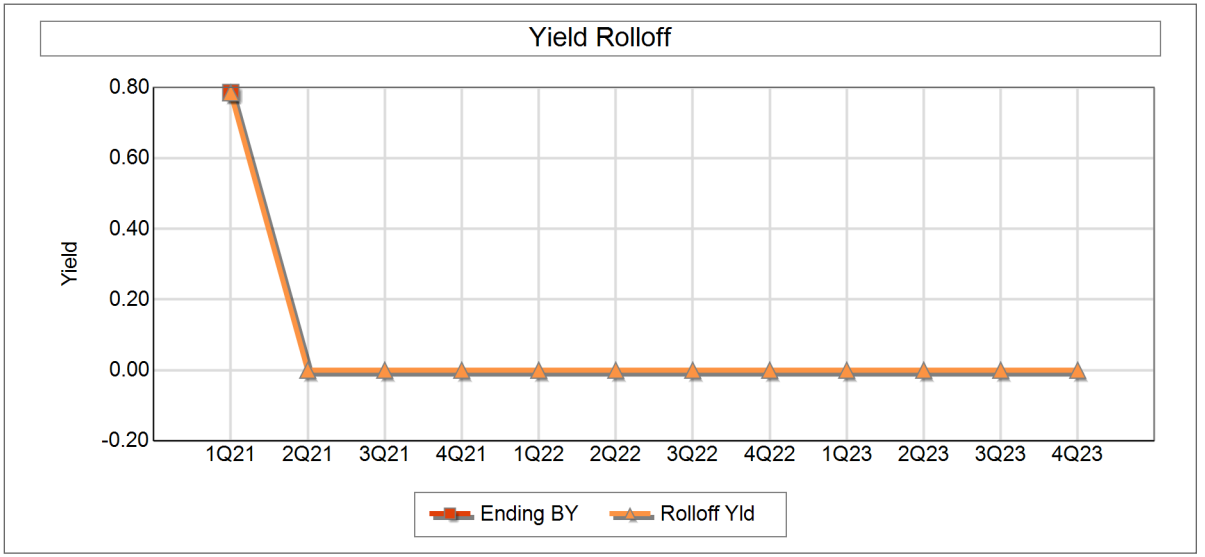
		Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Bk Yld Chg
Other	Cash Flow	5,177	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	5,177	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Cash Flow and Yield Rolloff - Next 3 Years

Yield Rolloff

Quarter	Begin BY	Principal CF	Rolloff Yld	Ending BY
1Q21	0.79	5,174	0.79	
2Q21		0	0.00	
3Q21		0	0.00	
4Q21		0	0.00	
1Q22		0	0.00	
2Q22		0	0.00	
3Q22		0	0.00	
4Q22		0	0.00	
1Q23		0	0.00	
2Q23		0	0.00	
3Q23		0	0.00	
4Q23		0	0.00	

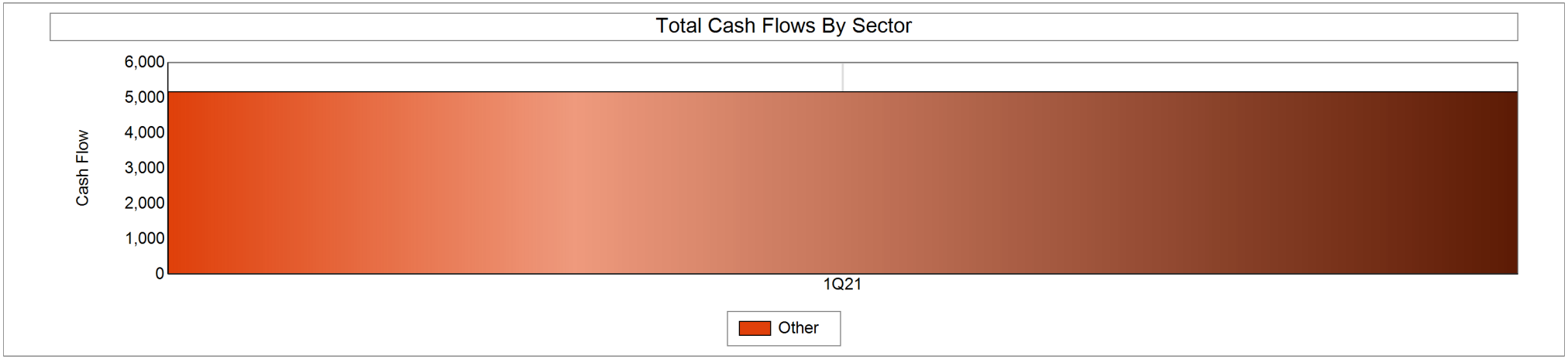


Shocked Principal and Interest Cash Flow Analysis

Quarter	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
1Q21	5,177	5,177	5,177	5,177	5,177	5,177	5,177

Sector Cash Flow and Yield Rolloff - Next 3 Years

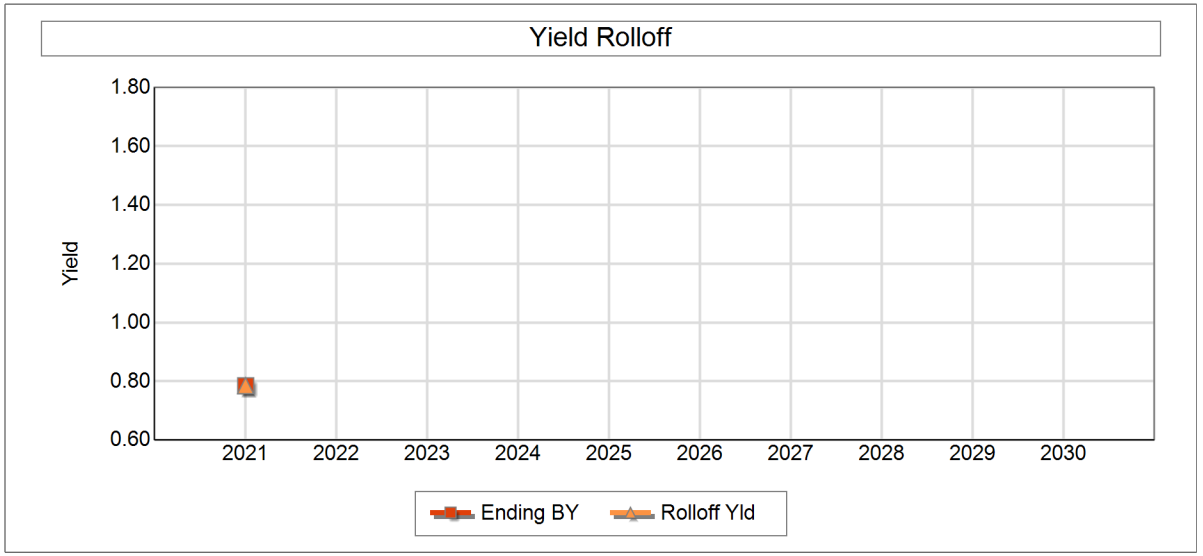
		1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	Bk Yld Chg
Other	Cash Flow	5,177	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	5,177	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Cash Flow and Yield Rolloff - Next 10 Years

Yield Rolloff

Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2021	0.79	5,174	0.79	
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				

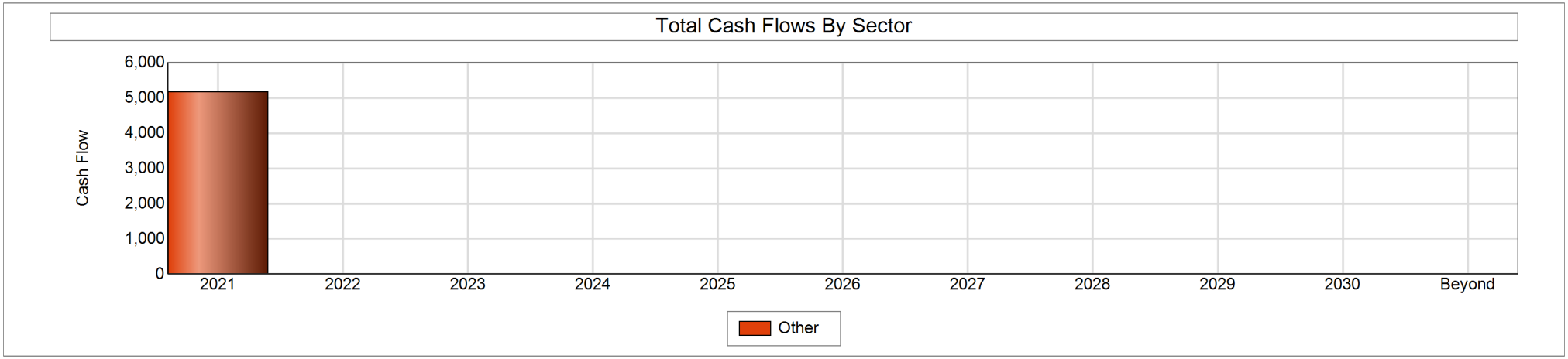


Shocked Principal and Interest Cash Flow Analysis

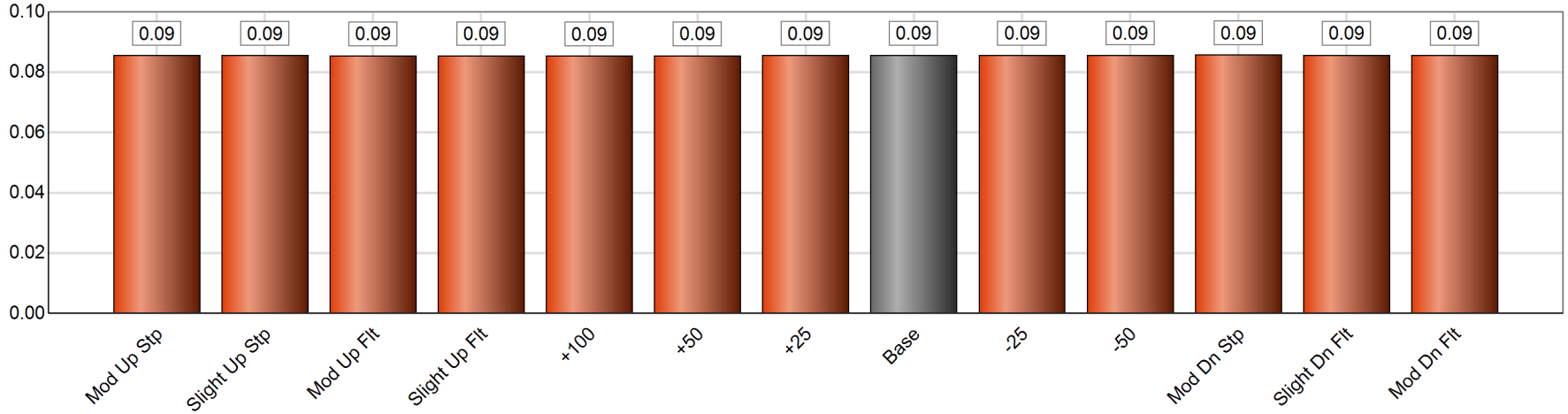
Year	Mod Up Stp	+100	+50	+25	-25	-50	Mod Dn Flt
2021	5,177	5,177	5,177	5,177	5,177	5,177	5,177

Sector Cash Flow and Yield Rolloff - Next 10 Years

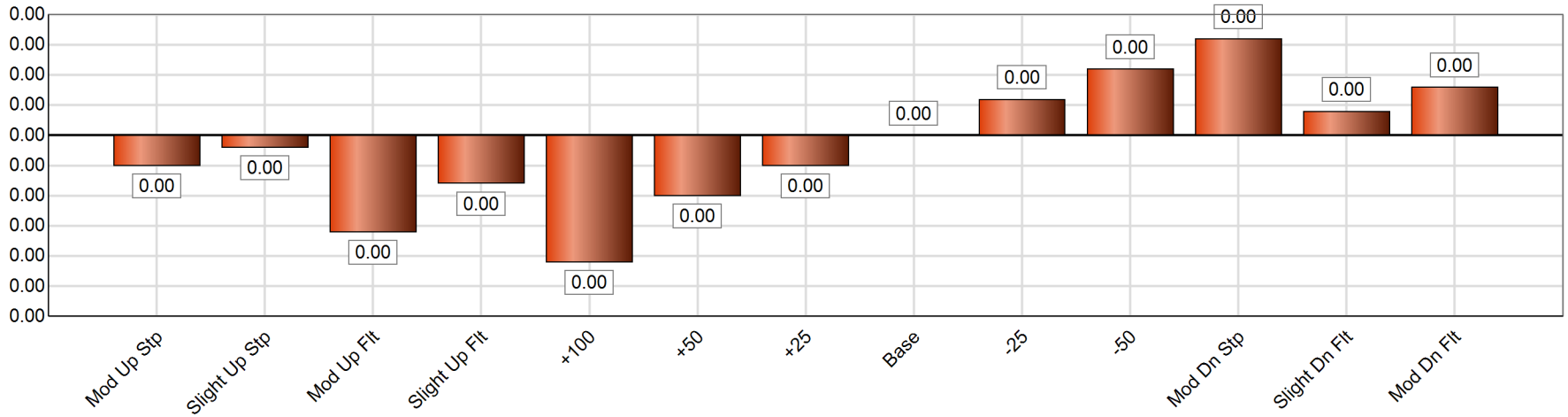
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Bk Yld Chg
Other	Cash Flow	5,177	0	0	0	0	0	0	0	0	0	
	End BY	0.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.79
Total	Cash Flow	5,177	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



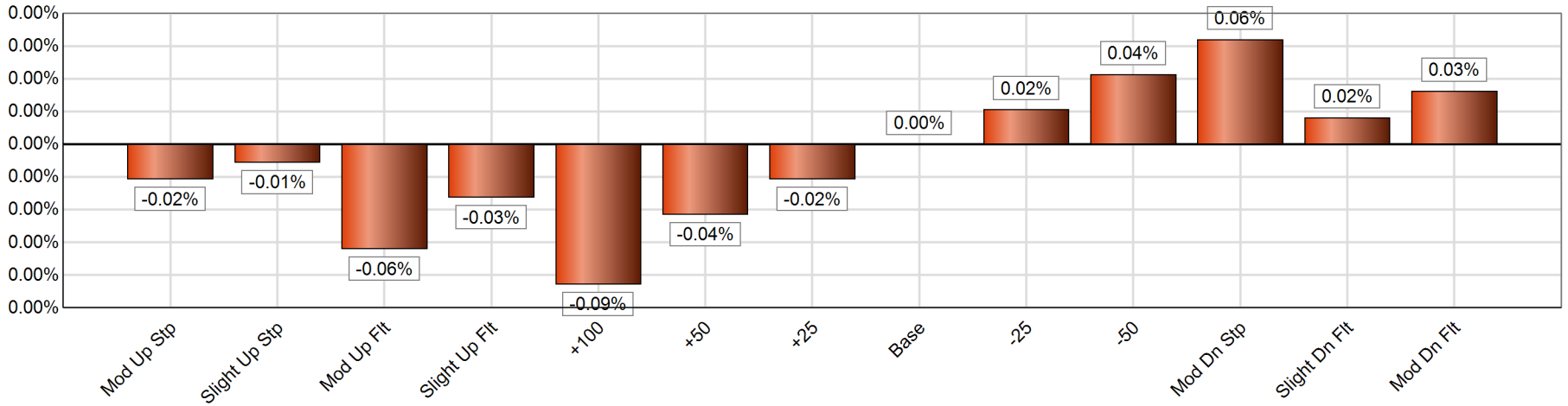
Effective Duration - Instantaneous Rate Shock



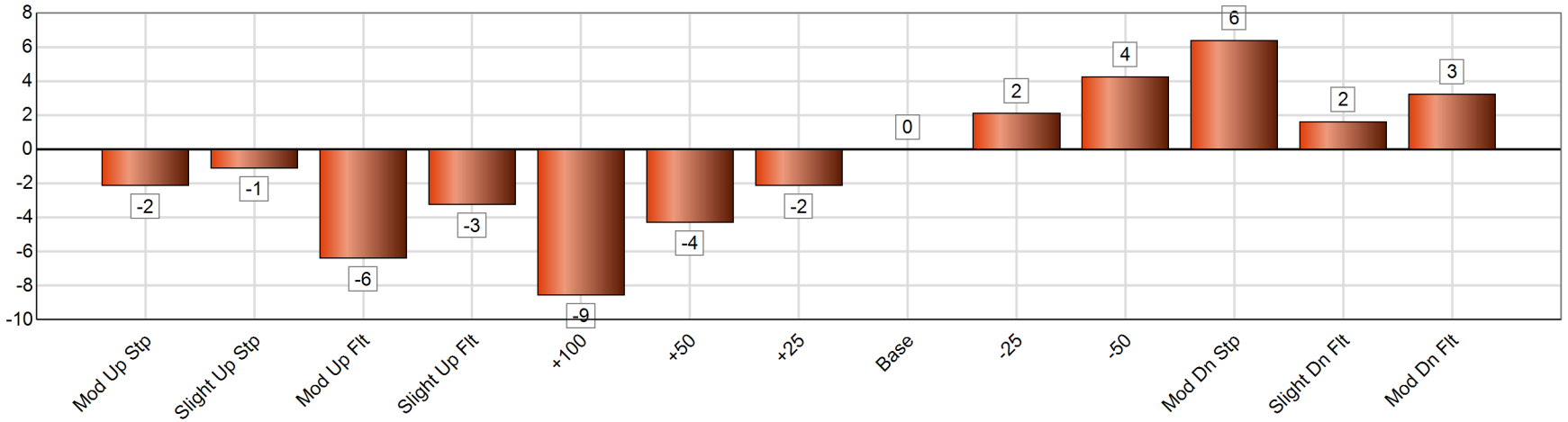
Difference from Base



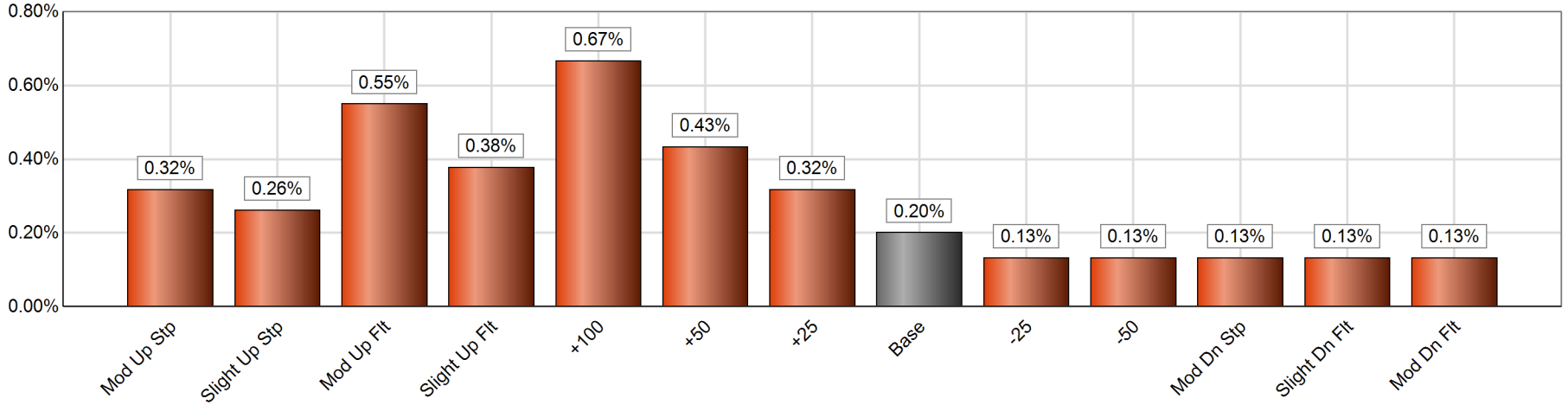
Percentage Price Change - Instantaneous Rate Shock



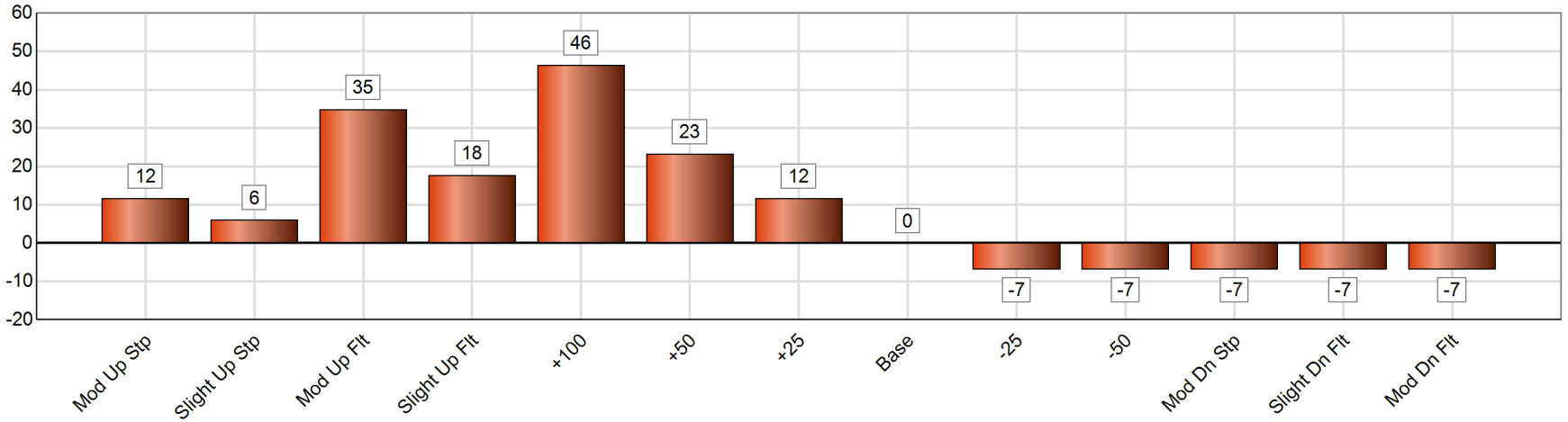
Difference from Base (bps)



Total Returns Comparison - 12 Mo. Horizon

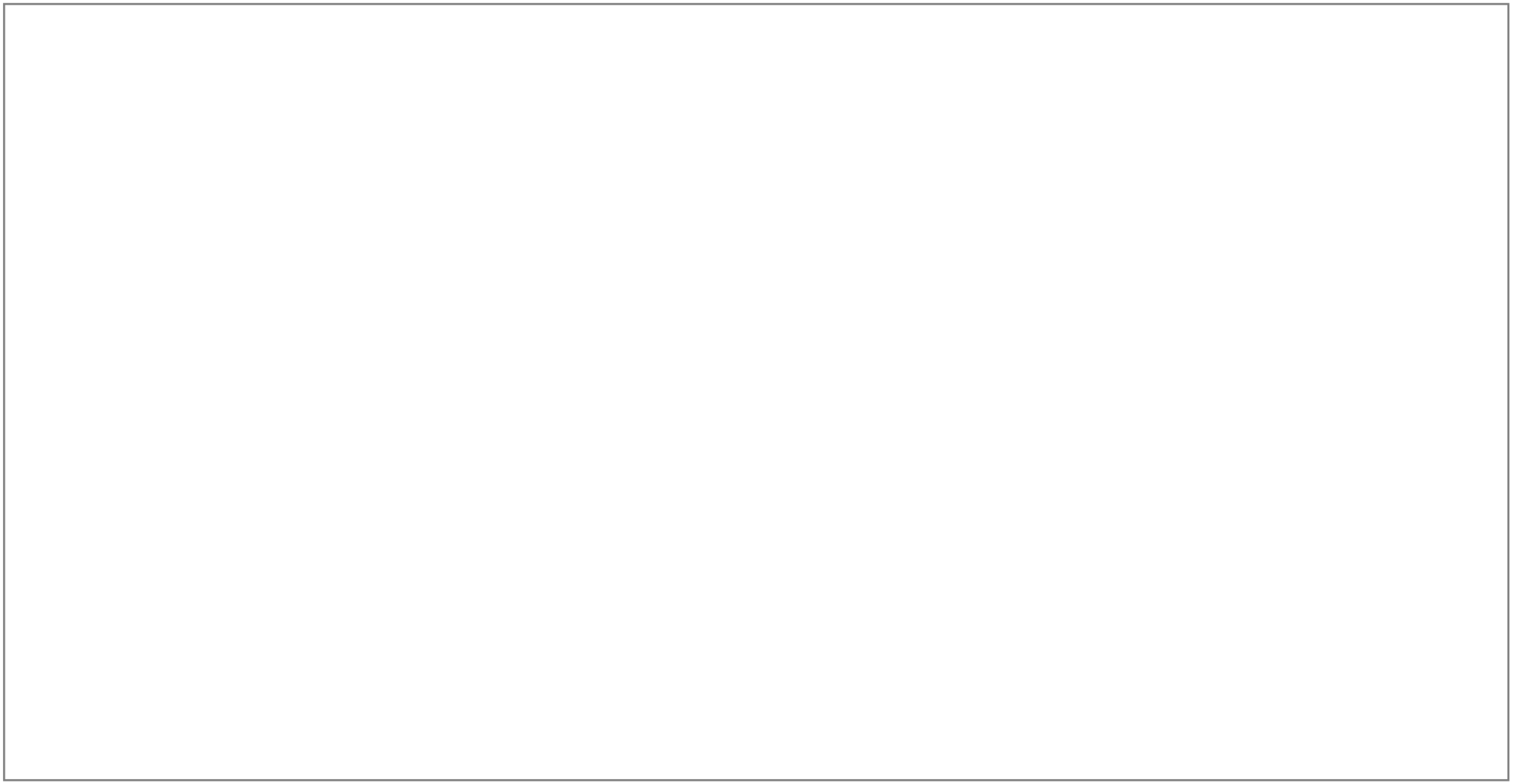


Difference from Base (bps)



Book Yield / Duration

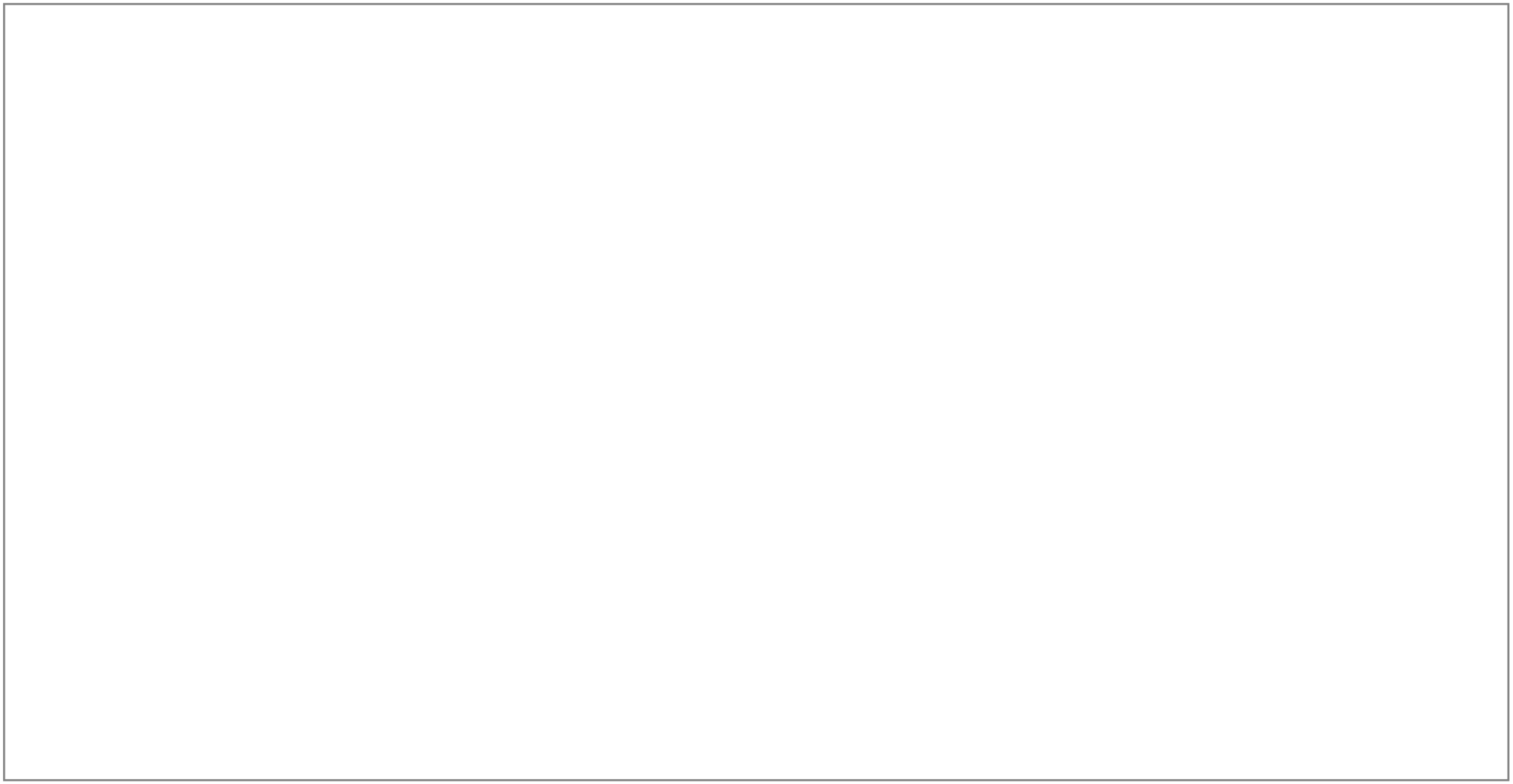
No securities with par > 1 million



*Only securities >=$1mm shown

Market Yield / Duration

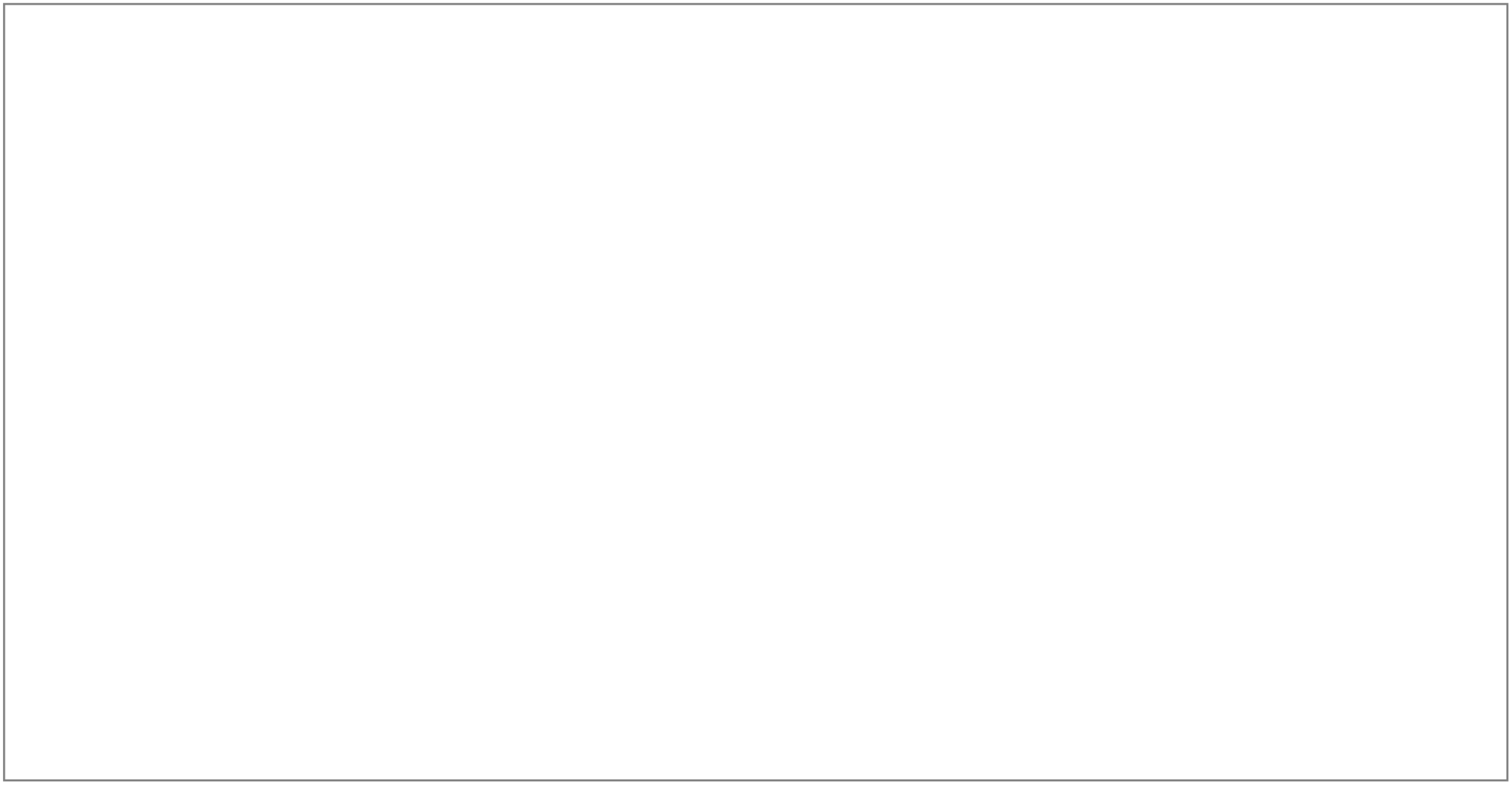
No securities with par > 1 million



*Only securities >=$1mm shown

Total Return / Duration

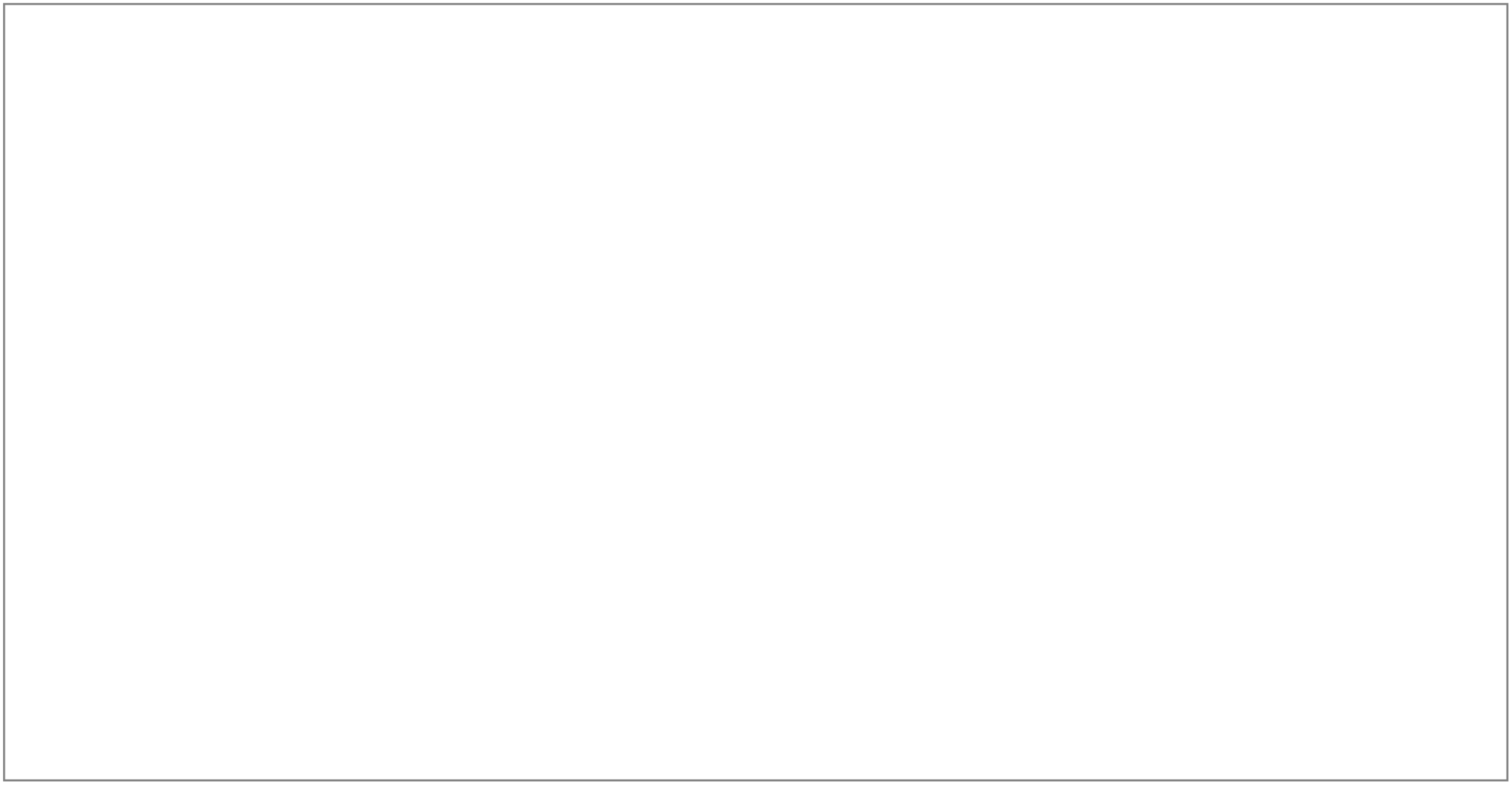
No securities with par > 1 million



*Only securities >=$1mm shown

OAS / Duration

No securities with par > 1 million



*Only securities >=$1mm shown

Book Yield Table - Instantaneous Rate Shock

Bond ID #	CUSIP	Security Description	Original Structure	Par Value	Book Price	Projected Call Date - Instantaneous Rate Shock						Book Yield Table - Instantaneous Rate Shock					
						+100	+50	+25	Base	-25	-50	+100	+50	+25	Base	-25	-50
1	PLMDLLAIF	CITY ACCOUNT		5,174	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
				5,174	100.00							0.79	0.79	0.79	0.79	0.79	0.79

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	PLMDLLAIF	CITY ACCOUNT		5,174	100.00	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	1/31/21	0.79	0.79	0.79	0.79	0.79	0.79
				5,174	100.00							0.79	0.79	0.79	0.79	0.79	0.79

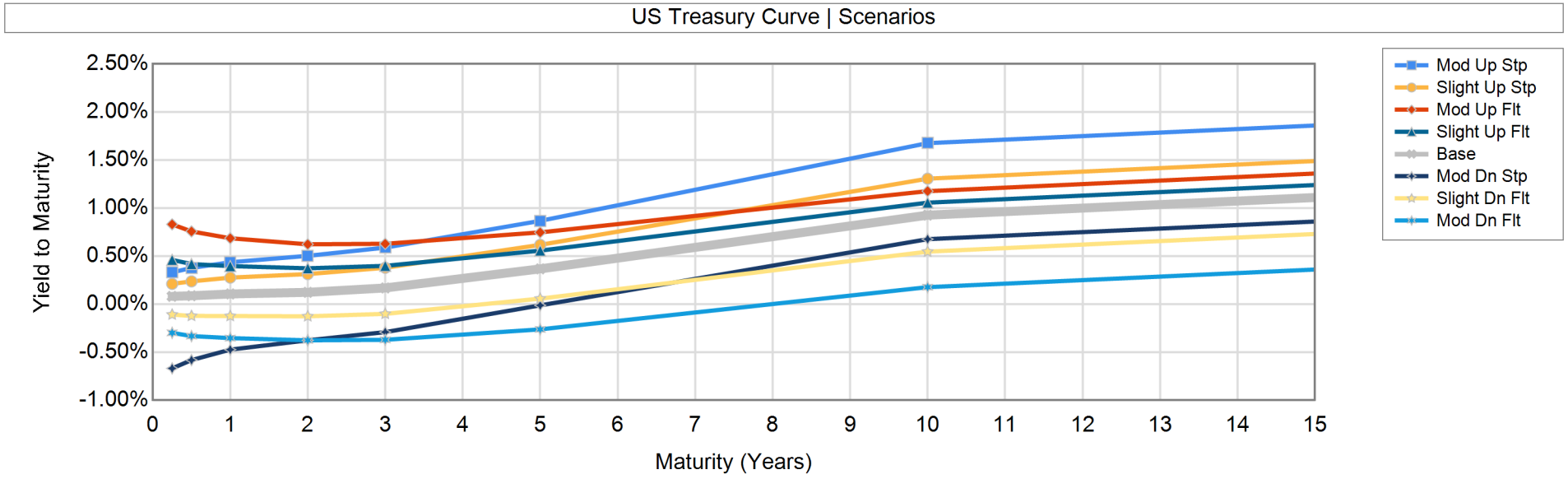
Percentage Price Change / 12 Month Total Return

						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	PLMDLLAIF	CITY ACCOUNT		5,174	100.00	-0.09	-0.04	-0.02	0.00	0.02	0.04	0.67	0.43	0.32	0.20	0.13	0.13
				5,174	100.00	-0.09	-0.04	-0.02	0.00	0.02	0.04	0.67	0.43	0.32	0.20	0.13	0.13

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	25	13	75	38	100	50	25	0	-25	-50	-75	-19	-38
	6mo	29	15	67	33	100	50	25	0	-25	-50	-67	-21	-42
	12mo	33	17	58	29	100	50	25	0	-25	-50	-58	-23	-46
	2yr	38	19	50	25	100	50	25	0	-25	-50	-50	-25	-50
	3yr	42	21	46	23	100	50	25	0	-25	-50	-46	-27	-54
	5yr	50	25	38	19	100	50	25	0	-25	-50	-38	-31	-63
	10yr	75	38	25	13	100	50	25	0	-25	-50	-25	-38	-75
	30yr	75	38	25	13	100	50	25	0	-25	-50	-25	-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



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	Swap 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	3 Month LIBOR
• 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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City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE**
FINANCE DIVISION

DISTRICT: **4**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-012, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY ('CALPFA") FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION AND CONSTRUCTION OF A 118-UNIT MULTIFAMILY RENTAL HOUSING PROJECT LOCATED AT 65TH STREET EAST AND EAST AVENUE S LOCATED IN PALMDALE, CALIFORNIA TO BE OWNED BY A LIMITED PARTNERSHIP TO BE FORMED BY RAVELLO HOLDINGS, INCORPORATED.**

ISSUE

Adopt Resolution No. CC 2021-012, approving a plan of finance for the issuance of the California Public Finance Authority revenue bonds (Ravello Holdings, Incorporated Project) in an aggregate amount not to exceed $30,000,000 for the purpose of financing the acquisition and construction of a 118-unit multifamily rental housing project and certain other matters relating thereto.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2021-012, approving a plan of finance for the issuance of the California Public Finance Authority revenue bonds (Ravello Holdings, Incorporated Project) in an aggregate amount not to exceed $30,000,000 for the purpose of financing the acquisition and construction of a 118-unit multifamily rental housing project and certain other matters relating thereto.

BACKGROUND

Maison's Palmdale, LP (the "Borrower") has submitted an application to the California Public Finance Authority ("CalPFA") to issue tax-exempt revenue bonds in an amount not to exceed $30,000,000 for financing and refinancing the acquisition and construction of a multifamily rental housing project located at 65th Street East and East Avenue S in Palmdale, California, generally known as the Maison's Palmdale Apartments (the "Project"). The Project will be owned by Maison's Palmdale, LP (the "Borrower") or a

partnership of which Ravello Holdings, Inc. (the "Developer") or a related person to the Developer is the general partner.The CalPFA is a political subdivision of the state of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt and taxable conduit bonds for public and private entities throughout California. The CalPFA is authorized to issue bonds to promote economic development and public benefit. It has issued over $1.4 billion of bonds for more than 40 jurisdictions within the State of California. To initiate such financing, the City must conduct a public hearing and approve the CalPFA's issuance of indebtedness. The City conducted a public hearing on January 11, 2021 and approved the CalPFA's issuance of indebtedness.

DISCUSSION

For the Borrower to obtain the financing, the City must conduct a public hearing and approve the Authority's issuances of indebtedness. Approval by the government jurisdiction in which the proposed facilities are located is a requirement of Section 147(f) of the Internal Revenue Code of 1986 (IRS Code).

The Bonds to be issued by the CalPFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

FISCAL IMPACT

The Bonds are not an obligation of the City, therefore there is no fiscal impact.

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:	Willy Galindo
Certified as to availability of Funds:	Keith Kang
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Notice of Public Hearing Regarding Issuance of Multifamily Housing Revenue Bonds for Maison's Palmdale Apartments
2. Resolution No. CC 2021-012

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-012

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION AND CONSTRUCTION OF MAISON'S PALMDALE APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Maison's Palmdale LP or a partnership of which Ravello Holdings, Inc. (the "Developer") or a related person to the Developer is the general partner, has requested that the California Public Finance Authority (the "Authority") adopt a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed $30,000,000 in outstanding aggregate principal amount (the "Bonds"), to finance or refinance the acquisition, construction, improvement and equipping of a 118-unit multifamily rental housing project located at 65th Street East and East Avenue S (APN 3024-054-002 through 3024-054-060), Palmdale, California (the "Project"); and

WHEREAS, the Project is located within the City of Palmdale (the "City"); and

WHEREAS, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the City because the Project is located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is the applicable elected representative under Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority; and

WHEREAS, the City Council understands that its actions in holding this public hearing and in approving this Resolution do not obligate the City in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and said City Council expressly conditions its approval of this Resolution on that understanding.

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 approves the issuance of the Bonds by the Authority for the purposes of financing the Project. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 12 of the Agreement.

SECTION 2. The officers of the City Council are hereby authorized and directed, jointly and severally, to do any and all things and execute and deliver any and all documents, certificates and other instruments which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby. Any actions heretofore taken by such officers are hereby ratified and approved.

SECTION 3. The City Council expressly conditions its approval of this Resolution on its understanding that the City shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the Authority's issuance of the Loan for the financing of the Project.

SECTION 4. This Resolution shall take effect from and after its passage and approval.

SECTION 5. The City Clerk shall certify to the adoption of this resolution.

PASSED, **APPROVED** and **ADOPTED** this 2nd day of February 2021.

APPROVED AS TO FORM:

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Christopher Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 2nd day of February, 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____

_____
Shanae S. Smith, City Clerk

AFFIDAVIT OF PUBLICATION

(2015.5 C.C.P.)

The space above for file stamp only

STATE OF CALIFORNIA
County of Los Angeles } ss

NOTICE OF PUBLIC HEARING
TEFRA

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the **Antelope Valley Press**, a newspaper of general circulation, printed and published **daily** in the city of **Palmdale**, County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, under date of October 24, 1931, Case Number 328601; Modified Case Number 657770 April 11, 1956; also operating as the Ledger-Gazette, adjudicated a legal newspaper June 15, 1927, by Superior Court decree No. 224545; also operating as the Desert Mailer News, formerly known as the South Antelope Valley Foothill News, adjudicated a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California on May 29, 1967, Case Number NOC564 and adjudicated a newspaper of general circulation for the **City of Lancaster,** State of California on January 26, 1990, Case Number NOC10714, Modified October 22, 1990; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

December 18, 2020

I certify (or declare) under penalty of perjury that the fore-going is true and correct.

Signature

Dated December 18, 2020
Executed at Palmdale, California

NOTICE OF PUBLIC HEARING
REGARDING ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS FOR
Maison's Palmdale Apartments

NOTICE IS HEREBY GIVEN that, at 10:00 a.m., or as soon thereafter as the matter can be heard, on Monday, January 11, 2020, the City of Palmdale will conduct a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), at which it will hear and consider information concerning a proposed plan of financing providing for the issuance by the California Public Finance Authority of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Code in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed $30,000,000 in outstanding aggregate principal amount, to finance or refinance the acquisition and construction of a multifamily rental housing project located at 65th Street East and East Avenue S (APN 3024-054-002 through 3024-054-060), Palmdale, California. The facilities are to be owned by Maison's Palmdale LP (the "Borrower") or a partnership of which Ravello Holdings, Inc. (the "Developer") or a related person to the Developer is the general partner.

Those wishing to comment on the proposed financing or refinancing and the nature and location of the Project may either call 1-877-211-3621 and entering passcode 775227 at the time of the public hearing or prior to the hearing submit written comments which should be sent to the City Clerk's office at 38300 Sierra Highway Palmdale, CA 93550 or cityclerk@cityofpalmdale.org.

Dated: December 18, 2020

Valley Press
37404 SIERRA HWY., PALMDALE CA 93550
Telephone (661)267-4112/Fax (661)947-4870

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**
ENGINEERING DIVISION

DISTRICT: **2**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-004, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE PRELIMINARY ENGINEER'S REPORT, AND DECLARING THE CITY'S INTENTION TO LEVY AND COLLECT ASSESSMENTS WITHIN SAID PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, ANNEXATION 2020-193, FOR FISCAL YEAR 2021/2022**

ISSUE

Adopt Resolution No. CC 2021-004 approving the preliminary Engineer's Report and declaring the City intention to levy and collect assessments within said Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, for fiscal year 2021/2022

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2021-004 approving the preliminary Engineer's Report and declaring the City intention to levy and collect assessments within said Palmdale Streetlight Maintenance Assessment District No. 1.

BACKGROUND

As a condition of approval for the project, Edwards Federal Credit Union, located at 39963 10th Street West, streetlight improvements are required. Edwards Federal Credit Union, the owner, is required to install all of the necessary streetlight improvements for the proposed Edwards Federal Credit Union site.

According to the "Landscaping and Lighting Act of 1972", Part 2 of Division 15 of the California Streets and Highways Code, the City may establish a streetlight maintenance assessment district or annex territory into an existing district to provide for the installation, continued maintenance, and servicing of the streetlight improvements.

Edwards Federal Credit Union, is the sole owner of Assessor Parcel Number 3005-050-001, covering the territory located at 39963 10th Street West. The owner has been mailed a petition requesting the owner to waive the 45-day notice period thereby shortening the time between the Resolution of Intention and the public hearing. A ballot will also be mailed to the owner, to indicate their support or opposition to the annexation of the Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193.

DISCUSSION

The City approved a resolution initiating proceedings to approve the annexation of the Assessment District, and to levy and collect assessments to fund the cost of maintenance of streetlight improvements within the Assessment District at the December 15, 2020 Council meeting.

The attached resolution and Engineer's Report will approve the preliminary engineer's report and set a date for the public hearing. At the time of the public hearing, the ballot will be checked, and if the vote is yes, the Engineer's Report and resolution to be heard at the public hearing will confirm and levy assessments placed upon each parcel for the operation, maintenance and servicing costs.

FISCAL IMPACT

The total combined maximum assessment from the Annexation 2020-193 parcels for fiscal year 2021/2022 is $1,540 which will provide for the continued maintenance, and servicing of streetlight improvements, in the Annexation area, after the developer installs them and the City accepts them.

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:	Chuck Heffernan, P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-004
2. Engineer's Report for City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, dated December 2020 for Fiscal Year 2021/2022

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-004

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE PRELIMINARILY APPROVING THE REPORT OF THE ENGINEER AND DECLARING ITS INTENTION TO ORDER THE ANNEXATION OF ASSESSOR'S PARCEL NUMBER 3005-050-001, EDWARDS FEDERAL CREDIT UNION, LOCATED AT 3993 10TH STREET WEST, INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2020-193, TO LEVY AND COLLECT ASSESSMENTS WITHIN SUCH ANNEXATION FOR FISCAL YEAR 2021/2022 PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972, PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE AND AS PROVIDED BY ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION, AND APPOINTING A TIME AND PLACE FOR HEARING PROTESTS

WHEREAS, the City Council by its previous Resolution No. CC 2020-111 initiated proceedings for the approval of the annexation of Assessor Parcel Number 3005-050-001 into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2020-193 (the “Assessment District”), and to levy and collect assessments against lots and parcels of land within the Assessment District, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (the “Act”); and as provided by Article XIII D of the California Constitution, to pay for the costs and expenses of maintaining and servicing streetlight structures and appurtenant facilities located within public places within the boundaries of the Assessment District, for the fiscal year commencing July 1, 2021 and ending June 30, 2022; and ordered the Engineer, SCI Consulting Group, to prepare and file a written report in accordance with Article XIII D, Section 4 of the California Constitution and Article 4 of Chapter 1 of the Act.

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 Engineer has prepared and filed with the City Clerk of the City of Palmdale, and the City Clerk and City Engineer have presented to the City Council such report entitled “City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, Edwards Federal Credit Union” (the "Report"), which pertains to the Assessment District.

SECTION 2. The City Council has carefully examined and reviewed the Report, and the Report is hereby approved as filed.

SECTION 3. The City Council hereby: (1) finds that the public interest and convenience requires this action; and (2) declares its intention to order the approval for the annexation and to levy and collect assessments against the assessable lots and parcels of land within the Assessment District for the fiscal year commencing July 1, 2021 and ending June 30, 2022, to pay the costs and expenses of the improvements described in Section 5.

SECTION 4. If the assessments proposed by this resolution are approved by the property owners pursuant to a mailed ballot election conducted in accordance with Article XIII D of the California Constitution, the City Council in subsequent fiscal years may thereafter impose the assessment at any rate or amount that is less than or equal to the amount authorized for fiscal year 2021/2022, and increased each year based upon the greater of the latest composite percentage change in CPUC approved rates for each light fixture used in the City's Streetlight Maintenance Districts, or the Consumer Price Index, All Urban Consumers, for the Los Angeles-Long Beach-Anaheim Area ("CPI"), as determined by the United States Department of Labor, or its successor, without conducting another mailed ballot election. The Engineer shall compute the percentage of difference between the CPI for February of each year and the CPI for the previous February and shall then increase the existing assessment by an amount not to exceed such percentage for the following fiscal year. If the CPI or CPUC increase is not applied to the assessment rate in a given year, the assessment rate may be raised in subsequent years by an amount corresponding to the unused, cumulative increase in CPI or CPUC. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the Engineer shall use the revised index, or a comparable system as approved by the City Council for determining fluctuations in the cost of living.

SECTION 5. The proposed improvements may be briefly described as follows: the operation, maintenance and servicing of local streetlights, traffic signals, and highway safety light structures in close proximity to certain lots and parcels which provide a direct special benefit to such lots or parcels ("Improvements and Services"). The Improvements and Services include, but are not limited to, the removal, repair, relocation, replacement or acquisition of light standards, poles, bulbs, fixtures and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and servicing of the street lighting and traffic signal improvements benefiting the parcels within the Assessment District.

SECTION 6. The general location and boundaries of the Assessment District are as shown on the Assessment Diagram. Detailed maps are on file in the office of the City Engineer and are incorporated herein by reference. The designation of the Assessment District is as follows: Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, Edwards Federal Credit Union; located at 39963 10th Street West, Assessor Parcel Number 3005-050-001.

SECTION 7. Reference is hereby made to the Engineer's Report, on file in the office of the City Clerk and City Engineer and open to public inspection, for a full and detailed description of the Improvements and Services, the boundaries of the Assessment District and the proposed assessments upon assessable lots and parcels of land within the Assessment District.

SECTION 8. Notice is hereby given that Tuesday, February 2, 2021, at 7:00 p.m. in the Council Chambers of the City Hall of the City of Palmdale, 38300 N. Sierra Highway, Palmdale, California 93550, is the time and place fixed for a public hearing by the City Council on the question of the levy and collection of assessments for fiscal year 2021/2022 against lots and parcels of land within the Assessment District. At the hearing, all interested persons shall be afforded the opportunity to hear and be heard. Procedures of the City applicable to the completion, return and tabulation of the ballots required pursuant to Article XIII D, Section 4 of the California Constitution are on file in the office of the City Clerk and open to public inspection.

As a result of the COVID-19 virus, and resulting orders and direction from the President of the United States, the Governor of the State of California, and the Los Angeles County Department of Public Health, as well as the City of Palmdale emergency declaration, public attendance is limited during City Council meetings

Residents who would like to comment at the public hearing, may do so prior to the meeting by submitting your comments through Palmdale eComment by clicking on “eComment” next to the agenda item on the meeting Agenda once it is available on the City’s website at https://cityofpalmdale.org/310/City-Council-Meetings. Please note: the eComment period will end one hour prior to the start of the City Council meeting.

SECTION 9. The City Clerk is hereby authorized and directed to give notice of the public hearing as set forth in Section 8 in accordance with law.

SECTION 10. The City Council hereby designates Tim Carney, telephone number (661) 267-5367, to answer inquiries regarding the hearing, protest proceedings, and procedural or technical matters.

SECTION 11. Lots or parcels within the Assessment District that are owned or used by any county, city, special district or any other local or regional governmental agency, the State of California or the United States, shall be assessed unless the City demonstrates by clear and convincing evidence that such lots or parcels receive no special benefit from the proposed improvements.

SECTION 12. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 2nd day of February, 2021.

Approved as to form:

_____
Christopher L. Beck
City Attorney

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 2nd day of February, 2021 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

CITY OF PALMDALE

STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1

ANNEXATION SLMD 2020-193

EDWARDS FEDERAL CREDIT UNION

ENGINEER'S REPORT

FISCAL YEAR 2021/2022

DECEMBER 2020

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 AND
ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:
SCIConsultingGroup
4745 MANGELS BOULEVARD
FAIRFIELD, CALIFORNIA 94534
PHONE 707.430.4300
FAX 707.430.4319
WWW.SCI-CG.COM

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CITY OF PALMDALE

CITY COUNCIL

Steven D. Hofbauer, Mayor
Richard J. Loa, Mayor Pro Tem/Councilmember District 2
Austin Bishop, Councilmember District 1
Laura Bettencourt, Councilmember District 3
Juan Carrillo, Councilmember District 4

CITY MANAGER

J.J. Murphy, ICMA-CM

DIRECTOR OF PUBLIC WORKS

Charles R. Heffernan, P.E.

CITY ATTORNEY

Christopher Beck

ENGINEER OF WORK

SCI Consulting Group
Lead Assessment Engineer, John Bliss, M.Eng., P.E.

TABLE OF CONTENTS

INTRODUCTION 1
BACKGROUND 1
ENGINEER'S REPORT 1
LEGISLATIVE ANALYSIS 2
PLANS AND SPECIFICATIONS 6
FISCAL YEAR 2021/2022 ESTIMATE OF COST AND BUDGET 8
DIRECT COSTS 9
OTHER COSTS 9
CITY CONTRIBUTION/GENERAL BENEFIT 10
ASSESSMENT DIAGRAM 11
METHOD OF ASSESSMENT 12
ASSESSMENT METHODOLOGY 12
DISCUSSION OF BENEFIT 12
BENEFIT FACTORS 13
GENERAL VERSUS SPECIAL BENEFIT 14
QUANTIFICATION OF GENERAL BENEFIT 15
ASSESSMENT METHODOLOGY 17
ASSESSMENT APPORTIONMENT 19
CERTIFICATES 21
ASSESSMENT STATEMENT 22
APPENDIX A – ASSESSMENT ROLL 24

LIST OF TABLES

TABLE 1 – LIGHT INVENTORY 7
TABLE 2 – BUDGET SUMMARY 8
TABLE 3 – CALCULATION OF GENERAL BENEFIT 16
TABLE 4 – LAND USE DEFINITIONS 17
TABLE 5 – LOCAL LIGHTING BENEFIT FACTORS 18
TABLE 6 – LOCAL TRAFFIC SIGNAL BENEFIT FACTORS 18
TABLE 7 – PERIPHERAL STREETLIGHTS/TRAFFIC SIGNALS BENEFIT FACTORS 19
TABLE 8 – ASSESSMENT APPORTIONMENT 20
TABLE 9 – SUMMARY OF COST ESTIMATES – FISCAL YEAR 2021/2022 22
TABLE 10 – ASSESSMENT ROLL FOR FISCAL YEAR 2021/2022 24

LIST OF FIGURES

FIGURE 1 – ASSESSMENT DIAGRAM 11

INTRODUCTION

BACKGROUND

The City of Palmdale (the "City") provides maintenance and servicing of certain publicly owned street and traffic lights throughout the City. In order to fund the maintenance and operation (the "Services") of these projects and improvements (the "Improvements"), the City has formed five Streetlight Maintenance Assessment Districts, including subsequent annexations, covering an area of approximately 26,000 acres and about 41,000 parcels. These assessment districts have been formed and the levies have been made pursuant to Part 2 of Division 15 of the *California Streets and Highways Code*, commonly known as the Landscape and Lighting Act of 1972 (the "Act"), and Article XIIID of the California Constitution (the "Article").

In September 2020, the property owner, Edwards Federal Credit Union (and Level 5, the developer), requested the formation of a streetlight maintenance assessment district associated with the frontage improvements of a future 14,118 square foot commercial building (Credit Union and offices) to be built on Assessor Parcel Number 3005-050-001. This property is located at 39963 10th Street West in Palmdale. After consultation with City staff, the decision was made to create a new streetlight assessment district for this project.

The Palmdale Streetlight Maintenance Assessment District No. 1 ("District"), Annexation 2020-193 (the "Assessment District" or "Annexation"), is proposed to include funding for the maintenance and operation of street lights, traffic lights, and related improvements ("Improvements and Services") that benefit the Edwards Federal Credit Union property that forms the Assessment District. The property proposed to be included in the Assessment District consists of 14,118 square foot commercial building consisting of a Credit Union and offices to be built on 1.61 acres within the City of Palmdale.

The developer proposes to construct frontage improvements along the south side of Avenue O-8 and east side of 10th Street West. This Assessment District annexation, described in this Engineer's Report, results from agreements or conditions of approval between the City of Palmdale and the property owner, Edwards Federal Credit Union, whereby the City and the property owner agreed on the maintenance and operation of the additional street lights to enhance the safety, utility, and access of the property within the Assessment District.

ENGINEER'S REPORT

This Engineer's Report ("Report") was prepared to establish the budget for the services that would be funded by the proposed 2021/2022 assessment, to determine the benefits received from the maintenance and operation of the additional street lights within the Assessment District, and to define the method of assessment apportionment to lots and parcels. This Report and the proposed assessments have been prepared pursuant to the Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code and Article XIIID of the California Constitution.

Following submittal of this Report to the City of Palmdale City Council ("Council") for preliminary approval, the Council may, by its Resolution No. CC 2021-004, call for an assessment ballot proceeding, and public hearing on the proposed establishment of assessments for the Improvements.

If the Council approves Resolution No. CC 2021-004, a notice of assessment and assessment ballot will be mailed to the property owner within the Assessment District at least 45 days prior to the date of the public hearing. Such notice would include a description of the proposed assessments, as well as an explanation of the method of voting on the assessments. Each notice would also include a ballot on which the property owner could mark his or her approval or disapproval of the proposed assessments, and a postage prepaid return envelope.

After the ballot is mailed to the property owner in the Assessment District, a minimum 45-day time period must be provided for the return of the assessment ballot. However, the property owner may waive their right to the 45-day ballot period in order to expedite annexations to the District, by so signing the ballot in agreement to this effect. Following the ballot period, a public hearing must be held for the purpose of allowing public testimony regarding the proposed assessments. This hearing is scheduled for February 2, 2021 at 7:00 p.m. At this hearing, the public will have the opportunity to speak on this issue and the returned ballots will be tabulated.

If it is determined at the public hearing that the assessment ballots submitted in opposition to the proposed assessments do not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted), the Council may take action to authorize the Annexation 2020-193 to the Streetlight Maintenance Assessment District No. 1, and approve the levy of the assessments for Fiscal Year 2021/2022. If the assessments are so confirmed and approved, the levies would be submitted to the County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2021/2022 or, in the case of property owned by a public agency, would be manually billed for Fiscal Year 2021/2022.

Charges for Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, shall be levied for fiscal year 2021/2022 upon formation of the Assessment District as provided herein.

LEGISLATIVE ANALYSIS

PROPOSITION 218

The Right to Vote on Taxes Act was approved by the voters of California on November 6, 1996, and is now Article XIIIC and XIIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property. This Assessment District will be balloted and approved by property owners in accordance with Proposition 218.

SILICON VALLEY TAXPAYERS ASSOC., INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. vs. Santa Clara County Open Space Authority (*SVTA*). This ruling is the most significant court case in further legally clarifying the substantive assessment requirements of Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special benefits to property, not general benefits.
- The services and/or improvements funded by assessments must be clearly defined.
- Assessment districts must be drawn to contain all parcels that receive a special benefit from a proposed public improvement.
- Assessments paid in the assessment district must be proportional to the special benefit received by each such parcel from the improvements and services funded by the assessment.

This Engineer's Report and the process used to establish these proposed assessments for fiscal year 2021/2022 are consistent with the *SVTA* decision and with the requirements of Article XIIIC and XIIID of the California Constitution based on the following factors:

1. The Assessment District is narrowly drawn to include only the properties that receive special benefit from the specific Improvements and Services. Thus, zones of benefit are not required, and the assessment revenue derived from real property in each Assessment District is extended only on the Services in the Assessment District.

2. The Improvements which are constructed and/or maintained with assessment proceeds in the Assessment District are located in close proximity to the real property subject to the assessment. The Improvements and Services provide illumination to streets and sidewalks enabling improved access to the owners, residents, and guests of such assessed property. The proximity of the Improvements to the assessed parcels and the improved access and increased safety provided to the residents of the assessed parcels by the Improvements, provides a special benefit to the parcels being assessed pursuant to the factors outlined by the Supreme Court in that decision.

3. Due to their proximity to the assessed parcels, the Improvements and Services financed with assessment revenues in the Assessment District benefit the properties in the Assessment District in a manner different in kind from the benefit that other parcels of real property in the City derive from such Improvements and Services, and the benefits conferred on such property in the Assessment District are more extensive than a general increase in property values.

4. The assessments paid in the Assessment District are proportional to the special benefit that each parcel within the Assessment District receives from the Services because:

a. The specific lighting Improvements and maintenance Services and utility costs thereof in the Assessment District and the costs thereof are specified in this Report; and

b. The cost of the Services in the Assessment District is allocated among different types of property located within the Assessment District, and equally among those properties which have similar characteristics, such as single-family residential parcels, multi-family residential parcels, commercial parcels, or industrial parcels.

DAHMS V. DOWNTOWN POMONA PROPERTY

On June 8, 2009, the 4th Court of Appeal amended its original opinion upholding a benefit assessment for property in the downtown area of the City of Pomona ("*Dahms*"). On July 22, 2009, the California Supreme Court denied review. On this date, *Dahms* became good law and binding precedent for assessments. In *Dahms* the Court upheld an assessment that was 100% special benefit (i.e. 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the assessment district. The Court also upheld discounts and exemptions from the assessment for certain properties.

BONANDER V. TOWN OF TIBURON

On December 31, 2009, the 1st District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon ("*Bonander*"). The Court invalidated the assessments on the grounds that the assessments had been apportioned to assessed property based in part on relative costs within sub-areas of the assessment district instead of proportional special benefits.

BEUTZ V. COUNTY OF RIVERSIDE

On May 26, 2010 the 4th District Court of Appeal issued a decision on the Steven Beutz v. County of Riverside ("*Beutz*") appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

GOLDEN HILL NEIGHBORHOOD ASSOCIATION V. CITY OF SAN DIEGO

On September 22, 2011, the San Diego Court of Appeal issued a decision on the Golden Hill Neighborhood Association v. City of San Diego appeal. This decision overturned an assessment for street and landscaping maintenance in the Greater Golden Hill neighborhood of San Diego, California ("*Greater Golden Hill")*. The court described two primary reasons for its decision. First, like in *Beutz*, the court found the general benefits associated with services were not explicitly calculated, quantified and separated from the special benefits. Second, the court found that the City had failed to record the basis for the assessment on its own parcels.

COMPLIANCE WITH CURRENT LAW

This Engineer's Report is consistent with the requirements of Article XIIIC and XIIID of the California Constitution and with the *SVTA* decision because the Improvements to be funded are clearly defined; the Improvements are directly available to and will directly benefit property in the Assessment District; and the Improvements and Services provide a direct advantage to property in the Assessment District that would not be received in absence of the Assessments.

This Engineer's Report is consistent with *Beutz*, *Dahms* and *Greater Golden Hill* because the Improvements and Services will directly benefit property in the Assessment District and the general benefits have been excluded from the Assessments. The Engineer's Report is consistent with *Bonander* because the Assessments have been apportioned based on the overall cost of the Improvements and Services and proportional special benefit to each property.

PLANS AND SPECIFICATIONS

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

> *The maintenance and servicing of local streetlight, traffic signal, and highway safety light structures in close proximity to certain lots and parcels which provide a direct special benefit to such lots or parcels.*

The Improvements and Services include, but are not limited to, the removal, repair, relocation, replacement or acquisition of light standards, poles, bulbs, fixtures and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and servicing of the street lighting and traffic signal improvements benefiting the parcels within the Assessment District.

The Act defines "service" or "servicing" as:

> *"Electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements."*

Plans and specifications for the Improvements and Services will be filed with the City Engineer of the City of Palmdale and are incorporated herein by reference. In addition, the specific location of both local and peripheral streetlight and traffic signal Improvements within the City can be found on the Streetlight Inventory Maps, maintained by the City and on file in the office of the Director of Public Works where they are available for inspection. The City also maintains a lamp location list that is a tabulated listing of every street in all the assessment districts and annexations by alphabetical order. Included in the items listed for each lamp are the exact location by street address number and lamp size. Also included within the City streetlight system are traffic signals and highway safety lights (lights mounted on traffic signal poles).

The Improvements and Services include the operation and maintenance of City owned streetlights within the right of way of the local public streets located within the boundaries of the Assessment District. These lights all abut or are within close proximity to the parcels within the Assessment District identified as receiving local lighting benefit in the Method of Assessment, and as such, provide special benefit to these parcels.

The maintenance of the streetlighting system will be performed jointly by the City of Palmdale and Southern California Edison (SCE). It is anticipated that City of Palmdale will own and maintain the streetlights, and SCE will maintain the underground utilities.

The proposed Improvements are listed in the following table:

TABLE 1 – LIGHT INVENTORY

Street Lights:		1	
No. of Lamps		Lamp Type	
1	-	11,000	lumens (101 watts) LED lamps
Traffic Signals (Local):		N/A	
Peripheral Improvements: Traffic Signals			

These quantities are subject to change and are based on preliminary information. For final quantities and locations please refer to the approved streetlight plans on file in the office of the City Engineer.

FISCAL YEAR 2021/2022 ESTIMATE OF COST AND BUDGET

A summary budget for fiscal year 2021/2022 for the Improvements and Services is provided below. The full Itemized Budget for the Assessment Districts is voluminous and is not bound in this report but by reference is incorporated and made a part of this report. The Itemized Budget is on file in the Department of Public Works, where it is available for public inspection.

TABLE 2 – BUDGET SUMMARY

CITY OF PALMDALE
STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT No. 1
ANNEXATION 2020-193 - Edwards Federal Credit Union
Cost Estimates FY 2021/2022

Budget Item		Costs
Direct Costs		
Labor/Materials	$234.28	
Streetlight Maintenance/Utility Costs	$546.66	
Total Direct Costs		$780.94
Other Costs	$195.23	
Total Other Costs		$195.23
Total Estimated Expenditures		$976.17
Net Amount to Assess		$976.17
Budget Allocation to Property		
Local Street Lights		
Total Acres	1.61	
Total Parcels	1	
Total EDUs *	6.44	
Annual Assessment Rate per EDU	$ 108.69	
		$699.94
Local Traffic Signals		
Total Acres	1.61	
Total Parcels	1	
Total EDUs *	4.03	
Annual Assessment Rate per EDU	$31.05	
		$124.99
Peripheral Streetlights/Traffic Signals		
Total Acres	1.61	
Total Parcels	1	
Total EDUs *	9.74	
Annual Assessment Rate per EDU	$15.53	
		$151.24
Total Maximum 2021/2022 Annual Assessment		$976.17

* See Table 8 on page 20 for EDU (Equivalent Dwelling Unit) calculations.

DIRECT COSTS

The following cost descriptions apply to the budget:

LABOR, MATERIALS, EDISON COSTS

Labor, Material, and equipment includes all labor, material, and equipment including electricity required to properly maintain and service the Improvements and appurtenant facilities within the Assessment District. All Improvements within the Assessment District will be maintained and serviced on a regular basis.

RENOVATION, INSTALLATION, ACQUISITION

Repairs that are unforeseen and not normally included in the yearly maintenance cost. This may include repair of damage due to vandalism and traffic accidents. Planned upgrades of the Improvements that provide a direct benefit to the Assessment District could also be included in renovation costs. The installation or construction of public lighting facilities, or the acquisition of any existing improvements are also included.

UTILITY COSTS/ELECTRICITY

The furnishing of electricity required for the operation of the street lighting, applicable to service for the lighting of streets and highways, where the City owns the streetlights, and the City and Southern California Edison (SCE) jointly perform the maintenance of the lighting equipment and associated system and facilities.

OTHER COSTS

PERSONNEL

The cost of City staff for providing street lighting maintenance, the coordination and oversight for maintenance and servicing by City staff or by Southern California Edison, responding to public concerns, and levying and collecting assessments. This includes reimbursement for time spent by Finance and Accounting departments, City Attorney, City Manager, and Public Works staff.

CONSULTANTS

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

PROFESSIONAL FEES

The costs of contracting with professionals to provide any additional administrative or engineering services specific to the annexation, such as the cost to prepare and mail notices of the public meeting and hearing, or preparation of assessment diagrams.

COUNTY ADMINISTRATION FEES

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

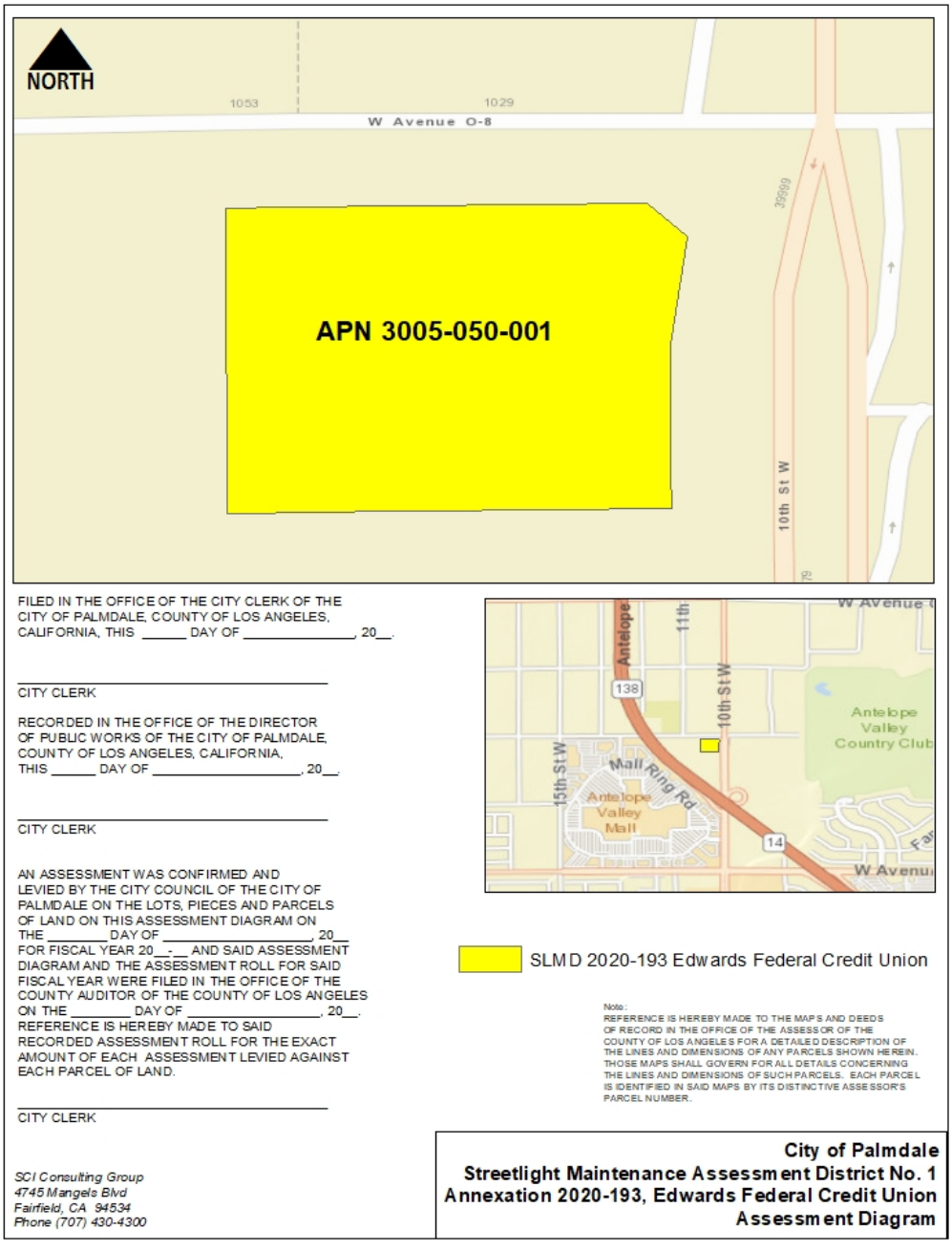
CITY CONTRIBUTION/GENERAL BENEFIT

Any funds added to the Districts' and Annexations' accounts by the City from the City's General Fund Account or other revenue source.

ASSESSMENT DIAGRAM

The boundaries of the City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, is shown on the Assessment Diagram below.

FIGURE 1 – ASSESSMENT DIAGRAM



METHOD OF ASSESSMENT

ASSESSMENT METHODOLOGY

This section of the Engineer's Report includes an explanation of the benefits to be derived from the Improvements and Services throughout the Assessment District and the Assessment methodology used to apportion the total Assessment to properties within the Assessment District.

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

DISCUSSION OF BENEFIT

The Assessments can only be levied based on the special benefit to property. This special benefit is received by a property over and above any general benefit. The assessments are levied upon those parcels within an identified Assessment District where the Improvements and Services provided are specific to those parcels. Moreover, such a benefit is not based on any one property owner's use of the Improvements and Services or a property owner's specific demographic status. With reference to the requirements for Assessments, Section 22573 of the Act states:

> *"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

Proposition 218, as codified in Article XIIID of the California Constitution, has confirmed that Assessments must be based on the special benefit to property:

> *No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.*

The following benefit categories summarize the types of special benefit to residential, commercial, industrial, and other lots and parcels resulting from the Services. These categories of special benefit are derived in part from the statues passed by the California Legislature and other studies which describe the types of special benefit received by the

property from the installation, maintenance and servicing of improvements such as those proposed by the City of Palmdale and the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193. These types of special benefit are summarized as follows:

- Proximity to Improvements within the Assessment District.
- Improved safety and security lighting for property.
- Improved ingress and egress to property for vehicular traffic and pedestrians.
- Creation of individual lots for development or approval of building permits that in the absence of the assessments would not have been created or approved.

The recent Silicon Valley Taxpayers Association, Inc. vs. Santa Clara County Open Space Authority (*SVTA*) decision provides enhanced clarity to the definition of special benefits to property based on the proximity of the Improvements and Services.

The *SVTA* decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel, and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The *SVTA* decision also provides specific guidance that improvements that are proximate to property are a direct advantage and special benefit to property:

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

Proximity, in addition to the other special benefits listed above, further strengthens the basis of this assessment.

BENEFIT FACTORS

The special benefits from the Improvements and Services are further detailed below:

PROXIMITY TO IMPROVEMENTS WITHIN THE ASSESSMENT DISTRICT

Only the specific properties within close proximity to the Improvements and Services are included in the Assessment District. Therefore, property in the Assessment District enjoys unique and valuable proximity to the Improvements that the public at large and property outside the Assessment District do not share.

In absence of the assessments, the Improvements and Services would not be provided and would be degraded or inoperable due to insufficient funding for maintenance, upkeep and repair. Therefore, the assessments provide Improvements and Services that are over and above what otherwise would be provided. Improvements and Services that are over and above what otherwise would be provided do not by themselves translate into special benefits but, when combined with the unique proximity enjoyed by parcels in the Assessment District, they provide a direct advantage and special benefit to property in the Assessment District.

IMPROVED SAFETY AND SECURITY LIGHTING FOR PROPERTY

Parcels within the Assessment District are located close to, and in some cases directly next to, streetlights that provide illumination of the streets and sidewalks adjacent to the properties in the Assessment District. This illumination increases safety by allowing pedestrians and drivers of vehicles to see better during hours of dusk and darkness. The illumination also serves to deter criminal activity during hours of dusk and darkness. This is a direct advantage and special benefit to the property in the Assessment District.

IMPROVED INGRESS AND EGRESS TO PROPERTY FOR VEHICULAR TRAFFIC AND PEDESTRIANS

The Improvements and Services provide illumination to streets and sidewalks in and immediately adjacent to the Assessment District. This illumination allows improved ingress and egress to the parcels within the Assessment District and reduces the potential for accidents and property damage. This is a direct advantage and special benefit to the property in the Assessment District.

CREATION OF INDIVIDUAL LOTS FOR DEVELOPMENT OR APPROVAL OF BUILDING PERMITS THAT IN ABSENCE OF THE ASSESSMENTS WOULD NOT HAVE BEEN CREATED OR APPROVED

The developer or the owner of the property at the time of development agreed to the assessments. As parcels were sold, new owners were informed of the assessments through the title reports, and in some cases, through Department of Real Estate "White Paper" reports that the parcels were subject to assessment. Purchase of property was also an "agreement" to pay the assessment. Moreover, in absence of the assessments, the lots within the Assessment Districts would not have been created or building permits would not have been approved. These lots, and the Improvements they support, are a special benefit to the property owners.

GENERAL VERSUS SPECIAL BENEFIT

The proceeds from Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, are used to fund Improvements and increased levels of maintenance to the public facilities that serve and benefit the properties in the Assessment District. In absence of the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, such Improvements would not be properly maintained. Therefore, the Assessment District's purpose is to ensure that the necessary and beneficial public facilities for property in the Assessment District are properly maintained and repaired over time. The assessments will ensure that street lighting and associated improvements within and adjacent to the Assessment District are functional, well maintained and safe. These public resources directly benefit the property in the Assessment District and will confer distinct and special benefits to the properties within the Assessment District. Moreover, in absence of the assessments, a condition of development would not be met and future construction in the Assessment District could be denied. The creation of individual lots, if any, and the approval for construction in the Assessment District, is the overriding clear and distinct special benefit conferred exclusively on property in the Assessment District and not enjoyed by other properties outside the Assessment District. Therefore, the assessments solely provide

special benefit to property in the Assessment District over and above the general benefits conferred to the public at large or properties outside the Assessment District.

Although the Improvements maintained by the Services may be available to the general public at large, the Improvements and Services are specifically designed, located and created to provide additional and improved resources for property inside the Assessment District, and not the public at large. Other properties that are outside the Assessment District do not enjoy the unique proximity and other special benefit factors described previously. These Improvements and Services are of special benefit to properties located within the Assessment District because they provide a direct advantage to properties in the Assessment District that would not be provided in absence of the Assessments. Any general benefits to surrounding properties outside of the Assessment District, if any there were, are collateral and conferred concomitantly.

QUANTIFICATION OF GENERAL BENEFIT

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

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

In the 2009 Dahms case, the court upheld an assessment that was 100% special benefit on the rationale that the services funded by the assessments were directly provided within the assessment district. It is also important to note that the improvements and services funded by the assessments in Pomona are similar to the improvements and services funded by the Assessments described in this Engineer's Report, and the Court found these improvements and services to be 100% special benefit. Also similar to the assessments in Pomona, the Assessments described in this Engineer's Report fund Improvements and Services directly provided within the Assessment District, and every benefiting property in the Assessment District enjoys proximity and access to the Improvements. Therefore, Dahms establishes a basis for minimal or zero general benefits from the Assessments.

STEP 1 – CALCULATE GENERAL BENEFIT

The General Benefits from this assessment may be quantified as illustrated in the following table.

TABLE 3 – CALCULATION OF GENERAL BENEFIT

Benefit Factor	Relative Weight	General Benefit Contribution	Relative General Benefit
Improved safety and security lighting for property	5	25%	1.25
Improved ingress and egress to property for vehicular traffic & pedestrians	5	25%	1.25
Creation of individual lots for development or approval of building permits	90	0%	0
	100		2.5
	Total Calculated General Benefit =		2.5%

As a result, the City of Palmdale will contribute at least 2.5% of the total budget from sources other than the assessment. This contribution offsets any general benefits from the Assessment Services.

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

This general benefit contribution is the sum of the following components:

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

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

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

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

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

ASSESSMENT METHODOLOGY

The second step in apportioning assessments is to determine the relative special benefit for each property. The Assessment Districts and Annexations assessments are based on land use to ensure properties are assessed in proportion to the benefits received. The land uses defined below are descriptive of all potential parcels. This process involves determining the relative benefit received by each property in relation to a single-family home, or, in other words, on the basis of Equivalent Dwelling Units (EDUs). This EDU methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this Engineer's Report, all properties are designated an EDU value, which is each property's relative benefit in relation to a single-family home on one parcel. In this case, the "benchmark" property is the single-family detached dwelling which is one Equivalent Dwelling Unit or one EDU.

TABLE 4 – LAND USE DEFINITIONS

Land Use Code	Land Use Description
RES	Single family residential parcels that benefit from local lighting
CONDO	Condominium or town home parcels that benefit from local lighting
APT	Multiple family residential parcels that benefit from local lighting
MH	Mobile homes that benefit from local lighting
NONRES	Non-residential parcels that benefit from local lighting
NONRES / LIGHT INDUSTRIAL	Non-residential / light industrial parcels that benefit from local lighting
VACANT	Parcels without a building or similar structure that benefit from local lighting
EXEMPT	Parcels exempt by law from the assessment, or those parcels that do not benefit from the Districts and Annexations

LOCAL LIGHTING APPORTIONMENT

The special benefit from the maintenance, operation, and servicing of local streetlights within the Assessment District only accrues to those parcels within the Assessment District located in areas where such lighting is provided. Parcels within the Assessment District, regardless of location, are considered to benefit from such improvements installed within the Assessment District. These benefit factors were defined earlier in the Benefit Factors section. The Benefit Factor is apportioned to properties in the Assessment District based on the relative property size or units as available from the City of Palmdale Planning Department. The following Table - Local Lighting Benefit Factors, shows the breakdown of the benefit points assigned to each land use for those properties located in areas with streetlights. Assessments for local street lighting will be determined using the following Table and the current EDU rate to maintain streetlights within each individual Assessment District and Annexation.

TABLE 5 – LOCAL LIGHTING BENEFIT FACTORS

Land Use Description	Safety Benefit	Availability Benefit	Total Equivalent Dwelling Units (EDUs)
Single Family Residential (SFR)	0.75/unit	0.25/parcel	1.00 EDU/parcel
Condominium	0.55/unit	0.25/parcel	0.80 EDU/parcel
Multi-family up to 20 units	0.54/unit	0.25/parcel	0.54 EDU/unit + 0.25 EDU/parcel
Multi-family more than 20 units	0.45/unit + 1.80/parcel	0.25/parcel	0.45 EDU/unit + 2.05 EDU/parcel
Mobile Home up to 20 units	0.33/unit	0.25/parcel	0.33 EDU/unit + 0.25 EDU/parcel
Mobile Home more than 20 units	0.20 /unit + 2.60/parcel	0.25/parcel	0.20 EDU/unit + 2.85 EDU/parcel
Non-residential	2.50/acre	1.50/acre	4.00 EDU/net acre
Non-residential/Light industrial	0.60/acre	0.40/acre	1.00 EDU/net acre
Vacant	0.25/parcel	0.25/parcel	0.50 EDU/parcel

An EDU (Equivalent Dwelling Unit) is used as a way to relate dissimilar land uses such as commercial and residential. As an example, one acre of commercial is approximately equal to 4 residential parcels.

LOCAL TRAFFIC SIGNAL APPORTIONMENT

The special benefit from the maintenance, operation, and servicing of local traffic signals, including safety lights mounted on the traffic signals within the Assessment District, is similar to the local streetlights. Therefore, the Benefit Factor is apportioned to properties in the Assessment District based on the relative property size or units as available from the City of Palmdale Planning Department. The following Table - Local Traffic Signal Benefit Factors, shows the breakdown of the benefit points assigned to each land use for those properties located in areas with local traffic signals. Assessments for local traffic signals will be determined using the following Table and the current EDU rate to maintain traffic signals within each individual Assessment District and Annexation.

TABLE 6 – LOCAL TRAFFIC SIGNAL BENEFIT FACTORS

Land Use Description	Total Equivalent Dwelling Units (EDUs)
Single Family Residential (SFR)	0.75 EDU/Parcel
Condominium	0.68 EDU/Parcel
Multiple Family	0.45 EDU/Unit + 0.25 EDU/Parcel
Mobile Home	0.20 EDU/Unit + 0.25 EDU/Parcel
Non-residential	2.50 EDU/Acre
Non-residential/Light Industrial	0.60 EDU/Acre
Vacant	0.25 EDU/Parcel

PERIPHERAL STREETLIGHTS/TRAFFIC SIGNALS APPORTIONMENT

Parcels in the Assessment District receive special benefit from the installation, maintenance, operation, and servicing of safety lighting and streetlights, and traffic signals on peripheral streets located outside of the District. The peripheral lighting, traffic signals, safety lighting and capital improvements (arterial lighting) are provided throughout the City and properties in the District may easily access these improvements. In contrast to the local lighting, peripheral lighting benefits properties primarily because the properties are provided safe peripheral street access. Therefore, peripheral lighting benefits will be apportioned to parcels in the District based on the relative property size or units as available from the City of Palmdale Planning Department.

Vacant properties also benefit from peripheral lighting because of the convenience associated with emergency vehicle access and other traffic that must use the arterial streets to service the vacant properties in the District. Therefore, vacant parcels are assigned a per parcel benefit point. Vacant parcels are assigned benefit points based on the core benefit attributable to every assessable parcel in the District from peripheral lighting of 0.25 benefit points per parcel.

The following Table -- Peripheral Streetlights/Traffic Signals Benefit Factors, shows the breakdown of the benefit points assigned to each land use for assessable property in the Assessment District.

TABLE 7 – PERIPHERAL STREETLIGHTS/TRAFFIC SIGNALS BENEFIT FACTORS

Land Use Description	Total Benefit Points
Single Family Residential (SFR)	1.00 EDU/Parcel
Condominium	0.85 EDU/Parcel
Multiple Family	0.95 EDU/Parcel
Mobile Home	0.40 EDU/unit
Non-residential	1.00 EDU/7,200 square feet (parcel size)
Non-residential/Light Industrial	0.40 EDU/7,200 square feet (parcel size)
Vacant	0.25 EDU/Parcel

ASSESSMENT APPORTIONMENT

The proposed Improvements and Services, and the assessments for Streetlight Maintenance Assessment District No. 1, SLMD No. 2020-193, provide direct and special benefit to properties in the Assessment District. In the Streetlight Maintenance Assessment District No. 1, the parcel to be annexed, are a non-residential development project. The new Annexation consists of one parcel with 1.61 acres. As such, parcels receive similar benefit from the Services in proportion to the parcel's size. Therefore, the Engineer has determined that the appropriate method of apportionment of the benefits derived by all parcels is on a per acre basis. In order to maintain consistency with lighting maintenance assessment

districts previously established in the City of Palmdale, the assessment apportionment is as follows:

TABLE 8 – ASSESSMENT APPORTIONMENT

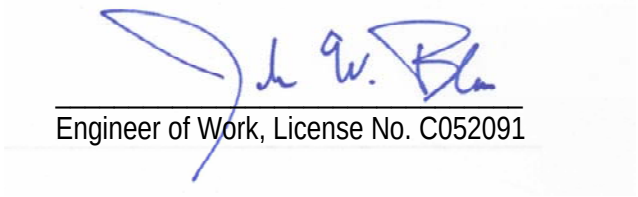
Property Type	Equivalent Dwelling Units (EDUs) Calculation		
Non-residential	Acres X	EDUs per Acre	= Total EDUs
Local Lighting	1.61	4.00	6.44
Local Traffic Signals	1.61	2.50	4.03
Peripheral Streetlights/Traffic Signals	1.61	6.05	9.74

All improved properties or properties proposed for development are assigned an EDU factor based on the total parcel size. The proposed assessments are listed on the Assessment Roll at the end of this report.

CERTIFICATES

FINAL RECORDING CERTIFICATIONS

1. The undersigned respectfully submits the enclosed Engineer's Report and does hereby certify that this Engineer's Report, and the Assessment and Assessment Diagram herein, have been prepared by me in accordance with the order of the City Council of the City of Palmdale.



_____
Engineer of Work, License No. C052091

2. I, Shanae S. Smith, as City Clerk, do hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, were filed and recorded with me on _____, 20__.

_____
Shanae S. Smith, City Clerk
City of Palmdale
State of California

3. I, Shanae S. Smith, as City Clerk, do hereby certify that the Assessment in this Engineer's Report, together with the Assessment Diagram attached thereto, were approved and confirmed by the City Council of the City of Palmdale on February 2, 2021, by Resolution No. CC 2021-005.

_____
Shanae S. Smith, City Clerk
City of Palmdale
State of California

ASSESSMENT STATEMENT

WHEREAS, the undersigned Engineer of Work has prepared and filed a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the Improvements upon all assessable parcels within the Assessment District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Acts and the order of the City Council of the City of Palmdale, hereby make the following assessment to cover the portion of the estimated cost of said Improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amounts to be paid for said Improvements and the expense incidental thereto, to be paid by the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, for the fiscal year 2021/2022, are generally as follows:

TABLE 9 – SUMMARY OF COST ESTIMATES – FISCAL YEAR 2021/2022

CITY OF PALMDALE
Streetlight Maintenance Assessment District No. 1
ANNEXATION 2020-193 - Edwards Federal Credit Union
Summary Cost Estimates FY 2021/2022

Direct Costs				$780.94
Other Costs				$195.23
Total Costs / Budget to Assessment				$976.17
Total Budget				$976.17
	Street Lights	Traffic Lights	Peripheral Lights	
Total EDUs	6.44	4.03	9.74	
Rate per EDU	$108.69	$31.05	$15.53	$155.27

As required by the Acts, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Streetlight Maintenance Assessment District No. 1, Annexation 2020-193. The distinctive number of each parcel or lot of land in said Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, is its Assessor Parcel Number appearing on the Assessment Roll.

And I do hereby assess and apportion said net amount of the cost and expenses of said Improvements and Services, including the costs and expenses incident thereto, upon the parcels and lots of land within said Streetlight Maintenance Assessment District No. 1,

Annexation 2020-193, in accordance with the special benefits to be received by each parcel or lot from the Improvements and Services, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessments are made upon the parcels or lots of land within the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, in proportion to the special benefits to be received by the parcels or lots of land from said Improvements and Services.

The assessments are subject to an annual increase tied to the Consumer Price Index All Urban Consumers for the Los Angeles-Long Beach-Anaheim Area (CPI), or to the Southern California Edison and California Public Utilities Commission (CPUC) approved rates for each light fixture used in the City's Streetlight Maintenance District. The Engineer shall compute the percentage difference between the CPUC or the CPI for February of each year and the CPUC or CPI for the previous February and shall then increase the existing assessment by an amount not to exceed such percentage for the following fiscal year. If the CPI or CPUC increase is not applied to the assessment rate in a given year, the assessment rate may be raised in subsequent years by an amount corresponding to the unused, cumulative increase in CPI or CPUC.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Los Angeles for the fiscal year 2021/2022. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2021/2022 for each parcel or lot of land within the said Streetlight Maintenance Assessment District No. 1, Annexation 2020-193.

Dated: December 30, 2020



Engineer of Work

By _____

John W. Bliss, License No. C052091

APPENDIX A – ASSESSMENT ROLL

An Assessment Roll (a listing of all parcels assessed within the City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, and the amount of the assessment) has been filed with the Director of Public Works, and is, by reference, made part of this report and will be available for public inspection during normal office hours.

Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records, and these records are by reference made part of this report. These records shall govern for all details concerning the description of the lots or parcels.

TABLE 10 – ASSESSMENT ROLL FOR FISCAL YEAR 2021/2022

Streetlight Maintenance Assessment District No. 1 Annexation SLMD 2020-193 - Edwards Federal Credit Union FISCAL YEAR 2021/2022			
Owner's Name	Assessor Parcel Number	FY 2021/2022 Maximum Assessment	FY 2021/2022 Proposed Annual Assessment
Edwards Federal Credit Union	3005-050-001	$976.17	$699.94
FY 2021/2022 Total Assessment		$976.17	$699.94

NOTE:
For the upcoming year, the proposed assessment will be updated to include the annual rate increase based upon the Consumer Price Index for All Urban Consumers for the Los Angeles-Orange-Riverside County Areas (CPI) updated as of February of each year, and this assessment will be placed in the newly created parcel. Each year thereafter, the rates will continue to increase based on this CPI.

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **HUMAN RESOURCES DIVISION / OFFICE OF THE CITY MANAGER**

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-013, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING THE CITY'S CLASSIFICATION AND PAY PLAN.**

ISSUE

Adopt Resolution No. CC 2021-013 Amending the City's Classification and Pay Plan.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. Resolution No. CC 2021-013 Amending the City's Classification and Pay Plan.

BACKGROUND

From time to time, positions throughout the City may take on more responsibilities and duties to accommodate the needs of the community. As such, it is necessary to review these positions to ensure that the appropriate classification, job description, and compensation are in place.

DISCUSSION

Reclassification recommendations are based on existing workload demands and the need to expand staffing in strategic areas in order to maintain and enhance organizational performance measures. Recommendations for reclassifications are also based on the need to align titles with respective job duties.

The City hired a consultant to conduct interviews and thorough desk audits with each employee as well their Supervisor and Director. Some of the results included adjustments in the salary range, title change or both. The City Manager and the Human Resources Manager review the recommendations and verify that the recommendations align with the City's goals and objectives. The results of the study are as follows:

Department / Division	Current Title / Range	New Title / Range
City Manager	Assistant City Manager Range 54	Range 57
City Manager HR Division	Office Assistant II Range 22	Sr. Administrative Assistant Range 29
City Manager Finance Division	Payroll Specialist Range 28	Sr. Payroll Specialist Range 30
City Manager Finance Division	Sr. Finance Analyst Range 35	Asst. Finance Manager Range 40
Administrative Services SAVES	SAVES Coordinator Range 29	Community Program Coordinator Range 35
Administrative Services Communications	Sponsorship and Marketing Specialist	Marketing and Digital Specialist
Neighborhood Services	Community Compliance Supervisor Range 36	Community Compliance Manager Range 40
Parks and Recreations	Sr. Administrative Analyst Range 29	Management Analyst I Range 33
Public Works Maintenance	Maintenance Specialist Range 29	Sr. Maintenance Specialist Range 31
Public Works Maintenance	Fleet Supervisor Range 35	Fleet Superintendent Range 36

FISCAL IMPACT

Sufficient funds are available in the FY 2021 Annual Operating Budget as a result of vacancies. These are existing positions with 10%- 20% adjustments to salaries to compensate for the work performed.

STRATEGIC PLAN

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

C. Invest in staff and other human resource strategies to attract and retain a highly qualified, diverse and creative workforce.

Prepared by:	Patricia Nevarez, Human Resources Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-013

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-013

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING THE CITY'S CLASSIFICATION AND PAY PLAN FOR GENERAL POSITIONS

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's Classification and Pay Plan for General Positions is amended as set forth in the attached Exhibit #1.

SECTION 2. The City Clerk shall certify the passage and adoption of this resolution Amending the City's Classification and Pay Plan for General Positions. It is deemed to be effective February 2, 2021.

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SECTION 3. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 2nd day of February, 2021.

Approved as to form:

Christopher L. Beck
City Attorney

Steven D. Hofbauer, Mayor

ATTEST:

Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 2nd day of February, 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

City of Palmdale
Effective February 2, 2021

CLASSIFICATION AND PAY PLAN – GENERAL POSITIONS
FY 2020 – 2021

TITLE	RANGE Hourly	RANGE #
Intern	$14.19 - $15.65 per hour	14
Public Security Officer	$14.19 - $15.65 per hour	14
Records Management Clerk I	$15.65 – $19.97 per hour	18
Senior Public Security Officer	$15.65 – $19.97 per hour	18
Office Assistant I	$17.25 – $22.02 per hour	20
Records Management Clerk II	$17.25 – $22.02 per hour	20
SAVES Assistant	$19.02 – $24.28 per hour	22
Senior Records Management Clerk	$19.02 – $24.28 per hour	22
Neighborhood Compliance Officer	$20.97 – $26.77 per hour	24
Theater Operations Technician	$20.97 – $26.77 per hour	24
Senior Neighborhood Compliance Officer	$23.12 – $29.51 per hour	26
Theater Operations Coordinator	$23.12 – $29.51 per hour	26
Administrative Assistant	$24.28 – $30.99 per hour	27

TITLE	RANGE Monthly	RANGE #
Office Assistant I	$2,990 - $3,817	20
Account Clerk I	$3,297 - $4,209	22
Office Assistant II	$3,297 - $4,209	22
SAVES Assistant	$3,297 - $4,209	22
Account Clerk II	$3,635 - $4,640	24
Public Safety Technician	$3,635 - $4,640	24
Community Development Technician I	$4,007 - $5,115	26
Community Service Officer	$4,007 - $5,115	26
Information Technology Technician I	$4,007 - $5,115	26
Senior Account Clerk	$4,007 - $5,115	26
Theater Operations Coordinator	$4,007 - $5,115	26
Administrative Assistant	$4,209 - $5,372	27
Business License Coordinator	$4,418 - $5,640	28
Community Development Technician II	$4,418 - $5,640	28
Financial Technician	$4,418 - $5,640	28
Information Technology Technician II	$4,418 - $5,640	28
Payroll Specialist	$4,418 - $5,640	28
Public Safety Specialist	$4,418 - $5,640	28

City of Palmdale
Effective February 2, 2021

TITLE	RANGE Monthly	RANGE #
Deputy City Clerk	$4,640 - $5,921	29
Housing Technician	$4,640 - $5,921	29
SAVES Coordinator	$4,640 - $5,921	29
Senior Administrative Assistant	$4,640 - $5,921	29
Senior Community Development Technician	$4,640 - $5,921	29
Supervising Public Security Officer	$4,640 - $5,921	29
Building Inspector I	$4,872 - $6,219	30
Economic Development Coordinator	$4,872 - $6,219	30
Engineering Technician I	$4,872 - $6,219	30
Plan Reviewer Aide	$4,872 - $6,219	30
Planning Aide	$4,872 - $6,219	30
Public Art Coordinator	$4,872 - $6,219	30
Public Works Inspector I	$4,872 - $6,219	30
Recreation Coordinator	$4,872 - $6,219	30
Senior Payroll Specialist	$4,872 - $6,219	30
Buyer	$5,115 - $6,529	31
Code Enforcement Officer	$5,115 - $6,529	31
Community Compliance Specialist	$5,115 - $6,529	31
Digital Media Specialist	$5,115 - $6,529	31
Environmental Compliance Inspector	$5,115 - $6,529	31
Executive Assistant	$5,115 - $6,529	31
Human Resources Specialist	$5,115 - $6,529	31
Neighborhood Services Specialist	$5,115 - $6,529	31
Traffic Signal & Streetlight Technician I	$5,115 - $6,529	31
Assistant Planner	$5,372 - $6,855	32
Building Inspector II	$5,372 - $6,855	32
Engineering Technician II	$5,372 - $6,855	32
Information Technology Specialist	$5,372 - $6,855	32
Public Works Inspector II	$5,372 - $6,855	32
Supervising Community Development Technician	$5,372 - $6,855	32
Assistant Engineer I	$5,640 - $7,199	33
Collection System Maintenance Planner	$5,640 - $7,199	33
Community Compliance Coordinator	$5,640 - $7,199	33
Human Resources Analyst I	$5,640 - $7,199	33
Legal & Risk Assistant	$5,640 - $7,199	33
Management Analyst I	$5,640 - $7,199	33
Recreation Supervisor	$5,640 - $7,199	33
Senior Buyer	$5,640 - $7,199	33
Traffic Signal & Streetlight Technician II	$5,640 - $7,199	33
Associate Planner	$5,921 - $7,559	34
Plan Reviewer	$5,921 - $7,559	34
Senior Building Inspector	$5,921 - $7,559	34
Senior Engineering Technician	$5,921 - $7,559	34
Senior Public Works Inspector	$5,921 - $7,559	34
Assistant Engineer II	$6,219 - $7,937	35
Community Programs Coordinator	$6,219 - $7,937	35
Financial Analyst	$6,219 - $7,937	35
Housing Coordinator	$6,219 - $7,937	35

City of Palmdale
Effective February 2, 2021

TITLE	RANGE Monthly	RANGE #
Human Resources Analyst II	$6,219 - $7,937	35
Information Technology Analyst I	$6,219 - $7,937	35
Maintenance Asset Analyst	$6,219 - $7,937	35
Management Analyst II	$6,219 - $7,937	35
Marketing & Digital Specialist	$6,219 - $7,937	35
Media Production Specialist	$6,219 - $7,937	35
Paralegal	$6,219 - $7,937	35
Safety & Emergency Services Coordinator	$6,219 - $7,937	35
Senior Traffic Signal & Streetlight Technician	$6,219 - $7,937	35
Water Park Supervisor	$6,219 - $7,937	35
Collection System Superintendent	$6,529 - $8,334	36
Community Compliance Supervisor	$6,529 - $8,334	36
Facilities Superintendent	$6,529 - $8,334	36
Fleet Superintendent	$6,219 - $7,937	36
Landscape Superintendent	$6,529 - $8,334	36
Public Safety Supervisor	$6,529 - $8,334	36
Senior Financial Analyst	$6,529 - $8,334	36
Senior Plan Reviewer	$6,529 - $8,334	36
Associate Engineer	$6,855 - $8,743	37
Information Technology Analyst II	$6,855 - $8,743	37
Public Works Project Manager	$6,855 - $8,743	37
Senior Housing Coordinator	$6,855 - $8,743	37
Senior Human Resources Analyst	$6,855 - $8,743	37
Senior Management Analyst	$6,855 - $8,743	37
Senior Planner	$6,855 - $8,743	37
Supervising Building Inspector	$6,855 - $8,743	37
Supervising Financial Analyst	$6,855 - $8,743	37
Supervising Public Works Inspector	$6,855 - $8,743	37
Budget Officer	$7,199 - $9,187	38
Deputy Public Information Officer	$7,199 - $9,187	38
GIS Coordinator	$7,199 - $9,187	38
Purchasing/Risk Manager	$7,199 - $9,187	38
Street Superintendent	$7,199 - $9,187	38
Traffic Signal & Streetlight Manager	$7,199 - $9,187	38
Senior Information Technology Analyst	$7,559 - $9,648	39
Assistant Finance Manager	$7,937 - $10,130	40
Community Compliance Manager	$7,937 - $10,130	40
Community Programs Manager	$7,937 - $10,130	40
Council Chief of Staff	$7,937 - $10,130	40
Deputy City Attorney	$7,937 - $10,130	40
Environmental & Technology Manager	$7,937 - $10,130	40
Housing Manager	$7,937 - $10,130	40
Neighborhood Preservation Supervisor	$7,937 - $10,130	40
Principal Planner	$7,937 - $10,130	40
Recreation Manager	$7,937 - $10,130	40
Senior Civil Engineer	$7,937 - $10,130	40
Assistant to the City Manager	$8,334 - $10,636	41
City Clerk	$8,334 - $10,636	41
Communications Manager/Public Information Officer	$8,334 - $10,636	41

City of Palmdale
Effective February 2, 2021

TITLE	RANGE Monthly	RANGE #
Building Official	$8,743 - $11,168	42
Economic Development Manager	$8,743 - $11,168	42
Information Technology Manager	$8,743 - $11,168	42
Maintenance Services Manager	$8,743 - $11,168	42
Capital Improvement Program Manager	$9,648 - $12,312	44
Finance Manager	$9,648 - $12,312	44
Human Resources Manager	$9,648 - $12,312	44
Planning Manager	$9,648 - $12,312	44
Traffic Engineer	$9,648 - $12,312	44
Deputy Director of Economic & Community Development	$10,130 - $12,927	45
Assistant City Attorney	$11,168 - $14,253	47
City Engineer	$11,168 - $14,253	47
Deputy Director of Public Works	$11,168 - $14,253	47
Deputy City Manager	$11,726 - $14,966	48
Director of Administrative Services	$11,726 - $14,966	48
Director of Economic & Community Development	$11,726 - $14,966	48
Director of Neighborhood Services	$11,726 - $14,966	48
Director of Parks & Recreation	$11,726 - $14,966	48
Director of Public Works	$14,253 - $18,190	52
Assistant City Manager	$18,191 - $23,217	57

TITLE	Monthly - Contract
City Manager	$25,417
City Attorney	$17,083

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **3**

SUBJECT: **AWARD CONSTRUCTION CONTRACT WITH R.C. BECKER AND SONS, INC. FOR PROJECT NO. 816, 40TH STREET EAST PAVEMENT REHABILITATION (EAST AVENUE S-4 TO NOLL DRIVE), IN THE AMOUNT OF $190,198.**

ISSUE

Award Construction Contract with R.C. Becker and Sons, Inc. for Project No. 816, 40th Street East Pavement Rehabilitation (East Avenue S-4 to Noll Drive), in the amount of $190,198.

RECOMMENDATION

Staff recommends that the City Council:

1. Award Construction Contract with R.C. Becker and Sons, Inc. for Project No. 816, 40th Street East Pavement Rehabilitation (East Avenue S-4 to Noll Drive), in the amount of $190,198; and
2. Authorize a supplemental appropriation from the Prop C available balance to the 40th Street East Rehabilitation in the amount of $221,400 to Account No. S0080204-724525; and
3. Authorize the City Manager or his designee to execute the Agreement with R.C. Becker and Sons, Inc., including minimal and/or non-substantive changes.

BACKGROUND

This Public Works project will provide for pavement rehabilitation of 40th Street East between East Avenue S-4 and Noll Drive. The existing pavement has distressed significantly and requires immediate attention. The project will address the pavement structural section, widen 40th Street to two (2) lanes in the southbound direction, restripe the pavement, and provide drainage improvement with additional asphalt curb.

DISCUSSION

Two (2) bids for this project were received on December 17, 2020 and are summarized as follows:

Bidder	Location	Amount
1. R.C. Becker and Sons, Inc.	Santa Clarita, CA	$190,198
2. CSI Services	Anaheim, CA	$313,000

References have been checked and staff recommends that the City Council award Project No. 816, to R.C. Becker and Sons, Inc. in the amount of $190,198.

FISCAL IMPACT

This project was initially budgeted in operating costs for the Maintenance Division. However, after proper scoping of the work and review of the plans, it was determined that it was beyond the Maintenance Division's scope and budget to complete. There are sufficient funds in the Prop C available balance. The project budget includes the following:

	Budget	Anticipated Expenditures	Difference
Construction	-0-	$190,198	
Inspection/Administration		$10,000	
Compliance		$2,000	
Contingency		$19,200	
Total	**-0-**	**$ 221,398**	**$ (221,400)**

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:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **2**

SUBJECT: **AWARD CONSTRUCTION CONTRACT WITH ELECNOR BELCO ELECTRIC, INC. FOR TO INSTALL A TRAFFIC SIGNAL AND CONSTRUCT ADA RAMP UPGRADES AT THE INTERSECTION OF 5TH STREET WEST AND AUTO CENTER DRIVE IN THE AMOUNT OF $360,815**

ISSUE

Award Construction Contract with Elecnor Belco Electric, Inc. to install a traffic signal and construct ADA ramp upgrades at the intersection of 5th Street West and Auto Center Drive in the amount of $360,815.

RECOMMENDATION

Staff recommends that the City Council:

1. Award Construction Contract with Elecnor Belco Electric, Inc. to install a traffic signal and construct ADA ramp upgrades at the intersection of 5th Street West and Auto Center Drive Rehabilitation, in the amount of $360,815; and

2. Authorize the City Manager or his designee to execute the Agreement with Elecnor Belco Electric, Inc, including minimal and/or non-substantive changes.

BACKGROUND

This Public Works project will provide for curb rehabilitation and installation of a new traffic signal and striping at the intersection of 5th Street West and Auto Center Drive. The intersection is currently a four way stop and the installation of a traffic signal will improve the traffic flow through and around this area.

DISCUSSION

Six (6) bids for this project were received on January 7th, 2021 and are summarized as follows:

Bidder	Location	Amount
1. Elecnor Belco Electric, Inc.	Chino, CA	$360,815
2. Crosstown Electrical & Data, Inc.	Irwindale, CA	$375,389
3. Selected Electric, Inc.	Vista, CA	$395,000
4. California Professional Engineering, Inc.	La Puente, CA	$398,383
5. Comet Electric, Inc.	Chatsworth, CA	$428,122
6. Taft Electric Co.	Ventura, CA	$433,453

References have been checked and staff recommends that the City Council award Project No. 812, to Elecnor Belco Electric, Inc. in the amount of $360,815.

FISCAL IMPACT

Sufficient funds are budgeted in account number T0033-724525 for this project. The project budget includes the following:

	Budget	Anticipated Expenditures	Difference (excess/shortfall)
Traffic Signal Installation	$536,000		
Construction		$360,815	
Inspection/Administration		$19,000	
Compliance		$5,000	
Contingency		$36,000	
Total	**$536,000**	**$ 420,815**	**$115,185**

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:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **I**

SUBJECT: **REJECT BIDS FOR UPPER AMARGOSA CREEK RECHARGE HABITAT RESTORATION/MITIGATION PROGRAM**

ISSUE

Reject bids for Upper Amargosa Creek Recharge Habitat Restoration/Mitigation Program.

RECOMMENDATION

Staff recommends that the City Council reject all bids for Upper Amargosa Creek Recharge Habitat Restoration/Mitigation Program, re-evaluate the scope of work and re-bid the project in the future.

BACKGROUND

The Upper Amargosa Creek Recharge Basin construction project (PN: 591-C) located between Elizabeth Lake Road and 25th Street West consists of flood control, water conservation, habitat restoration for the impacts of these improvements and recreational open space improvements. The alignment of the Upper Amargosa Creek was modified to construct eleven (11) new off-channel basins for increased groundwater recharge to the Antelope Valley Groundwater Basin. This was a Prop 1E state grant and local funded project and construction was completed in November of 2019.

Conditions of the environmental approval of the project require the establishment of mitigation areas to be set aside, vegetation reestablished, and its progress monitored in future years. A total of 50 acres of mitigation area will be restored or enhanced. This mitigation will include but not be limited to installation of a temporary irrigation system; installation of container plants and cuttings, hydroseeding and seven years of maintenance.

These actions are required for compliance with the Project Environmental Impact Report and is required to address the compliance with Section 2.11 of California Department of Fish and Wildlife (CDFW) Streambed Alteration Agreement (SAA) No. 1600-2014-0235-R5. The Upper Amargosa Creek Recharge Habitat Restoration/Mitigation project will provide restoration for the installation and maintenance of the Habitat

Restoration/Mitigation Program (HRMP) and the Native Desert Preservation Plan (NDPP) of transplanted Joshua trees.

DISCUSSION

Two (2) bids for this project were received on December 17, 2020 and are summarized as follows:

Bidder	Location	Amount
1. Pacific Restoration Group, Inc.	Lake Elsinore, CA	$2,931,815
2. Nature Image, Inc.	Lake Forest, CA	$3,678,937

The bids received were evaluated based on the project requirements, detailed work approach to all tasks, experience, and bid amount. The bid submittal from Pacific Restoration Group, Inc. was disqualified as it did not follow the requested bid instruction and in particular did not provide a detailed work approach. The bid submittal from Nature Image, Inc. was over the original estimated budget. Pursuant to Section 20166 and 21321 of the Public Contract Code, the City of Palmdale has the right to reject all bids and to later rebid the project. Staff believes it would be in the best interest of the City to reject these bid(s) at this time, review project scope and re-bid this project.

Based upon the above explanation, staff recommends that the City Council reject all bids for this project. Staff will reevaluate the scope of work and work with the California Department of Fish and Wildlife (CDFW) with a possibility of looking at reducing the mitigation area, but still making sure that we are in compliance with the streambed alteration agreement. It is with these revisions, that staff expects to receive more complete and cost-effective bids from multiple bidders.

FISCAL IMPACT

The adopted budget for this project is in the amount of $1,741,111 from Drainage Funds.

Prepared by:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

Attachment:

Mitigation Area Map

Mitigation Plan Area

Creation (11.28)

- Annual Brome Grassland/Ruderal
- Bare Ground
- Bare Ground/Developed
- Joshua Tree Woodland Restoration
- Restoration (bare ground)
- Ruderal
- Upland Mustards/Annual Brome Grassland

Restoration (30.41)

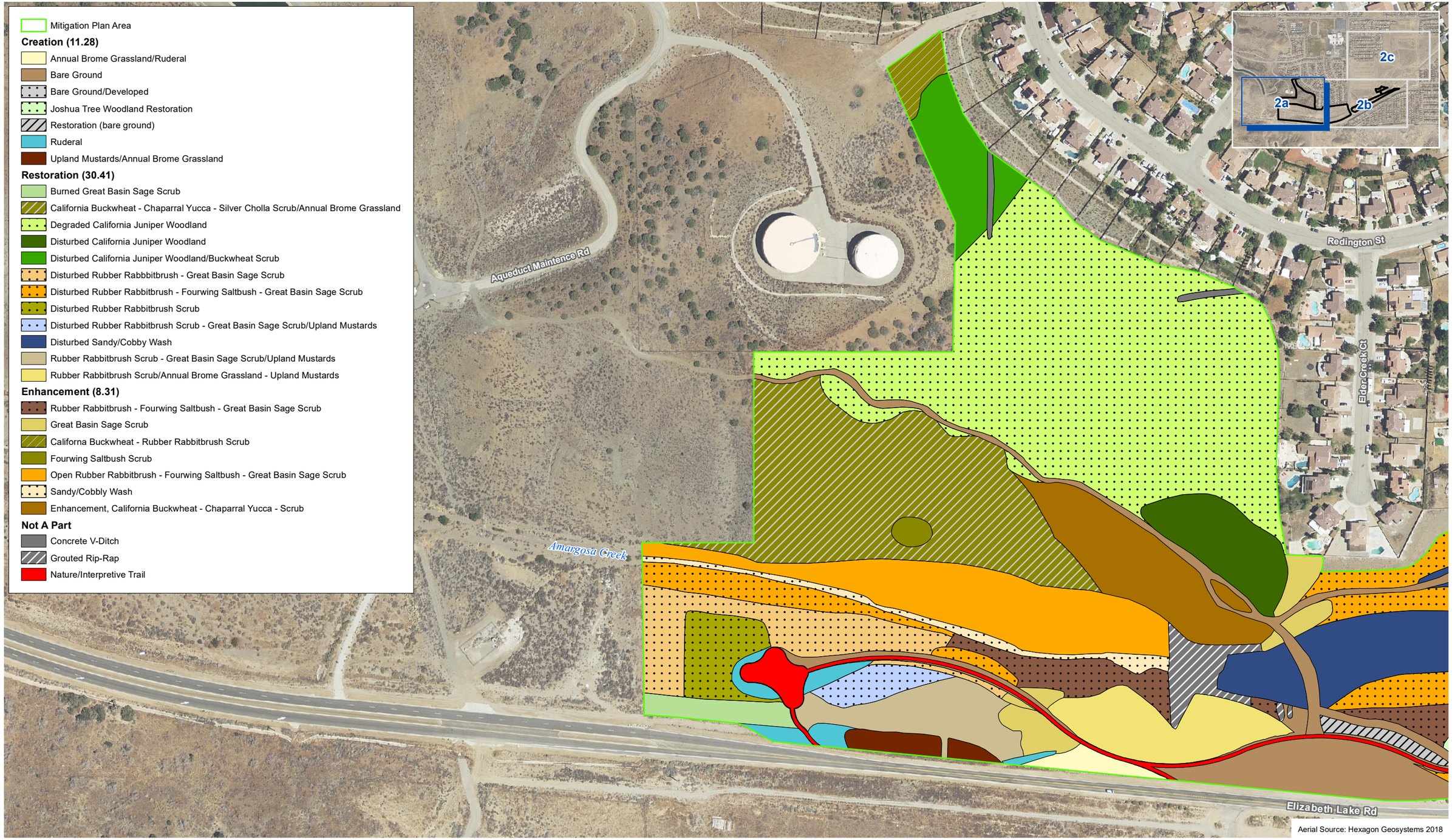
- Burned Great Basin Sage Scrub
- California Buckwheat - Chaparral Yucca - Silver Cholla Scrub/Annual Brome Grassland
- Degraded California Juniper Woodland
- Disturbed California Juniper Woodland
- Disturbed California Juniper Woodland/Buckwheat Scrub
- Disturbed Rubber Rabbbitbrush - Great Basin Sage Scrub
- Disturbed Rubber Rabbitbrush - Fourwing Saltbush - Great Basin Sage Scrub
- Disturbed Rubber Rabbitbrush Scrub
- Disturbed Rubber Rabbitbrush Scrub - Great Basin Sage Scrub/Upland Mustards
- Disturbed Sandy/Cobby Wash
- Rubber Rabbitbrush Scrub - Great Basin Sage Scrub/Upland Mustards
- Rubber Rabbitbrush Scrub/Annual Brome Grassland - Upland Mustards

Enhancement (8.31)

- Rubber Rabbitbrush - Fourwing Saltbush - Great Basin Sage Scrub
- Great Basin Sage Scrub
- Californa Buckwheat - Rubber Rabbitbrush Scrub
- Fourwing Saltbush Scrub
- Open Rubber Rabbitbrush - Fourwing Saltbush - Great Basin Sage Scrub
- Sandy/Cobbly Wash
- Enhancement, California Buckwheat - Chaparral Yucca - Scrub

Not A Part

- Concrete V-Ditch
- Grouted Rip-Rap
- Nature/Interpretive Trail



Aerial Source: Hexagon Geosystems 2018

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Mitigation Areas

Exhibit 2a

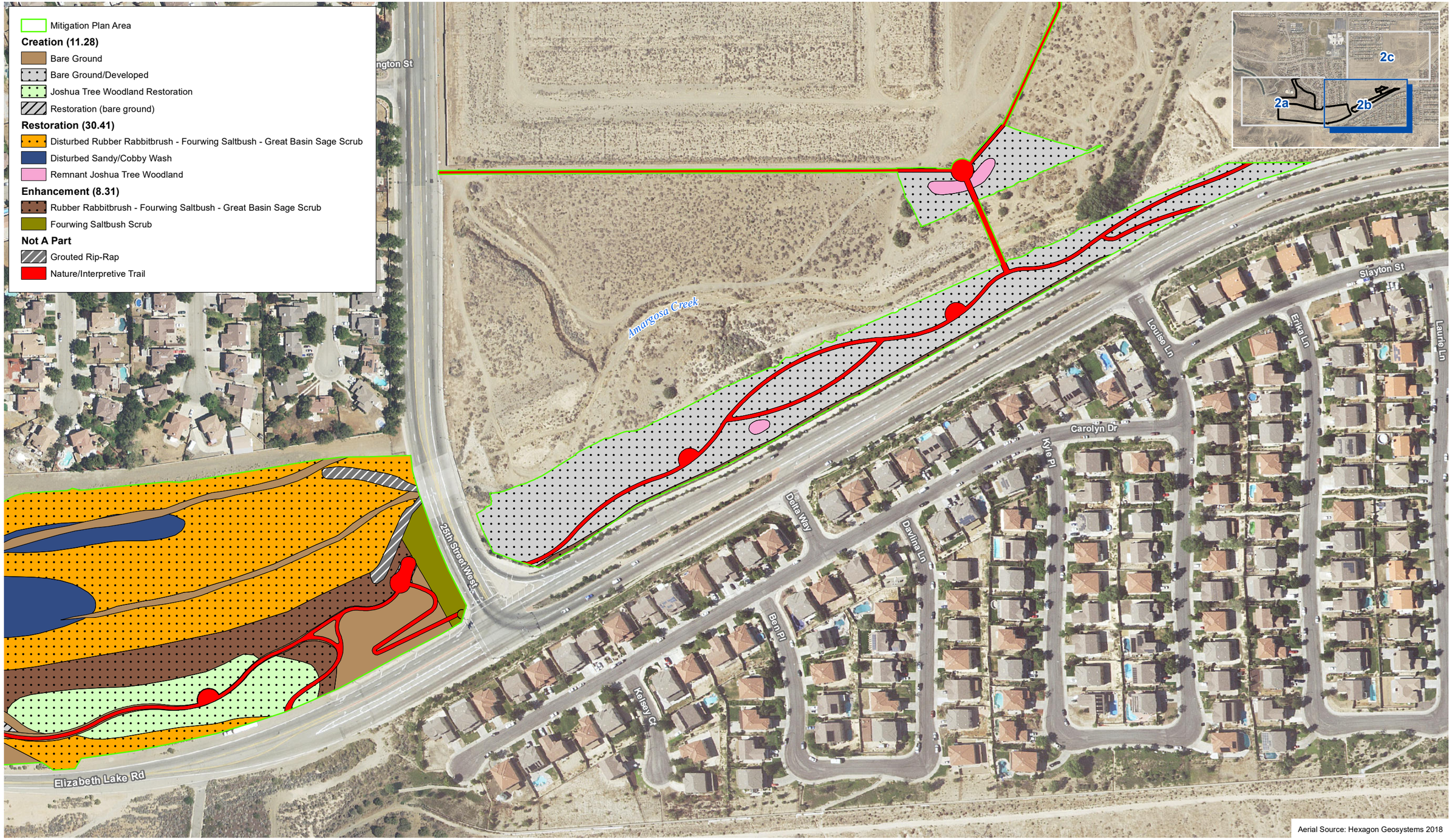
Habitat Restoration/Mitigation Plan – Upper Amargosa Creek Recharge Project

N W E S

200 100 0 200 Feet

PSOMAS

(Rev: 06/18/2020 RMB) R:\Projects\2PAL\0907\Graphics\HRMP\ex_MitigationAreas.pdf



Aerial Source: Hexagon Geosystems 2018

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Mitigation Areas

Exhibit 2b

Habitat Restoration/Mitigation Plan – Upper Amargosa Creek Recharge Project

N W E S

200 100 0 200 Feet

PSOMAS

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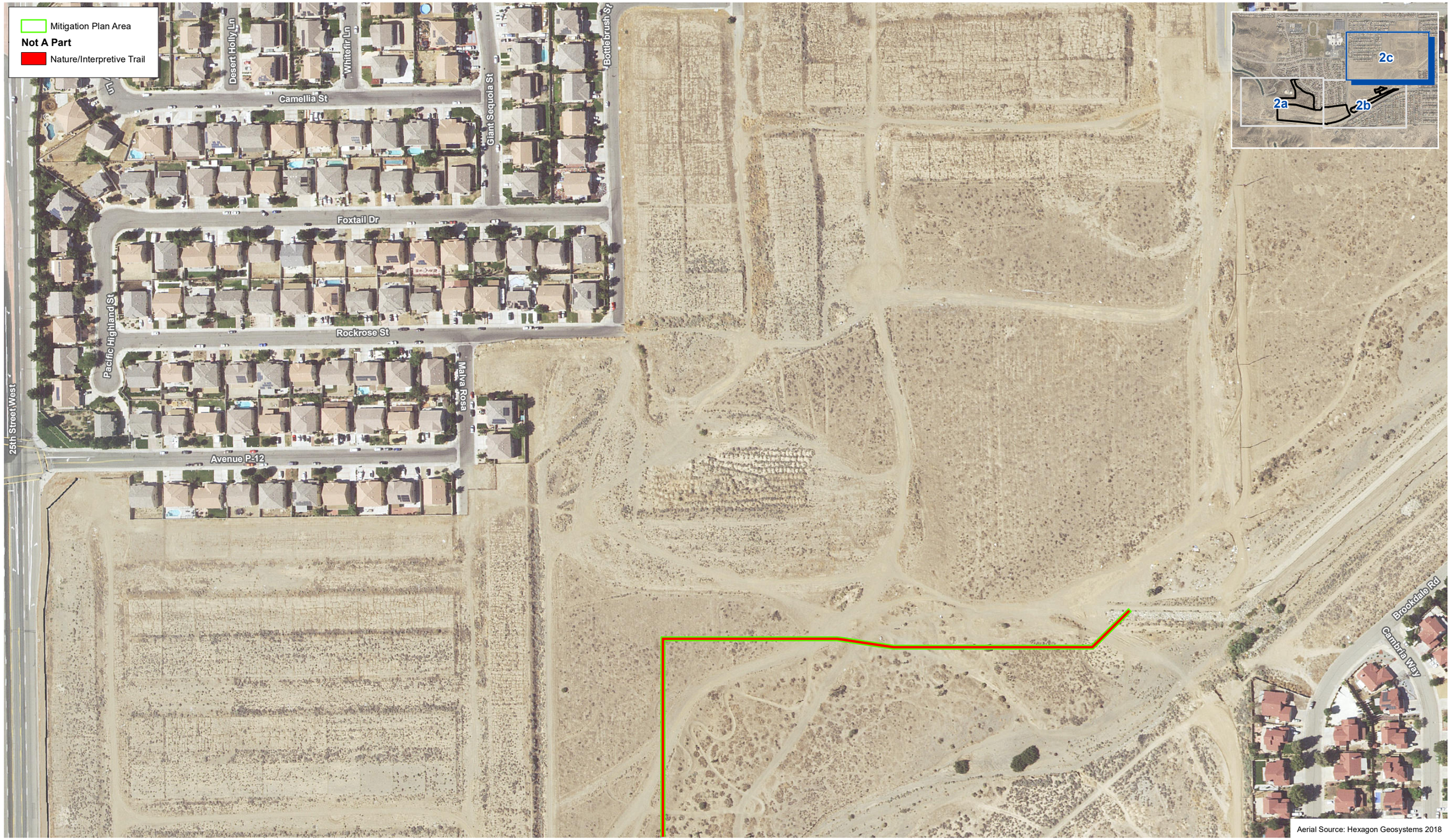

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Mitigation Areas

Exhibit 2c

Habitat Restoration/Mitigation Plan – Upper Amargosa Creek Recharge Project

N W E S

200 100 0 200 Feet

PSOMAS

(Rev: 06/18/2020 RMB) R:\Projects\2PAL\0907\Graphics\HRMP\ex_MitigationAreas.pdf

MINUTES
CITY COUNCIL/SUCCESSOR AGENCY/PALMDALE CIVIC AUTHORITY
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
JANUARY 12, 2021

www.cityofpalmdale.org

1) CALL TO ORDER 5:00 P.M. CLOSED SESSION SPECIAL MEETING.

Mayor Hofbauer called the meeting to order at 5:00 p.m.

2) ROLL CALL: MAYOR HOFBAUER, MAYOR PRO TEM BETTENCOURT, COUNCILMEMBERS CARRILLO, BISHOP AND LOA

PRESENT: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Austin Bishop, Richard J. Loa.

ABSENT: None.

3) CLOSED SESSION PUBLIC COMMENTS.

Public Comments: None.

4) PRESENTATION BY CITY ATTORNEY of the following item(s) to be discussed in Closed Session:

City Attorney Beck stated all items would be heard as listed.

4.1) Community Development Associates, et al. v. City of Palmdale, et al. Los Angeles County Superior Court Case No. 18STCV06968 This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

4.2) CONFERENCE WITH REAL PROPERTY NEGOTIATORS

The reason for holding a closed session is for the purpose of obtaining authorization and direction from the City Council regarding the possible acquisition of property interests in the following properties, generally located along 40th Street East and Avenue S-8:

Property Owner: Hypericum Interests,LLC
Properties: APNs 3052-008-024, 032 & 033
City Negotiator: Chuck Heffernan, Director of Public Works

This closed session is being held pursuant to the authority of California Government Code Section 54956.8. Closed session is recommended because the City Council will be instructing the negotiator regarding terms and conditions, including price, for the possible purchase of the real property identified above.

4.3) CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Responsible Growth Palmdale, et al. v. City of Palmdale, et al.
Los Angeles County Superior Court Case No. 20STCP00484
California Court of Appeal, Second Appellate District Case No. B308348

This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

4.4) CONFERENCE WITH LABOR NEGOTIATORS

City representative: Patricia Nevarez, Human Resources ManagerUnrepresented employee: City Manager, J.J. Murphy

This Closed Session is being held pursuant to the authority of California Government Code Section 54957.6.

5) CLOSED SESSION

Closed session was held from 5:09 p.m. - 7:04 p.m.

6) ANNOUNCEMENT BY CITY ATTORNEY of item(s) discussed in Closed Session

All members of the City Council were present and able to participate in all matters.

Item 4.1 – Community Development Associates v. City of Palmdale: The City Council was provided an update on this matter. There is no further reportable action at this time.

Item 4.2 – Real Estate Negotiations: The City Council was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action at this time.

Item 4.3 – Responsible Growth Palmdale v. City of Palmdale: The City Council was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action at this time.

Item 4.4 – Labor Negotiations: The City Council, in a unanimous vote, agreed to terms with JJ Murphy, City Manager, the unrepresented party, as set forth further in item 15.1 of this agenda, specifically as to the terms not including compensation that are included in item 15.1 of this agenda.

7) ADJOURN CLOSED SESSION MEETING

Mayor Hofbauer adjourned the Closed Session meeting at 7:04 p.m.

8) CALL TO ORDER 7:00 P.M. CC/SA/PCA REGULAR MEETINGS.

Mayor Hofbauer called the meeting to order at 7:05 p.m.

9) ROLL CALL: MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT, COUNCILMEMBERS/DIRECTORS CARRILLO, BISHOP, AND LOA

PRESENT: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Austin Bishop, Richard J. Loa.

ABSENT: None.

10) PRESENTATIONS:

10.1) City Manager Murphy presented the City of Palmdale's Warrior Award to Kristen Sheils, Digital Media Specialist and thanked her for her efforts in coordinating the employee holiday party and making it festive and engaging in a time of COVID.

10.2) Mayor Hofbauer presented the Firefighter Cancer Awareness Month proclamation and shared a video of the Los Angeles County Fire Department depicting the life of his brother who had been exposed to cancer. He urged everyone to advocate for themselves and their personal health

10.3) Mayor, Council and City Manager presented a Commendation to SALVA commending them for their contributions to the 2020 Census Count and their efforts in providing food distribution to the community during the COVID-19 Pandemic. Staff shared a video with Council of the events held by SALVA. City Manager Murphy thanked SALVA for the contributions made to the community and read a commendation. Council also thanked SALVA for the contributions they have made to our community.

10.4) Public Safety Supervisor German presented the cute critters available for adoption at the Palmdale Animal Care Center. Ms. German announced that goody bags would be provided by the City of Palmdale Public Safety Department to those who adopt pets.

11) WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S): Staff Recommendation: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting.

Motion: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting.
Moved by Richard J. Loa, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Austin Bishop, Richard J. Loa.

12) PUBLIC COMMENTS ON CONSENT CALENDAR ITEMS AND NON-AGENDA ITEMS.

The following comments were made via Zoom.

Resident - Maribel requested that Mayor Hofbauer and City Manager Murphy remind staff that they represent the City when speaking in public forums and that she would like to meet with Mayor Hofbauer to discuss the establishment of a commission that would be beneficial to the City, residents, and youth.

Resident - Anthony Rivera spoke regarding illegal racing, and illegal dumping at the Barrel Springs Trail. He stated that he would like to establish a community service project for the trail. Mayor Hofbauer asked Mr. Rivera to email him regarding the Barrel Springs community project. City Manager Murphy stated Waste Management could help with this project.

13) CONSENT CALENDAR:

13.1) Adopt Resolution Nos. SA 2021-001 and SA 2021-002. (Staff Reference: Finance Manager Kang)

Resolution No. SA 2021-001, a Resolution of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale approving the Recognized Obligation Payment Schedule (ROPS 21-22) for the period of July 1, 2021 through June 30, 2022.

Resolution No. SA 2021-002, a Resolution of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale approving the Administrative Budget for the Period of July 1, 2021 through June 30, 2022 (Administrative Budget 21-22).

13.2) Adopt Resolution No. CC 2021-001, continuing the Proclamation of a Local Emergency Resulting from Coronavirus Disease (COVID-19)

13.3) Adopt Resolution No. CC 2021-003, a Resolution of the City Council of the City of Palmdale Amending the City's Classification and Pay Plan for General Positions. (Staff Reference: Human Resources Manager Nevarez)

13.4) Notice of Completion - Accept Public Improvements for Waste Management Tierra Subida Street Improvements. (Staff Reference: Director of Public Works Heffernan)

13.5) Approve Supplemental Agreement No. 1 to Agreement No. A-7073 with Aramexx Group Inc. for changes in scope of work on Domenic Massari Sidewalk Repair Project in the amount of $79,965. (Staff Reference: Director of Public Works Heffernan)

13.6) Approve Supplemental Agreement No. 1 with Deark E&C, Inc. for additional Americans with Disabilities Act (ADA) improvements at the Palmdale Transit Center in the amount of $42,565.26. (Staff Reference: Director of Public Works Heffernan)

13.7) Award Construction Contract with Interior Demolition Inc. for Project No. 818, Avenue R Abatement and Demolition, in the amount of $154,379. (Staff Reference: Director of Public Works Heffernan)

13.8) Approve Agreement No. A-7316, for PN 788, The Palmdale Transportation Center Transit and Infrastructure Project, with Los Angeles County Metropolitan Transportation Authority (LACMTA), in the amount of $2,000,000. (Staff Reference: Director of Public Works Heffernan)

13.9) CC/SA/PCA - Approve the minutes from the previous meetings. (Staff Reference: City Clerk/Agency/Authority Secretary Smith)

CC – December 1, 2020 (6:15 p.m. & 7:00 p.m.)
CC - December 15, 2020 (5:00 p.m. & 7:00 p.m.)
CC - December 22, 2020 (6:45 p.m.)
CC - December 22, 2020 (7:00 p.m.)
SA - December 15, 2020 (7:00 p.m.)
PCA - May 5, 2020 (7:00 p.m.)
PCA - May 19, 2020 (7:00 p.m.)
PCA - June 2, 2020 (7:00 p.m.)

Motion: Move to approve the recommendations and findings on all items listed under this Consent Calendar.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Austin Bishop, Richard J. Loa.

14) PUBLIC HEARING:

14.1) Public Hearing and Review of Proposed Ordinance No. 1557 for adoption. (Staff Reference: City Attorney Beck)

ORDINANCE NO. 1557, AN ORDINANCE OF THE CITY OF PALMDALE ADDING CHAPTER 2.60 ("ELECTRONIC SIGNATURES") TO THE PALMDALE MUNICIPAL CODE AUTHORIZING THE USE OF ELECTRONIC AND DIGITAL SIGNATURES BY THE CITY

City Attorney Beck read the Title of Ordinance No. 1557 and presented the staff report.

A motion was made and carried unanimously to introduce Ordinance No. 1557.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing.

Council inquired about signatures and whether they are safeguarded, unique, and verifiable. City Attorney Beck explained that the contract management software and contract drafting software has a unique identifier and uniquely controlled and produced signature that is created for each user.

Motion: Adopt Ordinance No. 1557.
Moved by Laura Bettencourt, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Austin Bishop, Richard J. Loa.

15) NEW BUSINESS:

15.1) Approve Second Amendment to the Employment Agreement between the City of Palmdale and John J. Murphy, City Manager. (Staff Reference: Human Resources Manager Nevarez)

Motion: Approve the Second Amendment to the Employment Agreement between the City of Palmdale and John J. Murphy, City Manager with the amendment of striking Item No. 2 in the proposed contract, which will be brought back at a later time.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Austin Bishop, Richard J. Loa.

16) INFORMATIONAL REPORT FROM MAYOR AND / OR COUNCILMEMBERS ON THEIR VARIOUS COMMITTEE MEMBERSHIPS AND MEETINGS ATTENDED AT PUBLIC EXPENSE.

16.1) VARIOUS COMMITTEE MEMBERSHIPS:

Attachments: Committee Membership Memos from Councilmember

Bettencourt, Councilmember Bishop, and Councilmember Carrillo

- ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
- ANTELOPE VALLEY TRANSIT AUTHORITY
- CALIFORNIA CONTRACT CITIES ASSOCIATION
- CITY OF PALMDALE AUDIT COMMITTEE
- CITY OF PALMDALE INVESTMENT OVERSIGHT COMMITTEE
- HIGH DESERT CORRIDOR JOINT POWERS AUTHORITY
- LEAGUE OF CALIFORNIA CITIES
- LOS ANGELES COUNTY SANITATION DISTRICT - Mayor Hofbauer stated the Sanitation District is working on a mechanism to provide rebates to businesses.
- NORTH LOS ANGELES COUNTY TRANSPORTATION COALITION
- PALMDALE RECYCLED WATER AUTHORITY
- SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL - Councilmember Carrillo reported his attendance at the SCAG Regional Council meeting. The Mayor of Los Angeles presented on the importance of joining the climate initiative by adopting a resolution bringing awareness to the environment. Discussion ensued regarding the Regional Housing Trust and cities/counties participating in a membership where they provide $5K - $18K annually to a fund that will provide housing. Councilmember Carrillo also attended the California Human Development (CHD) meeting and reported that approximately fifty cities made appeals to the Regional Housing Needs Allocation (RNHL).
- UNITED STATES/MEXICO SISTER CITIES ASSOCIATION
- CALIFORNIA STATE PRISON – LOS ANGELES COUNTY, CITIZENS ADVISORY COMMITTEE

Councilmember Bishop thanked staff for their hard work, and that he is looking forward to a productive year and providing a better quality of life for the citizens in Palmdale.

16.2) MEETINGS ATTENDED AT PUBLIC EXPENSE.

16.3) CITY MANAGER'S REPORT.

City Manager Murphy thanked Council for their support and stated that he too is looking forward to doing great things for the community in 2021. He thanked staff for their hard work. City Manager Murphy also announced that City staff has continued to work with County staff to establish a vaccination site at the Palmdale Transportation Center that he anticipates starting February 1, 2021.

17) CITY COUNCIL REQUESTS FOR NEW AGENDA ITEMS.

Mayor Pro Tem Bettencourt requested that the Palmdale Municipal Code, Section 2.08.030 be amended to allow each Councilmember to nominate an individual from their District to serve on Boards and Commissions. Mayor Hofbauer directed City Attorney Beck to review potential conflicts as it relates to the California Government Code regarding appointments to Boards and Commissions.

18) ADJOURNMENT.

Mayor Hofbauer adjourned the meeting at 8:07 p.m. to February 02, 2021 at 7:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California, in honor of the passing of Selma Solomon; Platoon Sergeant Dean Albert Funk, WW2 USMC; Justin Lane, AVEK Director, Distinguished AV Family; Tommy Lasorda, Dodgers Manager; and Thomas J. LaBonge, former Los Angeles City Councilman.

PASSED, APPROVED, and ADOPTED this 2nd day of February 2021.

_____
Steven D. Hofbauer
Mayor/Chair

ATTEST:

_____
Shanae S. Smith
City Clerk/Agency Secretary
Authority Secretary

Housing Authority
Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE CHAIR AND COMMISSIONERS**

FROM: **NEIGHBORHOOD SERVICES DEPARTMENT**
HOUSING DIVISION

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NO. HA 2021-001 OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE APPROVING AFFORDABLE HOUSING AGREEMENT NO. A-7358 WITH VICTORY OUTREACH-PALMDALE AND HOUSING AUTHORITY GROUND LEASE AND REHABILITATION LOAN OF $665,000 FOR PROPERTY LOCATED AT 507 EAST AVENUE Q4 (APN 3008-013-903)**

ISSUE

Adopt Resolution No. HA 2021-001 approving Affordable Housing Agreement No. A-7358 with Victory Outreach – Palmdale, and ground lease and rehabilitation loan of $665,000 for the property located at 507 East Avenue Q-4 (APN 3008-013-903).

RECOMMENDATION

Staff recommends that the Housing Authority:

1. Adopt Resolution No. HA 2021-001 approving Affordable Housing Agreement No. A-7358 with Victory Outreach – Palmdale, ground lease and Authority loan of $665,000; and
2. Authorize the Executive Director or his designee to execute the Agreement with Victory Outreach - Palmdale, execute all necessary documents, and take all necessary actions to implement the approved actions.

BACKGROUND

On November 5, 2018, the Housing Authority acquired the property located at 507 E. Avenue Q-4, APN 3008-013-903 (the “Property”) for the balance of the former Redevelopment Agency loans for the Property. At that time, the Housing Authority of the City of Palmdale contracted with Newport Pacific Capital Corporation to manage the property. The Property is located in Focus Neighborhood No. 3. It consists of a two-story, four-unit apartment complex. The units are all two-bedroom units with one-car carport parking space per unit. The Property has been vacant since March 2019.

The properties were acquired in accordance with the Housing Authority's mission to increase, improve, and preserve affordable housing in the City of Palmdale. On February 4, 2020 the Housing Authority approved an Affordable Housing Agreement with Valley Oasis to lease and rehabilitate the property. In November 2020, Valley Oasis met with Staff expressing concerns and requested to terminate the agreement. At the same time, Victory Outreach, a partner with Valley Oasis to rehabilitate the properties, expressed interest to lease, rehabilitate and operate the property if Valley Oasis were to decide to not operate the property.

DISCUSSION

Victory Outreach – Palmdale would lease the property from the Housing Authority in as-is condition for the purpose of rehabilitating the units. For two of the three affordable units, preference shall be given to military-related personnel (e.g., veterans, National Guard, reserve, active duty) in good status and their families. Three units shall be rented as housing exclusively to Very Low-Income residents at affordable rents as provided in California Health & Safety Code and one unit will for the Manager. Victory Outreach - Palmdale would be responsible for the management and operation of the property.

Valley Oasis' intent was to operate the property as part of the Taking Flight Program in partnership with Northrop Grumman, Antelope Valley College, and the Housing Authority. Victory Outreach – Palmdale will continue with being a partner in the Taking Flight Program with vacant units available for participants in the Taking Flight Program.

To continue the operation of the Property as affordable housing, staff recommends entering into an Affordable Housing Agreement with Victory Outreach – Palmdale for a lease of the Property and a loan of rehabilitation costs. To assist Victory Outreach in acquiring and rehabilitating the Property for affordable housing, the Housing Authority proposes to provide a loan of $665,000, with $455,000 of the loan being in the form of a carry by the Housing Authority for the prepaid lease and $210,000 for rehabilitation and contingency from Housing Asset funds.

FISCAL IMPACT

Sufficient funding is available in the Housing Authority Funds for the $665,000 Authority Loan and $10,000 for incidental costs, funds of $675,000 are available in account 29364005-682902 Neighborhood Improvement Program FN 1-4.

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: Sophia Reyes, Housing Manager

Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, Executive Director
Approved as to form:	Christopher Beck, Authority Attorney

ATTACHMENTS

1. Resolution No. HA 2021-001
2. Affordable Housing Agreement No. A-7358 with Victory Outreach - Palmdale

HOUSING AUTHORITY
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. HA 2021-001

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE APPROVING AFFORDABLE HOUSING AGREEMENT NO. A-7358 WITH VICTORY OUTREACH - PALMDALE AND HOUSING AUTHORITY GROUND LEASE AND REHABILITATION LOAN OF $665,000 FOR PROPERTY LOCATED AT 507 EAST AVENUE Q4 (APN 3008-013-903).

WHEREAS, The City Council of the City of Palmdale ("City Council") adopted the Redevelopment Plans for the Merged Redevelopment Projects ("Project Area") on March 24, 1994 by Ordinances Nos. 1042, 1043, and 1044, which resulted in the allocation of property taxes from the Project Area to the former Community Redevelopment Agency of the City of Palmdale ("Redevelopment Agency") for purposes of redevelopment. On May 4, 2011 the City Council adopted the Expansion Area Amendment by Ordinance No. 1418 adding additional territory to the Merged Project Area, and amending and restating the redevelopment plans into a single Amended and Restated Redevelopment Plan for the Merged Project Area ("Redevelopment Plan"). Project Area No. 2, Project Area No. 3, Project Area No. 4 and the Expansion Area collectively are referred to as the "Merged Project Area".

WHEREAS, The Housing Authority of the City of Palmdale ("Authority"), in its capacity as housing successor to the Redevelopment Agency, is implementing certain proposed uses in the Merged Project Area including low-income housing, which use will aid in carrying out the Redevelopment Plan, pursuant to its obligations under Assembly Bill No. 26 (2011-2012 1st Ex. Sess.), as amended by Assembly Bill No. 1484 (2011-2012 Regular Session) and as further amended from time to time (collectively, the "Dissolution Bills") wherein the Authority, as the designated entity, will perform the housing functions previously performed by the former Redevelopment Agency to carry out the purposes of the Redevelopment Plan and the Dissolution Bills.

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

Section 1. In accordance with its obligations under the Dissolution Bills, the Authority wishes to enter into a proposed Affordable Housing Agreement ("Housing Agreement") with Victory Outreach, wherein the Authority will ground lease to Developer certain real property located at 507 East Avenue Q4 in the City of Palmdale, California, APN 3008-013-903 ("Property") for Developer's

rehabilitation of a four-unit apartment building and its use as affordable rental housing for Very Low Income households ("Project").

Section 2. The Housing Agreement requires the recording of covenants against the Developer's interest in the Property restricting the use of the Property for a term of not less than 55 years.

Section 3. The Authority desires to assist the Developer's acquisition of the Property and rehabilitation of the improvements, in an amount not to exceed $665,000, by carrying back the estimated $455,000 capitalized value of the ground lease and by providing a rehabilitation loan of an estimated $210,000 in Housing Asset Funds.

Section 4. The Developer has submitted to the Authority copies of a proposed Housing Agreement in a form desired by the Developer.

Section 5. The Housing Agreement is subject to the environmental review requirements of the California Environmental Quality Act ("CEQA"). The rehabilitation of the Property in accordance with the Housing Agreement is an exempt project pursuant to State CEQA Guidelines Section 15301 in that the Project is categorically exempt as rehabilitation of an existing facility. Accordingly, pursuant to CEQA, the State CEQA Guidelines and the City's local CEQA Guidelines, the City Clerk, or designee, is directed to file a Notice of Exemption with the Clerk of the Board of Supervisors for the County of Los Angeles regarding the Project.

Section 6. The Project is a "small housing project" within the meaning of Health and Safety Code Section 33013 and the Authority has duly considered the terms and conditions of the proposed transaction and all comments received at the public hearing pursuant to California Health and Safety Code Section 33433(c)(1), duly noticed in accordance with California Health and Safety Code Section 33431, and directs Authority staff to file with the City Council the report required by California Health and Safety Code Section 33433(c)(1).

Section 7. The Authority has duly considered the terms and conditions of the proposed transaction and all comments received at the public hearing, and determines that the proposed Affordable Housing Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law and requirements.

Section 8. The Authority hereby approves the proposed Affordable Housing Agreement on the terms set forth in this Resolution and in a form approved by the Executive Director with approval by Authority Legal Counsel.

Section 9. The Authority hereby authorizes its Executive Director, or designee, to execute the Housing Agreement and to execute all documents and take all actions necessary and convenient to carry out and implement the Housing Agreement and to administer the Authority's obligations, responsibilities and duties to be performed thereunder.

SECTION 10. The Authority Secretary shall certify to the adoption of this resolution.

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

_____
Steven D. Hofbauer, Chair

Approved as to form:

ATTEST:

_____
Christopher L. Beck
Authority Attorney

_____
Shanae S. Smith,
Authority Secretary

I, Shanae S. Smith, Authority Secretary of the Housing Authority of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Housing Authority of the City of Palmdale at a special meeting of said Authority held on the _____ day of _____, 20___ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, Authority Secretary

AFFORDABLE HOUSING AGREEMENT

BY AND BETWEEN

HOUSING AUTHORITY
OF THE CITY OF PALMDALE

AND

VICTORY OUTREACH

(A-7358)

507 East Avenue Q4

February 2, 2021

TABLE OF CONTENTS

Page

Article I SUBJECT OF AGREEMENT 1
Section 101 Additional Definitions 1
Section 102 Purpose of Agreement 6
Section 103 Authority 7
Section 104 Developer 7
Section 105 Prohibition Against Transfers 7
Article II authority's lease of property to developer 8
Section 201 Condition of Property 8
Section 202 Ground Lease 9
Article III rehabilitation OF improvements 9
Section 301 Scope of Work 9
Section 302 Land Use Approvals 10
Section 303 Construction Drawings and Related Documents 10
Section 304 Project Costs 10
Section 305 Authority Loan 11
Section 306 Schedule of Performance 11
Section 307 Local, State and Federal Laws 11
Section 308 Nondiscrimination During Construction 12
Section 309 Indemnification and Insurance 12
Section 310 Disclaimer of Responsibility by Authority 15
Section 311 Rights of Access 15
Section 312 Taxes, Assessments, Encumbrances and Liens 15
Section 313 Rights to Plans 15
Section 314 Release of Construction Covenants 16
Article IV USE OF PROPERTY 16
Section 401 Uses 16
Section 402 Maintenance of Property 18
Section 403 Obligation to Refrain from Discrimination 19
Section 404 Effect and Duration of Covenants 21
Section 405 Effect of Violation of Terms and Provisions of Agreement 21
Article V DEFAULTS, REMEDIES AND TERMINATION 21
Section 501 Defaults – General 21
Section 502 Institution of Legal Actions 22
Section 503 Applicable Law 22
Section 504 Acceptance of Service of Process 22
Section 505 Rights and Remedies Cumulative 22
Section 506 Damages 23
Section 507 Specific Performance 23
Section 508 Termination by Authority Before Closing 23
Section 509 Termination by Authority After Closing 24
Section 510 Termination by Either Party 24

Section 511 Limited Recourse Obligations 24
Article VI GENERAL PROVISIONS 25
Section 601 Notices, Demands and Communications between Parties 25
Section 602 Conflicts of Interest 26
Section 603 Nonliability of Authority Officials and Employees 26
Section 604 Force Majeure 26
Section 605 Inspection of Books and Records 26
Section 606 Real Estate Commissions 26
Section 607 Approvals 26
Section 608 No Partnership 27
Section 609 Compliance With Law 27
Section 610 Incorporation by Reference 27
Section 611 Interpretation 27
Section 612 No Third Party Beneficiaries 28
Section 613 Authority to Sign 28
Section 614 Time of Essence 28
Article VII ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS 29
Article VIII TIME FOR ACCEPTANCE OF AGREEMENT BY AUTHORITY; DATE OF AGREEMENT S-1

ATTACHMENTS

ATTACHMENT NO. 1	LEGAL DESCRIPTION
ATTACHMENT NO. 2	SITE MAP
ATTACHMENT NO. 3	FORM OF AGREEMENT CONTAINING COVENANTS
ATTACHMENT NO. 4	FORM OF ASSIGNMENT OF AGREEMENTS
ATTACHMENT NO. 5	FORM OF ASSIGNMENT OF RENTS AND LEASES
ATTACHMENT NO. 6	FORM OF AUTHORITY DEED OF TRUST
ATTACHMENT NO. 7	FORM OF AUTHORITY NOTE
ATTACHMENT NO. 8	FORM OF ENVIRONMENTAL INDEMNITY
ATTACHMENT NO. 9	FORM OF GROUND LEASE
ATTACHMENT NO. 10	FORM OF MEMORANDUM OF LEASE
ATTACHMENT NO. 11	METHOD OF FINANCING
ATTACHMENT NO. 12	FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS
ATTACHMENT NO. 13	PROJECT BUDGET
ATTACHMENT NO. 14	SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 15	SCOPE OF WORK

AFFORDABLE HOUSING AGREEMENT BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH (A-7358)

This AFFORDABLE HOUSING AGREEMENT (this "**Agreement**") is entered into as of February 2, 2021, by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"). Authority and Developer (individually, a "**Party**" and collectively, the "**Parties**") hereby agree as follows:

RECITALS

A. Developer desires to lease from Authority certain real property, including all Improvements thereon, located at 507 East Avenue Q4 in the City of Palmdale, California, legally described as set forth in Attachment No. 1 and illustrated on the site map attached to this Agreement as Attachment No. 2 (the "**Property**").

B. Developer proposes to rehabilitate four two-bedroom residential units located on the Property for one manager's unit and rental of three units to Very Low Income tenants exclusively an Affordable Rent as more particularly described in this Agreement, including the Scope of Work (the "**Project**").

C. Developer proposes to finance the Project with a loan from Authority of Low and Moderate Income Housing Asset Funds and Authority's carry of the prepaid lease payments for the Property, or alternative financing proposed by Developer and approved by Authority.

D. Developer's acquisition and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement are in the vital and best interests of the City of Palmdale and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I SUBJECT OF AGREEMENT

Section 101 Additional Definitions

For purposes of this Agreement, the following capitalized terms have the following meanings:

"**Affiliate**" means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 10% or more of the outstanding voting securities of such other Person or (iii) if that other Person is an officer, director, member or partner, then any company for which such Person acts in any such capacity. The term

"control" as used in the immediately preceding sentence means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than 50% of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"**Affordable Rent**" has the meaning set forth in California Health and Safety Code Section 50053. The Parties have agreed that rents for the units shall not exceed the respective amounts set forth in the Agreement Containing Covenants.

"**Agreement Containing Covenants**" means the Agreement Containing Covenants which sets forth the affordable housing requirements for the Project, substantially in the form attached hereto as Attachment No. 3.

"**Assignment of Agreements**" means the assignment by Developer to Authority of plans, contracts and permits, in the form of Attachment No. 4 to this Agreement.

"**Assignment of Rents and Leases**" means the assignment by Developer to Authority substantially in the form of the Assignment of Rents and Leases attached as Attachment No. 5 to this Agreement.

"**Authority Acquisition Loan**" means Authority's carry back of the Lease Prepayment, in the amount of and pursuant to the terms and conditions described in the Method of Financing, evidenced by the Authority Note and secured by the Authority Deed of Trust.

"**Authority Rehabilitation Loan**" means Authority's loan of Low and Moderate Income Housing Asset Funds to pay a portion of the rehabilitation costs of the Project, in the amount and pursuant to the terms and conditions described in the Method of Financing, evidenced by the Authority Note and secured by the Authority Deed of Trust.

"**Authority Deed of Trust**" means the deed of trust in which Developer is the trustor and Authority is the beneficiary, securing the Authority Loan, substantially in the form of Attachment No. 6 to this Agreement.

"**Authority Loan**" means, individually and collectively, the Authority Acquisition Loan and the Authority Rehabilitation Loan.

"**Authority Loan Documents**" means this Agreement, the Authority Note, the Authority Deed of Trust, the Assignment of Rents and Leases, the Assignment of Agreements, the Agreement Containing Covenants, the Notice of Affordability Restrictions, the Environmental Indemnity, the Ground Lease, the Memorandum of Lease and the UCC1 Financing Statement.

"**Authority Note**" means the promissory note evidencing the Authority Loan, substantially in the form of Attachment No. 7 to this Agreement.

"**City**" means the City of Palmdale, California, a municipal corporation, and any assignee of or successor to its rights, powers and responsibilities.

"**Closing**" means the point in time when all conditions precedent to the ground lease of the Property from Authority to Developer and the funding of the Authority Loan have been satisfied, in accordance with the Method of Financing.

"**Completion**" means the point in time at which all of the following have been satisfied: (i) issuance of a certificate of occupancy for the Project by City, (ii) recordation of a notice of completion pursuant to California Civil Code Section 3093, (iii) submission to Authority of unconditional lien releases or waivers obtained by Developer or Developer's agent, (iv) certification by the Project architect (or if none, then by the Developer's contractor) that the Project (with the exception of minor "punch list" items) has been completed in a good and workmanlike manner and in substantial compliance with the approved plans and specifications, (v) disposition of any mechanic's liens that have been recorded or stop notices that have been delivered to Authority, so that any such liens shall have been paid, settled, bonded or insured around or otherwise extinguished or discharged and Authority has been provided satisfactory evidence of such payment, settlement, bond, title insurance or title insurance commitment or discharge, including without limitation all statutory waivers and (vi) the time for Developer's contractor, suppliers and subcontractors to file a claim pursuant to California Civil Code Sections 3115-3117 has expired.

"**Conditions**" means, with respect to the Property and the Improvements located thereon, the condition of the soil, geology, the presence of known or unknown faults or defects, or Hazardous Substances, the suitability of the Property for its intended uses or the condition of any related public improvements.

"**Construction Period**" means the period of time commencing upon the Closing and ending at Completion.

"**Environmental Indemnity**" means the indemnity by Developer in the form of the Environmental Indemnity attached to this Agreement as Attachment No. 8.

"**Force Majeure**" or "**Force Majeure Event**" means the following events, provided that they actually delay and interfere with the timely performance of the matter to which it would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the Party claiming such interference: war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, acts of terrorism, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation (including litigation challenging the validity of this transaction or any element thereof), unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor, or suppliers, acts of the other Party, acts or failure

to act of any Governmental Authority (except acts or failure to act of Authority shall not excuse performance by Authority), the imposition of any applicable moratorium by a Governmental Authority or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the Party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the Party claiming such delay and interference delivers to the other Party written notice describing the event, its cause, when and how such Party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any Party claiming a Force Majeure Delay shall deliver such written notice within 10 days after it obtains actual knowledge of the event.

"**Force Majeure Delay**" means a delay in taking any action required by this Agreement, proximately caused by the occurrence of a Force Majeure Event.

"**Governmental Authority**" means the United States, the State of California, the County of Los Angeles, City or any other political subdivision in which the Property is located, and any court or political subdivision, authority or instrumentality having jurisdiction over the Property.

"**Ground Lease**" means the lease of the Property from Authority to Developer for the purpose of rehabilitating and operating the Project, substantially in the form of the Ground Lease attached hereto as Attachment No. 9.

"**Hazardous Substances**" has the meaning set forth in the Environmental Indemnity.

"**Improvements**" means the improvements located on the Property, to be rehabilitated in accordance with this Agreement, including, without limitation, the Scope of Work and the Ground Lease.

"**Lease Prepayment**" means Developer's prepayment of the annual lease payments over the term of the Ground Lease, which prepayment shall be carried back by Authority in the form of the Authority Acquisition Loan.

"**Leasehold Interest**" means the leasehold interest in the Property that is created by the Ground Lease between the Parties.

"**Memorandum of Lease**" means a document substantially in the form of the Memorandum of Lease attached to this Agreement as Attachment No. 10.

"**Method of Financing**" means the method of financing attached to this Agreement as Attachment No. 11, as may be amended from time to time.

"**Notice of Affordability Restrictions**" means the Notice of Affordability Restrictions on Transfer of Real Property, substantially in the form attached to this Agreement as Attachment No. 12.

"**Operating Costs**" means the reasonable and customary costs to operate the Project, set forth by Developer in its annual operating budget approved by Authority.

"**Permitted Transfer**" means any of the following:

a. An assignment of this Agreement and all of Developer's interests in the Property to an Affiliate of Developer or a conveyance back from the Affiliate to Developer;

b. The lease for occupancy of all or any part of the Improvements on the Property;

c. The granting of easements or permits to facilitate the rehabilitation of the Property in accordance with this Agreement; and

d. Any transfer approved in writing by the Authority Executive Director or designee, at his or her sole discretion.

"**Person**" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company or other entity, domestic or foreign.

"**Plans**" means the rehabilitation plans and drawings (if any) prepared on behalf of Developer for the Project in accordance with this Agreement.

"**Project Budget**" means the applicable schedule of Project Costs attached to this Agreement as Attachment No. 13.

"**Project Costs**" means all costs which are actually incurred by Developer for the acquisition of the Leasehold Interest and the rehabilitation of the Improvements on the Property, and includes, without limitation, all of the items of cost set forth in the Project Budget and similar costs, fees and expenses approved by the Authority Executive Director, but not including Operating Costs.

"**Restricted Period**" means 55 years following the Closing.

"**Schedule of Performance**" means the schedule of performance attached to this Agreement as Attachment No. 14.

"**Scope of Work**" means the scope of work attached to this Agreement as Attachment No. 15.

"**Title Company**" means First American Title Insurance Company or another title insurance company mutually acceptable to the Parties.

"**Title Insurance Policies**" means and includes the following ALTA extended coverage policies of title insurance issued by the Title Company:

a. An owner's policy of leasehold title insurance in favor of Developer, together with such endorsements as Developer may reasonably require and Authority approved, insuring Developer's leasehold title, in the amount of the Acquisition Loan; and

b. A lender's policy or policies of title insurance in favor of Authority, together with such endorsements as Authority may reasonably require, insuring the lien of the Authority Deed of Trust in the amount of the Authority Loan.

"**Transfer**" means:

a. The sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

b. "Transfer" also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Developer, or any conversion of Developer to an entity form other than that of Developer at the time of execution of this Agreement, except that, a cumulative change in ownership interest of any general partner of Developer of 49% or less shall not be deemed a "Transfer" for purposes of this Agreement.

c. Notwithstanding paragraphs a. and b., "Transfer" shall not include Permitted Transfers.

"**UCC1**" means a UCC1 Financing Agreement in a form suitable for filing with the California Secretary of State.

"**Very Low Income**" has the meaning given in California Health and Safety Code Section 50105.

Section 102 Purpose of Agreement

The purpose of this Agreement is to assist with financing of the acquisition and rehabilitation of four residential units to be operated as one manager's unit and three units of rental housing that is affordable to Very Low Income tenants exclusively. The use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Palmdale and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements. Pursuant to and conditioned upon the terms of this Agreement, Authority shall make a loan to Developer to pay a portion of the cost of acquiring the Property and rehabilitating the Improvements, and Developer shall rehabilitate and operate the Improvements on the Property.

Section 103 Authority

a. Authority is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authorities Law of the State of California.

b. The principal office of Authority for purposes of receiving notices pursuant to this Agreement is as follows:

Housing Authority of the City of Palmdale
38250 Sierra Highway
Palmdale, California 93550-3609
Facsimile number: 661-267-5155

c. "Authority" as used in this Agreement includes the Housing Authority of the City of Palmdale and any assignee of or successor to its rights, powers and responsibilities.

Section 104 Developer

a. Developer is VICTORY OUTREACH-PALMDALE, a California nonprofit corporation.

b. The address of Developer for purposes of receiving notices pursuant to this Agreement is as follows:

Victory Outreach
37419 25th Street East
Palmdale, California 93550
Facsimile number: 661-274-9288

c. Whenever the term "Developer" is used herein, such term shall mean and include: (i) Developer as of the date hereof and (ii) any assignee of or successor to its rights, powers and responsibilities approved by Authority or permitted by this Agreement.

Section 105 Prohibition Against Transfers

a. The qualifications and identity of Developer are of particular concern to Authority. It is because of those qualifications and identity that Authority has entered into this Agreement with Developer. No voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. Except for Permitted Transfers, Developer shall not assign all or any part of this Agreement without the prior written approval of Authority. Authority agrees to reasonably give such approval if, in the reasonable determination of Authority, the proposed reconstituted Developer is comparable in all material respects (including experience, character and financial

capability) to Developer. Any such change (or assignment of this Agreement in connection therewith) shall be by instruments satisfactory to the Authority Executive Director or designee, and be subject to the approval by the Authority Executive Director or designee of evidence of the proposed assignee's qualifications to meet the obligations of Developer under this Agreement.

c. For the reasons cited above, Developer represents and agrees for itself and any successor in interest that, except for Permitted Transfers, there shall be no cumulative change in ownership interest of greater than 49%, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means, without Authority's prior written approval.

d. Developer shall promptly notify Authority of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by Authority, and Authority may exercise its remedies pursuant to the Authority Loan Documents if there is any significant change (voluntary or involuntary) in the membership, management or control of Developer (other than such changes occasioned by the death or incapacity of any individual).

e. Developer shall not, except for Permitted Transfers or as permitted by this Agreement, assign or attempt to Transfer the whole or any part of the Property, without prior written approval of Authority, except as expressly permitted by this Agreement and the other Authority Loan Documents. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by Authority, to fulfill the obligations undertaken in this Agreement by Developer. Any such proposed transferee, by instrument in writing satisfactory to Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of Authority shall expressly assume all of the obligations of Developer under this Agreement and agree to be subject to all conditions and restrictions applicable to Developer in this Agreement. There shall be submitted to Authority for review all instruments and other legal documents proposed to affect any such transfer, and if approved by Authority, then its approval shall be indicated to Developer in writing.

f. In the absence of specific written agreement by Authority, no Transfer, or approval thereof by Authority, shall be deemed to relieve Developer or any other party from any obligations under this Agreement.

ARTICLE II AUTHORITY'S LEASE OF PROPERTY TO DEVELOPER

Section 201 Condition of Property

a. No person acting on behalf of Authority is authorized to make, and by execution of this Agreement, Developer acknowledges that neither Authority nor any person acting on behalf of Authority has made any representation, agreement, statement, warranty, guarantee or promise

regarding the zoning, construction, physical condition or other status of the Property, except as otherwise expressly provided in this Agreement.

b. Developer acknowledges and agrees that, except as expressly set forth in this Agreement, Authority makes no representations and warranties, express or implied, as to the Property. It is understood and agreed that with respect to the physical condition of the Property, it is being leased on an "as is", "where is" and "with all faults" basis and is subject to any condition which may exist. Other than the representations and warranties set forth in this Agreement, Developer hereby expressly acknowledges and agrees that it is relying solely upon its inspections, examination, and evaluation of the Property in leasing the Property on an "as is", "where is" and "with all faults" basis.

c. It shall be the sole responsibility of Developer, at Developer's expense, to investigate and determine all Conditions of the Property and its suitability for the uses to which the Property is to be put in accordance with this Agreement. If the Conditions of the Property are not in all respects entirely suitable for the use or uses to which the Property will be put, then it is the responsibility and obligation of Developer, without cost to Authority, to take such action or cause such action to be taken, as may be necessary to place the Property in all respects in a condition entirely suitable for its use in accordance with this Agreement.

d. Commencing upon the Closing, Developer agrees to perform, or cause to be performed, the clean-up of any Hazardous Substances on, in, under or within the Property, without cost or expense to Authority. Developer shall defend, indemnify and hold harmless Authority and its officers, agents, employees, contractors and attorneys from any claims, liability, injury, damages, costs and expenses (including, without limitation, the cost of any required cleanup of Hazardous Substances, and the cost of reasonable attorneys' fees) which may be sustained as the result of Hazardous Substances relating to the Property. As a condition precedent to the Closing, Developer shall execute and deliver to Authority the Environmental Indemnity.

Section 202 Ground Lease

The term of the Ground Lease shall commence at the Closing and shall continue thereafter until the 55th anniversary of the Closing, unless earlier terminated in accordance with its terms. As a condition precedent to the Closing, the Title Company shall be prepared to issue the respective Title Insurance Policies to the Parties.

ARTICLE III REHABILITATION OF IMPROVEMENTS

Section 301 Scope of Work

The Improvements shall be rehabilitated in accordance with and within the limitations established in the Scope of Work, Plans approved by Authority pursuant to this Agreement and permits issued by City.

Section 302 Land Use Approvals

a. It is the responsibility of Developer, without cost to Authority, to ensure that zoning of the Property and all applicable City land use requirements shall be such as to permit rehabilitation of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Agreement.

b. The following shall be conditions of the Closing: (i) if necessary, Developer shall submit and Authority Executive Director or designee shall approve 100% complete construction drawings and (ii) Developer shall obtain all entitlements, approvals, variances and permits necessary for the rehabilitation of the Improvements. Without cost to Authority, Authority shall provide appropriate technical assistance to Developer in connection with Developer's obtaining all necessary entitlements, permits and approvals for the rehabilitation of the Improvements.

c. Nothing contained herein shall be deemed to entitle Developer to any City permit or other City approval necessary for the rehabilitation of the Improvements, or waive any applicable City requirements relating thereto. This Agreement does not (i) grant any land use entitlement to Developer, (ii) supersede, nullify or amend any condition which may be imposed by City in connection with approval of the work described herein, (iii) guarantee to Developer or any other party any profits from the Property or (iv) amend any City laws, codes or rules. This is not a development agreement as provided in California Government Code Section 65864.

Section 303 Construction Drawings and Related Documents

If necessary, Developer shall prepare and submit construction drawings and related documents for the rehabilitation of the Improvements to Authority for review (including, without limitation, architectural review) and written approval at the times established in the Schedule of Performance. Any items so submitted and approved in writing by Authority shall not be subject to subsequent disapproval. Authority approval shall not be unreasonably withheld.

Section 304 Project Costs

a. Except for the financing expressly set forth in this Agreement, including the Authority Acquisition Loan and the Authority Rehabilitation Loan, the cost of acquiring the Property and rehabilitating the Improvements shall be the responsibility of Developer, as provided in the Method of Financing. The Project Costs are set forth in the Project Budget, which shall be subject to change from time-to-time as provided in the Method of Financing.

b. Developer has proposed, and Authority has approved, the Project Budget. Developer acknowledges that Authority is relying on Developer's experience and expertise in establishing the Project Costs, and Developer represents that the Project Budget is based on the best, good faith estimate of Developer of the costs that are likely to be incurred for the Project.

Section 305 Authority Loan

Subject to and conditioned on the terms and conditions of this Agreement, Authority shall provide Developer with financial assistance which consists of the Authority Acquisition Loan and the Authority Construction Loan. The Authority Loan shall be funded during the Construction Period and shall convert to permanent financing at Completion. The Authority Loan shall be repaid according to the terms and conditions of the Authority Note.

Section 306 Schedule of Performance

a. The Parties shall perform all acts respectively required of such Party in this Agreement within the times provided in the Schedule of Performance. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing by Developer and the Authority Executive Director.

b. After the Closing, Developer shall promptly begin and thereafter diligently prosecute to completion the rehabilitation of the Improvements as provided in the Scope of Work. Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance, with such reasonable extensions of said times as may be granted by Authority.

c. During periods of construction, Developer shall submit to Authority a written report of the progress of the construction when and as requested by Authority. The report shall be in such form and detail as may be reasonably required by Authority and shall include a reasonable number of construction photographs (if requested) taken since the last report by Developer.

Section 307 Local, State and Federal Laws

a. Developer hereby agrees to carry out the rehabilitation of the Improvements and operation of the Project on the Property in conformity with all applicable local, state and federal laws, rules and regulations including, without limitation, all applicable federal and state labor laws.

b. Developer shall indemnify, protect, defend and hold harmless Authority, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Authority and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or increased costs (including labor costs, penalties, reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) in connection with the rehabilitation and/or operation of the Project, The foregoing indemnity shall survive termination of this Agreement and shall continue after Completion of the rehabilitation of the Improvements.

c. Developer shall be responsible for obtaining all permits and approvals required by City for the rehabilitation of the Improvements, ensuring that the use of the Property for the purposes described in this Agreement complies with the zoning and other City land use regulations (including any applicable exemptions and/or exceptions) applicable to the Property at the time of Closing.

Section 308 Nondiscrimination During Construction

Developer, for itself and its successors and assigns, agrees that during the rehabilitation of the Improvements provided for in this Agreement, Developer shall not discriminate against any employee or applicant for employment on any basis prohibited by state or federal law, including without limitation, race, color, religion, sex or national origin.

Section 309 Indemnification and Insurance

a. Developer agrees to and shall, to the fullest extent permitted by law, defend, indemnify and hold Authority, City and their respective officers, employees, contractors and agents harmless from and against all claims, liabilities, damages, losses, expenses, attorneys' fees and costs that is caused, in whole or in part by any of the following: (i) any act or omission of Developer or its contractors, suppliers or vendors, of any contracting tier, in connection with its performance or nonperformance of this Agreement, (ii) the breach of any obligations of Developer hereunder, (iii) any act or omission during the period commencing with execution of this Agreement by Authority and until Completion of the rehabilitation of the Improvements, of Developer or its contractors, suppliers or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be liable or (iv) the use during the period commencing with execution of this Agreement by Authority and until Completion of the rehabilitation of the Improvements, of any products, material or equipment furnished by Developer or its contractors, suppliers or vendors, of any contracting tier. Such obligation shall not be construed to negate, abridge or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Section 309. The foregoing indemnification by Developer shall apply to the extent of the violation of a legal duty, including, without limitation, active or passive negligence, strict liability, breach of contract or intentional or willful misconduct, by Developer or its contractors, suppliers or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be liable. Indemnitees shall be entitled to recovery of any attorneys' fees incurred as a result of Developer's failure to provide the defense and indemnity required by this Section 309. This Section 309 shall survive the expiration or termination of this Agreement.

b. At the times indicated in paragraphs (i) through (iv) below, Developer shall furnish or cause to be furnished to Authority evidence of the following policies of insurance, naming Developer as insured and, except as to the insurance described in paragraph (iv), below, Authority and City as additional insureds. The insurance described in paragraph (ii) shall be obtained prior to the initial rent-up of the apartments. All such insurance shall be kept in force for the term of the Authority Note.

(i) Fire Policies: Prior to commencement of construction, Developer shall furnish evidence of, and shall thereafter maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage

fire insurance policies. Such insurance shall be maintained in an amount not less than 100% of the full insurable value of the Improvements, as defined herein in paragraph d.

(ii) Rental Income Insurance: Prior to commencement of rental activities, Developer shall furnish evidence of, and shall thereafter maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to the Parties.

(iii) Liability Insurance: Developer shall maintain public liability insurance to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property, resulting directly or indirectly from any acts or activities of Developer, or any person acting for Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with Developer's activities thereon, caused directly or indirectly by or from acts or activities of Developer, or any person acting for Developer, or under its control or direction. Such property damage and personal injury insurance shall also provide for and protect Authority against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the term of the Ground Lease in the following amounts: Commercial General Liability on a per occurrence basis of not less than $1,000,000 and in a general aggregate amount of not less than $2,000,000, and Commercial Automobile Liability of not less than $1,000,000 combined single limit, including owned, non-owned and hired automobile coverage. It is the mutual intent of the Parties that the levels of insurance coverage described herein shall be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time and from time to time, either Party may provide notice to the other Party that the level of insurance being maintained by Developer is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated shall be changed (either increased or decreased) accordingly. The Party receiving such request shall not unreasonably withhold its consent to such change. Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of Authority or the payment of damages to persons or property resulting from Developer's activities, or the activities of any person or persons for which Developer is responsible.

(iv) Workers' Compensation Insurance: Developer shall maintain workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or *in lieu* thereof. Such workers' compensation insurance shall cover all persons employed by Developer in connection with the Project and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Project or

the operation thereof by Developer, and in an amount of not less than $1,000,000 per accident, bodily injury, or disease. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and *in lieu* of maintaining such insurance, self-insure for workers' compensation in which event Developer shall deliver to Authority evidence that such self-insurance has been approved by the appropriate State authorities.

c. Developer shall cause all contractors and subcontractors performing work relating to the Project to maintain insurance of the types and in the amount described in this Section 309. Developer shall cause its architects (if any) and engineers also to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on a per occurrence basis of not less than $1,000,000 and in a general aggregate amount of not less than $2,000,000.

d. The term "full insurable value" as used in this Section 309 means the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Developer shall cause the full insurable value to be determined from time to time by appraisal by the insurer, by agreement between the Parties or by an appraiser mutually acceptable to the Parties, not less often than once every three years.

e. All policies shall name Authority and City as additional insureds and/or loss payees as their interests may appear. Policy endorsements providing the additional insured/loss payee shall be included with Certificates of Insurance.

f. All insurance provided under this section shall be for the benefit of Developer, Authority and City. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit policies of all insurance required by this Section, or certificates evidencing the existence thereof and additional insured endorsements, to Authority not less than 15 days prior to the Closing, indicating full coverage of the contractual liability imposed hereby. All insurance herein provided for shall be effected under policies issued by insurers of recognized responsibility, licensed and admitted to do business in the State of California (or if not admitted in California shall have a "General Policyholders Rating" of at least "A-" as set forth in the most current issue of "Best's Key Rating Guide"), reasonably approved by Authority. All policies or certificates of insurance shall provide that such policies shall not be canceled or limited in any manner without at least 20 days' prior written notice to Authority.

g. If Developer fails or refuses to procure or maintain insurance as required by this Agreement, the Authority shall have the right, at Authority's election, and upon 10 days' prior notice to Developer, to procure and maintain such insurance. The premiums paid by Authority shall be treated as a loan due from Developer, which Developer agrees to pay on the first day of the month following the date on which the premiums were paid. Authority shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 310 Disclaimer of Responsibility by Authority

Except as otherwise expressly provided in this Agreement, Authority neither undertakes nor assumes nor shall have any responsibility, right or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the Property or the Project, whether with respect to the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same or otherwise. Developer and all third parties shall rely upon their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by Authority in connection with such matter is for the public purpose of providing affordable housing, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon.

Section 311 Rights of Access

Commencing upon the Closing, representatives of Authority and City shall have the reasonable right of access to the Property, upon two business days' written notice to Developer (except in the case of an emergency, in which case Authority shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, without limitation, the inspection of the work being performed. Such representatives of Authority or City shall be those who are so identified in writing by the Authority Executive Director.

Section 312 Taxes, Assessments, Encumbrances and Liens

Commencing upon the Closing, Developer shall pay prior to delinquency all real estate taxes and assessments assessed and levied on or against the Property. Prior to Completion, Developer shall not place, or allow to be placed, on title to the Property or any portion thereof or any interest therein, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Developer shall remove, or shall have removed, any levy or attachment made on the Property (or any portion thereof or interest therein), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amount of any tax assessment, encumbrance or lien, or to limit the remedies available to Developer in respect thereto.

Section 313 Rights to Plans

a. All work product prepared pursuant to this Agreement, including, without limitation, all Plans, construction documents, soils tests and similar reports, permits and other entitlements are hereby assigned to Authority as security for Developer's obligations hereunder. In the event that either this Agreement or the Ground Lease is terminated by Authority, Developer shall, within 10 days of such termination, transmit all such work product to Authority.

b. To effectuate the assignment described in paragraph a., concurrently with executing this Agreement, Developer shall execute and deliver to Authority the Assignment of Agreements,

granting to Authority all of Developer's rights to: (i) the Plans prepared pursuant to this Agreement, (ii) the contracts between Developer and its architect (if any) and between Developer and its general contractor, (iii) all permits relating to the Project and (iv) all similar rights and property interests. If no such work product exists or will exist, then execution and delivery to Authority of the Assignment of Agreements shall not be required.

Section 314 Release of Construction Covenants

a. Promptly after Completion of the Improvements constituting the Project in its entirety, as generally and specifically required by this Agreement, Authority shall furnish Developer with a Release of Construction Covenants upon written request therefor by Developer. Authority shall not unreasonably withhold such Release of Construction Covenants, and such Release of Construction Covenants shall be issued so long as Developer has constructed and developed the Project in accordance with this Agreement and the Plans approved by Authority. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of all of the construction required by this Agreement.

b. The Release of Construction Covenants shall be in such form as to permit it to be recorded in the official records of Los Angeles County. A Release of Construction Covenants for rehabilitation of less than the Improvements constituting the Project in its entirety shall not be recorded.

c. If Authority refuses or fails to furnish a Release of Construction Covenants after written request from Developer, then Authority shall, within 30 days of the written request, provide Developer with a written statement of the reasons Authority refused or failed to furnish a Release of Construction Covenants. The statement shall also contain Authority's opinion of the action Developer shall take to obtain a Release of Construction Covenants. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, then Authority shall issue its Release of Construction Covenants upon the posting of a bond by Developer with Authority in an amount representing the fair value of the work not yet completed.

d. Such Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

ARTICLE IV USE OF PROPERTY

Section 401 Uses

a. Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof or any interest therein) that Developer, its successors and assigns shall use the Property exclusively to provide one manager's unit and three units of affordable housing for rental to Very Low Income tenants at an Affordable Rent as provided in the Agreement Containing Covenants. For two of the three affordable units, preference shall be given to military-related personnel (*e.g.,* veterans, National Guard, reserve,

active duty) in good status (*i.e.,* honorably discharged or Veterans Affairs Supportive Housing (VASH) -eligible), and their families.

b. The Parties acknowledge that this Agreement is subject to the provisions of California Health and Safety Code Section 33418 (as applied to the use of the Low and Moderate Income Housing Asset Fund by California Health and Safety Code Section 33476.1), which provides in pertinent part:

> "(a) An Agency will monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an Agency will require owners or managers of the housing to submit an annual report to the Agency. The annual reports will include for each rental unit the rental rate and the income and family size of the occupants... The income information required by this section will be supplied by the tenant in a certified statement of a form provided by the Agency."

Accordingly, Developer shall submit to Authority on an annual basis the annual report required by California Health and Safety Code Section 33418. The annual report shall include for each residential unit the rental rate and the income and family size of the occupants. The income information shall be supplied by the tenant in a certified statement on a form provided by Authority. Developer shall provide for the submission of such information in its lease or occupancy agreements with tenants.

c. Prior to the Closing, Developer shall submit to the Authority Executive Director for approval a proposed plan for managing and operating the Project, which shall address the use of any proposed leasing bonuses and shall include a proposed staffing plan to assure a satisfactory level of management, maintenance and security services (the "**Management Plan**"). Approval of the Management Plan by the Authority Executive Director or designee shall be a condition precedent to the Closing. Developer shall manage and operate the Property in accordance with the approved Management Plan, including such amendments as may be approved in writing from time to time by Developer and the Authority Executive Director or designee, for the entire Restricted Period.

d. Developer shall submit no later than 45 days before the beginning of each fiscal year of the Restricted Period an estimated annual budget for management of the Property (the "**Annual Operating Budget**") in accordance with the Management Plan. The Annual Operating Budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amount required for insurance and all other expenses incident to the operation of the Project and shall show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits and balances. The Annual Operating Budget, including any amendments proposed by Developer, shall be subject to the approval of the Authority Executive Director. Within 30 days following its receipt of the Annual Operating Budget, Authority shall deliver to Developer its written approval or disapproval thereof, which approval shall not be unreasonably withheld. If Authority disapproves the Annual Operating Budget, then it shall set forth its reasons with

reasonable specificity, and Developer shall submit a revised Annual Operating Budget for Authority's review.

e. Developer shall submit to Authority no later than 45 days before the beginning of each fiscal year of the Restricted Period a "Proposed Use of Residual Receipts Plan" for Authority's approval of Developer's intended use of the residual receipts. Within 30 days following its receipt of the Proposed Use of Residual Receipts Plan, Authority shall deliver to Developer its written approval or disapproval thereof, which approval shall not be unreasonably withheld. If Authority disapproves the Proposed Use of Residual Receipts Plan, then it shall set forth its reasons with reasonable specificity, and Developer shall submit a revised Proposed Use of Residual Receipts Plan for Authority's review.

f. Beginning on the date of first occupancy of the Project, and for each fiscal year of the Restricted Period, Developer shall submit on a monthly basis a monthly report for the management of the Property (the "**Monthly Report**") in a form that is reasonably acceptable to the Authority Executive Director. The Monthly Report shall include a cash flow report, profit and loss statement, budget to date figures, staffing level (including positions and, if not full-time, hours worked), and occupancy report. The Authority Executive Director, in his/her sole discretion may waive the requirement of the Monthly Report for one or more monthly reporting periods. However, such waiver shall not operate to waive any subsequent requirement to submit a Monthly Report.

g. The Agreement Containing Covenants shall contain appropriate provisions implementing this Section 401.

Section 402 Maintenance of Property

a. Prior to the Closing, Developer shall prepare and submit to the Authority Executive Director or designee for review and approval a program for the exterior and interior maintenance of the Property and the Improvements (the "**Maintenance Program**") and a proposed first-year budget for its implementation (the "**Annual Maintenance Budget**").

b. The Maintenance Program shall describe in reasonable detail the standards to be followed in maintaining the interior and exterior of the Improvements, including a schedule indicating the proposed frequency of each element of maintenance, and shall include, at a minimum, the following: periodic cleaning of the interior and exterior of the Improvements, including windows, removing graffiti, removing debris and waste materials and otherwise maintaining indoor and outdoor areas of the Property, maintaining any lawns, plants, shrubs and trees or other landscaping planted on the Property, performing inspections of all exterior features to determine whether repairs are required, conducting periodic protective treatments such as rust removal and caulking, conducting repairs to facades, roof, doors, windows and other exterior features, maintaining fencing and other security devices and systems, periodic repainting of the exterior, periodic repainting of the interior units and common areas, periodic replacing of the interior unit carpets, checking and repairing or replacing as need of building systems, including, without limitation, the heating and cooling systems, smoke alarms, carbon monoxide alarms, and

water heaters, checking interior unit appliances and monitoring interior unit bathrooms for mold/mildew. The Maintenance Program, including amendments proposed by Developer, shall be subject to the approval of the Authority Executive Director.

c. At all times during the Restricted Period, Developer shall maintain the Property and the Improvements in accordance with the approved Maintenance Program. To implement this requirement, Developer agrees to budget sufficient funds to pay for all reasonably anticipated costs (as indicated in the Annual Maintenance Budget to be submitted to Authority with the proposed Annual Operating Budget). If Developer fails to maintain the Property and the Improvements in accordance with the approved Maintenance Program, then Authority shall have the right, but not the obligation, to enter the Property, correct any violation, and hold Developer responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property. Authority agrees that it shall not exercise its rights under this paragraph until Authority has given notice to Developer and Developer fails to cure such default within 30 days; provided, however, that Developer shall have such additional time as may be reasonably necessary in order to cure such default if Developer has commenced to cure within such 30-day period and is diligently prosecuting the cure to completion; and provided further, that if Developer's failure to maintain the Property has, in Authority's reasonable judgment, created a condition that presents an immediate threat to health and safety, then Authority is only required to give such notice as is reasonable under the circumstances.

d. The Agreement Containing Covenants shall contain appropriate provisions implementing this Section 402.

Section 403 Obligation to Refrain from Discrimination

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises

herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

2. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

3. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale,

lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees of the land."

Section 404 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Property or any part thereof or interest therein for the benefit and in favor of Authority, its successors and assigns, and City.

Section 405 Effect of Violation of Terms and Provisions of Agreement

Authority and City are deemed beneficiaries of the terms and provisions of this Agreement and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. Authority and City shall have the right if the covenants contained in this Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants are entitled.

ARTICLE V DEFAULTS, REMEDIES AND TERMINATION

Section 501 Defaults – General

a. Subject to Force Majeure Delay, failure or delay by either Party to perform any term or provision of this Agreement constitutes a default under this Agreement. The Party who fails or delays shall immediately commence to cure, correct or remedy such failure or delay and complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, then prior to exercising any remedies hereunder, the injured Party shall give the Party in default written notice of such default. The Party

in default shall have a period of seven days after such notice is given within which to cure the default prior to exercise of remedies by the injured Party.

d. If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Authority shall give Developer notice of such default. If the default is reasonably capable of being cured within 30 calendar days after such notice is received or deemed received, then Developer shall have such period to effect a cure prior to exercise of remedies by Authority. If the default is such that it is not reasonably capable of being cured within 30 days, and Developer (i) initiates corrective action within said period and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Developer shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Authority, but in no event shall such period exceed 60 days from the date such notice is received or deemed received. In no event shall Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Section 502 Institution of Legal Actions

Subject to the notice and cure provisions of Section 501and the limited recourse provisions of Section 511, in addition to any other rights or remedies (and except as otherwise provided in this Agreement), either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions shall be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

Section 503 Applicable Law

The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement, without reference to the principles relating to conflicts of law.

Section 504 Acceptance of Service of Process

a. If legal action is commenced by Developer against Authority, then service of process on Authority shall be made by personal service upon the Authority Executive Director or in such other manner as may be provided by law.

b. If legal action is commenced by Authority against Developer, then service of process on Developer shall be made by personal service upon Developer (or upon an officer of Developer) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 505 Rights and Remedies Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party

of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

Section 506 Damages

If either Party defaults with regard to any of the provisions of this Agreement, then subject to the notice and cure provisions of Section 501 and the limited recourse provisions of Section 511, the defaulting Party shall be liable to the non-defaulting Party for any damages caused by such default, and the non-defaulting Party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting Party with respect to such default.

Section 507 Specific Performance

If either Party defaults with regard to any of the provisions of this Agreement, then subject to the notice and cure provisions of Section 501, the non-defaulting Party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 508 Termination by Authority Before Closing

Notwithstanding anything in this Agreement or the Ground Lease to the contrary, Authority shall have the right to terminate this Agreement, in its sole discretion and without further notice to Developer and without requirement of the expiration of any cure period, in the event of any one or more of the following:

a. Developer fails to submit to Authority evidence of financing or fails to satisfy any other condition precedent to the occurrence of the Closing as provided in the Method of Financing within the time established therefor in the Schedule of Performance and has failed to cure such default within 30 days after receiving written notice from Authority;

b. Developer assigns or attempts to assign any of Developer's rights in and to the Property or any portion thereof or interest therein, or this Agreement or any portion hereof, except as permitted by this Agreement;

c. Except for a Permitted Transfer, there is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the provisions of Section 105; or

d. Developer fails to submit any of the reports, plans, drawings (if necessary) and related documents required by this Agreement by the respective dates provided in this Agreement therefor, and has failed to cure such default within 30 days after receiving written notice from Authority.

Section 509 Termination by Authority After Closing

After the Closing, but before Completion, Authority shall have the right to terminate this Agreement if any of the following defaults occur:

a. Developer fails to commence rehabilitation of the Improvements as required by this Agreement and such breach is not cured within the time provided in Section 501;

b. Developer abandons or substantially suspends rehabilitation of the Improvements and such breach is not cured within the time provided in Section 501;

c. Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement, and such breach is not cured within the time provided in Section 501; or

d. Developer otherwise materially breaches this Agreement, and such breach is not cured within the time provided in Section 501.

Section 510 Termination by Either Party

Prior to the Closing, either Party shall have the right to terminate this Agreement if the other Party is in default of any material term or provision of this Agreement, and, following notice, fails to cure such default within the time provided in Section 501.

Section 511 Limited Recourse Obligations

Subject to the provisions and limitations of this Section 511, the obligation to repay the Authority Loan is a nonrecourse obligation of Developer. Developer shall not have any personal liability for repayment of the Authority Loan, except as provided in this Section 511. The sole recourse of Authority shall be the exercise of its rights against the Property and any related security for the Authority Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any obligation evidenced by the Authority Note or the Authority Deed of Trust, (ii) limit the right of Authority to name Developer as a party defendant in any action or suit for judicial foreclosure and sale under the Authority Note or the Authority Deed of Trust or any action or proceeding thereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Developer, (iii) release or impair the Authority Note or the Authority Deed of Trust, (iv) prevent or in any way hinder Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing the Authority Note or as prescribed by law or in equity in case of default, (v) prevent or in any way hinder Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing the Authority Note, (vi) relieve Developer of any of its obligations under any indemnity delivered by Developer to Authority or (vii) affect in any way the validity of any guarantee or indemnity from any person

of all or any of the obligations evidenced and secured by the Authority Note or the Authority Deed of Trust. The foregoing provisions of this paragraph are limited by the provision that in the event of a default, Developer and its successors and assigns shall have personal liability hereunder for any deficiency judgment, but only if and to the extent Developer, its principals, shareholders, partners or its successors and assigns received rentals, other revenues, or other payments or proceeds in respect of the mortgaged Property after the occurrence of such default, which rentals, other revenues, or other payments or proceeds have not been used for the payment of ordinary and reasonable operating expenses of the mortgaged Property, ordinary and reasonable capital improvements to the mortgaged Property, debt service, or real estate taxes in respect of the mortgaged Property and basic management fees, but not incentive fees, payable to an entity or person unaffiliated with Developer in connection with the operation of the mortgaged Property, which are then due and payable. Notwithstanding the first sentence of this paragraph, Authority may recover directly from Developer or from any other party:

a. any damages, costs and expenses incurred by Authority as a result of fraud or any criminal act or acts of Developer or any partner, shareholder, officer, director or employee of Developer, or of any member or general or limited partner of Developer, or of any member or general or limited partner of such member or general or limited partner;

b. any damages, costs and expenses incurred by Authority as a result of any misappropriation of funds provided for the rehabilitation of the Improvements, rents and revenues from the operation of the Improvements or proceeds of insurance policies or condemnation proceeds;

c. any and all amounts owing by Developer pursuant to the indemnification regarding Hazardous Substances given in the Environmental Indemnity; and

d. all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority shall pay Developer's reasonable court costs and attorneys' fees if Developer is the prevailing party in any such enforcement or collection action).

ARTICLE VI GENERAL PROVISIONS

Section 601 Notices, Demands and Communications between Parties

Formal notices, demands and communications between the Parties shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Parties, as designated in Section 103 and 104, respectively. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by mail as provided in this Section 601. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt

by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

Section 602 Conflicts of Interest

a. No member, official or employee of Authority shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and shall not pay or give, any third party any money or other consideration for obtaining this Agreement.

Section 603 Nonliability of Authority Officials and Employees

No member, official, employee or consultant of Authority shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by Authority or for any amount that may become due to Developer or to its successor, or on any obligations under the terms of this Agreement.

Section 604 Force Majeure

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

Section 605 Inspection of Books and Records

Developer shall maintain at a location in Los Angeles County complete, accurate, and current records pertaining to the Property and the Project for a period of five years after the creation of such records, and shall permit any duly authorized representative of Authority to inspect and copy records, during regular business hours. Records shall be kept accurate and current.

Section 606 Real Estate Commissions

Neither Party shall be liable for any real estate commissions, brokerage fees or finders' fees which may arise from this transaction. The Parties each represent to the other that it has employed no broker, agent or finder in connection with this transaction.

Section 607 Approvals

a. Except as otherwise expressly provided in this Agreement, approvals required of either Party shall not be unreasonably withheld or delayed. All approvals shall be in writing. Except as otherwise expressly provided in this Agreement, failure by either Party to approve a matter within the time provided for approval of the matter shall not be deemed a disapproval, and

failure by either Party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of Authority shall be deemed granted upon the written approval of the Authority Executive Director or designee. Authority agrees to provide notice to Developer of the name of the Authority Executive Director's designee on a timely basis and to provide updates from time to time. Notwithstanding the foregoing, the Authority Executive Director or designee may, in his or her sole discretion, refer to the governing body of Authority any item requiring Authority approval; otherwise, "Authority approval" shall mean and refer to approval by the Authority Executive Director or designee.

Section 608 No Partnership

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the Parties or cause Authority to be responsible in any way for the debts or obligations of Developer or any other Person.

Section 609 Compliance With Law

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Property and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer in any action or proceeding, whether Authority be a party thereto or not, that Developer has violated any such ordinance or statute shall be conclusive of that fact as between the Parties.

Section 610 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

Section 611 Interpretation

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against either Party. The Parties acknowledge and agree that this Agreement has been prepared jointly by the Parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the Party preparing it, and instead, other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by either Party, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the Parties that *in lieu* of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation and/or undertaking "herein", "hereunder", or "pursuant hereto" (or language of like import) mean, refer to, and include the covenants, obligations and undertakings existing pursuant to this instrument and any riders, exhibits, addenda and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and *vice versa*, and the masculine gender includes the feminine and *vice versa*.

Section 612 No Third Party Beneficiaries

This Agreement is made solely and specifically between the Parties and their respective successors and assigns; and, except as expressly provided otherwise in this Agreement, no other person shall have any rights, interest or claims under this Agreement or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

Section 613 Authority to Sign

Developer hereby represents that the person executing this Agreement on behalf of Developer has full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

Section 614 Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

ARTICLE VII ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement shall be executed in two duplicate originals each of which is deemed to be an original. This Agreement shall constitute the entire understanding and agreement of the Parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all (or any part of or any interest in) the Property.

c. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorities of the relevant Party, and all amendments hereto shall be in writing and signed by the appropriate authorities of the Parties to be bound thereby. This Agreement and any provisions hereof may be amended by mutual written agreement by Developer and the Authority Executive Director, subject to review and approval by Authority's governing body as needed to comply with applicable law and Authority policies and procedures.

d. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute one Agreement binding on the Parties.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

ARTICLE VIII TIME FOR ACCEPTANCE OF AGREEMENT BY AUTHORITY; DATE OF AGREEMENT

This Agreement, when executed by Developer and delivered to Authority, shall not be effective until executed by Authority following a noticed public hearing as may be required by law. If Authority fails to approve, execute and deliver this Agreement to Developer within 60 days after this Agreement is signed by Developer, then Developer shall have the right to withdraw its offer to enter into this Agreement by providing written notice to Authority. This Agreement is dated for reference purposes as of the date set forth in the introductory paragraph hereof, but shall not be effective until executed by the Authority Executive Director.

"AUTHORITY"
HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By:_____
J.J. Murphy, ICMA-CM
Executive Director

Date:_____

ATTEST:

By: _____
Shanae Smith
Authority Secretary

APPROVED AS TO FORM:

By:_____
Christopher Beck
Authority Counsel

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: Todd C. Mooney
Todd C. Mooney

"DEVELOPER"
VICTORY OUTREACH - PALMDALE,
a California religious corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

ARTICLE VIII TIME FOR ACCEPTANCE OF AGREEMENT BY AUTHORITY; DATE OF AGREEMENT

This Agreement, when executed by Developer and delivered to Authority, shall not be effective until executed by Authority following a noticed public hearing as may be required by law. If Authority fails to approve, execute and deliver this Agreement to Developer within 60 days after this Agreement is signed by Developer, then Developer shall have the right to withdraw its offer to enter into this Agreement by providing written notice to Authority. This Agreement is dated for reference purposes as of the date set forth in the introductory paragraph hereof, but shall not be effective until executed by the Authority Executive Director.

"AUTHORITY"
HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By: _____
J.J. Murphy, ICMA-CM
Executive Director

Date: _____

ATTEST:

By: _____
Shanae Smith
Authority Secretary

APPROVED AS TO FORM:

By: _____
Christopher Beck
Authority Counsel

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Todd C. Mooney

"DEVELOPER"
VICTORY OUTREACH - PALMDALE,
a California religious corporation

By: _____
Michael Gonzalez
President

ATTEST:

By: _____
Christina Gonzalez
Secretary

ATTACHMENT NO. 1

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

ATTACHMENT NO. 2

SITE MAP

[behind this page]

ASSIGNMENT OF AGREEMENTS FROM VICTORY OUTREACH TO HOUSING AUTHORITY OF THE CITY OF PALMDALE
(A-7358)

FOR VALUE RECEIVED, the undersigned, VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"), assigns to the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic ("**Authority**"), all of its right, title and interest in and to:

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, the "**Architectural Agreements**"); and

2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively the "**Plans and Specifications**")

heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity (collectively "**Architect**"), for or on behalf of Developer in connection with the rehabilitation of the Improvements on the Property described in Exhibit A attached. This Assignment of Agreements (this "**Assignment**") is subject to the prior rights of any lender whose lien is senior to the Authority Deed of Trust. The Plans and Specifications, as of the date hereof, are those which Developer has heretofore, or will hereafter deliver to Authority.

This Assignment constitutes a present and absolute assignment to Authority as of the date that it is executed by Developer (the "**Effective Date**"), subject to the terms and provisions of the Affordable Housing Agreement by and between Developer and Authority, dated as of February 2, 2021 (the "**Agreement**") wherein such assignment only becomes enforceable upon a breach and failure to cure by Developer as set forth therein; provided, however, that Authority confers upon Developer the right to enforce the terms of the Architectural Agreements and Developer's rights to the Plans and Specifications so long as no default or event which would constitute a default after notice or the passage of time, or both, has occurred and is continuing under the Agreement. Upon the occurrence of a default or event which would constitute a default after notice or the passage of time, or both, under the Agreement, Authority may, in its sole discretion, give notice to Architect of its intent to enforce the rights of Developer under the Architectural Agreements and of its rights to the Plans and Specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Developer shall, within 10 days after receipt of notice from Authority that Authority intends to enforce its rights under this Assignment, transmit all Plans and Specifications to Authority, subject to any required third-party consent, which Developer must use its best efforts to obtain. Developer acknowledges that by accepting this Assignment, Authority does not assume any of Developer's obligations under the Architectural Agreements or with respect to the Plans and Specifications.

Developer represents and warrants to Authority, as of the Effective Date, that: (i) all Architectural Agreements entered into by Developer are in full force and effect and are enforceable in accordance with their terms, and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural Agreements, (ii) all copies of the Architectural Agreements and Plans and Specifications delivered to Authority are complete and correct and (iii) Developer has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications.

Developer agrees: (i) to pay and perform all obligations of Developer under the Architectural Agreements, (ii) to enforce the payment and performance of all obligations of any other person or entity under the Architectural Agreements, (iii) not to modify the existing Architectural Agreements nor to enter into any future Architectural Agreements without Authority's prior written approval except as otherwise may be permitted in the Agreement and (iv) not to assign further (other than assignment in connection with a loan which is senior in priority to Authority's assignment), for security or any other purposes, its rights under the Architectural Agreements or with respect to the Plans and Specifications without Authority's prior written consent.

This Assignment secures performance by Developer of all obligations of Developer under the Agreement. This Assignment is supplemented by the provisions of the Agreement and said provisions are incorporated herein by this reference.

The term "**Agreement**" as used herein also means any future amendments and implementation agreements between the Parties regarding the Agreement which refer to this Assignment. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

This Assignment shall be governed by the internal laws of the State of California, except to the extent that Federal laws preempt the laws of the State of California, and Developer consents to the jurisdiction of any Federal or State Court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors-in-interest of the Parties; provided, however, that this shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Developer contained in the Agreement.

This Assignment may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same document.

The attached Architect's/Engineer's Consent, Schedule 1 and Exhibit A are incorporated herein by this reference.

"DEVELOPER"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

ARCHITECT'S CONSENT

The undersigned Architect hereby consents to the foregoing Assignment to which this Architect's Consent is part, and acknowledges that there presently exists no unpaid claims due to Architect except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Developer and/or the performance of Architect's obligations under the Assignment.

Architect agrees that if, at any time, Authority, pursuant to its rights under the Agreement, elects to undertake or cause the completion of rehabilitation of the Improvements on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect written notice of such election, then, so long as Architect has received, receives or continues to receive the compensation called for under the relevant Architectural Agreements, Authority may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect shall continue to perform its obligations under the Architectural Agreements for the benefit and account of Authority in the same manner as if performed for the benefit or account of Developer in the absence of the Assignment.

Architect further agrees that, in the event of a breach by Developer of the Architectural Agreements, or any agreement entered into with Architect in connection with the Plans and Specifications, so long as Developer's interest in the Architectural Agreements and Plans and Specifications is assigned to Authority, Architect shall give written notice to Authority of such breach at the address shown below. Authority shall have 30 days from the receipt of such written notice of default to remedy or cure said default. Nothing herein shall require Authority to cure said default or to undertake completion of rehabilitation of the Improvements.

Architect warrants and represents that it/he has no knowledge of any prior assignment(s) of any interest in the Plans and Specifications and/or the Architectural Agreements. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

Dated _____, 2021.

By: _____

Architect's Address:

Authority's Address:

HOUSING AUTHORITY
CITY OF PALMDALE
38250 Sierra Highway
Palmdale, California 93550-4611
Attn: Senior Housing Coordinator

SCHEDULE 1

SCHEDULE OF UNPAID CLAIMS

[behind this page]

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach Agreement No. A-7358
APN: 3008-013-903

AGREEMENT CONTAINING COVENANTS BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH

THIS AGREEMENT CONTAINING COVENANTS (this "**ACC**"), dated as of _____, 2021, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**").

WHEREAS, Developer is the owner of a leasehold interest in that certain real property (the "**Property**") located in Palmdale, California more particularly described in Exhibit A which is attached hereto and incorporated herein by this reference, pursuant to the Ground Lease; and

WHEREAS, for the purpose of providing one manager's unit and three units of housing that shall be affordable to Very Low Income tenants exclusively, the Parties have entered into an Affordable Housing Agreement dated as of February 2, 2021 (the "**Agreement**"), which is incorporated herein by this reference, and any capitalized term that is not otherwise defined in this ACC shall have the meaning ascribed to such term in the Agreement; and

WHEREAS, the Agreement contains certain provisions relating to the use of the Property.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES COVENANT AND AGREE AS FOLLOWS:

1. Developer hereby covenants and agrees on behalf of itself and its successors and assigns in the Property or any portion thereof or any Improvements thereon or any interest therein

that Developer and such successors and assigns shall rehabilitate the Improvements on the Property, consisting of a residential apartment building containing one manager's unit and three rental units and associated amenities, in accordance with the Authority Loan Documents and plans approved by City.

2. Maximum Incomes.

a. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer, its successors and assignees shall use the Property exclusively as housing to provide one manager's unit and three units of affordable housing for Very Low Income tenants, subject to all of the terms and conditions of this ACC. The three affordable units shall be allocated as follows:

(i) The three two-bedroom units shall be rented as housing exclusively to Very Low Income residents at an Affordable Rent as provided in California Health and Safety Code Section 50053 (an "**Affordable Rent**"); and

(ii) For two of the three affordable units, preference shall be given to military-related personnel (*e.g.*, veterans, National Guard, reserve, active duty) in good status (*i.e.*, honorably discharged or Veterans Affairs Supportive Housing (VASH) -eligible), and their families.

b. For purposes of this ACC, the maximum incomes of eligible tenants shall be determined on the basis of the income limits for Very Low Income households, adjusted for household size, in the Los Angeles-Long Beach SMSA, published approximately annually by the California Department of Housing and Community Development ("**HCD**"). If HCD discontinues publishing such income limits, then the term "Very Low Income" shall mean a household income that does not exceed 50% of the area median income (the "**Area Median Income**"), adjusted for household size.

c. Household income shall be determined using the income sources set forth in Section 6914 of Title 25 of the California Code of Regulations. Immediately prior to a prospective tenant's occupancy of an affordable unit, Developer shall obtain and maintain on file an income computation and certification form from such prospective tenant dated immediately prior to the date of initial occupancy. Developer shall verify that the income information provided by an applicant is accurate by following all applicable Authority policies and procedures and by taking one or more of the following steps as a part of the verification process: (i) obtaining two pay stubs from the most recent pay periods, (ii) obtaining a written verification of income and employment from applicant's current employer, (iii) obtaining an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either agency, (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, then obtaining other verification of such applicant's income as is reasonably satisfactory or (v) obtaining such other information as may be reasonably

required. Developer shall update the foregoing records annually and provide copies of updated tenant eligibility records and monthly rental records to Authority for review. Upon review of such records, Authority may at its option perform an independent audit of the tenant eligibility records in order to verify compliance with the income and affordability requirements set forth herein. Developer shall retain the records described in this Section for a period of five years after the date each record was created.

3. Maximum Rents.

a. Rents charged to a tenant shall not exceed rents that are affordable to Very Low Income households. The maximum rent, including a reasonable utility allowance for utilities and services (excluding telephone) to be paid by Very Low Income households is set forth below:

(i) In the case of a Very Low Income household, the maximum rent shall be a rent that does not exceed 30% of 50% of the Area Median Income, adjusted for household size appropriate to the unit.

(ii) For purposes of determining Affordable Rent, household size appropriate to the unit shall mean two persons in the case of a one-bedroom unit and three persons in the case of a two-bedroom unit.

b. This affordability requirement shall continue in effect for the full Term of this ACC.

c. Failure to comply with the affordability requirements of this ACC is an event of default under the terms of the Authority Loan. Pursuant to the Authority Note evidencing the Authority Loan, subject to the right to cure, the Authority Loan shall be due and payable immediately if the housing does not meet the affordability requirements of this ACC.

d. Upon request, the Authority Executive Director shall notify Developer of the maximum rents that may be charged, based on the then-current Area Median Income (not to exceed an Affordable Rent), and the maximum income of households who are eligible to occupy the Property. Developer shall submit to Authority for review and approval its initial rent schedule and utility allowances, 30 days prior to initial rental of the units, and on an annual basis thereafter. Rental rates may be adjusted, and income determinations performed, annually, at the time of lease renewal. Developer shall provide tenants not less than 30 days' prior written notice before implementing any increase in rents.

4. Developer, its successors and assigns shall not charge rents in excess of an Affordable Rent. If Developer has charged a tenant rent in excess of an Affordable Rent, then Developer shall immediately reimburse the tenant the amount of overpayment, with interest, from the date of rental payment, at the highest non-usurious rate of interest permitted by law, within 10 days of such determination. Developer may increase rents not more than once annually, subject

to any applicable rent control ordinance then in effect, but in no event shall rent be greater than the rent permitted by the adjusted rent limits.

5. Developer shall adopt written tenant selection policies and criteria that meet the following requirements and are approved by Authority:

a. Are consistent with the purpose of providing affordable housing for Very Low Income households.

b. Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.

c. Provide for:

(i) The selection of otherwise eligible tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

(ii) The prompt written notification to any rejected applicant of the grounds for any rejection;

d. Provide first priority in the selection of qualifying occupants to persons displaced by projects assisted by Authority; and

e. Provide information to and otherwise attract eligible qualifying occupants from all racial, ethnic and gender groups in the housing market area. The Parties shall cooperate to effectuate this provision during Developer's initial lease-up of the Property and as vacancies occur.

6. Developer, its successors and assigns shall not refuse to accept for occupancy otherwise eligible qualifying occupants that are holders of a certificate or voucher under 24 CFR part 982-Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate of family participation, rental voucher or comparable HOME tenant-based assistance document.

7. Provisions regarding Leases.

a. Leases shall have terms of not less than one year, unless upon mutual agreement between tenant and Developer the lease agreement may be based on a month-to-month rental. The lease may not contain any of the following provisions (in which references to "owner" shall mean Developer, its successors or assigns):

(i) Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;

(ii) Agreement by the tenant that the owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties thereto. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with state law;

(iii) Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

(iv) Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;

(v) Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties thereto;

(vi) Agreement by the tenant to waive any right to a trial by jury;

(vii) Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the tenant housing agreement; and

(viii) Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay such costs, including owner's reasonable attorneys' fees, if the tenant loses.

8. Developer, its successors or assigns may not terminate a lease or refuse to renew the lease of a tenant, except: for serious or repeated violation of the terms and conditions of the lease, for violation of applicable federal, state or local law or for other good cause. Any termination or refusal to renew shall be provided by Developer's service upon the tenant of a written notice specifying the grounds for the action in the time and manner proscribed by law.

9. Developer shall maintain the Improvements on the Property in compliance with all applicable housing quality standards and local code requirements and shall keep the Property free from any unreasonable accumulation of debris or waste materials. Prior to the recordation of this ACC, Developer prepared and submitted to the Authority Executive Director for approval a Maintenance Program for the maintenance of the Property and the Improvements. For the Term of this ACC, Developer, its successors and assigns, shall maintain the Property and the

Improvements in accordance with the approved Maintenance Program, as the same may be amended from time to time with the written approval of the Authority Executive Director. If Developer fails to maintain the Property and the Improvements in accordance with the approved Maintenance Program, then Authority shall have the right, but not the obligation, to enter the Property and the improvements, correct any violation, and hold Developer responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

10. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, national origin, religion or sex in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

c. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees of the land."

11. Prior to the recordation of this ACC, Developer prepared and submitted to the Authority Executive Director for approval a Management Plan describing Developer's proposed plans for managing and operating the Property. The initial Management Plan is subject to the requirements set forth in the Agreement. For the Term of this ACC, Developer shall manage and operate the Property in accordance with the approved Management Plan including such amendments as may be approved in writing from time to time by Developer and the Authority Executive Director. If at any time Authority determines that the Property is not being managed or maintained in accordance with the approved Management Plan, Developer shall change its management personnel or the practices complained of, upon receipt of written notice from Authority. In accordance with the Management Plan, Developer shall submit:

a. No later than 45 days before the beginning of each fiscal year, an Annual Operating Budget. The Annual Operating Budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amount required for insurance and all other expenses incident to the operation of the Project and shall show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits and balances. The Annual Operating Budget, including any amendments proposed by Developer, shall be subject to the approval of the Authority Executive Director. Within 30 days following its receipt of the Annual Operating Budget, Authority shall deliver to Developer its written approval or disapproval thereof, which approval shall not be unreasonably withheld. If Authority disapproves the Annual Operating Budget, then it shall set forth its reasons with reasonable specificity and Developer shall submit a revised Annual Operating Budget for Authority's review.

b. On the first day of each month of the fiscal year, beginning on the date of first occupancy, a Monthly Report for the management of the Property. The Monthly Report shall include a cash flow report, profit and loss statement, budget to date figures, staffing level (including positions and, if not full-time, hours worked), and occupancy report. The Authority Executive Director in his or her sole discretion may waive the requirement of the Monthly Report for one or more monthly reporting periods. However, such waiver shall not operate to waive any future right of Authority to require a subsequent Monthly Report.

c. In connection with the Annual Operating Budget and Monthly Report, Developer shall be obligated to use the Residual Receipts (as such term is defined in the Authority Note) for uses approved by Authority. No later than 45 days before the beginning of each fiscal year, Developer shall prepare and submit to Authority an annual "Proposed Use of Residual Receipts Plan" for administrative approval prior to spending the Residual Receipts on such approved uses.

d. In addition to the Annual Operating Budget, Monthly Report and annual Proposed Use of Residual Receipts Plan, Developer shall annually submit to Authority a Use of Residual Receipts Report describing the programs provided by Developer.

12. The covenants established in this ACC and any amendments hereto approved by the Parties shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority, its successors and assigns, and City. The requirements of this ACC shall commence at the Closing and shall remain in effect for the longest feasible time, but not less than 55 years from the Closing (the "**Term**"), except that the nondiscrimination provisions of Section 10 shall remain in perpetuity.

13. Authority and City are deemed beneficiaries of the terms and provisions of this ACC and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this ACC and the covenants running with the land have been provided. Authority and City shall each have the right if the covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this ACC and covenants are entitled, without regard to whether Authority or City is or remains an owner of any land or interest therein to which such covenants relate.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

14. Developer hereby subjects the Property to the covenants, reservations, and restrictions set forth in this ACC. The Parties hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to and be binding upon Developer's successors in title to the Property. The covenants and agreements contained herein shall run with the land and not be personal obligations of Developer. Upon the sale, conveyance or other transfer of the Property approved by Authority or otherwise permitted under the Agreement, the Authority Note and the Authority Deed of Trust (a "**Transfer**") and the assumption of the obligations hereunder by a transferee, Developer's liability for performance shall be terminated as to any obligation to be performed hereunder after the date of such Transfer.

IN WITNESS WHEREOF, the Parties have executed this ACC as of the date first set forth above.

"AUTHORITY"
HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By:_____
J.J. Murphy, ICMA-CM
Executive Director
Date: _____

ATTEST:

By: _____
Shanae Smith
Authority Secretary

APPROVED AS TO FORM:

By:_____
Christopher Beck
Authority Counsel

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Todd C. Mooney

"DEVELOPER"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

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

State of California)
County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

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

State of California)
County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

Recording Requested by
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City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

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GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-903

Agreement No. A-7358

ASSIGNMENT OF RENTS AND LEASES FROM VICTORY OUTREACH TO HOUSING AUTHORITY OF THE CITY OF PALMDALE

THIS ASSIGNMENT OF RENTS AND LEASES (this "**Assignment**"), dated as of _____, 2021, is made by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Assignor**"), in favor of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic, its successors, and assigns ("**Assignee**").

RECITALS

A. Assignor is the owner of a leasehold interest in the real property described in Exhibit A attached hereto, pursuant to that certain Ground Lease between Assignee and Assignor dated as of _____, 2021, and is the owner of all of the personalty, fixtures, and improvements now or hereafter located thereon or attached thereto now existing or to be constructed thereon. Said real property, personalty, fixtures, and the improvements are herein referred to collectively as the "**Premises**".

B. Assignee has agreed to make the Authority Loan to Assignor in the amount of $665,000 pursuant to the terms of an Affordable Housing Agreement by and between Assignor and Assignee, dated as of February 2, 2021 (the "**Agreement**"), as evidenced by the Authority Note. The Authority Loan is secured by the Authority Deed of Trust.

In order to induce Assignee to make the Authority Loan to Assignor, Assignor has agreed to execute this Assignment.

NOW THEREFORE, with reference to the foregoing and in reliance thereon and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor agrees as follows:

AGREEMENT

1. All initially capitalized terms used herein, unless otherwise defined or required by context, shall have the meaning ascribed to them in the Agreement.

2. Subject to the prior rights of any lender whose lien is senior to the Authority Deed of Trust held by Assignee (a "**Senior Lender**"), Assignor hereby absolutely grants, sells, assigns, transfers and sets over to Assignee, by this Assignment, all of Assignor's interests, whether now existing or hereafter acquired, in all subleases and other occupancy agreements of any nature, now or hereafter covering all or any part of the Premises, together with all extensions, renewals, modifications or replacements of said subleases and occupancy agreements, and together with any and all guarantees of the obligations of the sublessees and occupants (individually, a "**Sublessee**") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. Said subleases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to individually as a "Sublease" and collectively as the "**Subleases**".

3. Assignor's purpose in making this Assignment is to relinquish to Assignee its right to collect and enjoy the rents, royalties, issues, profits, income and other benefits at any time accruing by virtue of the Subleases (collectively, "**Rents and Profits**").

4. The Parties intend that this Assignment shall be a present, absolute and unconditional assignment and shall, immediately upon execution, give Assignee the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the indebtedness and other obligations under any of the Authority Loan Documents, as well as all other sums payable under the Authority Deed of Trust or any other instrument given as security for the indebtedness. However, Assignee hereby grants to Assignor a license to collect and use, subject to the provisions set forth below, the Rents and Profits as they respectively become due and to enforce the Subleases, so long as there is no default by Assignor in performance of the terms, covenants or provisions of any of the Authority Loan Documents, after the expiration of any applicable notice and cure periods. Nothing contained herein, nor any collection of Rents and Profits by Assignee or by a receiver, shall be construed to make Assignee a "mortgagee in possession" of the Premises so long as Assignee has not entered into actual possession of the Premises.

5. Upon the occurrence of any default, after the expiration of any applicable notice and cure periods, under the terms and conditions of any of the Authority Loan Documents, this Assignment shall constitute a direction and full authority to each Sublessee under any Sublease

and each guarantor of any Sublease to pay all Rents and Profits to Assignee without proof of the default relied upon. Assignor hereby irrevocably authorizes each Sublessee and guarantor to rely upon and comply with any notice or demand by Assignee for the payment to Assignee of any Rents and Profits due or to become due.

6. Assignor represents and warrants as to each Sublease now or hereafter covering all or any portion of the Premises, unless Assignee has been otherwise advised in writing by Assignor:

a. That each Sublease is in full force and effect;

b. That no material default exists on the part of the Sublessee thereunder or Assignor;

c. That no rent in excess of one month's rent has been collected in advance;

d. That no Sublease or any interest therein, except to the extent required by a Senior Lender, if any, has been previously assigned or pledged; and

e. That all rent due to date under each Sublease has been collected and no concession has been granted to any Sublessee in the form of a waiver, release, reduction, discount or other alteration of rent due or to become due except as previously disclosed to Assignor in writing.

7. Assignor agrees with respect to each Sublease:

a. If any Sublease provides for a security deposit paid by the Sublessee to Assignor and subject to the prior rights, if any, of a Senior Lender, then this Assignment transfers to Assignee all of Assignor's right, title and interest in and to each such security deposit; provided, however, that Assignor shall have the right to retain said security deposit so long as Assignor is not in default, after the expiration of any applicable notice and cure periods, under any of the Authority Loan Documents; and provided further that Assignee shall have no obligation to the Sublessee with respect to such security deposit unless and until Assignee comes into actual possession and control of said security deposit.

b. If any Sublease provides for the abatement of rent during repair of the leased Premises by reason of fire or other casualty, then Assignor shall furnish rental insurance to Assignee, the policies to be with companies and in form, content, policy limits and terms as are customary in the case of entities owning similar property or assets similarly situated.

c. Each Sublease shall remain in full force and effect despite any merger of the interest of Assignor and any Sublessee thereunder. Except as may be otherwise provided in the Agreement, Assignor shall not terminate any Sublease (except pursuant to the terms of the

Sublease upon a default by any Sublessee thereunder), or materially modify or amend any Sublease or any of the terms thereof, or grant any concessions in connection therewith or accept a surrender thereof, without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

d. Assignor shall not collect any Rents and Profits more than 30 days in advance of the date on which they become due under the terms of any Sublease.

e. Assignor shall not discount any future accruing Rents and Profits.

f. Assignor shall not consent to any assignment of any Sublease, or any subletting thereunder, whether or not in accordance with its terms, on any terms less favorable than those that would reflect an arm's length transaction in light of prevailing market conditions (subject to the rent restrictions applicable to the Premises), without the prior written consent of Assignee, except as may be otherwise provided in the Agreement.

g. Except as may be otherwise provided in the Agreement, Assignor shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law.

h. Assignor shall faithfully perform and discharge all obligations of the sublessor under each Sublease, and shall give prompt written notice to Assignee of any notice of Assignor's default received from any Sublessee or any other person and furnish Assignee with a complete copy of said notice. Assignor shall appear in and defend, at no cost to Assignee, any action or proceeding arising under or in any manner connected with any Sublease. If requested by Assignee, Assignor shall enforce each Sublease and all remedies available to Assignor against the Sublessee in the case of default under the Sublease by the Sublessee.

i. Except as otherwise provided in the Agreement, and except for residential subleases entered into in the ordinary course of business, Assignor shall give Assignee written notice immediately upon entering into a Sublease of any part of the Premises and shall promptly upon request of Assignee provide to Assignee a true and correct copy of each executed Sublease. Upon written notice from Assignee to Assignor, such Sublease shall be deemed included in this Assignment as though originally listed herein. At Assignee's option, such notice may be recorded, without cost to Assignor, in the Official Records of Los Angeles County, California, which notice shall refer to this Assignment.

j. Except as otherwise provided in the Agreement, at Assignee's option, Assignor shall not hire, retain or contract with any third party for property management services with respect to the Premises, without the prior written approval of Assignee of such party and the terms of its contract for management services.

k. Nothing herein shall be construed to impose any liability or obligation on Assignee under or with respect to any Sublease. Assignor shall indemnify, defend, and hold Assignee, its officers, directors, agents, employees and representatives (each, an "**Indemnitee**") harmless from and against any and all liabilities, losses and damages that any Indemnitee may incur under any Sublease or by reason of this Assignment, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnitee by reason of any alleged obligations to be performed or discharged by Assignee under any Sublease or this Agreement, unless any of the foregoing arises from or results from the gross negligence or willful misconduct of any Indemnitee. Should any Indemnitee incur any liability, loss or damage under any Sublease or by reason of this Assignment and such liability, loss or damage falls within the foregoing indemnification, Assignor shall immediately upon demand reimburse such Indemnitee for the amount thereof together with all costs and expenses and reasonable attorneys' fees (based on itemized invoices for time and charges) and court costs incurred by such Indemnitee. All of the foregoing sums shall bear interest at the maximum rate permitted by law from demand by Indemnitee until paid. Any Rents and Profits collected by Assignee may be applied by Assignee, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense or fees.

8. Assignor hereby grants to Assignee the following rights:

a. Upon a default as described in the Agreement, Assignee shall be deemed to be the creditor of each Sublessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor relief proceedings affecting such Sublessee, without obligation on the part of Assignee, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein.

b. Assignee shall have the right to assign Assignor's right, title and interest in the Subleases to any subsequent holder of the Authority Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Assignee.

c. Assignee shall have the right (but not the obligation), upon any default under the Authority Deed of Trust or the Agreement, to take any action as Assignee may deem necessary or appropriate to protect its security, including, without limitation, appearing in any action or proceeding and performing any obligations of the sublessor under any Sublease, and Assignor agrees to pay, on demand, all costs and expenses, including, without limitation, reasonable attorneys' fees and court costs incurred by Assignee in connection therewith, together with interest thereon at the rate of 10% per *annum*.

d. Upon any default under any of the Authority Loan Documents (subject to any notice and cure provisions), and without notice to or consent of Assignor, Assignee shall have the following rights (none of which shall be construed to be obligations of Assignee):

i. Assignee shall have the right under this Assignment to use and possess, without rental or charge, the fixtures, equipment, and personal property of Assignor located in or on the Premises and used in the operation or occupancy thereof. Assignee shall have the right to apply any of the Rents and Profits to pay installments due for personal property rented or purchased on credit, insurance premiums on personal property, or other charges relating to personal property in or on the Premises. However, this Assignment shall not make Assignee responsible for the control, care, management, or repair of the Premises or any personal property or for the carrying out of any of the terms or provisions of any Sublease.

ii. Assignee shall have the right to apply the Rents and Profits and any sums recovered by Assignee hereunder to the outstanding Indebtedness, as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Premises.

iii. Assignee shall have the right to take possession of the Premises, manage and operate the Premises and Assignor's business thereon, and to take possession of and use all books of account and financial records of Assignor and its property managers or representatives relating to the Premises.

iv. Assignee shall have the right to execute new Subleases of any part of the Premises, including Subleases that extend beyond the term of the Authority Deed of Trust.

v. Assignee shall have the right to cancel or alter any existing Subleases.

vi. Assignee shall have the irrevocable authority, as Assignor's attorney-in-fact, such authority being coupled with an interest, to sign the name of Assignor and to bind Assignor on all papers and documents relating to the operation, leasing and maintenance of the Premises.

e. All of the foregoing rights and remedies of Assignee are cumulative, and Assignee shall also have upon the occurrence of any such default all other rights and remedies provided under any of the Authority Loan Documents or other agreement between the Parties, or otherwise available at law or in equity or by statute subject to the nonrecourse clause set forth in the Authority Note.

9. Failure of Assignee to avail itself of any terms, covenants, or conditions of this Assignment for any period of time or for any reason shall not constitute a waiver thereof.

10. Notwithstanding any future modification of the terms of any of the Authority Loan Documents, this Assignment and the rights and benefits hereby assigned and granted shall continue in favor of Assignee in accordance with the terms of this Assignment.

11. This Assignment shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the Parties (including, without limitation, in the case of Assignee, any third parties now or hereafter acquiring any interest in the indebtedness or other obligations of Assignor under the Authority Note or the Authority Deed of Trust or a part thereof, whether by virtue of assignment, participation or otherwise). The words Assignor, Assignee and Sublessee, wherever used herein, shall include the persons and entities named herein or in any Sublease and designated as such and their respective heirs, legal representatives, successors and assigns, provided that any action taken by the named Assignee or any successor, designated as such by an instrument recorded in the Official Records of Los Angeles County, California, referring to this Assignment, shall be sufficient for all purposes notwithstanding that Assignee may have theretofore assigned or participated any interest in the obligation to a third party. All words and phrases shall be taken to include the singular or plural number, and the masculine, feminine or neuter gender, as may fit the case.

12. Any change, amendment, modification, abridgment, cancellation or discharge of this Assignment or any term or provision hereof shall be invalid without the written consent of Assignee.

13. Upon payment to Assignee of the full amount of the indebtedness and other obligations secured hereby and by the Authority Note and the Authority Deed of Trust, as evidenced by a recorded satisfaction or release of the Authority Deed of Trust, this Assignment shall be void and of no further effect. In such event, Assignee shall cooperate with Assignor to execute such instruments as may be reasonably necessary to remove the lien of this instrument from the Official Records of Los Angeles County.

14. All notices, demands, approvals, and other communications provided for herein shall be in writing and be delivered by telegraph, cable, overnight air courier, personal delivery, or registered or certified U.S. mail, postage prepaid with return receipt requested to the appropriate party at its address as follows:

If to Assignor: Victory Outreach
37419 25th Street East
Lancaster, California 93535

If to Authority: Housing Authority of the City of Palmdale
38250 Sierra Highway
Palmdale, California 93550
Attention: Senior Housing Coordinator

Addresses for notice may be changed from time to time by written notice to the other Party. Any communications given by telegram or cable must be confirmed within 48 hours by overnight air courier or mail in the manner hereinbefore described. If any communication is given by U.S. Mail in the manner hereinabove described, then it shall be effective upon the earlier of (i) three days after deposit in a Post Office or other official depository under the care and custody of the United States Postal Service or (ii) actual receipt, as indicated by the return receipt. If given by telegraph or cable, then when delivered to the telegraph company with charges prepaid, and if given by personal delivery, or by overnight air courier, then when delivered to the appropriate address set forth above.

15. This Assignment may be recorded in the Official Records of Los Angeles County, California, and Assignor shall pay any and all fees, charges, costs and expenses of such recording.

16. If any provision hereof is determined to be illegal or unenforceable for any reason, then the remaining provisions hereof shall not be affected thereby.

17. This Assignment shall be governed by and construed in accordance with the internal laws of the State of California.

18. If Assignee should bring any action to enforce its rights hereunder at law or at equity, then Assignor shall reimburse Assignee for all reasonable attorneys' fees and costs expended in connection therewith.

[Remainder of Page Intentionally Left Blank; Signature(s) on Following Page]

19. This Assignment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment as of the date first above written.

"ASSIGNOR"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

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

State of California)
County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-903

Agreement No. A-7358

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) BY VICTORY OUTREACH FOR THE BENEFIT OF HOUSING AUTHORITY OF THE CITY OF PALMDALE

This Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (this "**Deed of Trust**") is made _____, 2021 by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation (hereinafter referred to as "**Trustor**") (whose address is 37419 25th Street East, Lancaster, California 93535), to FIDELITY NATIONAL TITLE COMPANY, (hereinafter called "**Trustee**"), for the benefit of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic (hereinafter called "**Beneficiary**"), whose address is 38250 Sierra Highway, Palmdale, California 93550-3609. Trustor is the owner of the leasehold estate (the "**Leasehold Estate**") in the land hereinafter described which was created, granted and conveyed by that certain Ground Lease by and between Beneficiary as lessor, and Trustor as lessee, dated as of _____, 2021, as amended from time to time (the "**Ground Lease**"), with respect to the real property described in this Deed of Trust.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION all present and future right, title and interest of Trustor in and to the following property (the "**Trust Estate**"):

(a) The Leasehold Estate and all of Trustor's rights, title and interest under the Ground Lease pertaining to that certain real property in the City of Palmdale, County of Los Angeles, State of California more particularly described in Exhibit A attached hereto and by this reference made a part hereof (hereafter referred to as the "**Subject Property**");

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "**Improvements**");

(c) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "**Appurtenances**"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "**Real Property**");

(d) subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid;

(e) all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "**UCC**"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "**Goods**," and together with the Real Property, the "**Property**"); and

(f) all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings (if any), (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects (if any), engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license

agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "**Intangibles**").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estate described above in which a security interest may be created under the UCC (collectively, the "**Personal Property**"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9502(c) and 9604 of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

(1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) a promissory note in the original principal amount of $665,000, executed by Trustor of even date herewith (the "**Authority Note**");

(b) the Affordable Housing Agreement dated as of February 2, 2021 (the "**Agreement**"), between Trustor and Beneficiary;

(c) the Agreement Containing Covenants (including rental restrictions) between Trustor and Beneficiary, recorded concurrently herewith (the "**Agreement Containing Covenants**"); and

(2) payment of indebtedness of Trustor to Beneficiary in the principal sum of $665,000 or so much thereof as shall be advanced, evidenced by the Authority Note, with interest, according to the terms of the Authority Note.

The Agreement, including all attachments thereto, and the documents and instruments executed by Trustor in connection with the Project, including the Authority Loan Documents described in

the Agreement (collectively referred to as the "**Secured Obligations**") and all of their terms are incorporated herein by reference, and this conveyance secures any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. Any capitalized term that is not otherwise defined in this Deed of Trust has the meaning ascribed to such term in the Agreement.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Authority Note at the time and in the manner provided therein, and perform the obligations of Trustor as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the uses permitted by the Agreement and the Agreement Containing Covenants;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;

4. That, subject to the prior rights of any lender whose lien is senior to this Deed of Trust ("**Senior Lender**"), all rents, profits and income from the Trust Estate are hereby assigned to Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Agreement;

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate and operate same and collect the rents, profits and income therefrom;

6. That Trustor shall keep the Improvements hereafter constructed on the Subject Property in accordance with the Agreement insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by Beneficiary, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than one-hundred percent of the insurable value of the Property. Such policies shall be endorsed with standard mortgage clause with loss payable to Beneficiary and certificates thereof together with copies of original policies shall be deposited with Beneficiary;

7. To pay, at least 10 days before delinquency, any taxes and assessments affecting the Property, to pay, when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto and to pay all costs, fees and expenses of this Deed of Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings and Trustor has adequate funds immediately available to pay any liabilities contested pursuant to this Paragraph 7;

8. To keep the Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations), not to commit or permit waste thereof, not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property and not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, may pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto and, in exercising any such powers, may pay necessary expenses, employ counsel and pay its reasonable fees. Notwithstanding the foregoing, in the event of default under this Deed of Trust, Beneficiary may also require Trustor to maintain and submit additional records. Beneficiary shall specify in writing the particular records that must be maintained and the information or reports that must be submitted;

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made

by Beneficiary shall be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate specified in the Authority Note;

13. That the funds to be advanced hereunder are to be used in accordance with the Secured Obligations and upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions and agreements of said agreements, the principal sum and all arrears of interest, and other charges provided for in the Authority Note shall at the option of Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding;

14. Trustor further covenants that it shall not voluntarily create, suffer or permit to be created against the property subject to this Deed of Trust any lien or liens except as permitted by the Secured Obligations or otherwise approved by Beneficiary, and further that it shall keep and maintain the Property free from the claims of all persons supplying labor or materials which shall enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within 30 days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary first provide a written request, prior to foreclosure) record in the official records of Los Angeles County, California, a surety bond in an amount one-and-one-half times the amount of such claim item in order to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all Improvements made or about to be made upon the premises covered by the Deed of Trust, and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same shall upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office; and

16. Trustor herein agrees to pay to Beneficiary or to the authorized loan servicing representative of Beneficiary a reasonable charge for providing a statement regarding the obligation secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public

improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, then subject to the rights of a Senior Lender, if any, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. Subject to the rights of a Senior Lender, if any, all such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the Authority Note secured hereby. No amount applied to the reduction of the principal shall relieve Trustor from making regular payments as required by the Authority Note;

18. Upon default by Trustor in making any payments provided for in the Authority Note secured hereby or in this Deed of Trust, or in performing any obligation set forth in any of the Secured Obligations, and if such default is not cured within the respective time provided therefor in Paragraph 34 below, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust, the Authority Note and all documents evidencing expenditures secured hereby;

19. a. Prior to the repayment in full of the Authority Loan, Trustor shall not assign or attempt to assign the Agreement or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the Project thereon, or any portion thereof or interest therein (referred to hereinafter as a "**Transfer**"), without prior written approval of Beneficiary, except as otherwise permitted in the Authority Note. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. If consent should be given, then any such transfer shall be subject to this Paragraph 19, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein, subject to the provisions of subparagraph e(3) below of this Paragraph 19.

b. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by Beneficiary, to fulfill the obligations undertaken by Trustor in the Agreement and the Authority Loan Documents. Any such proposed transferee, by instrument in writing satisfactory to Beneficiary and in form recordable among the official records of Los Angeles County, California, for itself and its

successors and assigns, and for the benefit of Beneficiary shall expressly assume all of the obligations of Trustor under the Agreement and the Authority Loan Documents, and agree to be subject to all conditions and restrictions applicable to Trustor in this Deed of Trust, subject to the provisions of subparagraph e(3) below of this Paragraph 19. There shall be submitted to Beneficiary for review all instruments and other legal documents proposed to effectuate any such transfer, and if approved by Beneficiary, its approval shall be indicated to Trustor in writing.

c. In the absence of specific written agreement by Beneficiary, no unauthorized Transfer, or approval thereof by Beneficiary, shall be deemed to relieve Trustor or any other party from any obligations under the Agreement or any other Authority Loan Document.

d. If a Transfer occurs before the payment in full of the Authority Loan and without the prior written consent of Beneficiary, then the net proceeds shall be paid to Beneficiary to the extent necessary to pay in full the accrued interest, if any, current interest and remaining principal balance of the Authority Loan.

e. (1) As used herein, "Transfer" also means the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph e(3) below of this Paragraph 19.

(2) "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Trustor, or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Agreement, except that a cumulative change in ownership interest of any general partner of 49% or less shall not be deemed a "Transfer" for purposes of this Deed of Trust.

(3) Notwithstanding subparagraphs (1) and (2), above, "Transfer" shall not include any of the following Permitted Transfers:

(a) An assignment of the Agreement and all of Trustor's interests in the Property to an Affiliate of Trustor or a conveyance back from the Affiliate to Trustor;

(b) The lease for occupancy of all or any part of the Improvements on the Property;

(c) The granting of easements or permits to facilitate the rehabilitation of the Property in accordance with the Agreement; and

(d) Any transfer approved in writing by Beneficiary's Executive

Director or designee, at his or her sole discretion.

f. Beneficiary shall not unreasonably withhold, condition, or delay its approval of any matter for which its approval is required hereunder. Any disapproval shall be in writing and contain Beneficiary's reasons for disapproval;

20. After the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Trustee shall apply the proceeds of sale to payment of (i) the expenses of such sale, together with the reasonable expenses of this Deed of Trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale, (ii) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Authority Note, (iv) all other sums then secured hereby and (v) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust and the Authority Note to Trustee for cancellation and retention and upon payment of its

fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the Authority Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth on the first page of this Deed of Trust;

28. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary;

29. Trustor agrees that the loan secured by this Deed of Trust is made expressly for the purpose of financing the construction of Improvements on the Property, to provide one manager's unit and three residential units to be operated as rental housing that is affordable to Very Low Income households at an Affordable Rent, and such dwelling units shall be occupied exclusively by such persons as set forth in the Secured Obligations;

30. Trustor agrees that, except as otherwise provided in the Authority Note, upon sale or refinancing of the Property or any part thereof, the entire principal balance of the debt secured

by this Deed of Trust, plus any accrued but unpaid interest thereon, shall at the option of Beneficiary be immediately due and payable;

31. The obligation to repay the Authority Loan is a nonrecourse obligation of Trustor and its partners. Neither Trustor nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of Beneficiary shall be the exercise of its rights against the Property and any related security for the Authority Loan. Notwithstanding the foregoing, Beneficiary may recover directly from Trustor or from any other party:

(a) any damages, costs and expenses incurred by Beneficiary as a result of fraud or any criminal act or acts of Trustor or any partner, shareholder, officer, director or employee of Trustor, or of any member or general or limited partner of Trustor, or of any member or general or limited partner of such member or general or limited partner;

(b) any damages, costs and expenses incurred by Beneficiary as a result of any misappropriation of funds provided for the construction of the Project, as described in the Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Trustor pursuant to the indemnification regarding Hazardous Substances pursuant to the Environmental Indemnity; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Beneficiary shall pay Trustor's reasonable court costs and attorneys' fees if Trustor is the prevailing party in any such enforcement or collection action);

32. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are proximately caused by a Force Majeure Event, provided such event actually delays and interferes with the timely performance of the matter, and, despite the exercise of diligence and good business practices, such event is beyond the reasonable control of Trustor. Notwithstanding the foregoing, no such event shall constitute a Force Majeure Event unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Trustor shall deliver such written notice within 10 days after it obtains actual knowledge of the event;

33. If the rights and liens created by this Deed of Trust are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the Secured Obligations, then the unsecured portion of such obligations shall be completely performed and paid prior to the

performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations;

34. (a) Subject to the extensions of time set forth in Paragraph 32 above, and subject to the further provisions of this Paragraph 34, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by Beneficiary. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(d) If a monetary event of default occurs, then prior to exercising any remedies hereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a period of seven days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary.

(e) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Beneficiary shall give Trustor notice of such default. If the default is reasonably capable of being cured within 30 days, then Trustor shall have such period to effect a cure prior to exercise of remedies by Beneficiary. If the default is such that it is not reasonably capable of being cured within 30 days, and Trustor (i) initiates corrective action within said period and (ii) diligently, continually and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. If Trustor fails to take corrective action or cure the default within a reasonable time, then Beneficiary shall give Trustor notice thereof, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Beneficiary be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or if the default is not cured within 60 days after the first notice of default is given.

(f) Except as otherwise may be required in order to comply with the provisions of California Civil Code Section 2924 *et seq.*, any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission, any notice of default that is personally delivered (including by means of professional

messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof;

35. This Deed of Trust shall be subordinate and junior to the deed of trust securing a Senior Loan, if any. Following the reconveyance of the deed of trust securing a Senior Loan, this Deed of Trust shall be subordinate and junior to the deed of trust in favor of the maker of a permitted permanent or take-out loan, if any. Beneficiary's Executive Director or his or her designee shall execute such instruments as may be necessary in order to subordinate the lien of this Deed of Trust, to the deed of trust securing any Senior Loan. In the event of a default or breach by Trustor of any security instrument securing a Senior Loan described in this Paragraph 35, Beneficiary shall have the right to cure the default prior to completion of any foreclosure. In such event, Beneficiary shall be entitled to reimbursement by Trustor of all costs and expenses incurred by Beneficiary in curing the default. The amount of any such disbursements shall be a lien against the Property and added to the obligation secured by this Deed of Trust until repaid, with interest at the highest rate permitted by law; and

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

36. This Deed of Trust may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

"TRUSTOR"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

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

State of California)
County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

PROMISSORY NOTE
SECURED BY DEED OF TRUST
TO HOUSING AUTHORITY
OF THE CITY OF PALMDALE
(A-7358)

1% Palmdale, California
$665,000 _____, 2021

FOR VALUE RECEIVED, VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Borrower**"), hereby promises to pay to the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), or order, a principal amount of $665,000, or so much thereof as may be advanced by Authority to Borrower as the Authority Loan pursuant to the Affordable Housing Agreement dated as of February 2, 2021 (the "**Agreement**") by and between Borrower ("Developer" therein) and Authority, incorporated herein by this reference. Borrower shall pay interest at the rate, in the amount and at the time hereinafter provided.

Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Agreement. In addition, the following terms shall have the following meanings:

"**Default Rate of Interest**" means 1% over the Prime Rate announced by Bank of America.

"**Low Income**" shall have the meaning given to the term "lower income" in California Health and Safety Code Section 50079.5.

"**Note**" means this promissory note evidencing the Authority Loan.

"**Operating Expenses**" means actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Property, expressly including, without limitation: debt service on any mortgage loan pre-approved by Authority in its sole and absolute discretion, property taxes and assessments, maintenance costs (including materials and labor), reasonable and customary payments to a replacement reserve account, painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, security, cable television, satellite and similar facilities, a reasonable property management fee, not to exceed 5% of effective gross income, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves) and fees and expenses of accountants, attorneys,

consultants and other professionals, including annual audits and tax return preparation costs payable to a third party. The calculation of Operating Expenses shall be subject to the reasonable approval of Authority.

"**Residual Receipts**" means (i) the Revenue minus (ii) the Operating Expenses, calculated on a 12-month basis.

"**Revenue**" means the gross rental income from the Property, and any other income to Borrower derived from the ownership, operation and management of the Property.

1. This Note evidences the obligation of Borrower to Authority for the repayment of the Authority Loan.

2. This Note is payable at the principal office of Authority, 38250 Sierra Highway, Palmdale, California 93550, or at such other place as the holder hereof may inform Borrower in writing, in lawful money of the United States.

3. This Note is secured by the Authority Deed of Trust.

4. The Authority Loan is a deferred payment loan. There are no scheduled payments. The principal balance of the Authority Loan and all accrued and unpaid interest shall be due and payable on _____, 2076, (55 years after the date of this Note); provided, however, that Borrower shall be obligated to use Residual Receipts as described in Section 5 below. The Authority Loan shall accrue interest at the rate of 1% simple interest per annum from the date of this Note. In the event of an uncured default under any of the Authority Loan Documents, the Authority Loan shall bear simple interest at the Default Rate of Interest from the date of the expiration of the cure period for such default.

5. Prior to the expiration of the term hereof, as additional consideration in order to induce Authority to make the Authority Loan to Borrower, Borrower shall be obligated to use the Residual Receipts for housing related programs that are consistent with the City of Palmdale Neighborhood Improvement Strategy to benefit Very Low Income and Low Income households. Borrower or its agent shall prepare and submit to Authority, annually, a "Proposed Use of Residual Receipts Plan" for administrative approval prior to spending the Residual Receipts on such approved uses. The annual Proposed Use of Residual Receipts Plan shall describe the community outreach programs to be provided to the Project, which shall be consistent with the City of Palmdale Neighborhood Improvement Strategy and provide for a minimum of two community outreach events per year.

6. The Authority Loan is immediately due and payable upon any breach or default by Borrower under any of the Authority Loan Documents, or any documents executed in connection with the Authority Loan, now or hereafter securing this Note (including any amendment, modification or extension thereof) which is not cured in the time provided for such cure. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms of any of the Authority Loan Documents or any documents executed in connection with the Authority Loan, which is not cured or waived within the respective time period provided herein or therein, the holder may exercise its rights or remedies hereunder or thereunder.

7. Any breach by Borrower of the provisions of Section 105 of the Agreement constitutes a default under this Note. The cure periods under the Agreement and this Note in connection with such a default shall run concurrently.

8. Borrower waives presentment for payment, demand, protest and notices of dishonor and of protest, the benefits of all waivable exemptions and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Authority Deed of Trust or any term or provision of either.

9. (a) Subject to the extensions of time set forth in Section 10 below, and subject to the further provisions of this Section 9, failure or delay by Borrower to perform any material term or provision of this Note constitutes a default under this Note.

(b) Authority shall give written notice of default to Borrower, specifying the default complained of by Authority. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Authority in asserting any of its rights and remedies shall not deprive Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, then Authority shall give Borrower written notice of such default. Borrower shall have a period of seven calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by Authority.

(e) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Authority shall give Borrower notice of such default. If the default is reasonably capable of being cured within 30 calendar days after such notice is received or deemed received, then Borrower shall have such period to effect a cure prior to exercise of remedies by Authority. If the default is such that it is not reasonably capable of being cured within 30 days, and Borrower (i) initiates corrective action within said period and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Authority, but in no event shall such period exceed 60 days from the date such notice is received or deemed received. In no event shall Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

(f) A notice of default shall be deemed given only if either (i) dispatched by first class mail, registered or certified, postage prepaid, return receipt requested, to the address specified for Borrower in Section 13 below or (ii) by personal delivery (including by means of professional messenger or courier service such as United Parcel Service or Federal Express) to the address specified for Borrower in Section 13 below. Receipt shall be deemed to have occurred on the earlier of (i) the date of successfully completed electronic facsimile transmission (if followed by delivery of a "hard" copy) or (ii) the date marked on a written postal service or messenger or courier service receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). If either Party gives notice of a change of address in the manner specified in this paragraph, then all notices, demands and communications originated after receipt of the change of address (or the effective date specified in the notice of change of address, if later) shall be transmitted, delivered or sent to the new address.

10. Notwithstanding specific provisions of this Note, non-monetary performance hereunder shall not be deemed to be in default where delays are due to causes beyond the control and without the fault of Borrower (an "**Enforced Delay**"), provided that they actually delay and interfere with the timely performance of the matter to which they would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of Borrower, including a Force Majeure Event. Notwithstanding the foregoing, no Force Majeure Event shall constitute an Enforced Delay unless and until Borrower delivers to Authority written notice describing the event, its cause, when and how Borrower obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Borrower shall deliver such written notice within 10 business days after it obtains actual knowledge of the event.

11. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, then the remaining obligations must be completely performed and paid.

12. The obligation to repay the Authority Loan is a nonrecourse obligation of Borrower. Neither Borrower nor any other party shall have any personal liability for repayment of the Authority Loan. The sole recourse of Authority with respect to repayment of the Authority Loan shall be the exercise of its rights against the Property and the improvements and any related security for the Authority Loan. Notwithstanding the foregoing, Authority may:

(i) obtain a judgment or order (including, without limitation, an injunction) requiring Borrower or any other party to perform (or refrain from) specified acts other than repayment of the Authority Loan; and

(ii) recover directly from Borrower or any other party:

(A) any damages, costs and expenses incurred by Authority as a result of fraud or any criminal act or acts of Borrower or any shareholder, officer, director or employee of Borrower;

(B) any damages, costs and expenses incurred by Authority as a result of any misappropriation of funds provided for the rehabilitation of the improvements, as described in the Agreement, rents and revenues from the operation of the Improvements, or proceeds of insurance policies or condemnation proceeds;

(C) any and all amounts owing by Borrower pursuant to Borrower's indemnification regarding Hazardous Substances pursuant to the Agreement; and

(D) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority shall pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in any such enforcement or collection action).

13. The address of Borrower for purposes of receiving notices pursuant to this Note is as follows: Victory Outreach, 37419 25th Street East, Palmdale, California 93550, Facsimile number: 661-274-9288.

[Remainder of Page Intentionally Left Blank; Signature(s) on Following Page]

14. In addition to the other terms of this Note, Borrower hereby agrees and acknowledges that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its organizational documents, the terms of this Note and the Agreement shall control as to the use of the Authority Loan provided under the Agreement and all operating income from the Project.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

"BORROWER"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

**ENVIRONMENTAL INDEMNITY BY VICTORY OUTREACH
IN FAVOR OF HOUSING AUTHORITY OF THE CITY OF PALMDALE
(A-7358)**

THIS ENVIRONMENTAL INDEMNITY (this "**Indemnity**"), dated as of _____, 2021, is made by VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Borrower**"), whose address for purposes of giving notice is 37419 25th Street East, Palmdale, California 93550, in favor of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), whose address for purposes of giving notice is 38250 Sierra Highway, Palmdale, California 93550-4611.

WITNESSETH

WHEREAS, Borrower is the owner of a leasehold interest in the real property in the City of Palmdale pursuant to the Ground Lease, as more particularly described on Exhibit A attached hereto and made a part hereof, and the Improvements thereon (collectively referred to as the "**Property**");

WHEREAS, the Parties entered into an Affordable Housing Agreement, dated as of February 2, 2021 (the "**Agreement**"), pursuant to which Authority agreed to make a loan to Borrower for the purpose of rehabilitating a four-unit apartment building for rental to Very Low Income households (including one manager's unit); and

WHEREAS, Borrower has agreed to execute and deliver to Authority this Indemnity in order to induce Authority to make the Authority Loan.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Borrower hereby agrees as follows:

1. ADDITIONAL DEFINITIONS

For the purpose of this Indemnity, "**Hazardous Materials**" shall include, without limitation, substances defined as "extremely hazardous substances", "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050, the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, *et seq.* and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code, and in the regulations adopted and publications promulgated pursuant to said laws. Other capitalized terms used in this Indemnity shall have the meanings ascribed to them in the Agreement.

2. COVENANTS AND INDEMNITY

The following covenants and indemnities are hereby given and made by Borrower:

2.1 Covenants.

(a) Borrower covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations or orders.

(b) Borrower covenants that the Property shall not, while Borrower is the lessee thereof, be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release or disposal of any Hazardous Materials, except for *de minimis* quantities used at the Property in compliance with all applicable environmental laws and required in connection with the routine construction, operation and maintenance of the Property.

(c) Borrower further agrees that Borrower shall not release or dispose of any Hazardous Materials at the Property without the express written approval of Authority and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by Authority.

(d) Authority shall have the right, at any time, to conduct an environmental audit of the Property at Authority's expense, unless Hazardous Materials are found, then at Borrower's sole cost and expense, and Borrower shall cooperate in the conduct of any such environmental audit. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Borrower and only in the presence of a representative of Borrower. Borrower shall give Authority and its agents and employees access to the Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Borrower shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present at the Property, Borrower shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed or (ii) otherwise comply with such federal and state regulations, at Borrower's sole cost and expense. If Borrower shall fail to so do within the cure period permitted under applicable law, regulation, or order, then Authority may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation or order, and the costs thereof shall be added to the Obligations of Borrower under this Section 2.

(f) Borrower shall immediately advise Authority in writing of any of the following: (i) any pending or threatened environmental claim against Borrower or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Borrower

with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Borrower.

2.2 Indemnity. Borrower shall indemnify, protect and hold Authority harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "**Obligations**") which may at any time be imposed upon, incurred by or asserted or awarded against Authority and arising from or out of:

(a) The presence of any Hazardous Materials on, in, under or affecting all or any portion of the Property or any surrounding areas;

(b) The breach of any covenant made by Borrower in Section 2.1 hereof; or

(c) The enforcement by Authority of any of the provisions of this Section 2.2 or the assertion by Borrower of any defense to its obligations hereunder. Subject to the qualifications set forth in Section 2.3 below, Borrower shall be liable for payment and performance of the Obligations to the full extent (but only to the extent) of the Property and assets (including Borrower's leasehold interest in the Property) which constitute security for such Obligations. If default occurs in the timely and proper payment and performance of any such Obligations, then any judicial proceedings brought by Authority against Borrower shall be limited to the protection and preservation of the Property, the preservation, enforcement and foreclosure of the liens, mortgages, assignments, rights and security interests securing such Obligations and enforcement and collection of such Obligations for which Borrower remains directly liable. If there is a foreclosure of any such liens, mortgages, assignments, rights and security interests by power of sale or otherwise, then no personal judgment for any deficiency thereon shall be sought or obtained by Authority against Borrower, or its officers, directors, agents, attorneys, servants or employees.

2.3 Exceptions to Non-Recourse Liability. Notwithstanding the foregoing:

(a) Authority may proceed against any other person or entity whatsoever with respect to the enforcement of any guarantees, surety bonds, letters of credit, reimbursement agreements or similar rights to payment or performance; and

(b) Authority may recover personally from any person or entity:

(1) any damages, costs and expenses incurred by Authority as a result of the negligence of such person or entity, involving, directly or indirectly, the use, generation, treatment, storage, release or disposal of any Hazardous Materials by such person or entity or by others; provided, however, that neither Borrower nor any officer, director, agent, attorney, servant or employee of Borrower shall have any personal liability if the act or omission complained of was performed in good faith and was not reckless, wanton, intentional or grossly negligent;

(2) any damages, costs and expenses incurred by Authority as a result of fraud or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee of Borrower, or of any general partner of Borrower relating to the use, generation, treatment, storage, release or disposal of any Hazardous Materials; and

(3) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority shall pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in any such enforcement or collection action).

3. BORROWER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Borrower hereby agrees that the Obligations shall be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of the Authority Loan Documents or affecting any of the rights of Authority with respect thereto. The obligations of Borrower hereunder shall be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the Authority Loan Documents or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination or cancellation of any of the Authority Loan Documents, or any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the obligations of Borrower contained in any of the Authority Loan Documents;

(c) Any extension of the maturity of the Authority Loan or any waiver of, or consent to any departure from, any provision contained in any of the Authority Loan Documents;

(d) Any exculpatory provision in any of the Authority Loan Documents limiting Authority's recourse to property encumbered by the Authority Deed of Trust, or to any other security, or limiting Authority's rights to a deficiency judgment against Borrower;

(e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in, any collateral for the Authority Loan, or any release, amendment, waiver of, or consent to any departure from any provision of, any other Borrower or guarantee given in respect of the Authority Loan;

(f) The insolvency or bankruptcy of Borrower or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the Authority Loan; or

(g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower or any other indemnitor or guarantor with respect to the Authority Loan or any or all of the Obligations.

3.2 Continuation. This Indemnity (i) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the payment in full of the Authority Loan, the release or other extinguishment of the Authority Loan or any security for the Authority Loan) and (ii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by Authority upon the insolvency, bankruptcy or reorganization of Borrower, or otherwise, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Borrower's obligations under the Authority Loan Documents, this Indemnity shall not terminate if any of the following shall have occurred:

(a) Authority has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance or condition of the nature described in paragraph (a) above ever occurred.

4. WAIVER

Borrower hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any obligation by Borrower;

(c) Notice of any action taken by Authority, Borrower, or any other interested party under any Authority Loan Document or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Borrower of its Obligations hereunder;

(e) The right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity;

(f) Any requirement that Authority protect, secure, perfect or insure any security interest or lien in or on any property subject thereto;

(g) Any requirement that Authority exhaust any right or take any action against Borrower or any other person or collateral; and

(h) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of Authority to file or enforce any claim against the estate (in probate, bankruptcy or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by Authority, including, without limitation, an election to proceed by nonjudicial foreclosure or which destroys or otherwise impairs the subrogation rights of Borrower or any other right of Authority to proceed against Borrower.

5. NOTICES

Any notice, demand, statement, request or consent made hereunder shall be in writing and shall be personally served, mailed by first-class registered or certified mail, postage prepaid, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, or given by telecopier to the telecopier numbers stated below, with confirmations mailed by first-class registered or certified mail, postage prepaid, return receipt requested to the address set forth above, of the Party to whom such notice is to be given (or to such other address as the Parties, shall designate in writing):

In the case of Authority: 661-267-5155

In the case of Borrower: 661-274-9288

Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission, any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

6. MISCELLANEOUS

6.1 Borrower shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to Authority at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by the Parties, and no waiver of any provision of this Indemnity, and no consent to any departure by Borrower from any provision of this Indemnity, shall be effective unless it is in writing and signed by Authority, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of Authority to exercise, and no delay in exercising, any right hereunder or under any other Authority Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of Authority provided herein and in the other Authority Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of Authority under any Authority Loan Document against any party thereto are not conditional or contingent on any attempt by Authority to exercise any of its rights under any other Authority Loan Document against such party or against any other person or collateral.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (i) be binding upon Borrower and Borrower's successors and assigns and (ii) inure, together with all rights and remedies of Authority hereunder, to the benefit of Authority, its directors, officers, employees and agents, any successors to Authority's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of Authority's rights and remedies under the Authority Loan Documents, any successors to any such person, and all directors, officers, employees and agents of all of the aforementioned parties. Without limiting the generality of clause (ii) of the immediately preceding sentence, Authority may, subject to, and in accordance with, the provisions of the Authority Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under any other Authority Loan Document, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to Authority herein or otherwise. None of the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of Authority.

6.6 Borrower hereby (i) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (ii) waives any defense based on doctrines of venue or forum *non conveniens* or similar rules or doctrines and (iii) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Borrower irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this Indemnity and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Borrower has duly executed this Indemnity as of the date first set forth above.

"BORROWER"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

GROUND LEASE

BY AND BETWEEN

HOUSING AUTHORITY
OF THE CITY OF PALMDALE

AND

VICTORY OUTREACH

(A-7358)

507 East Avenue Q4

TABLE OF CONTENTS

Article I ADDITIONAL DEFINITIONS 2
Article II LEASE OF PROPERTY 2
Section 201 Purpose of Lease 2
Section 202 Leased Area 2
Section 203 Assignment of Utility Rights 3
Section 204 Recorded Encumbrances 3
Article III TERM 3
Section 301 Commencement and Term 3
Article IV CONSIDERATION FOR LEASE 4
Section 401 Obligations and Covenants; Rent 4
Section 402 Recordable Quitclaim Deed. 4
Article V USE OF PROPERTY AND SITE CONDITIONS. 4
Section 501 Use of Property. 4
Section 502 Compliance with Law. 4
Section 503 Site Conditions. 4
Section 504 Hazardous Materials. 5
Article VI REHABILITATION OF IMPROVEMENTS ON PROPERTY 10
Section 601 Rehabilitation of Improvements. 10
Section 602 Contractors and Subcontractors 10
Section 603 Permits 11
Section 604 Performance of Work 11
Section 605 Release of Construction Covenants 12
Section 606 Ownership of Improvements 13
Section 607 No Liens on Landlord's Interest 13
Section 608 Removal of Liens on Leasehold Interest 13
Section 609 Notice of Completion 14
Article VII ALTERATIONS 14
Section 701 Alterations 14
Article VIII NO LIABILITY OF LANDLORD 15
Section 801 No Liability of Landlord. 15
Section 802 Discovery of Any Toxic Substance 16
Article IX MAINTENANCE AND REPAIRS 16
Section 901 Maintenance and Repairs 16
Section 902 Repairs 17
Section 903 Landlord's Obligation 17
Article X DAMAGE OR DESTRUCTION 17
Section 1001 Tenant to Give Notice 17
Section 1002 Repair of Damage or Destruction 17
Section 1003 Application of Insurance Proceeds 18

Section 1004 Tenant's Obligations 19
Section 1005 Option to Terminate 19
Article XI ENTRY BY LANDLORD 20
Article XII UTILITIES AND SERVICES 20
Section 1201 Utilities and Services 20
Section 1202 Easements 20
Article XIII PROHIBITION AGAINST ENCUMBRANCE OR TRANSFER 21
Section 1301 Prohibitions 21
Section 1302 Consent to Assignment 22
Article XIV TAXES AND IMPOSITIONS 22
Article XV INSURANCE 23
Section 1501 Required Insurance 23
Section 1502 Disposition of Insurance Proceeds 26
Article XVI DEFENSE, INDEMNIFICATION AND HOLD HARMLESS 26
Article XVII EMINENT DOMAIN 27
Section 1701 Tenant to Give Notice 27
Section 1702 Total Taking 27
Section 1703 Partial Taking 28
Section 1704 Application of Awards and Other Payments 28
Article XVIII COMPLIANCE WITH ALL LAWS 29
Article XIX PERMITS AND LICENSES 29
Article XX PRODUCTION OF REPORTS, RECORDS AND STATEMENTS 29
Article XXI NONDISCRIMINATION 29
Article XXII LEASEHOLD MORTGAGES 31
Section 2201 Leasehold Mortgages 31
Section 2202 No Subordination of Fee 32
Section 2203 Notice to Landlord 32
Section 2204 Notice to Leasehold Mortgagee 32
Section 2205 Leasehold Mortgagee's Rights 33
Section 2206 Obligations of Leasehold Mortgagee Upon Acquisition of Leasehold Estate 33
Section 2207 No Modification or Termination of Lease Without Leasehold Mortgagee's Consent 34
Section 2208 Right of Leasehold Mortgagee to Cure Default 34
Section 2209 Foreclosure in Lieu of Curing Default 35
Section 2210 Assignment of Lease Upon Foreclosure 35
Section 2211 New Lease to Leasehold Mortgagee 36
Section 2212 No Merger of Estates 38
Section 2213 Amendments for Benefit of Leasehold Mortgagee 38
Section 2214 Restriction on Landlord's Right to Encumber its Interest 38
Section 2215 Restriction on Subordination of Tenant's Interest 38

Section 2216 Multiple Leasehold Mortgages 38
Article XXIII EVENTS OF DEFAULT 39
Section 2301 Events of Default 39
Section 2302 Procedures for Declaring an Event of Default 40
Article XXIV REMEDIES 40
Section 2401 Right of Termination 40
Section 2402 Transfer of Interest Upon Termination 41
Section 2403 Damages 41
Section 2404 Specific Performance 41
Section 2405 Cumulative Remedies 41
Section 2406 Limited Recourse 42
Article XXV INTEREST ON PAST DUE OBLIGATIONS 42
Article XXVI NOTICES 42
Article XXVII ESTOPPEL CERTIFICATE 43
Article XXVIII SURRENDER 43
Section 2801 Surrender 43
Section 2802 Title to Improvements 43
Section 2803 Removal of Personal Property 44
Section 2804 Holdover 44
Article XXIX NO CONFLICT OF INTEREST, WARRANTY 44
Section 2901 No Conflict of Interest 44
Section 2902 Warranty Against Speculation 45
Article XXX ADDITIONAL PROVISIONS 45
Section 3001 Time of Essence 45
Section 3002 Waiver 45
Section 3003 Costs of Litigation 46
Section 3004 Institution of Legal Actions 46
Section 3005 Applicable Law 46
Section 3006 Acceptance of Service of Process 46
Section 3007 Relationship of Parties 47
Section 3008 Counterparts 47
Section 3009 Captions for Convenience 47
Section 3010 Entire Agreement 47
Section 3011 Construction 47
Section 3012 Tenant's Payment of Property Taxes 47
Section 3013 Recording of Memorandum of Lease 47
Section 3014 Severability 48
Section 3015 Binding Effect 49

EXHIBITS

EXHIBIT A LEGAL DESCRIPTION
EXHIBIT B SITE MAP

GROUND LEASE
BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH
(A-7358)

This Ground Lease (this "**Lease**"), dated as of _____, 2021, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Landlord**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Tenant**"), and is made with reference to the following:

RECITALS

A. Landlord is the owner of that certain real property located within the City of Palmdale, County of Los Angeles, State of California (the "**Property**"), as more particularly described in Exhibit A and shown on Exhibit B, each attached hereto and incorporated herein by this reference.

B. Landlord desires to enter into this Lease with Tenant subject to and in accordance with all of the terms and conditions of that certain Affordable Housing Agreement, dated as of February 2, 2021, by and between the Parties (the "**Agreement**").

C. The Agreement requires the rehabilitation, operation and maintenance on the Property for rental to Very Low Income tenants exclusively at an Affordable Rent of a two-story residential apartment building containing three two-bedroom rental units (in addition to one manager's unit) (the "**Units**") with one-car carport parking space per unit, and all ancillary and related improvements for the Property, all as described in the Scope of Work (the "**Project**").

D. Pursuant to the Agreement, and to assist in providing housing within Palmdale, California that is affordable to Very Low Income tenants exclusively (plus one manager's unit), Landlord is providing a loan to Tenant in the original principal amount of $665,000 (the "**Authority Loan**").

E. The Parties desire to enter into a 55-year ground lease of the Property in order to allow Tenant to rehabilitate, operate and maintain the Project on the Property on the terms and conditions set forth in the Authority Loan Documents.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Parties hereby agree as follows:

Article I **ADDITIONAL DEFINITIONS**

Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Agreement.

"**Construction Financing Event**" means the point in time when all conditions precedent to the funding of the Authority Loan have been satisfied, in accordance with the Method of Financing.

"**Leasehold Mortgage**" means an instrument that pledges Tenant's interest in the Improvements and/or Leasehold Interest in the Property as security for a loan, with Landlord's prior written consent.

"**Leasehold Mortgagee**" means, individually or collectively, as applicable, any or all beneficiaries of a Leasehold Mortgage.

Article II **LEASE OF PROPERTY**

Section 201 Purpose of Lease

The purpose of this Lease is to provide for the rehabilitation, maintenance, management and operation of the Project in accordance with the Agreement Containing Covenants and applicable law. Tenant shall not occupy or use the Property, or permit the Property to be used or occupied, nor do or permit anything to be done in, on or about the Property, in whole or in part, for any other purpose or for any purpose not permitted by this Lease, the Agreement, the Agreement Containing Covenants, and applicable law.

Section 202 Leased Area

Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the Property on the terms and conditions set forth in this Lease. Landlord also leases to Tenant, and Tenant leases from Landlord, Landlord's right, title and interest in and to any easements and rights of way, present or reversionary, which are appurtenant to the Property; provided however, that Landlord reserves to itself, its successors and assigns, together with the right to grant and transfer all or a portion of the same, the following:

(a) Any and all oil, oil rights, petroleum, minerals, mineral rights, natural gas rights and other hydrocarbon substances by whatsoever name known, geothermal resources and all products derived from any of the foregoing, that may be within or under the land, together with the perpetual right of drilling, mining, exploring, prospecting and operating therefor and storing in and removing the same from the Property or any other land, including the right to whipstock or

directionally drill and mine from lands other than those leased hereby, oil or gas wells, tunnels and shafts into, through or across the subsurface of the Property, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines; without, however, the right to enter, drill, mine, store, explore or operate on or through the surface or the upper 500 feet of the subsurface of the Property; and

(b) Any and all water, water rights or interests therein, no matter how acquired by Landlord, together with the right and power to explore, drill, redrill, remove and store the same from the Property or to divert or otherwise utilize such water, water rights or interests on any other property owned or leased by Landlord, whether such water rights shall be riparian, overlying, appropriative, percolating, littoral, prescriptive, adjudicated, statutory or contractual; but without, however, any right to enter upon the surface of the Property in the exercise of such rights and, provided further, that the exercise of any such rights by Landlord shall not result in any damage or injury to the Improvements constructed on the Property by Tenant, including, without limitation, any subsidence of all or any part of such Improvements.

Section 203 Assignment of Utility Rights

Landlord, by virtue of its fee title to the Property, may hold certain rights, entitlements or credits with respect to utility capacity, connections, *etc*. (the "**Utility Rights**"). Landlord hereby assigns said Utility Rights to Tenant as an incidence of its leasehold interest in the Property.

Section 204 Recorded Encumbrances

This Lease and the interest of Tenant hereunder are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record.

Article III **TERM**

Section 301 Commencement and Term

The term of this Lease ("**Term**") shall commence upon the date of the Construction Financing Event and shall continue thereafter until the 55th anniversary of the Construction Financing Event.

Article IV **CONSIDERATION FOR LEASE**

Section 401 Obligations and Covenants; Rent

Landlord is entering into this Lease with Tenant in consideration of Tenant's obligations and covenants contained herein. Landlord shall lease the Property to Tenant for a fully capitalized rent equal to the fair market value of the Property ("**Rent**"). Landlord hereby acknowledges that Tenant is deemed to have prepaid the Rent in full upon the Construction Financing Event through Landlord's carry back of the capitalized Rent in the form of the Authority Acquisition Loan.

Section 402 Recordable Quitclaim Deed

At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within 30 days after written demand by Landlord, a valid and recordable quitclaim deed covering the Property and the Improvements, free and clear of all liens and encumbrances.

Article V **USE OF PROPERTY AND SITE CONDITIONS**

Section 501 Use of Property

Tenant shall use the Property solely for the rehabilitation of the Project in accordance with the Agreement, including the Scope of Work, and the maintenance and operation of the Project in accordance with this Lease, the Agreement and the Agreement Containing Covenants.

Section 502 Compliance with Law

Tenant shall carry out the rehabilitation and operation of the Project on the Property in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws. Tenant shall indemnify, protect, defend and hold harmless Landlord, City, and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Landlord and City, from and against any and all loss, liability, damage, claim, cost, expense and/or increased costs (including labor costs, penalties, reasonable attorneys' fees, court and litigation costs and fees of expert witnesses) in connection with the rehabilitation and/or operation of the Project. The foregoing indemnity shall survive termination of this Lease and shall continue after recordation of the Release of Construction Covenants.

Section 503 Site Conditions

(a) All portions of the Property, and all Improvements thereon, which are leased to Tenant by Landlord shall be leased in an "as is" condition, with no warranty, express or implied,

by Landlord as to the condition of the soil, its geology or the presence of known or unknown faults or the presence of any Hazardous Materials, and it shall be the sole responsibility of Tenant, at Tenant's expense, to investigate and determine the condition of the Improvements, the soil conditions of the Property and the suitability of the Property for the rehabilitation of the Project. If the condition of the Improvements, the soil conditions of the Property, or any part thereof, are not in all respects entirely suitable for the use or uses to which the Property shall be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Property and the conditions thereof in all respects in a condition entirely suitable for the rehabilitation of the Property as described in the Agreement, including, without limitation, the Scope of Work which may include demolition, clearing or moving buildings, structures or other Improvements, and removal of Hazardous Materials.

(b) Tenant hereby releases Landlord, City and their respective officers, employees, agents and consultants from any and all claims, liabilities, losses, damages, judgments, costs or expenses arising from or connected to any and all matters or statements of fact affecting the Property concerning or related to the physical condition of the Property.

Section 504 Hazardous Materials

(a) "**Hazardous Materials**" means and includes the following:

1. a "Hazardous Substance" as defined by Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601 *et seq*. or as "Hazardous Waste" as defined by Section 6903 of the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 *et seq*.;

2. an "Extremely Hazardous Waste", a "Hazardous Waste" or a "Restricted Hazardous Waste", as defined by The Hazardous Waste Control Law under Sections 25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to Section 25140 of the California Health and Safety Code;

3. a "Hazardous Material", "Hazardous Substance", "Hazardous Waste", or "Toxic Air Contaminant" as defined by the California Hazardous Substance Account Act, laws pertaining to the underground storage of hazardous substances, hazardous materials release response plans or the California Clean Air Act under Sections 25316, 25281, 25501, 25501.1, 117690 or 39655 of the California Health and Safety Code;

4. "Oil" or a "Hazardous Substance" listed or identified pursuant to Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. Section 1321;

5. materials, substances and wastes listed or defined as a "Hazardous Waste", "Extremely Hazardous Waste" or an "Acutely Hazardous Waste" pursuant to Chapter 11 of Title 22 of the California Code of Regulations Sections 66261.1 - 66261.126;

6. materials, substances and wastes listed by the State of California under Proposition 65 Safe Drinking Water and Toxic Enforcement Act of 1986 as a chemical known by the State to cause cancer or reproductive toxicity pursuant to Section 25249.8 of the California Health and Safety Code;

7. a material which due to its characteristics or interaction with one or more other substances, chemical compounds or mixtures, damages or threatens to damage, health, safety or the environment, or is required by any law or public agency to be remediated, including remediation which such law or government agency requires in order for the Property to be put to any lawful purpose;

8. any material whose presence would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field Manual, whether or not the presence of such material resulted from a leaking underground fuel tank;

9. pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Sections 136 *et seq.*;

10. asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. Sections 2601 *et seq.*;

11. any radioactive material including, without limitation, any "source material", "special nuclear material", "by-product material", "low-level wastes", "high- level radioactive waste", "spent nuclear fuel" or "transuranic waste", and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. Sections 2011 *et seq.*, the Nuclear Waste Policy Act, 42 U.S.C. Sections 10101 *et seq.*, or pursuant to the California Radiation Control Law, California Health and Safety Code Sections 114960 *et seq.*;

12. materials, substances and wastes regulated under the Occupational Safety and Health Act, 29 U.S.C. Sections 651 *et seq*., or the California Occupational Safety and Health Act, California Labor Code Sections 6300 *et seq*.; and/or

13. materials, substances and wastes regulated under the Clean Air Act, 42 U.S.C. Sections 7401 *et seq*. or pursuant to the California Clean Air Act, Sections 3900 *et seq*. of the California Health and Safety Code.

(b) Tenant hereby represents and warrants that the rehabilitation, construction and uses of the Project and Property permitted under the Agreement and this Lease do not require the presence of any Hazardous Materials on the Property that cannot or shall not be kept, stored, used and maintained in compliance with all applicable laws and the manufacturer's guidelines.

(c) If at any time during the Term, any Hazardous Material is present on, in or under the Property (including, without limitation, the soil and groundwater) in violation of applicable law, then Tenant shall at no expense to Landlord, at the earliest practicable date, remove such Hazardous Materials from the Property (including, without limitation, any Hazardous Materials in the soil or groundwater) and any surrounding areas to which such Hazardous Materials may have migrated in accordance with and to the extent required by any and all applicable Legal Requirements. The Parties intend to require Tenant to remove all Hazardous Materials from the Property and surrounding areas to which such Hazardous Materials may have migrated to the extent required by applicable law, if such Hazardous Materials are present at levels of concentration which require removal under applicable law. If, at any time during the Term, Landlord has reasonable cause to believe one or more Hazardous Materials may be present on, in or under the Property in violation of applicable law, then Landlord may, by written notice, inform Tenant of the basis for Landlord's concern and require Tenant to cause the Property to be tested for such Hazardous Material(s) at Tenant's sole expense, in accordance with a testing plan and schedule first approved in writing by Landlord. Tenant shall submit a testing plan to Landlord within 30 days after the date of Landlord's notice, and cause the testing to begin within 30 days from Landlord's approval of the testing plan.

(d) Tenant shall not bring or allow to be brought onto the Property or use or store on the Property any Hazardous Materials without the prior express written consent of Landlord, except for those Hazardous Materials (including, without limitation, fuel stored in motor vehicles) customarily used in the ordinary course of business in the use and operation of the Property and the Improvements.

(e) The following covenants pertain to Tenant's occupancy and use of the Project and Improvements:

(1) No underground storage tanks for Hazardous Materials shall be installed without the prior written approval of Landlord's Executive Director.

(2) Landlord, or its officers, employees, contractors or agents shall at all times have the right to go upon and inspect the Property and Improvements and the operations conducted thereon to assure compliance with the requirements herein stated. Landlord shall provide reasonable prior notice to Tenant of such entry, and shall seek to minimize interference with Tenant's use of the Property and Improvements as much as is reasonably feasible. Such entry shall be in compliance with all applicable safety rules and regulations. This inspection may include taking samples for testing of substances and materials present and/or testing soils on the Property and the Improvements. Landlord shall indemnify, defend and hold harmless Tenant from and against any claims, liabilities, losses and damage caused by Landlord during any such inspections, and shall be responsible for the prompt repair and/or restoration of any such damage caused by Landlord during any such inspection.

(3) Tenant shall be responsible for posting on the Property and the Improvements all notices and signage required by Section 25249.6 of the California Health and Safety Code and regulations promulgated pursuant thereto. Tenant shall also complete and file all business response plans or inventories required by Chapter 6.95 of the California Health and Safety Code and regulations promulgated pursuant thereto. Tenant shall concurrently file a copy of such business response plan or inventory with Landlord.

(4) Tenant shall immediately notify Landlord in writing of the release of any Hazardous Material on the Property or Improvements in violation of applicable law.

(5) Tenant shall, to the extent required by applicable law, immediately remove all Hazardous Materials located on the Property and Improvements and shall dispose of such Hazardous Materials in a safe and legal manner. Tenant shall immediately disclose to Landlord its disposal of any Hazardous Material located on the Property and Improvements and upon Landlord's written request shall provide written documentation of its safe and legal disposal.

(f) Tenant shall be responsible for and bear the entire cost of removal and disposal of Hazardous Materials. Landlord may also pass through to Tenant any and all clean-up costs incurred by Landlord as a result of Tenant's activities on the Property and Improvements or the presence of any Hazardous Material(s) on, in or under the Property and Improvements after the commencement of this Lease. Upon termination of this Lease, Tenant is required, in accordance with all applicable laws, to remove from the Property and Improvements all equipment or improvement to the Property that is contaminated by Hazardous Materials.

(g) By this Lease, Tenant provides to Landlord, effective upon the date of this Lease, an indemnification of Landlord, City and their respective members, officers, employees, agents,

contractors and consultants, relating to the environmental condition of the Property and the presence of Hazardous Materials thereon. Therefore, Tenant hereby agrees to indemnify, defend and hold harmless Landlord, City and their respective members, officers, agents, employees, contractors and consultants, from any claims, actions, suits, legal and administrative proceedings, liability, injury, deficiency, damages, fines, penalties, punitive damages, costs and expenses (including, without limitation, the cost of any cleanup, remediation, removal, mitigation, monitoring or testing of Hazardous Materials, and reasonable attorneys' fees) resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any Hazardous Materials to or from, the Property or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation or Hazardous Materials on, under, in or about, to or from, the Property.

(h) From the date of this Lease, Tenant hereby waives, releases and discharges Landlord, City and their respective members, officers, employees, agents, contractors and consultants, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with Landlord's or Tenant's use, maintenance, ownership or operation of the Property, any Hazardous Substances on the Property, or the existence of Hazardous Substances contamination in any state on the Property, however the Hazardous Substances came to be placed there, except that arising out of the intentional misconduct of Landlord, City or their respective employees, officers or agents. Tenant acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

_____ Initialed by Tenant's authorized signatory

As such relates to Section 503 above, and this Section 504 , Tenant hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

Article VI **REHABILITATION OF IMPROVEMENTS ON PROPERTY**

Section 601 Rehabilitation of Improvements

Tenant shall rehabilitate or cause to be rehabilitated the Improvements on the Property, with financing as provided in the Method of Financing, in accordance with this Lease and the Agreement, including the Scope of Work. Prior to the commencement of any work or construction, Tenant shall:

(a) Notify Landlord in writing, at least 10 days in advance of commencing construction or delivery of materials to the Property, of Tenant's intention to commence the work. Landlord shall have the right to post and maintain on the Property any notices of non-responsibility provided for under applicable law, and to have access to the Property at all reasonable times to satisfy itself that Tenant is carrying out construction in accordance with the terms of this Lease, the Agreement and the Plans, and is complying with all applicable laws and regulations, including, without limitation, those regulations pertaining to safety of the construction site.

(b) Procure and deliver to Landlord at Tenant's expense, evidence of issuance of all required permits and approvals, including, without limitation, building permits, zoning and planning approvals and all required approvals from any governmental agencies and bodies having jurisdiction over the Project.

Section 602 Contractors and Subcontractors

For purposes of this Section, the terms "contractor", "subcontractor", "contract" and "subcontract", shall refer to all tradespersons, contractors, subcontractors, construction managers, materialmen or suppliers furnishing services or materials in connection with the construction of the Improvements, and contracts or agreements, written or oral, with them. Landlord shall have the right to disapprove any and all contractors and subcontractors used by Tenant for construction of the Project, to which Landlord has reasonable objection, which approval shall not be unreasonably delayed or withheld.

(a) Tenant's contracts with general contractors and subcontractors shall give Landlord the right to receive notices of Tenant's default under said contracts and shall give Landlord a reasonable opportunity to cure any such default and the right (but not the obligation) to assume Tenant's obligations and rights under such contracts if Tenant commits an Event of Default under this Lease. Landlord's exercise of its rights pursuant to this Section 602 shall not be in lieu of or constitute a waiver of any other right Landlord may have against Tenant, any guarantor or surety or any other person or entity.

(b) Tenant shall comply, and Tenant shall require all of Tenant's contractors and subcontractors to comply, with all laws, statutes, ordinances, regulations, building codes, zoning codes and regulations and the orders, judgments, rules, regulations and requirements of all federal, state, local and municipal governments (collectively, "**Legal Requirements**") in connection with the performance of all work on the Property.

(c) Tenant shall not, and Tenant shall require that all Tenant's contractors and subcontractors shall not, discriminate against any employee or applicant for employment on the basis of disability, race, religion or creed, sex, marital status, national origin, condition of having Acquired Immune Deficiency Syndrome or sexual orientation.

Section 603 Permits

(a) Tenant shall obtain all permits, licenses and other governmental approvals and authorizations required for the rehabilitation or operation of the Improvements.

(b) Before allowing occupancy or use of any portion of the Improvements, Tenant, at its own cost and expense, shall obtain and deliver to Landlord partial, temporary or final Certificate(s) of Occupancy in the form customarily issued by the appropriate governmental authority.

Section 604 Performance of Work

(a) Any and all rehabilitation or construction work shall be done diligently, in conformity with all Legal Requirements, in a good and workmanlike manner, and in accordance with the terms of the Agreement, including, without limitation, the Scope of Work, the Plans, and under the supervision of an architect (if any) approved by Landlord. Once Tenant commences rehabilitation of the Improvements, as set forth in the Schedule of Performance, Tenant shall diligently pursue completion of the work within the time set forth in the Schedule of Performance, subject to Force Majeure Delays. The rehabilitation work shall be deemed to be completed for purposes of this Section once a Release of Construction Covenants is recorded in the official records of Los Angeles County ("**Official Records**"), as set forth in Section 605 below.

(b) Tenant agrees it shall take all safety measures reasonably required (taking into consideration usual and customary practices in the construction industry) to protect persons in, on and around the Property from injury or damage caused by or resulting from or in connection with the performance of any work during all phases of construction. All work performed under this Lease shall be performed in such a manner as to meet or exceed the safety standards outlined by applicable State of California safety regulations. In addition to any other obligation set forth herein, Tenant shall maintain the Property free of hazards to persons and property resulting from

its operations. Any hazardous condition noted by Tenant shall immediately be reported to Landlord.

(c) All work shall be performed in a manner so as not to unreasonably impair or interfere with the use, occupancy or enjoyment of adjacent property, or with any business conducted on adjacent property.

(d) All areas of the Property that are used for staging areas for the storage of material and equipment, construction shacks and workers' parking areas shall be located, to the extent reasonably practicable, away from public view in areas remote from pedestrian and vehicular traffic, and shall be fenced or otherwise barricaded as appropriate.

(e) At all times during the performance of work for any phase of the Project, all areas other than the actual construction site and the staging area shall, to the extent reasonably practicable, be kept clean and free of mud, dust, equipment or construction materials related to the work.

Section 605 Release of Construction Covenants

(a) After Completion of all rehabilitation or construction work to be performed by Tenant upon the Property pursuant to the terms of the Agreement, the Plans and this Lease, Landlord shall furnish Tenant with a Release of Construction Covenants, in such form as to permit it to be recorded in the Official Records, upon written request therefor by Tenant. Landlord shall not unreasonably withhold such Release of Construction Covenants. Such Release of Construction Covenants shall constitute evidence of satisfactory Completion of the construction required pursuant to the terms of the Agreement, the Plans and this Lease, and the Release of Construction Covenants shall so state.

(b) If Landlord refuses or fails to furnish a Release of Construction Covenants for the Property after written request from Tenant, then Landlord shall provide Tenant with a written statement of the reasons Landlord refused or failed to furnish the Release of Construction Covenants for the Property. The statement shall also contain Landlord's opinion of the action Tenant must take in order to obtain a Release of Construction Covenants for the Property, but it need not contain technical information or instructions. If the reason for such refusal is confined to the immediate availability of specific items of landscaping or other minor items or the failure to complete "punch list" items, then Landlord shall issue the Release of Construction Covenants upon the posting of a bond or other security instrument in form and content acceptable to Landlord and in an amount representing the fair value of the work not yet completed, which bond or other security instrument shall secure Tenant's obligation to complete all outstanding items of construction and rehabilitation within 60 days following the issuance of the Release of Construction Covenants.

(c) Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Tenant to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the work on the Property or any part thereof. Such Release of Construction Covenants is not a notice of completion under Section 3093 of the California Civil Code.

Section 606 Ownership of Improvements

All Improvements on the Property, whether existing on the Property as of the date this Lease is executed or thereafter constructed by Tenant, shall be owned by Tenant until expiration of the Term or earlier termination of this Lease. Tenant shall not remove any Improvement from the Property or waste, destroy or modify any Improvements on the Property, except as permitted by this Lease. The Parties covenant for themselves and all persons claiming under them that the Improvements are real property. Upon the expiration or termination of this Lease, all Improvements and fixtures shall become the sole property of Landlord. Tenant shall not be required to remove any Improvements or fixtures on the Property upon the expiration or earlier termination of this Lease, except as otherwise expressly provided herein.

Section 607 No Liens on Landlord's Interest

Under no circumstance whatsoever shall any lien, including any mechanic's lien, stop notices, materialmen's lien or any lien for goods, labor, material, services or work delivered or performed on the Property, attach to or encumber Landlord's fee or reversionary interest in the Property. If any mechanic's lien, stop notice, materialmen's lien, or any other lien is filed against the Property for work done or claimed to have been done or for materials or services furnished or claimed to have been furnished with respect to the Property at any time during the Term, or at any time whatsoever arising because of any action or inaction by Tenant or any subtenant, or any other person claiming or having any right related to any part of the Property, then such lien shall be discharged by Tenant at its sole cost and expense in a timely manner no later than 90 days thereafter, whether by payment, release or posting of a bond or other similar assurance. Landlord may, in its sole and complete discretion, bond or discharge the same by paying the amount claimed to be due, and Tenant shall reimburse Landlord for all sums paid by Landlord under this Section, together with reasonable attorneys' fees and costs, plus interest on those sums, fees and costs from the date of payment, at the highest rate allowed by law.

Section 608 Removal of Liens on Leasehold Interest

If Tenant does not cause to be recorded the bond described in California Civil Code Section 3143 or otherwise protect its leasehold interest under any alternative or successor statute, and a final judgment has been entered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's or subcontractor's lien claim, and if

Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, then Landlord shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Tenant shall reimburse Landlord for all sums paid by Landlord under this Section, together with reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs from the date of payment at the highest rate allowed by law.

Section 609 Notice of Completion

On completion of Improvements to the Property, Tenant shall file or cause to be filed a notice of completion pursuant to California Civil Code Section 3093. Tenant hereby appoints Landlord as Tenant's attorney-in-fact to file the notice of completion on Tenant's failure to do so after the work of improvement has been substantially completed.

Article VII **ALTERATIONS**

Section 701 Alterations

(a) After the Improvements have been rehabilitated in accordance with the provisions of Article VI , Tenant may, at Tenant's sole expense, make alterations to such Improvements. Tenant may do so only in compliance with all applicable Legal Requirements and all requirements of the Plans, and only with the prior written approval of Landlord, which shall not be unreasonably withheld or delayed.

(b) All alterations shall be done promptly and in a good and workmanlike manner and shall be in quality and class at least equal to the original work or installations in the Property. However, if materials of the same type as those used for the original work are unavailable, or if due to changes in technologies in the building industry, the use of materials of the same type as those used for the original work would be impractical, or if materials of the same type as those used for the original work are prohibitively expensive, then Tenant shall have the right to use material of a type different from those used for the original work provided that the use of such material is in compliance with all applicable Legal Requirements and such material is of a quality and class equivalent to the original materials used.

(c) Tenant may from time to time after completion of construction of the Improvements as provided herein, without Landlord's prior approval, perform alterations to the Improvements that are interior and nonstructural alterations, additions and improvements ("**Permitted Alterations**") so long as the Permitted Alterations:

(l) are performed in compliance with all of the provisions of this Lease, and would not result in any violation of any provision of this Lease;

(2) would not result in a change in the character of the Improvements or the use for which they were intended;

(3) would not involve or result in any change in the exterior design, materials, colors or appearance of the buildings, or any part thereof;

(4) would not be of lesser quality;

(5) would not result in the diminution of the value of the Property;

(6) would not require an excessive expense to readapt the Property to marketable use upon the termination of this Lease; and

(7) would not weaken the structural strength of any building on the Property.

(d) Tenant shall not, without the prior written consent of Landlord, demolish or remove all or any structural part of the building after recordation of the Release of Construction Covenants.

Article VIII **NO LIABILITY OF LANDLORD**

Section 801 No Liability of Landlord

Tenant accepts the Property in its "as is" condition as of the date of execution of this Lease. Tenant warrants and represents that Tenant has fully and completely inspected all aspects of the Property and has fully satisfied itself as to the condition and value of the Property and the suitability of the Property or any part thereof for the construction of the Improvements. Tenant acknowledges that Landlord has not made any representation in connection with the Property or in any way relating to this Lease except as expressly provided herein. In addition to the indemnifications set forth in Article XVI below, Landlord shall have no liability to Tenant, or its successors, assigns, residents, subtenants or guests, of any kind whatsoever for, in connection with, or as a result of, the ownership or operation of the Property or in connection with the Property, at any time during the Term, whether for any damage or injury to any persons whatsoever or to any property of Tenant or of any other person, for any reason whatsoever, for any injury to Tenant's residents, subtenants or others for actions or inactions after the date of the execution of this Lease, proximately caused by:

(a) Construction, operation or maintenance of any of the Improvements, or the condition of any part of the Property.

(b) Heating, ventilation or air conditioning systems, electrical wiring, plumbing, dampness, water, gas, steam or other pipes or sewage, or the breaking of any electrical wire,

bursting, leaking or running of water from any tank, washstand, water closet or waste pipe, supply pipe, sprinkler system, radiator or any other pipe now or hereinafter installed on or about the Property.

(c) Fire, explosion, discharge or release of any gas, vapor, liquid or any other substance, falling plaster, electricity or smoke, being or occurring on, at or in connection with the Property.

(d) Acts of Tenant or any subtenant, occupant, user, licensee or invitee of all or any part of the Property.

(e) Any latent defect in or condition of the Property or any Improvement or real or personal property, which at any time may be erected or situated thereon; provided, however, that Landlord shall be liable for a latent defect in the Property if Landlord knew of such latent defect and Landlord failed to disclose such latent defect to Tenant.

(f) The loss or theft of any property of Tenant or any other person at, on, or around the Property.

(g) The cessation, interruption, suspension, failure or inadequacy of any utilities furnished to the Property or any apparatus or appliance used in connection therewith.

Section 802 Discovery of Any Toxic Substance

During the term of this Lease, Landlord shall have the sole and absolute discretion to terminate this Lease upon the discovery of any Hazardous Material which renders the Property unsuitable for its designated use without environmental mitigation measures which are determined by Landlord, in its sole and absolute discretion, to be unacceptable, excessive or unfeasible.

Article IX **MAINTENANCE AND REPAIRS**

Section 901 Maintenance and Repairs

Tenant, at its own expense, shall maintain and keep the Property and all Improvements thereon in good repair and in a decent, safe and sanitary condition, in accordance with the terms of the Agreement Containing Covenants. Tenant shall also make any repairs, structural or nonstructural, interior or exterior, to the Property necessary by reason of alterations made by Tenant or by the acts or omissions of Tenant, or its employees, agents, subtenants, licensees, invitees or others, or by normal wear and tear, the elements, or other casualty or cause. Such routine maintenance may be performed by Tenant without notice to or permission of Landlord.

Section 902 Repairs

When used in this Section, the term "repairs" applies to all equipment, machinery, apparatus and fixtures of every kind used in connection with the operation and maintenance of the Property and all Improvements thereon and shall be deemed to include replacements, restorations and renewals of the equipment, machinery, apparatus and fixtures. Tenant shall have the right at any time and from time to time to remove and to dispose of the equipment, machinery, apparatus and fixtures; provided, however, that Tenant shall promptly replace same with other equipment, machinery, apparatus or fixtures which are equally effective.

Section 903 Landlord's Obligation

The Parties intend that Landlord shall have no obligation, in any manner whatsoever, to repair or maintain the Property, or any Improvements constructed thereon, or the equipment therein, whether structural or nonstructural. These obligations are the sole responsibility of Tenant, except to the extent that the need for such repairs or maintenance is proximately caused by Landlord's negligent acts or omissions. Tenant expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or terminate this Lease because of Landlord's failure to keep the Property in good order, condition and repair.

Article X **DAMAGE OR DESTRUCTION**

Section 1001 Tenant to Give Notice

In case of any damage to or destruction of the Property or the Improvements, or any part thereof, in excess of an amount equal to $25,000 escalated from the date of commencement of this Lease in accordance with the applicable consumer price index, Tenant shall, within 10 days after Tenant becomes aware or reasonably should have become aware of such damage or destruction, give written notice thereof to Landlord, generally describing the nature and extent of such damage or destruction.

Section 1002 Repair of Damage or Destruction

(a) Tenant covenants and agrees that in case of damage to or destruction of the Property or Improvements by any cause, insured or uninsured, it shall, subject to the provisions of this Section, restore, repair, replace or rebuild the Property and Improvements as nearly as possible to the condition, quality and class they were in, immediately prior to such damage or destruction. Tenant shall commence the restoration, repairs, replacement or rebuilding of the Improvements with such alterations and additions as may be approved by Landlord (such restoration repairs, replacement, rebuilding, alterations and additions, together with any temporary repairs and

property protection pending completion of the work shall be referred to hereinafter as "**Restoration**") within 30 days of such damage or destruction, plus any additional period reasonably required to obtain Net Insurance Proceeds, to be used to pay all or a portion of the costs of such Restoration and shall complete such Restoration within a reasonable time thereafter.

(b) As used herein, the term "**Net Insurance Proceeds**" means the gross insurance proceeds paid by an insurer to Tenant for loss or damage to the Property and Improvements, less any and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred to recover said proceeds. Subject to the terms of any Leasehold Mortgage, Tenant agrees to promptly commence and prosecute to completion the settlement of insurance proceeds with respect to an event of damage to or destruction of the Improvements or the Property.

(c) Tenant agrees that, notwithstanding any other provision of this Lease, upon an event of damage or destruction to the Improvements, Tenant shall at its sole cost and expense (whether or not Tenant terminates or intends to terminate this Lease pursuant to Section 1005 below) and immediately take or cause to be taken such actions and complete such work as is necessary to assure the safe condition of the damaged Improvements pending their ultimate disposition. In any instance where Tenant has the right to terminate this Lease, rather than restore the Improvements, if Tenant elects not to terminate this Lease, then Tenant must promptly restore the Improvements.

Section 1003 Application of Insurance Proceeds

Insurance proceeds from policies of insurance carried under Section 1501 which are received on account of any damage to or destruction of the Property or the Improvements thereon, or any portion thereof, (less the costs, fees and expenses incurred in the collection thereof, including, without limitation, attorneys' fees and expenses), if Tenant does not make the election permitted in Section 1005 below, shall be applied as follows, subject to the rights of Leasehold Mortgagees:

(a) Within a reasonable time and in any event within 180 days after the damage to or destruction of the Property or the Improvements, Tenant shall furnish, or cause to be furnished to Landlord and Leasehold Mortgagees, if any, evidence satisfactory to Landlord and each Leasehold Mortgagee, (i) of the total cost of Restoration of the damaged or destroyed Improvements and (ii) that the total amount of money available to Tenant shall, when added to the insurance proceeds received and available to pay for the Restoration pursuant to the terms of this Section, be sufficient to pay the cost of such Restoration.

(b) Net Insurance Proceeds received on account of any damage to or destruction of the Improvements, or any part thereof, shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses, or to the holder of the Leasehold Mortgage, as set forth in the

Leasehold Mortgage documents, solely to pay (or reimburse Tenant for) the cost of Restoration. Upon receipt by Landlord and Leasehold Mortgagees, if any, of evidence that Restoration has been completed and the cost thereof paid in full or has been adequately provided for, and that there are no mechanic's or similar liens for labor or materials supplied in connection therewith, which have not been adequately provided for, the balance, if any, of such proceeds shall be paid to Tenant.

(c) Insurance proceeds held by the recipient upon a termination of this Lease, and not required to be paid to the Leasehold Mortgagees, shall be applied first to the expense of clearing the Property of rubble and next shall be paid to Landlord pursuant to the provisions of this Lease, and then to Tenant.

Section 1004 Tenant's Obligations

If the Net Insurance Proceeds actually available to Tenant and recovered with respect to any insured damage or destruction, less the cost of recovery, are insufficient to pay the entire cost of such Restoration, then Tenant covenants to use reasonable efforts to secure additional funding to remedy such insufficiency to restore, repair, replace or rebuild the Improvements.

Section 1005 Option to Terminate

If at any time during the term of this Lease, any buildings or Improvements located on the Property are destroyed, in whole or in part, by fire, theft, the elements or any other cause (collectively hereinafter referred to as a "**Casualty**"), then this Lease shall continue in full force and effect; provided, however, that Tenant, subject to the rights of Leasehold Mortgagees, shall have the option of terminating this Lease on the last calendar day of any month by giving Landlord at least 30 days' prior written notice of Tenant's intent to do so and by removing, within 120 days of the Casualty, at Tenant's own cost and expense, all debris and remains of the damaged Improvements from the Property, where:

(a) Any buildings or Improvements located on the Property are so damaged or destroyed by a Casualty during the last five years of the Term of this Lease that such buildings or Improvements cannot be repaired and restored at a cost which is less than 50% of the cost to replace all of the buildings and Improvements located on the Property if totally destroyed; or

(b) Any buildings or Improvements hereafter located on the Property are damaged or destroyed by a Casualty at any time during the term of this Lease and either (i) insurance proceeds available to Tenant from the insurance required in Section 1501 or by a Leasehold Mortgage are not sufficient to cover 100% of the cost, less $100,000, to repair and restore such damaged or destroyed buildings or Improvements or (ii) the damage or destruction results from a Casualty that is not required to be insured by Tenant under the terms of this Lease

or a Leasehold Mortgage, and for which Tenant has not obtained such insurance, and the cost to repair and restore such damaged or destroyed buildings or Improvements is more than $100,000.

Article XI **ENTRY BY LANDLORD**

Landlord and its agents, representatives, employees and independent contractors shall have the right to enter the Property in order to ascertain whether Tenant is complying with its obligations under this Lease, the Agreement and the Agreement Containing Covenants, and for any other purpose permitted under this Lease; provided, however, that such entry shall not unnecessarily or unreasonably disturb lawful occupants of the Property. Neither the right of entry reserved by this Article, nor the exercise thereof, shall impose any responsibility or liability on Landlord for the care or supervision of the Property or Improvements on the Property.

Article XII **UTILITIES AND SERVICES**

Section 1201 Utilities and Services

Tenant, at its sole expense, shall maintain or shall cause to be maintained, all utility lines, whether located on or off the Property, servicing the Property. Tenant shall pay promptly all assessments, deposits, rents, costs, connection and tap-in fees and other charges for the connection of utilities, including any fees or charges imposed by any utility company or governmental entity or agency for making such connections. Tenant expressly agrees that Tenant shall pay all charges for fuel, gas, water, electricity, light, heat, power, telephone or other communication services, and all other utilities or services necessary to carry on the operations of Tenant. Tenant shall indemnify Landlord from, and defend and hold Landlord harmless against, any claim, liability, damage, loss, cost or expense in connection with such charges. Landlord may, after giving Tenant at least 10 business days' notice and an opportunity to cure, pay or cause to be paid any items or charges which are delinquent. Thereafter, on demand by Landlord, Tenant shall pay and reimburse Landlord for such items or charges, with interest at the highest rate allowed by law, from the date of payment by Landlord until Landlord is repaid in full by Tenant.

Section 1202 Easements

Landlord agrees at the request of Tenant and at Tenant's sole cost and expense (or at the expense of the utility company or other third party) to join in the grant of easements over the Property that are necessary to obtain required utility services to the Project. Any such grant of an easement over the Property must be approved in writing by Landlord, which approval shall not be unreasonably withheld.

Article XIII **PROHIBITION AGAINST ENCUMBRANCE OR TRANSFER**

Section 1301 Prohibitions

(a) The qualifications and identity of Tenant are of particular concern to Landlord. It is because of those qualifications and identity that Landlord has entered into this Lease with Tenant. No voluntary or involuntary successor in interest of Tenant shall acquire any rights or powers under this Lease except as expressly set forth herein and in Article XXII .

(b) Except for Permitted Transfers, Tenant shall not assign or sublease all or any part of this Lease without the prior written approval of Landlord. Landlord agrees to reasonably give such approval if, in Landlord's reasonable determination, the proposed reconstituted Tenant is comparable in all material respects (including experience, character and financial capability) to Tenant as of the date of this Lease. Any such change (or assignment or sublease of this Lease in connection therewith) shall be by instruments satisfactory to Landlord's Executive Director (or his/her designee), and be subject to the approval by Landlord's Executive Director (or his/her designee) of evidence of the proposed assignee's qualifications to meet the obligations of Tenant under this Lease.

(c) For the reasons cited above, Tenant represents and agrees for itself and any successor in interest that, except for Permitted Transfers, there shall be no cumulative change in ownership interest of Tenant of greater than 49%, or with respect to the identity of the parties in control of Tenant or the degree thereof, by any method or means, without Landlord's prior written approval.

(d) Tenant shall promptly notify Landlord of any and all changes whatsoever in the identity of the parties in control of Tenant or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Landlord may exercise its remedies under this Lease, if there is any significant change (voluntary or involuntary) in membership, management or control of Tenant (other than such changes occasioned by the death or incapacity of any individual).

(e) Tenant shall not, except for Permitted Transfers or as permitted by this Lease, initiate a Transfer without prior written approval of Landlord, except as expressly permitted by this Lease. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by Landlord, to fulfill the obligations undertaken in this Lease by Tenant. Any such proposed transferee, by instrument in writing satisfactory to Landlord and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of Landlord shall expressly assume all of the obligations of Tenant under this Lease and agree to be subject to

all conditions and restrictions applicable to Tenant in this Lease. There shall be submitted to Landlord for review all instruments and other legal documents proposed to affect any such transfer; and if approved by Landlord, its approval shall be indicated to Tenant in writing. Any attempt to effectuate a Transfer, except for Permitted Transfers or as permitted by this Lease, without Landlord's approval, shall be null and void and any transferee under such attempted Transfer shall acquire no right or interest by reason of such attempted Transfer.

Notwithstanding the foregoing, Tenant may: (i) lease the Units, in conformance with the Agreement Containing Covenants, without the written consent of Landlord and (ii) enter into a management agreement with an entity approved in writing by Landlord, in its reasonable discretion, and approved by the Leasehold Mortgagees.

Section 1302 Consent to Assignment

Subject to the limitations on transfer set forth in Section 1301 , Landlord agrees that it shall not unreasonably withhold its consent to a proposed assignment of this Lease to an assignee if all of the following conditions are met:

(a) Tenant is not in default of any provision of this Lease, or any other agreement with Landlord or City in connection with this Property.

(b) Landlord has issued the Release of Construction Covenants to Tenant.

(c) Tenant has demonstrated to Landlord's satisfaction in Landlord's reasonable discretion that the proposed assignee is financially sound and possesses a reputation and experience in owning and managing Very Low Income residential units that is at least comparable to that of Tenant. Any assignment of this Lease shall be in writing and shall be executed by the assignee who shall assume this Lease and all the agreements, terms, obligations, liabilities, covenants and conditions on the part of Tenant, and a duplicate original of such assignment and assumption shall be delivered to Landlord before the same shall be effective. The original named Tenant shall not be relieved of its obligation pursuant to this Lease, the Agreement Containing Covenants or the Agreement.

(d) The proposed assignee must agree to assume, and be bound by, all of the terms, conditions and obligations of Tenant pursuant to this Lease, the Agreement Containing Covenants and the Agreement.

Article XIV **TAXES AND IMPOSITIONS**

Subject to Tenant's right to claim any exemption to which it may be entitled under State law, Tenant shall directly bear, pay and discharge all Taxes and Impositions before the first day

on which a penalty or interest may accrue or be assessed thereon for nonpayment (or, if no penalty or interest thereon may accrue or be assessed, then before such Taxes and Impositions become delinquent or past due). "**Taxes**" and "**Impositions**" mean and include all real property taxes, possessory interest taxes, personal property taxes and special assessments imposed, levied or assessed on the Property or Improvements thereon. Taxes and Impositions include all costs, expenses and charges of any kind whatsoever (whether foreseen or unforeseen) which may become due or owing with respect to all or any part of the Property during the term of this Lease. Taxes and Impositions include, without limitation, all *ad valorem* taxes and other assessments, water and sewage charges, and governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, which shall or may during the Term be charged, laid, levied, assessed, imposed upon or become payable out of, or become liens upon, or arise in connection with the ownership, leasing, operation, use, occupancy or possession of the Property or with respect to the privilege of entering into or holding this Lease, or leasing space within the Property, regardless of whether assessed or levied upon or payable by Tenant or Landlord. Pursuant to California Health and Safety Code Section 37001.5, and subject to Tenant's right to claim any exemption to which it may be entitled under State law, Tenant shall pay taxes on the assessed value of the entire Property and not merely on the assessed value of its Leasehold Interest.

In the event of nonpayment of any Tax or Imposition, Landlord may, after giving Tenant at least 10 business days' notice of its intention to do so, pay or cause to be paid any item or items of Taxes and Impositions which are delinquent or past due. Tenant shall pay and reimburse Landlord therefor when requested to do so by Landlord, and the same shall become due and payable, with interest at the highest rate permissible by law from the date of Landlord's payment of said Tax or Imposition, until Landlord is repaid in full by Tenant.

Article XV **INSURANCE**

Section 1501 Required Insurance

(a) At the times indicated in paragraphs (i) through (iv) below, Tenant shall furnish or cause to be furnished to Landlord evidence of the following policies of insurance, naming Tenant as insured and, except as to the insurance described in paragraph (iv), below, Landlord and City as additional insureds. The insurance described in paragraph (ii) shall be obtained prior to the initial rent-up of the apartments. All such insurance shall be kept in force for the term of this Lease.

(i) Fire Policies: Prior to commencement of construction, Tenant shall furnish evidence of, and shall thereafter maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage

fire insurance policies. Such insurance shall be maintained in an amount not less than 100% of the full insurable value of the Improvements.

(ii) Rental Income Insurance: Prior to commencement of rental activities, Tenant shall furnish evidence of, and shall thereafter maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to the Parties.

(iii) Liability Insurance: Tenant must maintain public liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property, resulting directly or indirectly from any acts or activities of Tenant, or any person acting for Tenant, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with Tenant's activities thereon, caused directly or indirectly by or from acts or activities of Tenant, or any person acting for Tenant, or under its control or direction. Such property damage and personal injury insurance must also provide for and protect Landlord against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance must be maintained in full force and effect during the Term of this Lease in the following amounts: Commercial General Liability on a per occurrence basis of not less than $1,000,000 and in a general aggregate amount of not less than $2,000,000, and Commercial Automobile Liability of not less than $1,000,000 combined single limit, including owned, non-owned and hired automobile coverage. It is the mutual intent of the Parties that the levels of insurance coverage described herein shall be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time and from time to time, either Party may provide notice to the other Party that the level of insurance being maintained by Tenant is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated shall be changed (either increased or decreased) accordingly. The Party receiving such request shall not unreasonably withhold its consent to such change. Tenant agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Tenant may be held responsible for the indemnification of Landlord or the payment of damages to persons or property resulting from Tenant's activities, or the activities of any person or persons for which Tenant is responsible.

(iv) Workers' Compensation Insurance: Tenant must maintain workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance must cover all persons employed

by Tenant in connection with the Project and must cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Project or the operation thereof by Tenant, and in an amount of not less than $1,000,000 per accident, bodily injury, or disease. Notwithstanding the foregoing, Tenant may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Tenant must deliver to Landlord evidence that such self-insurance has been approved by the appropriate State authorities.

(b) Tenant must cause all contractors and subcontractors performing work relating to the Project to maintain insurance of the types and in the amount described in this Section 1501 . Tenant must cause its architects (if any) and engineers also to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on per occurrence basis of not less than $1,000,000 and in a general aggregate amount of not less than $2,000,000.

(c) The term "full insurable value" as used in this Section 1501 means the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Tenant shall cause the full insurable value to be determined from time to time by appraisal by the insurer, by agreement between the Parties or by an appraiser mutually acceptable to the Parties, not less often than once every three years.

(d) All policies must name Landlord and City as additional insureds and/or loss payees as their interests may appear. Policy endorsements providing the additional insured/loss payee must be included with Certificates of Insurance.

(e) All insurance provided under this section must be for the benefit of Tenant, Landlord and City. Tenant agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Tenant agrees to submit policies of all insurance required by this Section, or certificates evidencing the existence thereof and additional insured endorsements, to Landlord not less than 15 days prior to the Construction Financing Event, indicating full coverage of the contractual liability imposed hereby. All insurance herein provided for must be effected under policies issued by insurers of recognized responsibility, licensed and admitted to do business in the State of California (or if not admitted in California shall have a "General Policyholders Rating" of at least "A-" as set forth in the most current issue of "Best's Key Rating Guide"), reasonably approved by Landlord. All policies or certificates of insurance must provide that such policies shall not be canceled or limited in any manner without at least 20 days' prior written notice to Landlord.

(f) If Tenant fails or refuses to procure or maintain insurance as required by this Lease, then 'Landlord shall have the right, at Landlord's election, and upon 10 days' prior notice to Tenant, to procure and maintain such insurance. The premiums paid by Landlord shall be treated as a loan due from Tenant, which Tenant agrees to pay on the first day of the month following the date on which the premiums were paid. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 1502 Disposition of Insurance Proceeds

(a) Subject to the provisions of subsection (b) below, proceeds of insurance with respect to loss or damage to the Improvements to be maintained and repaired by Tenant during the Term shall be payable, under the provisions of the policy of insurance, to Tenant, or, if such loss or damage involves the need for Tenant to obtain any governmental approvals or permits, jointly to the Parties, and said proceeds shall constitute a trust fund to be used for the repair, restoration or reconstruction of the Improvements in accordance with plans and specifications approved in writing by Landlord.

(b) Notwithstanding the foregoing paragraph, within the period during which there is an outstanding Leasehold Mortgage on all or part of the Property and Improvements, distribution of said proceeds shall be subject to the prior rights of such Leasehold Mortgagees.

(c) If this Lease is terminated by mutual agreement of the Parties, and the Improvements are not repaired, restored or reconstructed, the insurance proceeds shall be applied first to payments due under this Lease from Tenant to Landlord, second to restore the Property to a neat and clean condition, and finally any excess shall be paid to Tenant. Provided, however, that within any period when there is an outstanding mortgage or deed of trust upon the Improvements, such proceeds shall be applied first to discharge the debt secured by the mortgage and then for the purposes and in the order set forth above in this paragraph.

(d) Tenant hereby waives any claim against Landlord, City and their respective members, officers, agents, employees and volunteers, and for any loss covered by insurance of the type specified in Section 1501 , and Tenant shall obtain from its insurance company or companies a waiver of any right of subrogation that it may have against Landlord or City.

Article XVI **DEFENSE, INDEMNIFICATION AND HOLD HARMLESS**

Tenant hereby agrees to defend, indemnify and hold harmless Landlord, City and their respective members, officers, agents, employees and volunteers (hereinafter collectively referred to as "**Indemnitees**") from and against any and all loss, damage, cost, expense, liability, claims, demands, suits, attorneys' fees and judgments arising directly or indirectly from or in any manner

connected to Tenant's possession, occupancy or use of the Property or arising from or in any manner connected to Tenant's business, activities, operations, services or work conducted in, on or about the Property regardless of any active or passive negligence by any or all Indemnitees, except as otherwise stated herein.

Tenant further agrees to indemnify, defend and hold harmless Indemnitees from and against all loss, damage, costs, expense, liability, claims, demands, suits, attorneys' fees and judgments arising from or in any manner connected to the furnishing or supplying of any work, services, materials, equipment or supplies to Tenant or on Tenant's behalf by any persons, firms, corporations or other entities in, on or about the Property.

Without limiting the generality of the foregoing, Tenant agrees that Indemnitees shall not be liable for any injury to Tenant's business or any loss of income therefrom, or for damage to the goods, wares, merchandise, Improvements or other property of Tenant, or to Tenant's officers, agents, employees, invitees, customers, contractors, or any other person in, on or about the Property or for damages to any of Tenant's officers, agents, employees, invitees, customers or contractors.

Notwithstanding the foregoing, Tenant shall not be responsible for those claims arising due to the gross negligence or willful misconduct of Indemnitees.

Article XVII **EMINENT DOMAIN**

Section 1701 Tenant to Give Notice

In case of a taking of all or any part of the Property and Improvements through the exercise of the power of eminent domain ("**Taking**"), or the commencement of any proceedings or negotiations which might result in such Taking, Tenant shall promptly give written notice thereof to Landlord, generally describing the nature and extent of such Taking or the nature of such proceedings or negotiations, and the nature and extent of the Taking which might result therefrom, as the case may be.

Section 1702 Total Taking

In case of a Taking of the entire Property and Improvements, or in case of the taking of only a part of the Property and Improvements, leaving the remainder of the Property and Improvements in such location, or in such form, shape or reduced size as to render the same not effectively and practicably usable for the conduct thereon of the uses permitted hereunder, this Lease shall terminate as of the date title vests in the condemning authority or the date the condemning authority is entitled to possession, whichever first occurs . A Taking of the Property

and Improvements of the character referred to in this Section that results in the termination of this Lease is referred to herein as a "**Total Taking**."

Section 1703 Partial Taking

In case of a Taking of the Property and Improvements other than a Total Taking (a "**Partial Taking**"), (i) this Lease shall remain in full force and effect as to the portion of the Property and Improvements remaining immediately after such Partial Taking, without any abatement or reduction of any sum payable hereunder and (ii) Tenant, to the extent the awards or payments, if any, on account of such Partial Taking shall be sufficient for the purpose, at its expense, but first subject to Section 1704 (a) below, shall within a reasonable period of time commence and complete, or cause to be commenced and completed, Restoration of the Property and Improvements as nearly as possible to its value, condition, and character immediately prior to such Partial Taking, with such alterations and additions as may be made at Tenant's election pursuant to and subject to the terms of Section 701 , except for any reduction in area caused thereby; provided, however, that in case of a Partial Taking for temporary use Tenant shall not be required to effect Restoration until such Partial Taking is terminated.

Section 1704 Application of Awards and Other Payments

Awards and other payments on account of a Taking, less costs, fees and expenses incurred in the collection thereof ("**Net Awards and Payments**") shall be applied as follows:

(a) In case of a Taking other than a Total Taking or a Taking for temporary use, Tenant shall furnish to Landlord and any Leasehold Mortgagee evidence satisfactory to Landlord and the Leasehold Mortgagee of the total cost of the Restoration required by Section 1703 .

(b) Net Awards and Payments received on account of a Taking other than a Total Taking or a Taking for temporary use shall be held and applied as provided with respect to proceeds of insurance in Subsection (a) above. The balance, if any, shall be paid to the Parties as their respective interests may appear in the Property and the Improvements.

(c) Net Awards and Payments received on account of a Total Taking shall be allocated as follows:

First: There shall be paid to each Leasehold Mortgagee, in the order of its priority, an amount equal to the sum of any unpaid principal amount of the indebtedness secured by the Leasehold Mortgage, and any interest accrued thereon, all as of the date on which such payment is made; provided, however, that each such Leasehold Mortgagee shall only be paid to the extent of its security in the applicable portion which is the subject of the Taking.

Second: To the Parties, as their respective interests may appear in the Property and the Improvements; provided, however, that any payment to a Leasehold Mortgagee or pursuant to the preceding paragraph shall be charged against Tenant's interest.

Article XVIII **COMPLIANCE WITH ALL LAWS**

Tenant shall conduct its operations in compliance with all applicable state or federal laws, and with all ordinances, rules and regulations, in effect or hereinafter adopted by City, the County of Los Angeles, the State of California and the United States.

Article XIX **PERMITS AND LICENSES**

Tenant shall, at its sole cost and expense, obtain and maintain during the Term, all appropriate licenses, permits and certificates that may be required in connection with the construction of the Improvements, and the operation of the Project and the provision of services hereunder.

Article XX **PRODUCTION OF REPORTS, RECORDS AND STATEMENTS**

Tenant shall maintain such records as are reasonably required by Landlord in order to verify compliance with the terms of this Lease, the Agreement and the Agreement Containing Covenants. Tenant shall, within 10 business days of their receipt or completion, submit copies to Landlord of all annual budgets, financial statements, audits and all other reports, records and statements that pertain to or are in any manner connected with the Property. The records, reports, statements and other documents of Tenant that pertain to or are in any manner connected with the Property shall be available for inspection and copying by Landlord during normal business hours, but shall be kept confidential by Landlord and shall not be disclosed to any other person without Tenant's prior written approval, except as may be otherwise required by law. Tenant shall pay to Landlord the fees required by the Agreement Containing Covenants, in connection with affordability monitoring and reporting.

Article XXI **NONDISCRIMINATION**

Tenant covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Tenant, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. All deeds, leases or contracts shall

contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

   Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.1, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

2. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

   That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall also apply to the preceding paragraph.

3. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees of the land."

Article XXII **LEASEHOLD MORTGAGES**

Section 2201 Leasehold Mortgages

Tenant may grant one or more Leasehold Mortgages encumbering Tenant's interest in the Improvements and/or Tenant's leasehold interest under this Lease to an institutional lender only with Landlord's prior written consent.

(a) The Leasehold Mortgage shall cover no interest in any real property other than Tenant's interest in the Improvements or some portion thereof, and the leasehold estate of Tenant under this Lease. The Leasehold Mortgage shall state on its face that it does not encumber in any way Landlord's fee interest in the Property and Landlord's interest under this Lease.

(b) Prior to the issuance of the Release of Construction Covenants, Leasehold Mortgages may be made only for the purposes of financing necessary and appropriate to pay Project Costs.

(c) The amount of a loan secured by a Leasehold Mortgage prior to the issuance of a Release of Construction Covenants shall not, when added to the amounts secured by other Leasehold Mortgages, exceed the total Project Costs.

(d) Any Leasehold Mortgage is to be given only to a responsible *bona fide* institutional lender. For the purposes hereof, the term "institutional lender" means a bank, savings and loan association, thrift and loan association, savings bank, pension fund, insurance company, real estate investment trust, nonprofit public benefit corporation, governmental agency or other comparable or similar entity authorized to make loans in the State of California.

Section 2202 No Subordination of Fee

Landlord's reversionary fee interest in the Property and Landlord's rights and interests, as lessor, in the Property and this Lease, including, without limitation, Landlord's right to receive any sums from Tenant, shall not be subordinated to the rights of any lien, mortgage or security interest (including, without limitation, the rights of any Leasehold Mortgagees) granted in Tenant's interest under this Lease or granted by Tenant. Notwithstanding the foregoing, a Leasehold Mortgagee shall have all of the rights set forth in the Leasehold Mortgage, as approved by Landlord in accordance with Section 2201 above, to the extent that such rights are not inconsistent with the terms of this Lease, including the right to commence an action against Tenant for the appointment of a receiver and to obtain possession of the Property under and in accordance with the terms of said Leasehold Mortgage; provided, however, that all obligations of Tenant hereunder are kept current, including, without limitation, the payment of sums owing under this Lease and curing of all defaults and Events of Default hereunder.

Section 2203 Notice to Landlord

Tenant shall require each Leasehold Mortgagee to give Landlord the right to receive notices of an event of default by Tenant under the applicable Leasehold Mortgage and the right to cure such default in the same period of time as is given to Tenant thereunder plus an additional 10 business days with respect to those defaults that are curable; provided, however, that during such ten business day period, Leasehold Mortgagee shall have the right to commence, but not complete its remedies on account of such default. If and to the extent Tenant fails to cure such default, and Landlord exercises its right to cure the same, then Tenant shall reimburse Landlord for all of Landlord's reasonable costs and expenses, including, without limitation, reasonable attorneys' fees. Landlord may record in the Official Records a request for notice of default.

Section 2204 Notice to Leasehold Mortgagee

Landlord, if requested by Leasehold Mortgagee, shall mail to Leasehold Mortgagee a duplicate copy of notices Landlord may from time to time give to or serve on Tenant, pursuant to or relating to this Lease. Tenant shall at all times keep Landlord informed in writing of the name and mailing address of such Leasehold Mortgagee and any changes in Leasehold Mortgagee's mailing address. Notices or other communications permitted by this or any other Section of this Lease, or by law, to be served on or given to Leasehold Mortgagee by Landlord, shall be deemed

duly served on or given to Leasehold Mortgagee by deposit in the United States mail, registered or certified, return receipt requested or by overnight courier, addressed to Leasehold Mortgagee at the last mailing address for Leasehold Mortgagee furnished in writing to Landlord by Tenant or Leasehold Mortgagee. The date of notice shall be the date marked on the return receipt.

Section 2205 Leasehold Mortgagee's Rights

Leasehold Mortgagee shall have the right, without further consent of Landlord, at any time during the Term to:

(a) Do any act or thing required of Tenant under this Lease, and such act or thing done and performed by Leasehold Mortgagee shall be as effective to prevent a forfeiture or loss of Tenant's rights under this Lease as if done by Tenant itself;

(b) Do any act or thing required of Tenant, and enforce the obligations of Tenant, under any regulatory agreement recorded against Tenant's leasehold estate in connection with the Leasehold Mortgage;

(c) Transfer, convey or assign the right, title and interest of Tenant in and to the leasehold estate created by this Lease to a purchaser at a foreclosure sale, whether the foreclosure is conducted pursuant to court order or pursuant to a power of sale contained in a Leasehold Mortgage; and

(d) Acquire and succeed to the right, title and interest of Tenant under this Lease by virtue of a foreclosure proceeding or deed in lieu of foreclosure, whether the foreclosure is conducted pursuant to a court order or pursuant to a power of sale contained in a Leasehold Mortgage, or by virtue of a transfer in lieu of foreclosure ("**Foreclosure**") and, following such Foreclosure, transfer, convey or assign the right, title and interest of Tenant in and to the leasehold estate granted by this Lease to a third party.

Section 2206 Obligations of Leasehold Mortgagee Upon Acquisition of Leasehold Estate

If the holder of a Leasehold Mortgage, or another party through a foreclosure sale, acquires the leasehold estate created hereunder or otherwise acquires possession of the Property and Improvements pursuant to available legal remedies, then Landlord shall look to such holder to perform the obligations of Tenant hereunder only from and after the date of foreclosure or possession and shall not hold such holder responsible for the past actions or inactions of Tenant. Notwithstanding the foregoing, (i) on and after the date of such foreclosure or possession, such holder shall be required to perform and abide by each and every obligation of Tenant under this Lease; provided, however, that Landlord and such holder shall negotiate in good faith changes to

the Schedule of Performance, Scope of Work and Method of Financing as may be necessary to make construction of the Improvements feasible and (ii) on and after the date of such foreclosure or possession, Landlord shall have the right to enforce each and every provision of this Lease against such holder. Nothing herein is intended or shall be construed to limit or restrict Landlord's rights and remedies against Tenant, provided that Landlord's pursuit of such remedies shall not affect the rights of the holder of a Leasehold Mortgage to the use, enjoyment or operation of the Property and Improvements.

Section 2207 No Modification or Termination of Lease Without Leasehold Mortgagee's Consent

The Parties hereby expressly stipulate and agree, that they shall not modify this Lease in any way nor cancel or terminate this Lease by mutual agreement, nor shall Tenant surrender its interest in this Lease, without the written consent of Leasehold Mortgagees. The Parties further agree that each shall not take advantage of any provisions of the United States Bankruptcy Code that would result in a termination of this Lease or make it unenforceable.

Section 2208 Right of Leasehold Mortgagee to Cure Default

Before Landlord may terminate this Lease because of a default under or breach of this Lease by Tenant, Landlord must (i) give written notice of the default or breach and (ii) give written notice of the failure of Tenant to cure the default or breach (the "**Second Default Notice**") to Leasehold Mortgagee concurrently with the transmittal of such notices to Tenant, and afford the Leasehold Mortgagee the opportunity to:

(a) Cure the breach or default (including payment of all accrued and delinquent Rent) at any time prior to the 60th day after service on Leasehold Mortgagee of the Second Default Notice, where the default can be cured by the payment of money to Landlord or another person;

(b) Cure the breach or default within 90 days after service on Leasehold Mortgagee of the Second Default Notice, where the breach or default must be cured by something other than the payment of money and can reasonably be cured within that time; or

(c) Cure the breach or default in such reasonable time as may be required where something other than the payment of money is required to cure the breach or default and cannot be reasonably cured within 90 days after service on Leasehold Mortgagee of the Second Default Notice, provided that acts to cure the breach or default are commenced within that time period after service of the Second Default Notice on Leasehold Mortgagee by Landlord and are thereafter diligently continued by Leasehold Mortgagee.

If, to complete the cure of the default or breach, Leasehold Mortgagee requires access to the Property and Project, the foregoing cure period shall not commence until Leasehold Mortgagee obtains possession of the property, provided that the Leasehold Mortgagee diligently seeks to obtain such possession by a foreclosure action or otherwise and diligently pursues such action all within the time periods set forth in Section 2302 below. If Leasehold Mortgagee completes the cure of the default or breach in a timely and proper manner, then Landlord shall accept the cure as fulfilling the terms of this Lease.

Section 2209 Foreclosure in Lieu of Curing Default

Notwithstanding any other provision of this Lease, a Leasehold Mortgagee may forestall termination of this Lease by Landlord for a default under or breach of this Lease by Tenant, by commencing proceedings to foreclose its Leasehold Mortgage, whether the foreclosure is conducted pursuant to a court order or pursuant to a power of sale contained in a Leasehold Mortgage, or by virtue of a transfer in lieu of foreclosure. Commencement of the foreclosure shall not, however, forestall termination of this Lease by Landlord for the default or breach by Tenant unless:

(a) It occurs within 60 days after service on Leasehold Mortgagee of the Second Default Notice;

(b) It is diligently pursued; and

(c) Leasehold Mortgagee keeps and performs all of the terms, covenants and conditions of this Lease (including the payment of Rent, including past due Rent, under this Lease) requiring the payment or expenditure of money by Tenant, accruing after commencement of the foreclosure, until the foreclosure is complete or is discharged by redemption, satisfaction, payment or conveyance of the leasehold estate to Leasehold Mortgagee.

Section 2210 Assignment of Lease Upon Foreclosure

Provided that a Leasehold Mortgagee gives written notice of transfer to Landlord setting forth the name and address of the transferee as well as the effective date of the transfer, the written consent of Landlord shall not be required for transfer of Tenant's right, title and interest under this Lease to:

(a) a purchaser, which may include the Leasehold Mortgagee, at a foreclosure sale of a Leasehold Mortgage, whether the foreclosure is conducted pursuant to court order or pursuant to a power of sale in the instrument creating the Leasehold Mortgage; or

(b) a purchaser from Leasehold Mortgagee after foreclosure, where Leasehold Mortgagee was the purchaser of Tenant's interest at the foreclosure sale of the Leasehold Mortgage, or acquired Tenant's interest by transfer in lieu of foreclosure. The purchase from the Leasehold Mortgagee shall be subject to all the terms and conditions of this Lease. The Leasehold Mortgagee, the purchaser at a foreclosure sale, or the purchaser from the Leasehold Mortgagee shall be subject to all the terms and conditions of this Lease except that (i) the time for performance of any unperformed acts required by Article VI of this Lease shall be extended for a period equal to the delay in performance of the act caused by Tenant's inability or failure to perform the act and the time required to transfer this Lease to the purchaser at a foreclosure sale and/or to the purchaser from Leasehold Mortgagee, (ii) the performance of acts required by this Lease that have already been performed and purchaser's liability for acts or inactions of the original Tenant shall be excused; provided, however, that on and after the date of such possession, (A) the purchaser shall be obligated to bring the management and maintenance of the Project into compliance with the Agreement Containing Covenants and (B) Landlord shall have the right to enforce each and every provision of this Lease against such purchaser with respect to matters arising or continuing after such date of possession and (iii) Leasehold Mortgagee shall be able to absolutely assign or transfer this Lease regardless of the date of the assignment and any purchaser, assignee or transferee of this Lease from Leasehold Mortgagee shall be able to assign this Lease without the approval or consent of Landlord regardless of the date of the assignment.

Section 2211 New Lease to Leasehold Mortgagee

Notwithstanding any other provision of this Lease, if this Lease terminates because of a default which cannot be cured by Leasehold Mortgagee, including, without limitation, the insolvency or bankruptcy of Tenant, then Landlord shall, within 30 days after the request set forth in Subsection (a) below is received, execute and deliver a new Lease for the Property and Project to the Leasehold Mortgagee, provided that:

(a) A written request for the new Lease is served on Landlord by Leasehold Mortgagee within 60 days after service on Leasehold Mortgagee of notice that this Lease has terminated and Landlord agrees to give Leasehold Mortgagee notice of such termination.

(b) The new Lease (i) is for a term ending on the same date the term of this Lease would have ended had not this Lease been terminated and (ii) contains the same covenants, conditions and provisions as are contained in this Lease, except that the Leasehold Mortgagee shall be able to absolutely assign or transfer the new Lease regardless of the date of the assignment and a purchaser, assignee or transferee of this Lease from Leasehold Mortgagee shall be able to assign or transfer this Lease without the approval or consent of Landlord regardless of the date of the assignment.

(c) After termination of this Lease but before the expiration of the period within which Leasehold Mortgagee has to request and receive a new Lease, Landlord shall not terminate existing subleases under which sublessee is not in default, or enter into new subleases for the Property or Project, and Landlord shall account to Leasehold Mortgagee for all subtenant rents during such period.

(d) The new Lease shall be subject to all existing subleases under which each such sublessee is not in default and shall be assignable by Leasehold Mortgagee without further approval or consent by Landlord provided the conditions of this Section are satisfied.

(e) The new Lease shall:

(i) Extend the time for performance of unperformed acts required by Article VI of this Lease for a period equal to the delay in performance of the act caused by Tenant's inability or failure to perform the act, and the time required to terminate this Lease, execute a new Lease to Leasehold Mortgagee, and Leasehold Mortgagee's timely assignment of such new Lease; and

(ii) Excuse the performance of an act required by Article VI of this Lease that has already been performed and excuse the new Tenant from acts or inactions of the original Tenant; provided, however, that on and after the date of such possession, (i) the new Tenant shall be obligated to bring the management and maintenance of the Project into compliance with the Agreement Containing Covenants and (ii) Landlord shall have the right to enforce each and every provision of the new Lease with respect to matters arising or continuing after the date of the new Lease, including, without limitation, to Article VI , against the new Tenant and provided further, that Leasehold Mortgagee and Leasehold Mortgagee's assignee as Tenant under the new Lease, shall be liable for removal or bonding of all mechanic's liens, stop notices, materialmen's liens, or any liens for goods, labor, material, services or work manufactured for, delivered to, or performed on, the Property.

(f) The new Lease and the Leasehold Mortgage shall have the same priority as the original Lease and the Leasehold Mortgage on the original Lease, and intervening liens shall not have priority over the new Lease or Leasehold Mortgage.

(g) Leasehold Mortgagee, on execution of the new Lease, shall pay to Landlord all of Landlord's reasonable costs and expenses, including reasonable attorneys' fees and court costs incurred in terminating this Lease, recovering possession of the Property and Project from Tenant, and preparing the new Lease.

Section 2212 No Merger of Estates

During the existence of any Leasehold Mortgage, if the same person or entity holds the leasehold estate created by this Lease and Landlord's reversionary interest or fee interest in the Property, then such estates shall remain separate and there shall be no merger without the consent of each Leasehold Mortgagee.

Section 2213 Amendments for Benefit of Leasehold Mortgagee

The Parties shall cooperate in including in this Lease, by suitable amendment from time to time, provisions which may reasonably be requested by a Leasehold Mortgagee or proposed Leasehold Mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Article and allowing such Leasehold Mortgagee reasonable means to protect or preserve its Leasehold Mortgage on the occurrence of a default under the terms of this Lease; provided, however, that such amendment shall not have a material adverse effect on Landlord's rights or obligations under this Lease. The Parties each agree to execute and deliver (and to acknowledge, if necessary for recording purposes) any agreement necessary to effect such amendment.

Section 2214 Restriction on Landlord's Right to Encumber its Interest

Landlord shall not mortgage, hypothecate, pledge or encumber its interest in the Property or any part thereof without the prior written consent of the holder of a Leasehold Mortgage that is senior in priority to Landlord's Leasehold Mortgage ("**Senior Leasehold Mortgage**") (if any), unless there is an express recognition of Tenant's rights under this Lease and subordination of the new lender's lien on Landlord's interest in the Property to this Lease, which subordination shall be in a form acceptable to Tenant and the holder of such Senior Leasehold Mortgage.

Section 2215 Restriction on Subordination of Tenant's Interest

Any subordination or attempted subordination of this Lease by Tenant to a mortgage, deed of trust, encumbrance or other security interest in Landlord's interest in the Property or any part thereof shall be void *ab initio* and shall have no force or effect unless first agreed to in writing by the holder of a Senior Leasehold Mortgage.

Section 2216 Multiple Leasehold Mortgages

Where there is a right herein to be exercised by a Leasehold Mortgagee and there exists more than one Leasehold Mortgage, the right may be exercised in the order of priority of each Leasehold Mortgage.

Article XXIII **EVENTS OF DEFAULT**

The occurrence of one or more of the events described below shall constitute a material default and a breach of this Lease, entitling Landlord to terminate this Lease prior to the expiration of the Term.

Section 2301 Events of Default

The following shall constitute an "**Event of Default**" by Tenant:

(a) Subject to Force Majeure Delays and other provisions of this Lease that may modify the provisions hereof, failure by Tenant to commence or to complete construction of the Improvements according to the scheduled time periods set forth in the Schedule of Performance, and in accordance with the drawings (if any) delivered to Landlord and the Scope of Work.

(b) After Tenant commences construction of the Improvements on the Property, Tenant's abandonment of the Project for a period of 30 days or more.

(c) Tenant's failure to perform or to comply with the covenants, conditions and obligations set forth in this Lease.

(d) Except as expressly permitted in this Lease, an attempted or purported Transfer, without the prior written consent of Landlord.

(e) The sale of Tenant's interest in the Property or any portion thereof, under attachment, execution or similar legal process, or Tenant is adjudicated as bankrupt or insolvent, or an order for relief is entered against Tenant under Federal Bankruptcy Code, and such adjudication or order is not vacated within 10 days.

(f) The commencement of a case under any chapter of the Federal Bankruptcy Code, by or against Tenant or any guarantor of Tenant's obligations hereunder, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant or any guarantor of Tenant's obligations hereunder as bankrupt or insolvent, unless the same is dismissed within 90 days.

(g) The appointment of a receiver or trustee for the business or property of Tenant (except by a Leasehold Mortgagee) or any guarantor of Tenant's obligations hereunder, unless such appointment is vacated within 10 days of its entry.

(h) The discovery by Landlord that any financial statement or other material financial information delivered by Tenant to Landlord is materially false.

(i) The occurrence of any other event described as constituting an "Event of Default" elsewhere in this Lease that is not cured within the time provided for herein.

Section 2302 Procedures for Declaring an Event of Default

(a) Landlord shall give written notice of default to Tenant, specifying the default complained of. Failure or delay in giving such notice shall not constitute waiver of a default, nor shall it change the time of default. Except as otherwise expressly provided in this Lease, failures or delays by Landlord in asserting any of its rights and remedies as to a default shall not operate as waiver of the default or of such rights or remedies. Delays by Landlord in asserting any of its rights and remedies shall not deprive Landlord of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce such rights or remedies.

(b) If a monetary event of default occurs, prior to exercising its remedies hereunder, then Landlord shall give Tenant written notice of such default. Tenant shall have 10 days after such notice is given within which to cure the default, prior to Landlord's exercise of remedies.

(c) If a non-monetary event of default occurs, then prior to exercising any remedies hereunder, Landlord shall give Tenant notice of such default. If the default is reasonably capable of being cured within 30 calendar days after such notice is received or deemed received, Tenant shall have such period to effect a cure prior to exercise of remedies by Landlord. If the default is such that it is not reasonably capable of being cured within 30 days, and Tenant (i) initiates corrective action within said period and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Tenant shall have such additional time as is reasonably necessary in order to cure the default prior to exercise of any remedies by Landlord, but in no event shall such period exceed 60 days from the date such notice is received or deemed received. In no event shall Landlord be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Article XXIV **REMEDIES**

Upon, or at any time after, the declaration of an Event of Default, and if permitted hereunder, the following remedies shall apply.

Section 2401 Right of Termination

Landlord shall have the right to terminate this Lease and Tenant's right to possession of the Property by giving notice of such termination to Tenant. Upon the date of the giving of such notice (or, if such notice specifies a later date for such termination, then upon such later date), this Lease and Tenant's right to possession hereunder and all of Tenant's right, title and interest hereunder, in and to the Property and Improvements, shall expire and terminate on such date.

Landlord shall be entitled to recover from Tenant all damages proximately caused by such default. In the event of termination of this Lease, Landlord shall have the option of assuming the existing master tenancies and sub-tenancies, if any.

Section 2402 Transfer of Interest Upon Termination

If Landlord terminates this Lease as provided above, then all of the right, title, estate and interest of Tenant in and to the following shall automatically pass to, and vest in, and belong to Landlord, without further action on the part of either Party: (i) the Property including, without limitation, the land, the Improvements, and any alterations thereto, (ii) all unaccrued rents, income, receipts, revenues, issues, and profits issuing from the Property or any part thereof and (iii) all insurance policies and all proceeds thereof. Although not required to effectuate the automatic termination of Tenant's interest in the Property, Tenant agrees that upon Landlord's termination of this Lease, Tenant shall execute any document, including a quitclaim deed, and perform any act reasonably necessary to evidence the termination of its interest in the Property.

Section 2403 Damages

Subject to the limited recourse provisions of Section 2406 below, if either Party defaults with regard to any of the provisions of this Lease, then subject to the notice and cure provisions of Section 2302 , the defaulting Party shall be liable to the non-defaulting Party for damages caused by such default, and the non-defaulting Party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting Party with respect to such default.

Section 2404 Specific Performance

If either Party defaults with regard to any of the provisions of this Lease, then subject to the notice and cure provisions of Section 2302 , the non-defaulting Party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Lease pertaining to such default.

Section 2405 Cumulative Remedies

Landlord shall have the right to pursue, in addition to the remedies expressly enumerated herein, any remedy now or hereafter available under state or federal laws, including a proceeding to compel specific performance by Tenant. No remedy or election by either Party hereunder shall be deemed exclusive, but shall, wherever possible, be cumulative with all other remedies available at law or in equity.

Section 2406 Limited Recourse

Each obligation of Tenant under this Lease is a nonrecourse obligation of Tenant. Neither Tenant nor any other party shall have any personal liability for payment of obligations to Landlord.

Notwithstanding the foregoing, Landlord may recover directly from Tenant or any other party:

(a) any damages, costs and expenses incurred by Landlord as a result of fraud or any criminal act or acts of Tenant or any shareholder, officer, director or employee of Tenant;

(b) any damages, costs and expenses incurred by Landlord as a result of any misappropriation of funds provided for the rehabilitation of the Improvements, rents and revenues from the operation of the Improvements or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Tenant pursuant to the indemnification regarding Hazardous Substances given in this Lease; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Landlord shall pay Tenant's reasonable court costs and attorneys' fees if Tenant is the prevailing party in any such enforcement or collection action).

Article XXV **INTEREST ON PAST DUE OBLIGATIONS**

Except as expressly provided herein, amounts due to either Party, not paid when due, after the expiration of the permitted period to cure hereunder, shall bear interest at the maximum rate then allowable by law, from the due date. Payment of such interest shall not excuse or cure a default under this Lease.

Article XXVI **NOTICES**

All notices, demands, and requests for approval to be given under this Lease shall be given in writing, and shall be deemed served when delivered personally, or shall be deemed served 72 hours after the deposit thereof in the United States mail, postage prepaid, registered or certified mail, addressed as hereinafter provided.

To Landlord:	HOUSING AUTHORITY OF THE CITY OF PALMDALE 38250 Sierra Highway Palmdale, CA 93550-4611 Attn: Senior Housing Coordinator
With a copy to:	KANE, BALLMER & BERKMAN 515 S. Figueroa Street, Suite 780 Los Angeles, CA 90071 Attention: Todd C. Mooney
To Tenant:	Victory Outreach 37419 25th Street East Palmdale, CA 93550

Article XXVII **ESTOPPEL CERTIFICATE**

Each Party shall, at any time, and upon not less than 10 days' prior written notice from the other Party, execute, acknowledge and deliver to the requesting Party a statement in writing: (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification, and certifying that this Lease, as so modified, is in full force and effect) and (ii) acknowledging that there are not, to such Party's knowledge, any uncured defaults hereunder, or specifying such defaults, if any, as are claimed. Any such statement may be conclusively relied upon by a prospective purchaser or encumbrancer of the Property.

Article XXVIII **SURRENDER**

Section 2801 Surrender

Tenant shall, on the last day of the Term or upon any earlier termination of this Lease, peaceably and quietly surrender and yield immediate possession of the entire Property, including the Improvements thereon, to Landlord. Tenant shall not remove from the Property any appurtenant fixtures attached or used in connection with the operation of the Improvements and necessary for the proper operation thereof. All such fixtures and all operating manuals necessary for the operation of the Improvements shall be surrendered and delivered to Landlord upon expiration or termination of this Lease.

Section 2802 Title to Improvements

The Parties agree that upon expiration of the Term, or upon an earlier termination of this Lease, title to and ownership of all Improvements shall automatically vest in Landlord without the

execution of any further instrument and without any payment by Landlord therefor. Tenant shall, at Landlord's request and without payment therefor, promptly execute, acknowledge and deliver to Landlord a quitclaim deed in recordable form conveying and transferring to Landlord all right, title and interest of Tenant in and to the leasehold interest and the Improvements.

Section 2803 Removal of Personal Property

On the last day of the Term or upon an earlier termination of this Lease, Tenant shall remove all of its personal property not required to be surrendered. Personal property not removed by Tenant upon the last day of the Term or upon an earlier termination of this Lease shall be deemed abandoned, and may be appropriated, sold, destroyed, or otherwise disposed of by Landlord following 10 days' prior written notice to Tenant. Tenant shall pay to Landlord all reasonable costs and expenses incurred in receiving, storing or disposing of same and for restoring any damage to the Property caused by such personal property or the removal thereof from the Property.

Section 2804 Holdover

If Tenant fails to surrender possession of the Property, or any part thereof, at the expiration of the Term or upon an earlier termination of this Lease, then the continuance in possession of Tenant shall constitute a "holding over" by Tenant on a month-to-month basis for which Tenant is and shall be liable to pay rent at fair market value as such rent is determined by Landlord in its sole and absolute discretion. A holding over by Tenant after the expiration or earlier termination of this Lease shall not constitute a renewal or extension of the Term.

Article XXIX **NO CONFLICT OF INTEREST, WARRANTY**

Section 2901 No Conflict of Interest

Each Party covenants that neither they, nor any of their agents or employees who presently exercise any function or responsibility in connection with this Lease, have or shall have, or shall acquire, any financial interest which constitutes a conflict of interest under applicable City, state or federal laws, ordinances, rules and regulations, including the Political Reform Act of 1974 (California Government Code Sections 81000 *et seq.*), as it may be amended from time to time. No member, officer, or employee of either Party or the governing body of the locality in which the Project is situated, nor any member of the governing body of the locality in which Tenant was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the Project, during his or her tenure or for two years thereafter, shall have any interest, direct or indirect, in this Lease or the proceeds thereof.

Section 2902 Warranty Against Speculation

Tenant hereby represents and warrants that this Lease, the rehabilitation of the Improvements, and its other undertakings pursuant hereto shall be used exclusively for the purpose of providing affordable housing for Very Low Income tenants (in addition to one manager's unit), and not for speculation in land holding. Tenant further recognizes:

(a) The importance of the rehabilitation of the Project to the general welfare of the community;

(b) The substantial financing and other public aids that have been made available by law and by Landlord for the purpose of making such rehabilitation possible;

(c) The fact that a change in ownership or control of Tenant or of a part thereof, or any other act or transaction involving or resulting in a change in ownership, or with respect to the identity of the parties in control of Tenant or the degrees thereof, is for practical purposes a transfer or disposition of the Property and Improvements, except as to Permitted Transfers set forth in the Agreement;

(d) The Property is not to be acquired or used for speculation, but only for rehabilitation and operation by Tenant in accordance with the terms of the Agreement and this Lease.

The qualifications and identity of Tenant, and its principals, are of particular concern to the community and Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into this Lease with Tenant.

Article XXX **ADDITIONAL PROVISIONS**

Section 3001 Time of Essence

Except as otherwise specifically provided in this Lease, time is of the essence in connection with each and every provision contained herein.

Section 3002 Waiver

No waiver by either Party of any provision hereof shall be deemed to be a waiver of any other provision hereof, or of any subsequent breach of the same or any other provision. No Party's consent to, or approval of, any act shall be deemed to render unnecessary the obtaining of such Party's consent to or approval of any subsequent act. The acceptance of any payment hereunder shall not be a waiver of any preceding breach of any provision hereof, other than the failure to

make such payment itself, regardless of such Party's knowledge of the preceding breach at the time of acceptance of such payment.

Section 3003 Costs of Litigation

If legal action is necessary to enforce a provision hereof, or for damages by reason of an alleged breach of a provision of this Lease, then the prevailing party shall be entitled to receive from the losing Party all costs and expenses, and such amount as the court may adjudge to be reasonable attorneys' fees for the costs incurred by the prevailing party in such action or proceeding.

Section 3004 Institution of Legal Actions

Subject to the notice and cure provisions of Section 2302 above and the limited recourse provisions of Section 2406 above, in addition to any other rights or remedies (and except as otherwise provided in this Lease), either Party may institute legal action to cure, correct or remedy a default, to recover damages for a default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that County, or in the United States District Court for the Central District of California.

Section 3005 Applicable Law

The internal laws of the State of California shall govern the interpretation and enforcement of this Lease, without reference to the principles governing conflicts of law.

Section 3006 Acceptance of Service of Process

(a) If a legal action is commenced by Tenant against Landlord, then service of process on Landlord shall be made by personal service upon Landlord's Executive Director or in such other manner as may be provided by law.

(b) If a legal action is commenced by Landlord against Tenant, then service of process on Tenant shall be made by personal service upon Tenant (or upon an officer of Tenant) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 3007 Relationship of Parties

Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association the Parties, other than that of landlord and tenant.

Section 3008 Counterparts

This Lease may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same instrument.

Section 3009 Captions for Convenience

The captions herein are for convenience and reference only and are not a part of this Lease, and do not in any way limit, define, or amplify the terms and provisions hereof.

Section 3010 Entire Agreement

This Lease represents the full and complete understanding of every kind or nature whatsoever between the Parties, in connection with the lease of the Property, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof.

Section 3011 Construction

The Parties agree that each Party and its counsel have reviewed this Lease, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Lease, or any amendments or exhibits hereto.

Section 3012 Tenant's Payment of Property Taxes

To the extent required by California Health and Safety Code Section 33673, but subject to Tenant's rights to claim exemptions under California Revenue and Taxation Code Section 214, Tenant shall pay real property taxes upon the entire assessed value of the Property and not merely the assessed value of its leasehold interest in the Property.

Section 3013 Recording of Memorandum of Lease

A Memorandum of Lease shall be recorded in the Official Records upon commencement of this Lease.

Section 3014 Severability

If any provision of this Lease is adjudged invalid or unenforceable by a court of competent jurisdiction, then the remaining provisions of this Lease shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

Section 3015 Binding Effect

This Lease, and the terms, provisions, promises, covenants, and conditions hereof, shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first set forth above.

"LANDLORD"
HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By:_____
J.J. Murphy, ICMA-CM
Executive Director
Date: _____

ATTEST:

By: _____
Shanae Smith
Authority Secretary

APPROVED AS TO FORM:

By:_____
Christopher Beck
Authority Counsel

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Todd C. Mooney

"TENANT"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

EXHIBIT B

SITE MAP

[behind this page]

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach
APN: 3008-013-903

Agreement No. A-7358

MEMORANDUM OF LEASE BY AND BETWEEN HOUSING AUTHORITY OF THE CITY OF PALMDALE AND VICTORY OUTREACH

THIS MEMORANDUM OF LEASE (this "**Memorandum**"), dated as of _____, 2021, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Landlord**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant have entered into that certain Ground Lease dated as of _____, 2021 (the "**Lease**") pursuant to which Landlord leased to Tenant and Tenant leased from Landlord certain real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "**Property**").

B. Landlord and Tenant desire to execute this Memorandum in order to provide constructive notice of the Lease to third parties.

OPERATIVE PROVISIONS

1. Lease Commencement and Term. Landlord has leased the Property to Tenant for a term commencing on _____, 2021 and continuing thereafter until the 55th anniversary of the date this Memorandum is recorded in the official records of Los Angeles County, California.

2. Lease Terms. The terms and provisions of the Lease are hereby incorporated into this Memorandum by this reference.

3. Leasehold Deeds of Trust. Provisions for leasehold mortgages are contained in the Lease.

4. Assignment. Tenant's rights under the Lease may not be assigned except in compliance with the terms of the Lease.

5. Successors and Assigns. This Memorandum and the Lease bind and inure to the benefit of the parties thereto and their respective, permitted heirs, successors in interest, and assigns, subject, however, to the terms of the Lease concerning assignment. The provisions of this Memorandum are solely for the purpose of providing notice of the Lease and, in the event of any conflict between the provisions of this Memorandum and the provisions of the Lease, the provisions of the Lease shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first set forth above.

"LANDLORD"
HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By:_____
J.J. Murphy, ICMA-CM
Executive Director
Date: _____

ATTEST:

By: _____
Shanae Smith
Authority Secretary

APPROVED AS TO FORM:

By:_____
Christopher Beck
Authority Counsel

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Todd C. Mooney

"TENANT"
VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

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

State of California)
County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

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

State of California)
County of _____)

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

METHOD OF FINANCING

This is the Method of Financing attached to the Affordable Housing Agreement (the "**Agreement**") dated as of February 2, 2021, by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), and VICTORY OUTREACH-PALMDALE, a California nonprofit corporation ("**Developer**"), relating to Developer's rehabilitation of a four-unit apartment building, to be used exclusively to provide one manager's unit and three residential units to be operated as rental housing that is affordable to Very Low Income households at an Affordable Rent, subject to all of the terms and conditions of the Authority Loan Documents.

The Project shall be financed by a combination of the Authority Loan (which shall consist of the Authority Acquisition Loan and the Authority Rehabilitation Loan) and Developer funds, as needed. Developer may utilize other financing sources approved by the Authority Executive Director, so long as such alternative financing does not result in increased costs to Authority or City.

The Authority Loan in the total principal amount of $665,000 consists of the Authority Acquisition Loan in the principal amount of $455,000, and the Authority Rehabilitation Loan in an amount not to exceed $210,000 (including contingency). The Authority Rehabilitation Loan shall be funded during the performance of the rehabilitation work and shall convert to permanent financing at Completion. The Authority Loan shall be repaid according to the terms and conditions of the Authority Note.

1. **Definitions**. Any capitalized term not otherwise defined herein has the meaning ascribed to such term in the Agreement.

2. **Total Costs**. The Parties estimate that the total Project Costs, including, without limitation, acquisition and rehabilitation, shall be approximately $665,000. Developer shall be responsible to provide funds if and as needed to pay for cost overruns and contingencies not funded by the Authority Loan.

3. **Project Budget**. The Parties anticipate that all Project Costs shall be as set forth in the Project Budget. The Project Budget shall be subject to change from time to time, subject to the prior written approval of the Authority Executive Director or designee (which approval shall not be unreasonably withheld) and subject to and conditioned on such further review and approval by the Authority Board as is needed to satisfy applicable law and Authority policies and procedures, upon which approval the Project Budget shall be replaced by the approved revised Project Budget. Developer shall demonstrate, to the satisfaction of the Authority Executive Director, that all Developer funds shall be available for payment of Development Costs when and as required by this Method of Financing.

4. **Authority Loan**.

(a) The Authority Acquisition Loan represents Authority's carry back of Developer's prepayment of the Ground Lease over its term, in the amount of $455,000 ("**Lease Prepayment**"). The Lease Prepayment is included in the principal amount of the Authority Loan, which shall be repaid to Authority pursuant to the terms of the Authority Note.

(b) In accordance with and subject to the terms and conditions of the Agreement and this Method of Financing, Authority agrees to make the Authority Loan of $665,000, including the Authority Rehabilitation Loan of $210,000 (including contingency), to Developer, and Developer agrees to borrow such funds for the payment of Project Costs.

(c) Developer hereby acknowledges that the Authority Loan is a "gap" loan in an amount not to exceed the Project Costs set forth in the Project Budget less other available financing. If at any time Developer obtains additional financial assistance, then Developer shall promptly notify Authority. Authority shall determine if such additional assistance would result in an over-subsidy of the Project, in which case, the Parties shall mutually agree upon appropriate procedures for reducing the Authority Loan to eliminate the over-subsidy.

(d) The Authority Loan shall be used exclusively to pay Project Costs identified in the Project Budget.

(e) At the Closing for the Project, the Parties shall execute and deliver such instruments and documents as may be necessary to evidence and secure the Authority Loan consistent with the terms of the Agreement and this Method of Financing, and in a form that is acceptable to the Authority Executive Director or designee, including the following instruments:

(1) the Agreement Containing Covenants;

(2) the Notice of Affordability Restrictions;

(3) the Authority Note;

(4) the Authority Deed of Trust;

(5) the Assignment of Rents and Leases;

(6) the Assignment of Agreements (if applicable);

(7) the Environmental Indemnity;

(8) the UCC1 Financing Statement;

(9) the Ground Lease; and

(10) the Memorandum of Lease.

5. **Recordation**. Upon the Closing, the Title Company shall record the Authority Loan Documents in accordance with instructions provided by Authority and shall be prepared to issue to Authority an ALTA lender's policy of title insurance, insuring the priority of the Authority Deed of Trust as a lien on the Property, in amounts and with endorsements as Authority may determine is appropriate.

6. **Disbursement of Authority Loan**.

(a) The Authority Acquisition Loan shall be deemed disbursed at the Closing.

(b) The Authority Rehabilitation Loan shall be disbursed based on vouchers for actual expenses incurred or paid. Requests for payment must be submitted on forms specified by Authority, with adequate and proper documentation of eligible costs incurred. The Authority Rehabilitation Loan shall be disbursed pursuant to a detailed schedule approved in writing by the Authority Executive Director or designee, and based upon Authority's receipt of contractor invoices and other information and documentation (*e.g.*, lien releases) requested or required by Authority. Authority shall have the right to condition any disbursement upon receipt and approval of such documentation, evidence or information that it may request, including, without limitation, vouchers, invoices and architect's (if any), inspector's and/or engineer's periodic certifications of the percentage and/or stage of rehabilitation that has been completed.

(c) Disbursements upon applications for payment shall be subject to a 10% retention. Authority shall have the right in its sole discretion to make disbursements of funds directly to third parties entitled to such payment. Developer shall submit a final invoice upon Completion. Final payment, including retention previously withheld, shall be made after Authority has determined that Developer has submitted all documentation of the final cost of completing the Project, and proof of Completion of the Project.

(d) Prior to issuance of the Release of Construction Covenants for the Property, Developer shall be required to establish a replacement reserve fund (the "**Replacement Reserve**") in order to provide adequate cash supplements to replace medium and/or long-term capital improvements with respect to the Property. The Replacement Reserve shall be initially funded with any remaining contingency funds if and as set forth in the approved Project Budget.

(e) Authority shall have the right to review and audit all records of Developer pertaining to any payment by Authority. Said records must be maintained for a period of five years after Completion.

7. **Repayment Terms**. The repayment terms of the Authority Loan are set forth in the form of Authority Note.

8. **Conditions Precedent to Closing**.

(a) The Closing is conditioned upon each of the following occurring to the satisfaction of the Authority Executive Director prior to the time for the Closing set forth in the Schedule of Performance:

(i) Developer submits evidence that the final working drawings (if any) have been approved by City, and, to the extent required by the Agreement, the Authority Executive Director or designee;

(ii) Unless performing the rehabilitation work itself, Developer submits a copy of the fully executed contract with a licensed contractor approved by the Authority Executive Director or designee, covering all rehabilitation work required by the Agreement and the approved final working drawings (if any);

(iii) Developer submits a final Project Budget, current as of the Closing, demonstrating to the satisfaction of the Authority Executive Director or designee the availability of sufficient funds to pay all Project Costs;

(iv) Developer submits evidence of the insurance policies and endorsements required by the Agreement;

(v) Developer submits evidence satisfactory to the Authority Executive Director or designee that Developer has satisfied all conditions precedent to the issuance of all permits necessary for the rehabilitation of the Project, other than payment of fees (provided that funds have been budgeted therefor in the Project Budget);

(vi) Developer submits an estimated draw schedule for the Authority Loan consistent with the Scope of Work and Schedule of Performance;

(vii) Developer submits for Authority review and approval the Maintenance Program, as required by the Agreement;

(viii) Developer submits for Authority review and approval the Annual Operating Budget, as required by the Agreement;

(ix) Developer submits for Authority review and approval the Management Plan, as required by the Agreement;

(x) Developer submits for Authority review and approval a Proposed Use of Residual Receipts Plan describing the community outreach programs to be provided to the Project;

(xi) Title Company is prepared to issue the Title Insurance Policies;

(xii) Developer duly executes and delivers to Authority or into escrow the Authority Loan Documents; and

(xiii) The Authority Executive Director determines that Developer is not in default of its obligations to Authority under the Agreement.

Notwithstanding the foregoing, Authority, in the sole discretion of the Authority Executive Director, may waive any of the foregoing conditions precedent to the Closing. A waiver of any of the foregoing conditions shall not operate in any way as a waiver, or estoppel with respect to, any subsequent or other failure to comply with such condition, or any other condition contained in this Method of Financing, the Agreement or any of the Authority Loan Documents.

Recording Requested by
and When Recorded Return to:

City Clerk, City of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording
(Cal. Govt. Code §27383)

Victory Outreach Agreement No. A-7358
APN: 3008-013-903

Notice of Affordability Restrictions on Transfer of Property

NOTICE IS HEREBY GIVEN that pursuant to California Health and Safety Code Section 33334.3(f), the Housing Authority of the City of Palmdale, a public body corporate and politic, is recording this Notice of Affordability Restrictions on Transfer of Property (this "**Notice**") with regard to the property located at 507 East Avenue Q4, Palmdale, California and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "**Property**").

The Property is subject to the Agreement Containing Covenants (the "**Covenants**") recorded concurrently herewith, which restricts the use of the Property as follows:

> Three residential units (not including the manager's unit) shall be rented exclusively to Very Low Income tenants at an Affordable Rent as provided in California Health and Safety Code Section 50053. For two of the three affordable units, preference shall be given to military-related personnel (*e.g.,* veterans, National Guard, reserve, active duty) in good status (*i.e.,* honorably discharged or Veterans Affairs Supportive Housing (VASH) -eligible), and their families. The maximum incomes of eligible Very Low Income tenants shall be determined on the basis of the applicable income limits for Los Angeles

County, published approximately annually by the California Department of Housing and Community Development.

The affordability restrictions imposed on the Property by the Covenants are scheduled to expire on the date that is 55 years after the recordation of this Notice. This Notice is recorded for the purpose of providing notice only and it in no way modifies the provisions of the Covenants. This Notice may be executed in any number of counterparts, each of which, when so executed and delivered, will be an original, but all of which together shall constitute but one and the same instrument.

HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic

By:_____
J.J. Murphy, ICMA-CM
Executive Director
Date: _____

ATTEST:

By: _____
Shanae Smith
Authority Secretary

APPROVED AS TO FORM:

By:_____
Christopher Beck
Authority Counsel

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Todd C. Mooney

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

State of California)
County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

CONSENT TO RECORDATION

The undersigned, owner of the leasehold interest in real property legally described in Exhibit A, hereby consents to the recordation of this Notice against the Property.

VICTORY OUTREACH-PALMDALE, a California nonprofit corporation

By: _____
Michael Gonzalez
President
Date: _____

ATTEST:

By: _____
Christina Gonzalez
Secretary

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State of California)
County of _____)

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WITNESS my hand and official seal.

Signature _____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 240, OF TRACT NO. 14561, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 410, PAGES 23 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 3008-013-903

ATTACHMENT NO. 13

PROJECT BUDGET

Sources

Authority Acquisition Loan	$455,000
Authority Rehabilitation Loan	$206,754
Authority Rehabilitation Loan Contingency	$3,246
Total	$665,000

Uses

Property Acquisition Costs	$455,000
Rehabilitation Costs	$206,754
Rehabilitation Contingency (and Operations or Replacement/Repair Reserve, if funds remaining)	$3,246
Total	$665,000

No payment shall be issued to Developer prior to Authority's inspection and acceptance of the work performed and the approval of Developer's submittal of a request for payment. All requests for payment shall have supporting documentation including before and after pictures of all work and copies of certified payroll sheets. Authority's acceptance of each payment request shall be subject to withholding of a 10% retention, which shall be released after 30 days to Developer upon Authority's approval.

ATTACHMENT NO. 14

SCHEDULE OF PERFORMANCE

1.	Execution of Affordable Housing Agreement by Authority. The Authority Executive Director shall execute and deliver the Agreement to Developer.	As soon as feasible after submission of executed Agreement by Developer.
2.	Signed General Contract. Unless performing the rehabilitation work itself, Developer shall have entered into a contract with a reputable and licensed general contractor, approved by Authority.	Not later than the scheduled date of the Closing.
3.	Submittal – Form of Unit Lease. Developer shall have submitted to Authority for review and approval the form of the proposed unit lease or occupancy agreement.	Not later than 30 days prior to the scheduled date of the Closing.
4.	Submittal of Management and Maintenance Plan. Developer shall have submitted to Authority for review and approval a proposed management and maintenance plan for the Project in conformity with the management and maintenance requirements of the Agreement.	Not later than 30 days prior to the scheduled date of the Closing.
5.	Closing. All conditions precedent to the Closing shall have been satisfied.	Not later than March 1, 2021.
6.	Commencement of Rehabilitation Work. All conditions precedent to the start of construction shall be satisfied, and Developer shall start rehabilitation of the Improvements.	Not later than one week after Authority's conveyance of the Property to Developer.
7.	Completion of Rehabilitation Work. Developer shall have completed rehabilitation of the Improvements in accordance with the Scope of Work and the Agreement.	Not later than June 1, 2021.

8.	Submittal-Tenant Selection and Eligibility Plan. Developer shall prepare and submit for approval the proposed tenant selection and eligibility plan for the Project.	At least three months prior to occupancy of the Project.
9.	Lease-Up. Developer shall have achieved lease-up of all of the units in the Project.	Not later than one month after Completion of rehabilitation.

NOTES:

1. Deadlines set forth in this Schedule of Performance are subject to the enforced delay provisions of Section 604 of the Agreement.

2. Extensions may be approved in writing pursuant to Section 307 of the Agreement.

3. Descriptions of items of performance and deadlines in this Schedule of Performance are not intended to supersede more complete descriptions in the text of the Agreement; and in the event of any conflict between the text of the Agreement and this Schedule of Performance, the text of the Agreement shall govern.

ATTACHMENT NO. 15

SCOPE OF WORK

The Improvements to be rehabilitated consist of a two-story residential apartment building containing four two-bedroom rental units with one-car carport parking space per unit, and all ancillary and related improvements for the Property. Rehabilitation shall include, without limitation: replacing air conditioning units, installing new water heaters, repairing walls, installing new flooring, replacing windows and screens, repairing the roof, painting the interior and exterior, landscaping and installing energy efficient light fixtures. The plans and specifications of the Project shall be subject to Authority's approval.

The rehabilitation shall be carried out in compliance with all applicable permits, building codes and standards in effect in Palmdale, California. Developer shall be responsible for the costs of complying with all permit, building codes and standards, and fee requirements of City.

Upon completion of the rehabilitation, Developer shall use the Property exclusively to provide one manager's unit and three residential units to be operated as rental housing that is affordable to Very Low Income households at an Affordable Rent, subject to all of the terms and conditions of the Authority Loan Documents.

MINUTES
CITY COUNCIL/SUCCESSOR AGENCY/HOUSING AUTHORITY
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
DECEMBER 15, 2020

www.cityofpalmdale.org

1) CALL TO ORDER 5:00 P.M. CLOSED SESSION SPECIAL MEETING.

Mayor Hofbauer called the meeting to order at 5:00 p.m.

2) ROLL CALL: MAYOR HOFBAUER, MAYOR PRO TEM LOA, COUNCILMEMBERS BETTENCOURT, CARRILLO, AND BISHOP

PRESENT: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.
ABSENT: None.

3) CLOSED SESSION PUBLIC COMMENTS.

Public comments: None.

4) PRESENTATION BY CITY ATTORNEY of the following item(s) to be discussed in Closed Session:

City Attorney Beck stated all items would be heard as listed.

4.1) The reason for holding a closed session is for the purpose of conferring with and/or receiving advice from the City's legal counsel regarding the following pending litigation to which the City is a party:

Special District Risk Management v. City of Palmdale, et al.
Sacramento County Superior Court
Case No. 34-2020-00280343-CU-CO-GDS

This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

Closed session is recommended because the City will assess the merits and weaknesses of this matter and consider the City's perspective. Based on existing facts and circumstances it is the opinion of the City Attorney that it would prejudice the position of the City to discuss this matter in public.
City Attorney's Office

4.2) CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Responsible Growth Palmdale, et al. v. City of Palmdale, et al.
Los Angeles County Superior Court Case No. 20STCP00484
California Court of Appeal, Second Appellate DistrictCase No. B308348

This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

City Attorney's Office

4.3) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

The reason for holding a closed session is for the purpose of conferring with and/or receiving advice from the City's legal counsel and to receive direction from the City Council regarding the following litigation to which the City may enter as an amicus curiae ("friend of the court"):

County of Sonoma v. U.S. Bank N.A. et alia, California Court of Appeal, First Appellate District Case Number A155837

This closed session is being held pursuant to the authority of California Government Code Section 54956.9 & 54956.9(d)(4).
City Attorney's Office

4.4) CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

County of Santa Cruz, et al. v. Bureau of Cannabis Control, et al.
Fresno County Superior Court Case No. 19CECG01224

This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).
City Attorney's Office

5) CLOSED SESSION:

Closed Session was held from 5:05 - 7:00 p.m.

6) ANNOUNCEMENT BY CITY ATTORNEY of item(s) discussed in Closed Session.

All members of the City Council were present and able to participate in all matters.

Item 4.1 – SDRMA v. City of Palmdale: The City Council was provided an update on this matter. There is no further reportable action at this time.

Item 4.2 – Responsible Growth Palmdale v. City of Palmdale: The City Council was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action at this time.

Item 4.3 – County of Sonoma v. US Bank: The City Council was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action at this time.

Item 4.4 – County of Santa Cruz v. Bureau of Cannabis Control: The City Council was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action at this time.

7) ADJOURN CLOSED SESSION MEETING

Mayor Hofbauer adjourned the meeting at 7:02 p.m.

8) CALL TO ORDER 7:00 P.M. CC/SA REGULAR MEETINGS.

Mayor/Chair Hofbauer called the meeting to order at 7:05 p.m.

9) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE IN HONOR OF OUR TROOPS.

10) ROLL CALL: MAYOR / CHAIR HOFBAUER, MAYOR PRO TEM / VICE CHAIR LOA, COUNCILMEMBERS / DIRECTORS BETTENCOURT, CARRILLO, AND BISHOP

PRESENT: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.
ABSENT: None.

A motion was made by Steven Hofbauer, seconded by Juan Carrillo to call the Housing Authority meeting to order at this time.

Vote: Motion Carried (5-0)
Yes: Steven D. Hofbauer, Richard J. Loa, Laura Bettencourt, Juan Carrillo, and Austin Bishop

11) WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S):

CITY COUNCIL:
Move to waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on for this meeting.
Moved by Steven Hofbauer, seconded by Richard J. Loa.

Vote: Motion Carried (5-0)
Yes: Steven D. Hofbauer, Richard J. Loa, Laura Bettencourt, Juan Carrillo, Austin Bishop

HOUSING AUTHORITY:
Move to waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on for this meeting.
Moved by Steven Hofbauer, seconded by Richard J. Loa.

Vote: Motion Carried (7-0)
Yes: Steven D. Hofbauer, Richard J. Loa, Laura Bettencourt, Juan Carrillo, Austin Bishop, Bob Brown, Christina Fraga-Saenz

Housing Authority items were taken out of order and heard at this time.

12) RESOLUTION RECITING THE ELECTION RESULTS:

12.1)
Adopt Resolution No. CC 2020-121, a Resolution of the City Council of the City of Palmdale Reciting the Fact of the General Municipal Election Held on November 3, 2020, Declaring the Result and Such Matters as Provided by Law. (Staff Reference: City Clerk Smith)

Motion: Adopt Resolution No. CC 2020-121.
Moved by Richard J. Loa, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.

13) ADMINISTRATION OF OATH OF OFFICE :

Richard J. Loa, Mayor Pro Tem District 2 - Honorable Judge Mario Barrera
Austin Bishop, Councilmember District 1 - City Clerk Smith
Steven D. Hofbauer, Mayor - City Clerk Smith

14) PRESENTATION:

14.1) Assistant City Manager Ricci, on behalf of City Manager Murphy presented the City of Palmdale's Warrior Award to the Parks & Recreation staff.

Parks & Recreation Director Smith expressed her gratitude for the award and played a short video highlighting some of the memorable moments of the event.
City Manager's Office - Human Resources Division

14.2) Mayor Hofbauer and Councilmembers presented the cute critters available for adoption at the Palmdale Animal Care Center
Neighborhood Services

15) PUBLIC COMMENTS ON CONSENT CALENDAR ITEMS AND NON-AGENDA ITEMS.

City Attorney Beck received twelve e-comments into the administrative record in support of item No. 16.4.

16) CONSENT CALENDAR

16.1) Receive and file the monthly investment activity reports for City of Palmdale and Successor Agency for October 2020. (Staff Reference: Finance Manager Kang)

16.2) Approve an Agreement A-7263 with Jones Walbaum Corporation dba American Business Machines to provide maintenance, related supplies and paper, and managed print services in the amount of $300,000.00. (Staff Reference: Finance Manager Kang)

16.3) Adopt Resolution No. CC 2020-122, a Resolution of the City Council of the City of Palmdale Amending the City's Classification and Pay Plans. (Staff Reference: Human Resources Manager Nevarez)

16.4) Adopt Resolution CC 2020-123, a Resolution of the City Council of the City of Palmdale Declaring Support for Small Businesses and Restaurants in the City of Palmdale and Opposing the Public Health Orders Eliminating Outdoor Dining, and a vote of No Confidence in the Los Angeles County Public Health Director (Staff Reference: City Attorney Beck)

Mayor Hofbauer pulled this item for discussion. He stated he received many e-mails in support of this item.

Mayor Pro Tem Loa spoke regarding L.A. County not thinking about the employees, customers, and food suppliers, and little folks impacted by this Pandemic.

Councilmember Carrillo stated his support for restaurants and small business. He stated he has a bit of the conflict in the way the Resolution is being proposed. He does not feel comfortable doing a vote of "no confidence" for someone who is trying to protect all of us.

There was additional Council discussion regarding this item.

A substitute motion was made by Councilmember Carrillo to strike the words "no confidence" from the Resolution. The motion failed due to a lack of a second.

Motion: Adopt Resolution CC 2020-123, a Resolution of the City Council of the City of Palmdale Declaring Support for Small Businesses and Restaurants in the City of Palmdale and Opposing the Public Health Orders Eliminating Outdoor Dining, and a vote of No Confidence in the Los Angeles County Public Health Director
Moved by Richard J. Loa, seconded by Steven Hofbauer.

Vote: Motion carried (4-1)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop.
No:
Juan Carrillo.

16.5) Acceptance of Grant - Accept the 2020 Climate Adaptation & Resiliency Grant in the amount of $50,000 from Southern California Gas Company, to update the City of Palmdale's Local Hazard Mitigation Plan. (Staff Reference: Director of Public Works Heffernan)

16.6) Approve Agreements with Jacobs Engineering Group, Inc., JT Engineering, Kimley-Horn and Associates, Inc., and MNS Engineers, Inc. to provide on-call civil engineering services on varying City Capital Projects. (Staff Reference: Director of Public Works Heffernan)

16.7) Adopt Resolution No. CC 2020-114, a Resolution of the City Council of the City of Palmdale authorizing Staff to obtain On-Bill Financing Funds from Southern California Edison. (Staff Reference: Director of Public Works Heffernan)

16.8) Adopt Resolution Nos. CC 2020-111 and CC 2020-112. (Staff Reference: Director of Public Works Heffernan)

Resolution No. CC 2020-111, a Resolution of the City Council of the City of Palmdale initiating proceedings for the approval to annex Assessor's Parcel Number 3005-050-001, Edwards Federal Credit Union, located at 39963 10TH Street West, into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2020-193, and the levy and collection of Assessments within such Annexation for Fiscal Year 2021/2022 pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code, and as provided by Article XIII D of the California Constitution and ordering the Preparation of an Engineer's Report in connection therewith.

Resolution No. CC 2020-112, a Resolution of the City Council of the City of Palmdale preliminarily approving the report of the Engineer and declaring its intention to order the annexation of Assessor's Parcel Number 3005-050-001, Edwards Federal Credit Union, located at 3993 10TH Street West, into The City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2020-193, to levy and collect Assessments within such annexation for Fiscal Year 2021/2022 pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of The California Streets and Highways Code and as provided by Article XIII D of the California Constitution, and appointing a time and place for Hearing Protests.

16.9) CC/SA - Approve the minutes from the previous meetings. (Staff Reference: City Clerk/Agency Secretary Smith)

CC – November 17, 2020 (5:00 p.m. & 7:00 p.m.)
SA - November 17, 2020 (7:00 p.m.)

Motion: Move to approve the recommendations and findings on all items listed under this Consent Calendar except Item No. 16.4
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.

17) CALL TO ORDER THE HOUSING AUTHORITY SPECIAL MEETING.

Chair Hofbauer called the Housing Authority to meeting at 7:05 p.m.

18) ROLL CALL: CHAIR HOFBAUER, VICE CHAIR LOA, COMMISSIONERS BETTENCOURT, CARRILLO, BISHOP, BROWN, FRAGA SAENZ

PRESENT: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Juan Carrillo, Austin Bishop, Bob Brown and Christina Fraga-Saenz

ABSENT: None.

19) PUBLIC COMMENTS ON HOUSING AUTHORITY CONSENT CALENDAR.

Public Comments: None.

20) HOUSING AUTHORITY CONSENT CALENDAR:

20.1) Approval and acceptance of the Housing Authority of the City of Palmdale's 2019-2020 Annual Report pursuant to California Health & Safety Code §34176.1 and direct staff to post the information on the City's website. (Staff Reference: Director of Neighborhood Services Miller)

20.2) Adopt Resolution No. HA 2020-004, A Resolution of the Housing Authority of the City of Palmdale approving Affordable Housing Agreement No. A-6187 with Ninth Patriot LLC and Housing Authority Development Loan of $900,000 for the Development located at 9th Street East and East Avenue Q11/Q12 (APNs 3009-018-009). (Staff Reference: Director of Neighborhood Services Miller)

20.3) Approve the minutes from the previous meetings. (Staff Reference: Authority Secretary Smith)

- September 1, 2020 (7pm)• November 17, 2020 (7pm)

Move to approve the recommendations and findings on all items listed under this Consent Calendar.
Moved by Juan Carrillo, seconded by Austin Bishop

Vote: Motion Carried (7-0)
Yes: Steven D. Hofbauer, Richard J. Loa, Laura Bettencourt, Juan Carrillo, Austin Bishop, Bob Brown, Christina Fraga-Saenz

21) ADJOURN THE HOUSING AUTHORITY MEETING:

Chair Hofbauer adjourned the Housing Authority meeting at 7:10 p.m.

22) RETURN TO CITY COUNCIL MEETING.

The City Council meeting was reconvened at 7:11 p.m.

23) PUBLIC HEARING:

Mayor Pro Tem Loa recused himself from Item 23.1 due to his ownership of property within the Specific Plan area.

23.1) Public Hearing and Review of Proposed Resolution No. CC 2020-096 and Ordinance No. 1551 for adoption. (Staff Reference: Acting Director of Economic and Community Development Saxton)

RESOLUTION NO. CC 2020-096, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING GENERAL PLAN AMENDMENT 20-002; A REQUEST TO REPEAL THE PALMDALE TRANSIT VILLAGE SPECIFIC PLAN IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 65453 AND AMEND THE LAND USE DESIGNATIONS WITHIN THE SPECIFIC PLAN 20-001 AREA FROM VARIOUS DESIGNATIONS TO SP – PALMDALE TRANSIT AREA FOR THE AREA GENERALLY BOUND BY TECHNOLOGY DRIVE, 10TH PLACE EAST, EAST AVENUE Q-9 AND STATE ROUTE 14

ORDINANCE NO. 1551, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING ZONE CHANGE 20-002: A REQUEST TO AMEND THE ZONING DESIGNATION WITHIN THE SPECIFIC PLAN 20-001 AREA FROM VARIOUS DESIGNATIONS TO SP – PALMDALE TRANSIT AREA; SPECIFIC PLAN AMENDMENT 20-001: A REQUEST TO AMEND THE PALMDALE TRADE AND COMMERCE CENTER SPECIFIC PLAN TO REMOVE THE PORTION OF THE PLAN BOUND BY TECHNOLOGY DRIVE TO THE NORTH, DIVISION STREET TO THE EAST, PALMDALE BOULEVARD TO THE SOUTH AND STATE ROUTE 14 TO THE WEST; AND, SPECIFIC PLAN 20-001 FOR ADOPTION OF THE PALMDALE TRANSIT AREA SPECIFIC PLAN Voice Vote: Introduce Ordinance No. 1551.

Acting Planning Manager Taggert presented the staff report and read the titles of Resolution No. CC 2020-096 and Ordinance No. 1551

A motion was made and carried unanimously to introduce Ordinance No. 1551 and it was so ordered.

Mayor Hofbauer opened the Public Hearing.

Hunt Brawley spoke via Zoom regarding his client Rick Sebo's property located at 38820 3rd Street East. He also stated that a letter was delivered to Council at tonight's meeting regarding this matter.

Assistant City Manager Ricci read the e-comment received from Ben Lichty into the administrative record.

Ben Lichty submitted e-comment in support of Item No. 23.1

A motion was made and carried unanimously to close the Public Hearing and it was so ordered.

Council discussion ensued regarding the vacancy of the property and potential interim use of the property.

Councilmember Carrillo spoke regarding the comments being focused on gentrification and alienation of people currently living in the area.

Consultant Roland Genick, Parsons spoke regarding the incentive to

broaden our opportunities.

Director of Economic & Community Development Saxton commented on housing restrictions set by the State, the provisions for building on property, no business with specified use at this time. Consider short-term/temporary/routine renewals.

Motion: Adopt Resolution No. CC 2020-096 and Ordinance No. 1551.
Moved by Austin Bishop, seconded by Juan Carrillo.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Laura Bettencourt, Austin Bishop, Juan Carrillo.

Mayor Pro Tem Bishop returned.

23.2) Public Hearing and Review of Proposed Ordinance No. 1552 for adoption. (Staff Reference: Acting Director of Economic and Community Development Saxton)

ORDINANCE NO. 1552, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING VARIOUS SECTIONS OF TITLE 17 OF THE PALMDALE MUNICIPAL CODE TO IMPROVE THE ORGANIZATION, CONSISTENCY AND FLOW OF THE DOCUMENT AND FIND THAT THE PROJECT IS NOT SUBJECT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Senior Planner Fiss read the title of Ordinance No. 1552.

A motion was made and carried unanimously to introduce Ordinance No. 1552.

Senior Planner Fiss presented the staff report.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing and it was so ordered.

Mayor Pro Tem Loa inquired whether the item related to the topic previously heard. Councilmember Bettencourt asked if the item could be revised to include language regarding shutters mounted to the window frame. A discussion ensued, as Acting Planning Manager Tanner answered questions from Council.

Motion: Bring Ordinance No. 1552 back with the suggested amendments.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.

Mayor Hofbauer called a brief recess from 9:11 - 9:40 p.m.

Councilmember Bishop recused himself from the discussion as he lives in the Ana Verde area.

23.3) Public Hearing and Review of Proposed Resolution No. CC 2020-102. (Staff Reference: Acting Director of Economic and Community Development Saxton)

RESOLUTION NO. CC 2020-102, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, APPROVING TENTATIVE TRACT MAP 61894 TIME EXTENSION NO. 2; A REQUEST TO SUBDIVIDE 461.43 ACRES INTO 366 LOTS FOR THE PURPOSE OF CONSTRUCTING 333 SINGLE FAMILY RESIDENCES, ONE MULTI-FAMILY LOT, 29 OPEN SPACE LOTS (INCLUDING EIGHT NATIVE LOTS), AND THREE BASINS LOCATED AT THE SOUTHWEST CORNER OF AVENUE S AND PARKWOOD DRIVE

Senior Planner Fiss read the title of Resolution NO. CC 2020-102 and presented the staff report.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing and it was so ordered.

Motion: Adopt Resolution No. CC 2020-102.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Juan Carrillo.

Councilmember Bishop returned to the dais.

23.4) Public Hearing and Review of Proposed Urgency Ordinance No. 1556 for adoption. (Staff Reference: Acting Director of Economic and Community Development Saxton)

URGENCY ORDINANCE NO. 1556, AN URGENCY ORDINANCE OF THE CITY OF PALMDALE AMENDING CHAPTER 14.04 OF THE PALMDALE MUNICIPAL CODE (JOSHUA TREE AND NATIVE DESERT VEGETATION PRESERVATION) TO REQUIRE COMPLIANCE WITH CALIFORNIA ENDANGERED SPECIES ACT, CONSISTENT WITH STATE LAW

Voice Vote: Introduce Urgency Ordinance No. 1556. (Requires a majority vote to introduce.)

Acting Director of Economic & Community Development Saxton read the title of Urgency Ordinance No. 1556.

A motion was made and carried unanimously to introduce Urgency Ordinance No. 1556.

Acting Director Saxton presented the staff report.

Mayor Pro Tem Loa asked for clarification regarding what constitutes a "project" if it was in fact a Single Family Residence, and not a development. Acting Director Saxton confirmed that it was in fact Single Family Residence.

Councilmember Carrillo asked if developers would need to go through Fish and Wildlife or through the City for a permit. Acting Director Saxton stated

that larger developments would need to apply for an incidental take permit through the state.

Council thanked staff for their efforts in this regard.

Motion: Adopt Urgency Ordinance No. 1556.
Moved by Richard J. Loa, seconded by Steven Hofbauer.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.

23.5) Public Hearing and Review of Proposed Resolution Nos. CC 2020-116, CC 2020-115 and Ordinance No. 1549 for adoption and Approve preparatory and administrative agreements with the California Department of Tax and Fee Administration ("CDTFA") for implementation of the City of Palmdale's local and transaction use tax; Authorize the examination of sales, use and transactions tax records; and approve draft amendment to agreement A-6724. (Staff Reference: Finance Manager Kang).

RESOLUTION NO. CC 2020-116, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION FOR IMPLEMENTATION OF A LOCAL TRANSACTIONS AND USE TAX

RESOLUTION NO. CC 2020-115, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE EXAMINATION OF TRANSACTIONS (SALES) AND USE TAX RECORDS

ORDINANCE NO. 1549, AN ORDINANCE OF THE CITY OF PALMDALE ESTABLISHING A ¾ CENT TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

Finance Manager Kang presented the staff report. He stated that Ordinance No. 1549 had been modified as follows: 1)the number of Advisory committee members has been increased from 5 members to 7 members to enhance transparency and public engagement; and 2) language was added that states - all proceeds from the tax will be added to the General Fund and will be available for any legal purpose.

Finance Manager Kang read the titles of Resolution Nos. CC 2020-116 and CC 2020-115.

City Attorney Beck read the title of Ordinance No. 1549.

A motion was made and carried unanimously to introduce Ordinance No. 1549.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing and it was so ordered.

Councilmember Carrillo asked questions regarding the language in the

Ordinance as it pertains to the administration of the sales tax and Finance Manager Kang responded.

Council asked questions regarding the Advisory Committee and how local business will be notified when to begin charging the tax. Finance Manager Kang stated that CDTFA will be sending out notices to business regarding the sales use tax. Assistant City Manager Ricci stated that the Advisory Committee would be formed and convened before the sales tax goes into affect April 1, 2021 and that revenue received from the sales tax would be received on a quarterly basis.

Motion: Adopt Resolution Nos. CC 2020-116, CC 2020-115 and Ordinance No. 1549 and Approve preparatory and administrative agreements with the California Department of Tax and Fee Administration ("CDTFA") for implementation of the City of Palmdale's local and transaction use tax; Authorize the examination of sales, use and transactions tax records; and approve draft amendment to agreement A-6724.
Moved by Laura Bettencourt, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.

23.6) Public Hearing to: 1) hear public comments on a) the Draft Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2019-2020; b) obtain citizen input on community needs for the 2021-2022 Action Plan; 2) review and approve the 2019-2020 CAPER; and 3) authorize the City Manager or his designee to make necessary changes and submit the CAPER report to the U.S. Department of Housing and Urban Development (HUD) by December 28, 2020 in compliance with HUD Regulations and COVID-19 waivers. (Staff Reference: Director of Administrative Services Ambrose)

Motion: Approve the recommendations and findings as listed in the staff report.
Moved by Richard J. Loa, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Richard J. Loa, Laura Bettencourt, Austin Bishop, Juan Carrillo.

Housing Coordinator Mailes presented the staff report.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing and it was so ordered.

Mayor Pro Tem Loa asked questions regarding demographics and the Minority Business Enterprise/Women Minority Business Enterprise projects. Housing Coordinator Mailes stated that the racial/ethnic categories listed are required by HUD. As to the MBE/WMBE projects, she stated that there were no HOME funded projects completed during this reporting period.

Motion to continue the balance of the agenda to Tuesday, December 22, 2020.
Moved by Richard J. Loa, seconded by Austin Bishop

Vote: Motion Carried (5-0)
Yes: Steven D. Hofbauer, Richard J. Loa, Laura Bettencourt, Juan Carrillo, Austin Bishop

Councilmembers Bettencourt, Carrillo and Bishop filed written reports regarding attendance at various committee meetings with the Office of the City Clerk. Mayor Hofbauer and Mayor Pro Tem Loa would file their reports with the City Clerk.

24) ADJOURNMENT.

At 6:53 p.m., Mayor Hofbauer continued the meeting to December 22, 2020 at 7:00 p.m., in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 2nd day of February 2021.

_____
Steven D. Hofbauer
Mayor/Chair

ATTEST:

_____
Shanae S. Smith,
City Clerk/Agency Secretary
Authority Secretary

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ADMINISTRATIVE SERVICES**
OFFICE OF THE CITY CLERK

DISTRICT: **ALL**

SUBJECT: **APPOINT MAYOR HOFBAUER TO ANTELOPE VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT COMMITTEE**

ISSUE

Appoint Mayor Hofbauer to the Antelope Valley Mosquito and Vector Control District Committee.

RECOMMENDATION

None.

BACKGROUND

Historically, the City Council reviews their committee appointments on an annual basis. The Council may nominate and approve the appointment of a councilmember, and any alternates with a majority vote. Councilmembers serve at the pleasure of the City Council regarding these appointments. If any member of the City Council can no longer serve on a committee, a request for removal is required. If there is an alternate, the alternate may serve until a new appointment is made.

DISCUSSION

The Antelope Valley Mosquito Abatement and Vector Control District is a five-member Board of Trustees whose members represent the citizens of Palmdale, Lancaster, and Los Angeles County. The District works under the authority of the California Health and Safety Code Section 2000-2093. Historically, Council has appointed a citizen who lives within the district boundaries. Due to the resignation of Dennis Persons, who served as a public member for a period of ten years, a vacancy was created. Meetings are held on the fourth Thursday of each month at 4:00 p.m. at 42624 6th Street East, Lancaster, CA.

At the December 22, 2020 City Council meeting, staff was directed to research requirements for filling vacancies on the Committee and whether the position is required to be served by a member of the public, or if in fact an elected official may fill the role.

Finding no such requirements, Mayor Hofbauer has elected to appoint himself to the Committee, as he has the time available to serve in the position.

FISCAL IMPACT

There is no fiscal impact associated with this item.

STRATEGIC PLAN

Goal I: Maintain effective public safety and protection for life, property, and the environment.

D. Strengthen regional, state, and national partnerships to enhance our legislative presence.

Prepared by:	Shanae S. Smith, City Clerk
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Maddy Act Local Appointment List

NOTICE TO THE PUBLIC: In compliance with the requirements of the Government Code Section 54972, the Maddy Act Local Appointment List is posted by the City Clerk's office on or before December 31st each year. It shows the current members of City Boards and Commissions, City Council Committee Appointments, and the terms of office. The names on the list are subject to change based on vacancies due to expiring terms or resignations that may occur during the year. Please contact the City Clerk's Office at 661-267-5151 if you would like further information regarding the appointments and qualifications.

CITY BOARDS AND COMMISSIONS: The City Clerk's office coordinates the Council nomination process by advertising to fill any vacancy and receiving all applications.

BOARDS and COMMISSIONS	Position	Council Appointment	Appointed	Term Expires	Meeting Schedule
PLANNING COMMISSION Term: Two years Nominations made pursuant to Palmdale Municipal Code Section 2.46.030.	Commissioner (District 1) Nominated by Councilmember District 1.	Christina Fraga-Saenz	5/5/2020	6/30/2022	Meetings are held on the 2nd Thursday of each month in the Council Chambers, 38300 Sierra Highway, Suite B, Palmdale, CA. Please contact the City Clerk for specific qualifications. Form 700 SEI filing requirement.
	Commissioner (District 2) Nominated by Councilmember District 2.	Dean Henderson	5/5/2020	6/30/2022	
	Commissioner (District 3) Nominated by Councilmember District 3.	Stacia Nemeth	7/9/2019	6/30/2021	
	Commissioner (District 4) Nominated by Councilmember District 4.	V. Jesse Smith	5/5/2020	6/30/2022	
	Commissioner (At Large) Nominated by the Mayor.	Bart Avery	7/9/2019	6/30/2021	
BOARD OF LIBRARY TRUSTEES Term: Three Years Nominated by the Mayor pursuant to Palmdale Municipal Code Section 2.08.030.	Trustee	John Manning	7/9/2019	6/30/2022	Meetings are held on the 2nd Tuesday of each month in the Council Chambers, 38300 Sierra Highway, Suite B, Palmdale, CA. Qualifications - Must be a Palmdale Resident. Form 700 SEI filing requirement.
	President	Challen David	5/5/2020	6/30/2023	
	Trustee	Deborah Rutkowski-Hines	3/19/2019	6/30/2021	
	Trustee	Delores Morris	6/5/2018	6/30/2021	
	President Pro Tem	Alan Henkin	7/9/2019	6/30/2022	

COMMISSIONS	Position	Council Appointment	Appointed	Term Expires	Meeting Schedule
HOUSING AUTHORITY Term: Two Years Nominated by the Mayor pursuant to Palmdale Municipal Code Section 2.08.030.	Tenant Member - Commissioner	Christina Fraga-Saenz	9/3/2019	Sep-21	Meetings are held as needed in the Council Chambers, 38300 Sierra Highway, Suite B, Palmdale, CA Qualifications - Please contact the City Clerk for specific qualifications. Form 700 SEI filing requirement.
	Tenant Member - Commissioner	Thomas Brown	9/3/2019	Sep-21	
MOBILE HOME PARK RENTAL REVIEW BOARD Term: Two Years Nominated by the Mayor pursuant to Palmdale Municipal Code Section 2.08.030.	Member	Joan Ferry-Scott	7/9/2019	6/30/2021	Annual meeting held in February and at other times as may be necessary. Qualifications - Please contact the City Clerk for specific qualifications. Form 700 SEI filing requirement.
	Member	Debra Foley	5/5/2020	6/30/2022	
	Member	Marion Murray	7/9/2019	6/30/2021	
	Member	Diana Love	5/5/2020	6/30/2022	
	Member	Debra McLaurin	7/9/2019	6/30/2021	
GENERAL PLAN ADVISORY COMMITTEE Term: Three Years Nominated by the Mayor pursuant to Palmdale Municipal Code Section 2.08.030.	Member	Anthony Avila	5/7/2019	May-22	Meetings are held as needed. Form 700 SEI Filing requirement. Please contact the City Clerk for specific qualifications.
	Member	Juan Blanco	5/7/2019	May-22	
	Member	Lourdes T. Everett, J.D.	5/7/2019	May-22	
	Member	Theresa Hambro	5/7/2019	May-22	
	Member	Matthew Stephen Harris	5/7/2019	May-22	
	Member	Aurora Hernandez	5/7/2019	May-22	
	Member	Deborah Rutkowski-Hines	5/7/2019	May-22	
	Member	Patrick J. Hunt	5/7/2019	May-22	
	Member	Sheri Kaneshiro	5/7/2019	May-22	
	Member	Teresa Lamping	5/7/2019	May-22	
	Member	Jason Zink	5/7/2019	May-22	
	Member	Laura Elaine Gordon	5/7/2019	May-22	
	Member	Colby John Estes	5/7/2019	May-22	

CITY COUNCIL COMMITTEE APPOINTMENTS: City Council committee appointments are reviewed in January after each City General Municipal Election, when a vacancy occurs, or at Council request. A term may be listed for specific appointments.

City Council Committee Appointments	Position	Council Appointment	Appointed	Term Expires - * See Above	Meeting Schedule
ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT (Formerly AV Air Pollution Control District) Council appointments are made pursuant to Health & Safety Code Section 41310.	Delegate	Mayor Hofbauer	12/22/2020		Meetings are held on the 3rd Tuesday of each month at 10:00 a.m. at the Lancaster District office located at 43301 Division Street, Suite 206, Lancaster, CA. Form 700 SEI filing requirement.
	Delegate	Councilmember Bishop	12/22/2020		
	Alternate	Councilmember Carrillo	12/22/2020		
	Staff Assistance	Environmental & Technology Manager Lucha	N/A		
ANTELOPE VALLEY MOSQUITO & VECTOR CONTROL DISTRICT Council has appointed a Public Member who lives within district boundaries.	Public Member Delegate	VACANT			Meetings are held on the 4th Thursday of each month at 4:00 p.m. at 42624 6th Street East, Lancaster, CA. Public Member Qualifications - must reside within the boundaries of the Antelope Valley Mosquito & Vector Control District.
	Staff Assistance	City Clerk Smith	N/A		
ANTELOPE VALLEY TRANSIT AUTHORITY Council or Public Member appointments made pursuant to the Amended and Restated Joint Exercise of Powers Agreement.	Delegate Must be a City Council Member	Mayor Hofbauer	12/22/2020		Meetings are held on the 4th Tuesday of each month at 10:00 a.m. at the AVTA office located at 42210 6th Street West, Lancaster, CA. Form 700 SEI filing requirement.
	Delegate Must be a City Council Member	Councilmember Loa	12/22/2020		
	Alternate May be a Public Member or City Council Member	Mayor Pro Tem Bettencourt	12/22/2020		
	Alternate May be a Public Member or City Council Member	Citizen Kathryn Mac Laren	12/22/2020		
	Staff Assistance	Council Chief of Staff Redifer & Senior Civil Engineer Hovanesian	N/A		

City Council Committee Appointments	Position	Council Appointment	Appointed	Term Expires - * See Above	Meeting Schedule
CALIFORNIA CONTRACT CITIES ASSOCIATION Council appointments are made pursuant to the CCCA.	Delegate	Mayor Hofbauer	12/22/2020		The Association meets as needed at various city locations.
	Alternate	Mayor Pro Tem Bettencourt	12/22/2020		
	Staff Assistance	Council Chief of Staff Redifer	N/A		
CITY OF PALMDALE AUDIT COMMITTEE Council appointments are made pursuant to the By-Laws of the Audit Committee, with the exception of the Public Member.	Member	Councilmember Bishop	12/22/2020		Meetings are held in the Spring and Fall of each year at a time to be determined in the City of Palmdale Council Chambers, located at 38300 Sierra Highway, Suite B, Palmdale, CA. Public Member Qualifications - Please contact the City Clerk for specific qualifications. Form 700 SEI filing requirement.
	Member	Mayor Pro Tem Bettencourt	12/22/2020		
	Alternate	Councilmember Carrillo	12/22/2020		
	Public Member - Nominated by the Mayor pursuant to Palmdale Municipal Code Section 2.08.030	Christine Geary	11/17/2020	Jan-21	
	Staff Assistance	Finance Manager Kang	N/A		
CITY OF PALMDALE INVESTMENT OVERSIGHT COMMITTEE Council appointments are made pursuant to the City's Investment Policy.	Member	Mayor Hofbauer (Must be the Mayor.)	12/22/2020		Meet as needed in City of Palmdale Finance Department.
	Member	Councilmember Bishop (Rotating Councilmember.)	12/22/2020		
	Staff Assistance	Finance Manager Kang	N/A		

City Council Committee Appointments	Position	Council Appointment	Appointed	Term Expires - * See Above	Meeting Schedule
HIGH DESERT CORRIDOR JOINT POWERS AUTHORITY Council appointments are made pursuant to the Joint Exercise of Power Agreement and ratified by the High Desert Board of Supervisors.	Director	Mayor Hofbauer	12/22/2020		The Authority meets as needed and the meeting location rotates between Los Angeles and San Bernardino counties, and occasionally meetings are held in Palmdale and Victorville. Form 700 SEI filing requirement.
	Alternate	Councilmember Loa	12/22/2020		
	Staff Assistance	Deputy City Manager Behen	N/A		
LEAGUE OF CALIFORNIA CITIES - Desert Mountain Division Council appointments are made pursuant to the League of California Cities - Desert Mountain Division.	Delegate	Mayor Hofbauer	12/22/2020		Meetings are quarterly on the last Friday of the month at 10:00 a.m. at various city locations.
	Alternate	Councilmember Bishop	12/22/2020		
	2nd Alternate	Councilmember Loa	12/22/2020		
	Staff Assistance	Council Chief of Staff Redifer	N/A		
LOS ANGELES COUNTY SANITATION DISTRICT Council appointments are made pursuant to Health & Safety Code §4730.	Delegate for Dist. Nos. 14 and 20	Mayor Hofbauer (Must be the Mayor.)	N/A		Meetings are held at 1:30 p.m. on the 4th Wednesday of each month at the Sanitation District Office located at 1955 Workman Mill Road in Whittier or at a venue in the AV. Form 700 SEI filing requirement.
	2nd Delegate for Dist. No. 20	Councilmember Loa	12/22/2020		
	Alternate Delegate for Dist. Nos. 14 and 20	Councilmember Bishop	12/22/2020		
	Staff Assistance	Director of Public Works Heffernan	N/A		
NORTH LOS ANGELES COUNTY TRANSPORTATION COALITION Council and Public Member appointments are made pursuant to the Joint Powers Authority.	Delegate	Councilmember Bishop	12/22/2020		Meeting locations shift between Palmdale, Lancaster and Santa Clarita. The Coalition meets as needed. Form 700 SEI filing requirement.
	Alternate	Councilmember Carrillo	12/22/2020		
	Business or Community Organization Representative May be a Public Member or City Council Member	Bart Avery	12/22/2020		
	Representative at Large May be a Public Member or City Council Member	Mayor Pro Tem Bettencourt	12/22/2020		
	Staff Assistance	Deputy City Manager Behen	N/A		

City Council Committee Appointments	Position	Council Appointment	Appointed	Term Expires - * See Above	Meeting Schedule
THE PALMDALE AEROSPACE ACADEMY (TPAA) Directors are designated by the City Council and ratified by the TPAA pursuant to the TPAA By-Laws.	Director May be a Public Member or City Council Member	Gary Allan Roberts	5/5/2020	Jul-23	Meetings are held on the 3rd Monday of the month at 4:15 p.m. at The Palmdale Aerospace Academy located at 3300 E. Palmdale Blvd., Palmdale, CA. Public Member Qualifications - Please contact the City Clerk for specific qualifications. Form 700 SEI filing requirement.
	Director May be a Public Member or City Council Member	Ellen B. McIssac	3/5/2019	Jul-21	
	Director May be a Public Member or City Council Member	John Porter	7/9/2019	Jul-22	
	Staff Assistance	Community Programs Manager Jones	N/A		
PALMDALE RECYCLED WATER AUTHORITY (PRWA) Council appointments are made pursuant to the Joint Exercise of Powers Agreement. The Public Member appointment is approved first by each of the joint powers agencies (PWD & COP) which is then ratified by the PRWA Board	Director	Councilmember Bishop	12/22/2020		Regular meeting location of the Board of the PRWA will be held at the Palmdale City Hall Council Chambers located at 38300 Sierra Highway, Suite "B", Palmdale California. The meetings are held on the 3rd Monday of each month at 7:00 p.m. Public Member Qualifications - Must reside within the boundaries of the Palmdale Recycled Water Authority. Form 700 SEI filing requirement.
	Director	Councilmember Carrillo	12/22/2020		
	Alternate	Mayor Pro Tem Bettencourt	12/22/2020		
	Public Member Appointed by the City of Palmdale and Palmdale Water District jointly.	VACANT			
	Staff Assistance	Director of Public Works Heffernan	N/A		
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) REGIONAL COUNCIL Council appointment is made pursuant to SCAG By-Laws.	Delegate	Councilmember Carrillo	12/22/2020		Meetings are held on the 1st Thursday of each month at the SCAG Office, Wilshire Grand Center, 900 Wilshire Blvd., Suite 1700, Los Angeles, CA. Form 700 SEI filing requirement.
	Alternate	Per SCAG, there is no position as alternate for the Regional Council.			
	Staff Assistance	Deputy City Manager Behen	N/A		

City Council Committee Appointments	Position	Council Appointment	Appointed	Term Expires - * See Above	Meeting Schedule
UNITED STATES/MEXICO SISTER CITIES ASSOCIATION	Delegate	Mayor Hofbauer	12/22/2020		Meetings are held on the 2nd and 4th Wednesday of each month at 6:00 p.m. at the Larry Chimbole Cultural Center.
Council makes appointments to this committee.	Delegate	Councilmember Carrillo	12/22/2020		
	Alternate	Councilmember Bishop	12/22/2020		
	Alternate	Councilmember Loa	12/22/2020		
	Alternate	Mayor Pro Tem Bettencourt	12/22/2020		
	Staff Assistance	City Clerk Smith	N/A		
CALIFORNIA STATE PRISON – LOS ANGELES COUNTY, CITIZENS ADVISORY COMMITTEE	Delegate	Mayor Pro Tem Bettencourt	12/22/2020		Meetings are held on the 4th Wednesday of the month at 3:00 p.m. in the Warden's Conference Room at the prison. The committee is on a hiatus from June thru August and in November & December.
	Alternate	Councilmember Loa	12/22/2020		
Council makes appointments to this committee.	Staff Assistance	Director of Neighborhood Services Miller	N/A		
OTHER COMMITTEE APPOINTMENTS - For Information Only - No appointment is made by the City Council. Appointments and terms are set by the Governing Body listed.					
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) -					
	Policy Committee Member	Councilmember Loa			
	Policy Committee Member	Councilmember Carrillo			
LEAGUE OF CALIFORNIA CITIES BOARD OF DIRECTORS	State League Representative for the Desert Mountain Division	Mayor Hofbauer			

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ADMINISTRATIVE SERVICES DEPARTMENT**
COMMUNITY PROGRAMS DIVISION

DISTRICT: **ALL**

SUBJECT: **PUBLIC HEARING TO: 1) REVIEW THE DRAFT SUBSTANTIAL AMENDMENT TO THE 2019-2020 ANNUAL ACTION PLAN TO PROGRAM $997,619 OF CDBG-CV3 FUNDING AND REINSTATE $50,000 TO CDBG PUBLIC FACILITIES AND INFRASTRUCTURE ACTIVITY THROUGH CANCELATION OF A CDBG-CV PUBLIC SERVICE ACTIVITY; 2) RECEIVE PUBLIC COMMENTS IN COMPLIANCE WITH THE REQUIREMENTS OF THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) AND THE CITY'S CITIZEN PARTICIPATION PLAN; 3) DIRECT STAFF TO INCORPORATE THE PUBLIC COMMENTS INTO THE 2019-2020 ANNUAL ACTION PLAN SUBSTANTIAL AMENDMENT; 4) APPROVE RESOLUTION CC2021-006 APPROVING THE 2019-2020 ANNUAL ACTION PLAN SUBSTANTIAL AMENDMENT AND REQUEST FOR CDBG-CV3 GRANT FUNDS; AND 5) AUTHORIZE THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE THE APPLICATION FOR FEDERAL ASSISTANCE, REQUIRED CERTIFICATIONS, AGREEMENTS WITH SUBRECIPIENTS, AND ANY DOCUMENT RELATED TO THE ACCEPTANCE AND IMPLEMENTATION ASSOCIATED WITH THE SUBSTANTIAL AMENDMENT AND THE CDBG-CV3 PROGRAM.**

ISSUE

Public Hearing to: 1) review the Draft Substantial Amendment to the 2019-2020 Annual Action Plan to program $997,619 of CDBG-CV3 funding and reinstate $50,000 to CDBG Public Facilities and Infrastructure activity through cancelation of a CDBG-CV Public Service Activity; 2) receive public comments in compliance with the requirements of the U.S. Department of Housing and Urban Development (HUD) and the City's Citizen Participation Plan; 3) direct staff to incorporate the public comments into the 2019-2020 Annual Action Plan Substantial Amendment; 4) approve Resolution CC2021-006 approving the 2019-2020 Annual Action Plan Substantial Amendment and request for CDBG-CV3 grant funds; and 5) authorize the City Manager or his designee to execute the Application for Federal Assistance, required certifications, agreements with

subrecipients, and any document related to the acceptance and implementation associated with the Substantial Amendment and CDBG-CV3 program.

RECOMMENDATION

Staff recommends that the City Council:

1. Open a public hearing to review the Draft Substantial Amendment to the 2019-2020 Annual Action Plan to program $997,619 CDBG-CV3 funding and reinstate $50,000 to CDBG Public Facilities and Infrastructure activity through cancelation of a CDBG-CV Public Service Activity;
2. Receive public comments in compliance with the requirements of the U.S. Department of Housing and Urban Development (HUD) and the City's Citizen Participation Plan;
3. Direct staff to incorporate the public comments into the 2019-2020 Annual Action Plan Substantial Amendment;
4. Approve Resolution CC2021-006 approving the 2019-2020 Annual Action Plan Substantial Amendment and request for CDBG-CV3 grant funds; and
5. Authorize the City Manager or his designee to execute the Application for Federal Assistance, required certifications, agreements with subrecipients, and any document related to the acceptance and implementation associated with the Substantial Amendment and the CDBG-CV3 program.

BACKGROUND

As authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, 2020, the City of Palmdale has received two special allocations of U.S. Department of Housing and Urban Development (HUD) resources to be used to exclusively on eligible activities that prevent and respond to the COVID-19 pandemic. This funding resource, titled Community Development Block Grant COVID-19 (CDBG-CV) generally must comply with the Consolidated Plan and Community Development Block Grant programmatic requirements and address the impact of the COVID-19 pandemic in the City of Palmdale. The first allocation, CDBG-CV1 in the amount of $935,276, was approved and programmed into the 2019-2020 Action Plan by City Council on June 2, 2020. The City received an additional special allocation entitled CDBG-CV3 in the amount of $997,619. (To note, CDBG-CV2 allocation was granted to States only. The City of Palmdale is a CDBG entitlement City and did not receive a CDBG-CV2 allocation from HUD).

DISCUSSION

The City is addressing four primary projects with both CDBG-CV allocations:

- Public Services

- Provide public services for residents including those with special needs

- Economic Development
  - Assist small and micro-businesses within the City of Palmdale and ensure the creation and retention of jobs for low- and moderate-income persons
- Affordable Housing
  - Mortgage Assistance for Low- and Moderate-Income Households
- Planning and Administration

The Proposed Programming Actions:

1. Program CDBG-CV3 funds to eligible projects $997,619

Project	**Project Descriptions**	**CDBG-CV1 Approved 6/2/2020**	**Proposed CDBG-CV3 Funding 2/2/2021**
South Antelope Valley Emergency Services (SAVES)	Administrative and Operating Expenses for expanded services due to COVID-19 including assistance for Homeless, At-Risk & Emancipated Foster Youth. Services include Groceries, Motel Vouchers, Clothing, & Utility Assistance. This is an eligible activity under 570.201(e) and meets the national objective under 570.208(a)(2)(i)(B) low/mod limited clientele.	$217,500	$150,000
Economic Opportunity Programs	Financial and/ or technical assistance to businesses and microenterprises adversely impacted by COVID-19. This is an eligible activity under 570.203 of regulation and meets the low/mod benefit national objective under 570.208(a)(4).	$330,720	$0
Rental Assistance	Provide short-term (up to six months) of rental assistance to low- and moderate-income households. This is an eligible activity under 570.201(e) and meets the national objective under 570.208(a)(2)(i)(B).	$0	$300,000
Mortgage Assistance	Provide short-term (up to six months) of mortgage assistance to low- and moderate-income households. This is an eligible activity under 570.201(e) and	$200,000	$348,095

	meets the national objective under 570.208(a)(2)(i)(B).		
Administrative /Other	Administration of CDBG-CV program. This is an eligible activity under 570.206(c).	$187,056	$199,524
Total CDBG-CV Allocation		**$935,276**	**$997,619**

As authorized by the CARES Act, the City of Palmdale will exceed the traditional 15% cap for the provision of public services for 2019-2020 CDBG funds since those funds will be used to address the COVID-19 pandemic in the City of Palmdale.

2. Reinstate funds to 2019-2020 CDBG Public Facilities and Infrastructure through cancelation of a CDBG-CV Public Service Activity for Businesses $50,000

This action is an administrative action for Consolidated Plan purposes. On June 2, 2020 Council approved a Public Service activity funded by $50,000 of CDBG funds to carry out COVID-19 business activities. This action will reinstate the $50,000 of funds to the regular CDBG allocation. The original intention was to provide maximum flexibility for the City to support our local businesses. Over the course of the last six months, staff from several departments have worked diligently to develop a continuum of support for our business community in response to COVID-19. A more appropriate funding source was identified to immediately carry out this particular activity and implementation has already commenced.

The CDBG funds dedicated to CDBG Economic Opportunity Activities approved by Council on June 2, 2020 remain. This includes $330,720 in CDBG-CV funds and $270,082 of regular CDBG funds for a total of $550,802 of Consolidated plan funding dedicated to CDBG Eligible Business activities. The City of Palmdale is committed to serving businesses in our community, especially during this time of COVID-19 pandemic.

A Public Notice was published in the Antelope Valley Press on January 27, 2021, to inform residents that the Substantial Amendment to the 2019-2020 Annual Action Plan for the CDBG-CV program was available for comment. Citizens were advised that copies of the aforementioned documents were available for review on the City's website from January 27, 2021 to February 2, 2021 and that if the Shelter in Place order associated with the COVID-19 pandemic is lifted, the documents would be available in hardcopy format at the Community Programs Division office, the Palmdale Public Library, and City Hall.

FISCAL IMPACT

The City will receive a special allocation of Community Development Block Grant, CDBG-CV3 in the amount of $997,619, as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

STRATEGIC PLAN

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

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

Prepared by:	Sarah Mailes, Housing Coordinator
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-006
2. Draft 2019-2020 Annual Action Plan Substantial Amendment

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE CITY OF PALMDALE'S SUBSTANTIAL AMENDMENT TO THE 2019-2020 ACTION PLAN AND REQUESTING CDBG-CV3 GRANT FUNDS AND; AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE APPLICATION FOR FEDERAL ASSISTANCE, REQUIRED CERTIFICATIONS, AND OTHER DOCUMENTS ASSOCIATED WITH THE UPDATE OF THE SUBSTANTIAL AMENDMENT TO THE 2019-2020 ACTION PLAN AND TO NEGOTIATE AND EXECUTE AGREEMENTS FOR SUB-RECIPIENTS.

WHEREAS, the City has received a special allocation from the Department of Housing and Urban Development (HUD) of $935,276 in the first tranche of Community Development Block Grant COVID-19 (CDBG-CV1) funds, as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and

WHEREAS, the City Council approved Resolution 2020-072, the Substantial Amendment to the 2019-2020 Action Plan and the request for CDBG-CV1 funds on June 2, 2020; and

WHEREAS, the City has received an additional a special allocation from HUD of $997,619 in the third tranche of Community Development Block Grant COVID-19 (CDBG-CV3) funds, as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and

WHEREAS, the City Council approves the Substantial Amendment to the 2019-2020 Action Plan and the request for CDBG-CV3 funds on February 2, 2021; and

WHEREAS, staff has incorporated the public comments and HUD requested updates into Substantially Amended 2019-2020 Action Plan as directed by the City Council; and

WHEREAS, this Resolution is necessary to document the actions taken by the City Council on February 2, 2021.

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

SECTION 1. Approves the City of Palmdale's Substantial Amendment to the 2019-2020 Action Plan and request for CDBG-CV3 grant funds.

SECTION 2. Authorizes its City Manager or his designee to submit the City of Palmdale's Substantial Amendment to the 2019-2020 Action Plan, to execute all documents and take all actions necessary and convenient to carry out and implement the grant agreements for the CDBG-CV3 funding, and to administer the City's obligations, responsibilities and duties to be performed thereunder.

SECTION 3. Authorizes its City Manager to update such plans in accordance with HUD technical and regulatory requirements.

SECTION 4. Authorizes its City Manager or his designee to negotiate and execute sub-recipient agreements funded with CDBG-CV3 grant funds including but not limited to economic development projects, public works projects, housing assistance projects, and public services approved within the Annual Action Plans in an amount not to exceed $997,619.

SECTION 5. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 2nd day of February, 2021.

_____
Steven D. Hofbauer, Mayor

Approved as to form:

ATTEST:

_____ _____
Christopher L. Beck Shanae S. Smith, City Clerk
City Attorney

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the _____ day of _____, 20____ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

CITY OF PALMDALE

2019/2020 ANNUAL ACTION PLAN AMENDMENT
(FEBRUARY 2, 2021) DRAFT
JULY 1, 2019 THROUGH JUNE 30, 2020

STEVEN D. HOFBAUER
Mayor

LAURA BETTENCOURT
Mayor Pro Tem

AUSTIN BISHOP
Council Member

RICHARD J. LOA
Council Member

JUAN CARRILLO
Council Member

J.J. MURPHY
City Manager

MARIE RICCI
Assistant City Manager

ANNE AMBROSE
Director of Administrative Services

TRISH JONES
Community Programs Manager

SARAH MAILES
Housing Coordinator

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Table of Contents

Annual Action Plan

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b) 1
PR-05 Lead & Responsible Agencies 24 CFR 91.200(b) 10
AP-10 Consultation - 91.100, 91.200(b), 91.215(l) 11
AP-12 Participation – 91.105 24
AP-15 Expected Resources – 91.220(c)(1,2) 50
AP-20 Annual Goals and Objectives – 91.220(c) 54
AP-35 Projects – 91.220(d) 59
AP-38 Project Summary 61
AP-50 Geographic Distribution – 91.220(f) 68
AP-55 Affordable Housing – 91.220(g) 69
AP-60 Public Housing – 91.220(h) 71
AP-65 Homeless and Other Special Needs Activities – 91.220(i) 73
AP-75 Barriers to affordable housing – 91.220(j) 77
AP-85 Other Actions – 91.220(k) 78
AP-90 Program Specific Requirements – 91.220(l)(1,2,4) 81

Action Plan Appendices

Citizen Participation and Consultation ..... Appendix A
Grantee Unique Appendices ..... Appendix B
Grantee SF-424s and Action Plan Certifications ..... Appendix C

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

June 2020 – Draft Substantial Amendment

As authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, 2020, the City of Palmdale has received two special allocations of U.S. Department of Housing and Urban Development (HUD) resources to be used to exclusively on eligible activities that prevent and respond to the COVID-19 pandemic. This funding resource is titled Community Development Block Grant COVID-19 (CDBG-CV). The first allocation, CDBG-CV1 in the amount of $935,276, was approved by Council through a substantial amendment to the 2019-2020 Action Plan on June 2, 2020. The City received an additional special allocation entitled CDBG-CV3 in the amount of $997,619, for a total of $1,932,895 CDBG-CV funds available. The City of Palmdale has prepared this substantial amendment to its 2019-2020 Annual Action Plan to program the special allocation of CDBG-CV3 and to cancel the CDBG-CV Business Public Assistance program previously approved on June 2, 2020 and reinstate the $50,000 to 2019-2020 Public Facilities and Infrastructure Improvement project. The City will use both CDBG-CV1 and CDBG-CV3 funds as one grant to address four primary projects with this amendment to respond the impact of the COVID-19 pandemic in the City of Palmdale:

- Public Services
    - Provide public services for residents including those with special needs
- Economic Assistance
    - Assist small and micro-businesses within the City of Palmdale and ensure the creation and retention of jobs for low- and moderate-income persons
- Housing Assistance
    - Mortgage Assistance for Low- and Moderate-Income Households
- Planning and Administration

1. Introduction

The 2019-2020 Action Plan is the fifth of five annual plans implementing the 2015-2019 Consolidated Plan - Strategic Plan goals for the annual investment of Federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds from the U.S. Department of Housing and Urban Development (HUD). The Action Plan identifies available resources, annual goals and projects for the period beginning July 1, 2019 and ending June 30, 2020.

The City receives CDBG and HOME funds from HUD on a formula basis each year, and in turn, allocates funds for projects designed to achieve the numeric goals and outcomes included in the 2015-2019 Consolidated Plan – Strategic Plan. The CDBG and HOME programs provide for a wide

range of eligible community development and housing projects that benefit low- and moderate-income Palmdale residents, as discussed below.

Community Development Block Grant (CDBG)

The Housing and Community Development Act of 1974 created the CDBG Program with three primary objectives against which HUD evaluates the Consolidated Plan and the City's performance under the Plan. Those primary objectives are decent housing, suitable living environments, and expanded economic opportunities for low- and moderate-income persons. The CDBG regulations require that each activity meet one of the following national objectives:

- Benefit low- and moderate-income persons;
- Aid in the prevention or elimination of slums and blight; or
- Meet other community development needs having a particular urgency (usually the result of a natural disaster).

HOME Investment Partnerships (HOME)

The Cranston-Gonzalez National Affordable Housing Act of 1990 created the HOME program to expand the supply of affordable housing for low- and moderate-income households. Often used in partnership with local nonprofit housing development organizations, the HOME program can support a wide range of affordable housing activities, including building, buying, and/or rehabilitating rental and ownership housing or providing direct rental assistance to low- and moderate-income people.

For the 2019-2020 program year the City will receive $1,608,313 of CDBG funds, $935,276 of CDBG-CV funds, and $554,832 of HOME funds from HUD. Together with prior year resources, $3,848,421 is available for projects in this Action Plan.

The following CDBG and HOME projects will be implemented during the program year:

CDBG

Fair Housing Services	$33,363
South Antelope Valley Emergency Services	241,247
Economic Assistance Programs	50,000
ADA Compliance – Public Facilities and Infrastructure Improvements	568,433
Section 108 Debt Service	426,970
Spot Blight Acquisition and Demolition	200,000
Juniper Grove Acquisition	250,000
CDBG Administration	288,300
CDBG Total:	**$2,058,313**

CDBG-CV (incorporates both CDBG-CV1 and CDBG-CV3 funds)		
South Antelope Valley Emergency Services		$367,500
Economic Assistance Programs		280,720
Mortgage Assistance Programs		548,095
Rental Assistance Programs		300,000
CDBG-CV Administration		386,580
	CDBG-CV Total:	**$1,932,895**
HOME		
CHDO Project		$83,225
Juniper Grove		376,812
Tenant Based Rental Assistance		339,312
HOME Administration		55,483
	HOME Total:	**$854,832**
	Grand Total:	**$4,846,040**

2. Summarize the objectives and outcomes identified in the Plan

This 2019-2020 Action Plan includes projects designed to meet the goals of the 2015-2019 Consolidated Plan – Strategic Plan. Each goal includes a specific measurable outcome to measure the City's progress in addressing the priority needs identified in the 2015-2019 Consolidated Plan needs assessment. The City's priority needs were determined as part of the development of the Consolidated Plan in 2015. The priority needs are based on analysis of information including the results of the City's 2015-2019 Consolidated Plan Needs Assessment Survey and housing and community development data elements required by HUD in the online Consolidated Plan system (the eCon Planning Suite) from the 2007-2011 American Community Survey (ACS) 5-Year Estimates and the Comprehensive Housing Affordability Strategy (CHAS) covering the same time period. Additional sources of information used to identify needs and establish priorities were obtained through consultation with local nonprofit agencies involved in the development of affordable housing and the delivery of public services to low- and moderate-income residents and persons with special needs throughout the community.

In consideration of community input and available data, the nine priority needs listed below were established in the Consolidated Plan:

- Expand the supply of affordable housing
- Ensure equal access to housing opportunities
- Prevent and eliminate homelessness

- Provide public services for residents with special needs
- Improve public facilities and infrastructure
- Preserve the supply of affordable housing
- Expand economic opportunity for low-income residents
- Provide rental assistance to extremely-low income households, particularly seniors
- COVID-19 Impact

Consistent with HUD's national goals for the CDBG and HOME programs to provide decent housing opportunities, maintain a suitable living environment and expand economic opportunities for low- and moderate-income residents, the priority needs listed above are addressed in the 2019-2020 Action Plan through the implementation of CDBG and HOME funded projects aligned with the eleven measurable Strategic Plan goals shown in Table 1.

	Goal Name	**Category**	**Priority Needs Addressed**	**2015-2019 Goal Outcome Indicator**	**2019-2020 Goal Outcome Indicator**
1.	Affordable Housing Development	Affordable Housing	Expand the supply of affordable housing	160 Rental Units Constructed 50 Owner Units Constructed	12 Rental Units Constructed
2.	Fair Housing Services	Affordable Housing	Ensure equal access to housing opportunities	1,500 People	300 People
3.	Homelessness Prevention and Assistance	Homeless	Prevent and eliminate homelessness	25,000 People	8,000 People
4.	Special Needs Services	Non-Homeless Special Needs	Provide public services for residents with special needs	50 People	No projects
5	Public Facilities and Infrastructure Improvements	Non-Housing Community Development	Improve public facilities and infrastructure; ADA Compliance – Public Facility Improvements	200,000 Persons Assisted 1 Building Demolished	6,160 people 1 Building Demolished

	Goal Name	Category	Priority Needs Addressed	2015-2019 Goal Outcome Indicator	2019-2020 Goal Outcome Indicator
6	Affordable Homeownership	Affordable Housing	Expand the supply of affordable housing	5 Households	No projects
7	Affordable Housing Preservation	Affordable Housing	Preserve the supply of affordable housing	5 Households	No projects
8	Planning	Planning and Administration	Expand the supply of affordable housing	1 Plan	CDBG & HOME Administration
9	Economic Opportunity	Non-Housing Community Development	Expand economic opportunity for low-income residents	5,000 People	No projects
10	Rental Assistance	Affordable Housing	Provide rental assistance to extremely-low income households, particularly seniors	30 Households	30 Senior Households
11	COVID-19 Response	Non-Housing Community Development	COVID-19 Impact	30 Businesses Assisted; 50 households assisted; 7,000 persons assisted	30 Businesses Assisted; 50 households assisted; 7,000 persons assisted

Table 1 - Strategic Plan Summary

3. Evaluation of past performance

2015-2019 Accomplishments

As of this writing, the City is implementing the projects and activities included in the 2018-2019 Action Plan and prior plans. Currently, all projects and activities are on schedule for completion

as planned. During the 2017-2018 program year, the investment of CDBG and HOME resources resulted in:

- Provide fair housing services to 299 residents;
- Provide homelessness prevention and assistance services to 9,143 residents;
- Provide tenant-based rental assistance to 30 household; and
- In prior program year, completed a design study and design for electrical service transformer. For the 2017-2018 program year the replacement of switchgear at the Boulders Mobile Home Park was complete to benefit 217 households; and
- For the Courson Arts Colony (CAC) East project, construction continued for the East phase and began for the West phase, for a total of 161 units.

4. Summary of citizen participation process and consultation process

Citizen Participation Plan Process

Subsequent to the enactment of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009, HUD revised the Consolidated Plan regulations at 24 CFR Part 91 to emphasize the importance of citizen participation and consultation in the development of the Consolidated Plan. HUD strengthened the consultation process with requirements for consultation with the CoC, Public Housing Authorities (PHA), business leaders, civic leaders, and public or private agencies that address housing, health, social service, victim services, employment, or education needs of low-income individuals and families, homeless individuals and families, youth and/or other persons with special needs. Together with the analytic capabilities of the eCon Plan Suite, these requirements created the conditions necessary to implement a collaborative, data-driven and place-based planning process that includes a robust level of citizen participation and consultation.

The City adopted a new Citizen Participation Plan on May 7, 2014 that reflects regulatory changes and process improvements. In accordance with the City's adopted Citizen Participation Plan, the City facilitated citizen participation in the development of the Consolidated Plan through surveys, community meetings and public hearings. Efforts were made to encourage participation by low- and moderate-income persons, particularly those living in slum and blighted areas and in areas where HUD funds are proposed to be used, and by residents of predominantly low- and moderate-income neighborhoods. The City also made efforts to encourage the participation of minorities and non-English speaking persons, as well as persons with disabilities. The consultation process included representatives of the CoC, PHA, and other specified groups who completed surveys, provided local data and assisted the City to ensure practical coordination of strategies to maximize impact and to avoid duplication of effort.

2015-2019 Consolidated Plan

Three community meetings were held to discuss the housing and community development needs in the community (refer to Table 4 in Section AP-12). Community residents and stakeholders attended these meetings and received a presentation on the importance of the Consolidated Plan and Action Plan. Many questions were answered concerning each of the planning documents. A public hearing before the City Council to receive comments on the housing and community development needs in the community and the 2015-2016 funding recommendations was held on March 4, 2015. A public hearing to receive comments on the draft 2015-2019 Consolidated Plan and the draft 2015-2016 Annual Action Plan was held before the City Council on May 6, 2015. A public hearing before the City Council to receive comments on the housing and community development needs in the community and the 2016-2017 funding recommendations was held on March 2, 2016. A public hearing to receive comments on an amendment to the 2015-2019 Consolidated Plan, amendment to the 2015-2016 Action Plan and the draft 2016-2017 Annual Action Plan was held before the City Council on May 4, 2016. A public hearing before the City Council to receive comments housing and community development needs and the 2017-2018 funding recommendations was held on March 1, 2017. No public comments were received. A public hearing to receive comments on the 2017-2018 Action Plan was held on May 2, 2017. One public comment was received. The City Council convened on August 1, 2017 to receive comments on the revised 2017-2018 Action Plan. One comment was received.

2019-2020 Action Plan

In the development of the Action Plan, the City solicited applications from community nonprofit organizations, other public agencies and City Departments for housing, community and economic development projects via a Notice of Funding Availability published December 11, 2018 and January 4, 2019. The City solicited comments from interested Citizens concerning priorities for projects and community needs at a public hearing before the City Council on March 5, 2019. The draft Action Plan was available for public review and comment from April 5, 2019 to May 7, 2019. Stakeholders and adjacent local government agencies consulted during the development of the Consolidated Plan were notified of the availability of the draft Action Plan for review. The City Council convened a public hearing on May 7, 2019 to receive comments on the Action Plan. In compliance with HUD notice CPD 19-01, Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year (FY) 2019, should the actual allocation amounts from HUD be different than the estimated amounts used to prepare this draft Action Plan, the City will incorporate the final allocation amount into the plan and the SF-424 form and adjust allocations to activities based on the following contingency provisions:

I. First, adjust the following activities by percentage of the total actual allocation:
    - CDBG
        - South Antelope Valley Emergency Services – 15%
        - CDBG Administration – 20%
    - HOME
        - CHDO Project – 15%
        - HOME Administration – 10%

II. After the adjustments made above, 100% of the remaining difference between the estimated allocation of CDBG funds and the actual allocation of CDBG funds will be applied to the following:
    - CDBG
        - ADA Compliance – Public Facilities and Infrastructure Improvements

III. After the adjustments made above, 50% of the remaining difference between the estimated allocation of HOME funds and the actual allocation of HOME funds will be applied to each the following activities, to account for 100% of the remaining difference:
    - HOME
        - Multi Family Rental New Construction
        - Tenant Based Rental Assistance Program (TBRA)

5. Summary of public comments

2015-2019 Consolidated Plan

During the three community meetings held to discuss the housing and community development needs in the community (refer to Table 4 in Section AP-12), staff answered questions from community residents and stakeholders concerning each of the planning documents. Participants commented on the extensive efforts made to reach out to residents through newspaper advertisements and the City website. During the public hearing on March 4, 2015, no public comments were received. During the public hearing on May 6, 2015, no public comments were received.

2019-2020 Action Plan

During the public hearing on March 5, 2019, four public comments were received. The draft Action Plan was available for public review and comment from April 5, 2019 to May 7, 2019. No comments were received during the public review and comment period and no comments were received during the public hearing before the City Council on May 7, 2019.

6. Summary of comments or views not accepted and the reasons for not accepting them

All comments and views received were accepted by the City in the development of the final 2019-2020 Action Plan.

7. Summary

The City plans to invest $1,608,313 of CDBG funds, 1,932,895 of CDBG-CV funds, and $854,832 of HOME funds from HUD during the 2019-2020 program year projects in this Action Plan. A substantial amendment in February, 2020 programmed an additional $450,000 of prior year funds. A substantial amendment in June, 2020 programmed the first special allocation of CDBG-CV1 funds and this substantial amendment programs the additional special allocation of CDBG-CV3 funds. The total investment of $4,846,040 will create new rental housing, provide rental assistance, implement necessary infrastructure improvements, prevent homelessness and enhance the accessibility of public facilities.

PR-05 Lead & Responsible Agencies 24 CFR 91.200(b)

1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	Palmdale	Department of Administrative Services
HOME Administrator	Palmdale	Department of Administrative Services

Table 2 – Responsible Agencies

Narrative

Through March 19, 2020 the City of Palmdale's Department of Neighborhood Services was the lead agency responsible for the administration of the CDBG and HOME programs. The Department of Neighborhood Administrative Services contracted with LDM Associates, Inc. to prepare the 2015-2019 Consolidated Plan. Effective March 20, 2019, the Department of Administrative Services became the lead agency for the administration of CDBG and HOME programs.

In the development of this Consolidated Plan, the City developed and implemented a comprehensive citizen participation and consultation process and conducted a needs assessment and market analysis to identify levels of relative need regarding affordable housing, homelessness, special needs, and community development. This information was gathered through consultation with public officials and local agencies, public outreach and community meetings, review of demographic and economic data, and housing market analysis.

In the implementation of the 2015-2019 Consolidated Plan and each of the five Annual Action Plans, the Department of Neighborhood Services shall be responsible for all grants planning, management and monitoring duties necessary to comply with HUD regulations and City policy through March 19, 2020, and said responsibilities will be transitioned to the Department of Administrative Services thereafter.

Consolidated Plan Public Contact Information:

Department of Administrative Services
Attn: Sarah Mailes, Housing Coordinator
823 East Avenue Q-9, Suite A
Palmdale, CA 93550
(661) 267-5368

AP-10 Consultation - 91.100, 91.200(b), 91.215(l)

1. Introduction

The City of Palmdale consulted with representatives from multiple agencies, groups, and organizations involved in the development of affordable housing, creation of job opportunities for low- and moderate-income residents, and/or provision of services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, and homeless persons. To facilitate this consultation, the City solicited feedback through the following methods:

- Stakeholder surveys (web-based and paper-surveys)
- Individual stakeholder consultations
- Community meetings
- Public hearings
- Receipt of written comments

To gather the greatest breadth and depth of information, the City consulted with a wide variety of agencies, groups and organizations concerning the housing, community and economic development needs of the community. Each of the agencies, groups or organizations consulted is represented below. The input received from these consultation partners helped establish and inform the objectives and goals described in the Strategic Plan. The City notified each organization about the availability of the draft 2019-2020 Action Plan for public review and comment.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

The City recognizes the importance of careful coordination and alignment among various service providers to maximize the effectiveness of the CDBG and HOME programs. As a result, during the development of this Consolidated Plan, the City consulted closely with organizations that provide assisted housing, health services and other community-focused programs. Outreach efforts included surveys including specific questions associated with coordination, invitations to community meetings and follow-up in-person interviews where appropriate.

The City further recognizes the importance of continued coordination and alignment during the upcoming five-year planning period with these organizations and agencies. The City will strengthen relationships and alignment among these organizations in the implementation of the

NOFA process for CDBG and HOME funds and through technical assistance provided to subrecipients of CDBG and HOME funds each year.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The Los Angeles Homeless Services Authority (LAHSA) is the lead agency for the Continuum of Care (CoC) in Los Angeles County (County). The County's homeless system of care is comprised of a network of public, private, faith-based, for-profit, and non-profit service providers who utilize several federal, state and local resources to provide services for homeless people. The region's municipalities, including the City of Palmdale, also provide resources for services that assist the homeless and those at risk of becoming homeless. The County's non-profit community plays a key role in the current CoC system. Hundreds of agencies throughout the County provide programs ranging from feeding the homeless on the street to creating permanent supportive housing opportunities. These services are available to homeless families with children, and single men and women.

The County is in the third year of the Homeless Strategies Initiative (Homeless Initiative), coordinated by the County Office of Homeless Initiatives and funded by the Los Angeles Board of Supervisors and Measure H fund, a 10 year, 0.25% sales tax increase. Through the Homeless Initiative, the City was one of 47 Cities to receive a planning grant in FY 2017-18. Through the planning grant the City developed a local Homeless Plan to identify local needs and to partner with local service providers to meet those needs. The City's Homeless Plan addresses the needs of different populations, specifically chronically homeless families and individuals, families with children, veterans, unaccompanied youth and persons at risk of homelessness. In this program year, the City will work in collaboration with the community to implement the Homeless Plan.

Coordination to address homelessness — including chronically homeless individuals and families, families with children, veterans, and unaccompanied youth — is guided by the CoC Initiative. All service providers within the CoC have the ability to refer people with varying needs to the appropriate service provider(s) in their area.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS

The City of Palmdale does not receive Emergency Solutions Grant (ESG) funds, but will continue to support the efforts of LAHSA and the County of Los Angeles in their development of performance standards for the County's ESG program that provide a measure to evaluate each subrecipients' effectiveness, such as how well the service provider succeeds at 1) targeting those

who need the assistance most; 2) reducing the number of people living on the streets or emergency shelters; 3) shortening the time people spend homeless; and 4) reducing each program participant's housing barriers or housing stability risks.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities

Table 3 provides a listing of each of the organizations consulted as part of this planning process.

Table 3 – Agencies, groups, organizations who participated

1	**Agency/Group/Organization**	Los Angeles County Child Protective Services
	Agency/Group/Organization Type	Services-Children Other government – Local Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
2	**Agency/Group/Organization**	Los Angeles County Health Department
	Agency/Group/Organization Type	Services-Health Health Agency
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
3	**Agency/Group/Organization**	AMCAL Multi-Housing, Inc.
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
4	**Agency/Group/Organization**	META Housing Corporation
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment 2019-20 Action Plan

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
5	**Agency/Group/Organization**	National Community Renaissance Dev Corp
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
6	**Agency/Group/Organization**	The Michaels Organization
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
7	**Agency/Group/Organization**	Paving The Way Foundation
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
8	**Agency/Group/Organization**	Advancing Communities Together Inc.
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
9	**Agency/Group/Organization**	Veterans Outreach Center
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Homelessness Needs – Veterans 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey

10	**Agency/Group/Organization**	Los Angeles County Sheriff's Department
	Agency/Group/Organization Type	Other government - Local Law Enforcement
	What section of the Plan was addressed by Consultation?	2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
11	**Agency/Group/Organization**	Los Angeles County Fire Department
	Agency/Group/Organization Type	Other government - Local Fire Department Local Government
	What section of the Plan was addressed by Consultation?	2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
12	**Agency/Group/Organization**	Housing Authority of the County of Los Angeles (HACoLA)
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Public Housing Needs 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, telephone
13	**Agency/Group/Organization**	Housing Authority of the City of Palmdale
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Public Housing Needs 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
14	**Agency/Group/Organization**	Greater Antelope Valley Economic Alliance
	Agency/Group/Organization Type	Services-Employment Economic Development
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
15	**Agency/Group/Organization**	Children's Center of the Antelope Valley
	Agency/Group/Organization Type	Services-Children Public Services
	What section of the Plan was addressed by Consultation?	2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
16	**Agency/Group/Organization**	Green Thumb
	Agency/Group/Organization Type	Services-Children Public Services
	What section of the Plan was addressed by Consultation?	2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
17	**Agency/Group/Organization**	Children's Bureau
	Agency/Group/Organization Type	Services-Children
	What section of the Plan was addressed by Consultation?	Public Services 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
18	**Agency/Group/Organization**	Child and Family Guidance Center
	Agency/Group/Organization Type	Services-Children
	What section of the Plan was addressed by Consultation?	Public Services 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
19	**Agency/Group/Organization**	SBCC Strength Based Community Change
	Agency/Group/Organization Type	Services-Children Public Services

	What section of the Plan was addressed by Consultation?	2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
20	**Agency/Group/Organization**	Asian Youth Center
	Agency/Group/Organization Type	Services-Children Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
21	**Agency/Group/Organization**	Pueblo Y Salud
	Agency/Group/Organization Type	Services-Health Health Agency Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
22	**Agency/Group/Organization**	Desert Haven Enterprises
	Agency/Group/Organization Type	Services-Persons with Disabilities Public Services
	What section of the Plan was addressed by Consultation?	2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
23	**Agency/Group/Organization**	AV-GLAD
	Agency/Group/Organization Type	Services-Persons with Disabilities Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey

24	**Agency/Group/Organization**	Palmdale School District
	Agency/Group/Organization Type	Services-Children Services-Education Other government - Local Educational Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
25	**Agency/Group/Organization**	Antelope Valley Union High School District
	Agency/Group/Organization Type	Services-Children Services-Education Other government - Local Educational Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
26	**Agency/Group/Organization**	Opportunities for Learning
	Agency/Group/Organization Type	Services-Education Public Services
	What section of the Plan was addressed by Consultation?	2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
27	**Agency/Group/Organization**	South Valley WorkSource Center
	Agency/Group/Organization Type	Services-Employment Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis Economic Development Anti-poverty Strategy 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey; in-person

28	**Agency/Group/Organization**	City of Palmdale Economic Development
	Agency/Group/Organization Type	Services-Employment Economic Development
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
29	**Agency/Group/Organization**	Jewish Vocational Services
	Agency/Group/Organization Type	Services-Employment Economic Development
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
30	**Agency/Group/Organization**	Housing Rights Center
	Agency/Group/Organization Type	Service-Fair Housing Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
31	**Agency/Group/Organization**	Bartz-Altadonna Clinic
	Agency/Group/Organization Type	Services-Health Health Clinic
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
32	**Agency/Group/Organization**	Palmdale Regional Medical Center
	Agency/Group/Organization Type	Services-Health Medical Center
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
33	**Agency/Group/Organization**	Mental Health America
	Agency/Group/Organization Type	Health Agency
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey; in-person
34	**Agency/Group/Organization**	Sunshine HIV/AIDS Coalition of the Antelope Valley
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
35	**Agency/Group/Organization**	United Way of Antelope Valley
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
36	**Agency/Group/Organization**	South Antelope Valley Emergency Services (SAVES)
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Anti-poverty Strategy 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
37	**Agency/Group/Organization**	Victory Outreach
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs – Unaccompanied youth 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey, in-person
38	**Agency/Group/Organization**	New Beginning Outreach
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
39	**Agency/Group/Organization**	Lancaster Homeless Shelter
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
40	**Agency/Group/Organization**	Homeless Solutions Access Center
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey
41	**Agency/Group/Organization**	Valley Oasis
	Agency/Group/Organization Type	Services-Victims of Domestic Violence Services-Homelessness Prevention Services- Victims Coordinated Entry System Lead Agency
	What section of the Plan was addressed by Consultation?	Public Services Homeless Needs 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey; in-person
42	**Agency/Group/Organization**	House of Deliverance
	Agency/Group/Organization Type	Services-Victims of Domestic Violence Public Services
	What section of the Plan was addressed by Consultation?	Market Analysis 2019-20 Action Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey

Identify any Agency Types not consulted and provide rationale for not consulting

The City maintains a list of agencies, organizations and other stakeholders that have expressed an interest in City's CDBG and HOME programs and invited representatives from each entity to participate at multiple points in the planning process. All agencies were strongly encouraged to attend meetings and participate in surveys.

Any agency or organization that was not consulted and would like to be included in the City's list of stakeholders, the agency or organization may contact the Department of Administrative Services at (661) 267-5368.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Los Angeles Homeless Services Authority (LAHSA)	The Homelessness Prevention and Assistance goal of the Strategic Plan is consistent with the County of Los Angeles 10-Year Strategy to End Homelessness.
2013-2021 Housing Element	City of Palmdale Department of Economic and Community Development - Planning Division	The housing goals included in the Strategic Plan are consistent with the City of Palmdale Housing Element.

Table 4 – Other local / regional / federal planning efforts

Describe cooperation and coordination with other public entities, including the State and any adjacent units of general local government, in the implementation of the Consolidated Plan (91.215(l))

In the development of the 2015-2019 Consolidated Plan, the City afforded the following other public entities with the opportunity to provide input on the Consolidated Plan and welcomes their input concerning the future implementation of projects to address the Strategic Plan goals:

- City of Lancaster
- City of Santa Clarita
- Los Angeles County Community Development Commission – Grants Management
- Housing Authority of the County of Los Angeles
- State of California Department of Housing and Community Development

AP-12 Participation – 91.105

1. Summary of citizen participation process/Efforts made to broaden citizen participation

Summarize citizen participation process and how it impacted goal-setting

2015-2019 Consolidated Plan

In the preparation of the Consolidated Plan, the City followed the process established for citizen participation set forth in the Citizen Participation Plan. To assist in the identification of priority needs in the City, a survey was prepared and distributed to residents of the City to solicit resident input in the prioritization of needs related to community services, community facilities, infrastructure, neighborhood services, special needs services, businesses and jobs, and housing. Surveys were available online and also were available at various public facilities. Community meetings were held on June 30, 2014, July 15, 2014 and July 17, 2014 to discuss housing and community development needs. A public hearing before the City Council to receive comments on housing and community development needs and the 2015-2016 funding recommendations was held on March 4, 2015. No public comments were received. A public hearing before the City Council to receive comments on housing and community development needs and the 2016-2017 funding recommendations was held on March 2, 2016. No public comments were received. A public hearing before the City Council to receive comments on housing and community development needs and the 2017-2018 funding recommendations was held on March 1, 2017. No public comments were received. A public hearing before the City Council to receive comments on housing and community development needs and the 2018-2019 funding recommendations was held on March 6, 2018. No public comments were received.

At each step in the process, the City was careful to ensure that low- and moderate-income residents, members of minority groups, agencies involved in the provision of services to these populations, and others who are directly impacted by the programs and activities supported by the Consolidated Plan programs had the opportunity to be actively involved. To promote greater public accessibility to program documents, the Citizen Participation Plan, Consolidated Plan, Action Plans and CAPERs will be posted on the City website at:

http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants.

2019-2020 Action Plan

In the development of the Action Plan, the City solicited applications from community nonprofit organizations, other public agencies and City Departments for housing, community and economic development projects. The City solicited comments from interested Citizens concerning priorities for projects and community needs at a public hearing before the City Council on March 5, 2019.

The draft Action Plan was available for public review and comment from April 5, 2019 to May 7, 2019. Stakeholders and adjacent local government agencies consulted during the development of the Consolidated Plan were notified of the availability of the draft Action Plan for review. The City Council convened a public hearing on May 7, 2019 to receive comments on the Action Plan.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Internet Outreach	Non-targeted/broad community	Posting on the City of Palmdale website announcing the Consolidated Plan update effort and inviting residents to participate by completing a Consolidated Plan Needs Assessment Survey.	254 Palmdale residents responded to the survey. The survey was available from June 2014 to December 2014.	All comments were accepted and incorporated into the survey results.	Not applicable
2	2015-2019 Consolidated Plan Needs Assessment Survey	Minorities Non-English Speaking - Specify other language: Spanish Non-targeted/broad community	The 2015-2019 Consolidated Plan Needs Assessment Survey was disseminated on paper and in electronic form in English and in Spanish to advise the City on the highest priority housing, community and economic development needs in Palmdale.	254 Palmdale residents responded to the survey. The survey was available from June 2014 to December 2014.	All comments were accepted and incorporated into the survey results.	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Residents of Public and Assisted Housing	On June 15, 2014, a public notice was published in the Antelope Valley Press notifying the public of the availability of the Consolidated Plan Needs Assessment Survey online and of three Community Meetings held on June 30, 2014, July 15, 2014 and July 17, 2014 to discuss the housing, community and economic development needs of the City.	No public comments received	No public comments received	Not applicable
4	Public Meeting	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Residents of Public and Assisted Housing	Residents and stakeholders attended the three Community Meetings held on June 30, 2014, July 15, 2014 and July 17, 2014.	Residents and stakeholders participated in a presentation concerning the Consolidated Plan and Action Plan. A facilitated discussion of community needs followed the presentation.	All comments were accepted.	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
5	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Residents of Public and Assisted Housing	On February 5, 2015, a notice of public hearing appeared in the Antelope Valley Press notifying the public of a public hearing before the City Council on March 4, 2014 to discuss the housing, community and economic development needs of the City and to consider the 2015-2016 CDBG and HOME funding recommendations.	No public comments received	No public comments received	Not applicable
6	Public Hearing	Non-targeted/broad community	A public meeting/hearing was held before the City Council on March 4, 2015 to receive public comments on the housing, community and economic development needs of the City and to discuss the 2015-2016 funding recommendations.	No public comments were received.	Not Applicable.	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
7	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Notice of the 30-day public review and comment period for the draft 2015-2019 Consolidated Plan and the 2015-2016 Annual Action Plan. The public notice invited interested residents to review the draft documents and to provide written comments by May 6, 2015. The draft documents were available at the City of Palmdale Department of Neighborhood Services, the City of Palmdale Public Library and the City of Palmdale Administration Building. Residents were also invited to a public hearing to provide oral comments before the Palmdale City Council on May 6, 2015 at 7:00 p.m.	One comment was received	All comments were accepted	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
8	Newspaper Ad	Non-targeted/broad community	Notice of Funding Availability published in the Antelope Valley Press on December 10, 2015 and January 4, 2016 inviting applications for CDBG and HOME funds for the 2016-2017 program year.	No public comments received	No public comments received	Not applicable
9	Public Hearing	Non-targeted/broad community	Public hearing for the draft 2015-2019 Consolidated Plan and the 2015-2016 Annual Action Plan before the Palmdale City Council on May 6, 2015 at 7:00 p.m.	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
10	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	FY 2016-2017 Needs Hearing Notice: On February 16, 2016 a notice of public hearing appeared in the Antelope Valley Press notifying the public of a public hearing before the City Council on March 2, 2016 to discuss the housing, community and economic development needs of the City and to consider the 2016-2017 CDBG and HOME funding recommendations.	No public comments received	No public comments received	Not applicable
11	Public Hearing	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Residents of Public and Assisted Housing	FY 2016-2017 Needs Hearing: A public meeting/hearing was held before the City Council on March 2, 2016 to receive public comments on the housing, community and economic development needs of the City and to discuss the 2016-2017 funding recommendations.	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
12	Public Meeting	Non-targeted/broad community	The proposed 2016-2017 projects were presented to the Neighborhood Advisory Committee (NAC) during its regular meeting on March 17, 2016.	Eight organizations serving Palmdale neighborhoods attended and provided feedback to the Director of Neighborhood Services.	All comments were accepted.	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
13	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Notice of the 30-day public review and comment period for the draft 2016-2017 Action Plan published April 1, 2016 in the Antelope Valley Press in English and Spanish. The public notice invited residents and stakeholders to review the draft Action Plan and to provide written comments by May 4, 2016. The draft documents were available at the City of Palmdale Department of Neighborhood Services, Public Library and Administration Building. Residents and stakeholders were also invited to a public hearing to provide oral comments before the Palmdale City Council on May 4, 2016 at 7:00 p.m.	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
14	Internet Outreach	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Stakeholders and adjacent local government agencies consulted during the development of the Consolidated Plan were notified of the availability of the draft 2016-2017 Action Plan for review and comment via email on April 4, 2016.	No public comments received	No public comments received	Not applicable
15	Public Hearing	Non-targeted/broad community	Public hearing for the draft 2016-2017 Action Plan before the Palmdale City Council on May 4, 2016 at 7:00 p.m.	No public comments received	No public comments received	Not applicable
16	Newspaper Ad	Non-targeted/broad community	Notice of Funding Availability published in the Antelope Valley Press on December 8, 2016 and January 3, 2017 inviting applications for CDBG and HOME funds for the 2017-2018 program year.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
17	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	FY 2017-2018 Needs Hearing Notice: On February 14, 2017 a notice of public hearing appeared in the Antelope Valley Press notifying the public of a public hearing before the City Council on March 1, 2017 to discuss the housing, community and economic development needs of the City and to consider the 2017-2018 CDBG and HOME funding recommendations.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants
18	Public Hearing	Non-targeted/ broad community	Public hearing to discuss the housing, community and economic development needs of the City and to consider the 2017-2018 CDBG and HOME funding recommendations before the Palmdale City Council on March 1, 2017 at 7:00 p.m.	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
19	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Notice of the 30-day public review and comment period for the draft 2017-2018 Action Plan published April 3, 2017 in the Antelope Valley Press in English and Spanish. The public notice invited residents and stakeholders to review the draft Action Plan and to provide written comments by May 2, 2017. The draft documents were available at the City of Palmdale Department of Neighborhood Services, Public Library, Administration Building and on the City website. Residents and stakeholders were also invited to a public hearing to provide oral comments before the Palmdale City Council on May 2, 2017 at 7:00 p.m.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
20	Internet Outreach	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Stakeholders and adjacent local government agencies consulted during the development of the Consolidated Plan were notified of the availability of the draft 2017-2018 Action Plan for review and comment via email on April 3, 2017.	No public comments received	No public comments received	Not applicable
21	Public Hearing	Non-targeted/broad community	Public hearing for the draft 2017-2018 Action Plan before the Palmdale City Council on May 2, 2017 at 7:00 p.m.	One public comment received	Public comment accepted	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
22	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Notice of the 30-day public review and comment period for the 2017-2018 Action Plan Revised for programming based on actual allocations was published July 2, 2017 in the Antelope Valley Press in English and Spanish. The public notice invited residents and stakeholders to review the Revised Action Plan and to provide written comments by August 1, 2017. The documents were available at the City of Palmdale Department of Neighborhood Services, Public Library and Administration Building. Residents and stakeholders were also invited to a public hearing to provide oral comments before the Palmdale City Council on August 1, 2017 at 7:00 p.m.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
23	Public Hearing	Non-targeted/broad community	Public hearing for the 2017-2018 Action Plan Revised for programming based on actual allocations went before the Palmdale City Council on August 1, 2017 at 7:00 p.m.	One public comment received	Public comment accepted	Not applicable
24	Newspaper Ad	Non-targeted/broad community	Notice of Funding Availability published in the Antelope Valley Press on December 11, 2017 and January 3, 2018 inviting applications for CDBG and HOME funds for the 2018-2019 program year.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
25	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	FY 2018-2019 Needs Hearing Notice: On February 16, 2018 a notice of public hearing appeared in the Antelope Valley Press notifying the public of a public hearing before the City Council on March 6, 2018 to discuss the housing, community and economic development needs of the City and to consider the 2018-2019 CDBG and HOME funding recommendations.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants
26	Public Hearing	Non-targeted/ broad community	Public hearing to discuss the housing, community and economic development needs of the City and to consider the 2018-2019 CDBG and HOME funding recommendations before the Palmdale City Council on March 6, 2018 at 7:00 p.m.	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
27	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Notice of the 30-day public review and comment period for the draft 2018-2019 Action Plan published April 2, 2018 in the Antelope Valley Press in English and Spanish. The public notice invited residents and stakeholders to review the draft Action Plan and to provide written comments by May 1, 2018. The draft documents were available at the City of Palmdale Department of Neighborhood Services, Public Library, Administration Building and on the City website. Residents and stakeholders were also invited to a public hearing to provide oral comments before the Palmdale City Council on May 1, 2018 at 7:00 p.m.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
28	Internet Outreach	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Stakeholders and adjacent local government agencies consulted during the development of the Consolidated Plan were notified of the availability of the draft 2018-2019 Action Plan for review and comment via email on April 2, 2018.	No public comments received	No public comments received	Not applicable
29	Public Hearing	Non-targeted/broad community	Public hearing for the draft 2018-2019 Action Plan before the Palmdale City Council on May 1, 2018 at 7:00 p.m.	No public comments received	No public comments received	Not applicable
30	Newspaper Ad	Non-targeted/broad community	Notice of Funding Availability published in the Antelope Valley Press on December 11, 2018 and January 4, 2019 inviting applications for CDBG and HOME funds for the 2019-2020 program year.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
31	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	FY 2019-2020 Needs Hearing Notice: On February 14, 2019 a notice of public hearing appeared in the Antelope Valley Press notifying the public of a public hearing before the City Council on March 5, 2019 to discuss the housing, community and economic development needs of the City and to consider the 2019-2020 CDBG and HOME funding recommendations.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants
32	Public Hearing	Non-targeted/ broad community	Public hearing to discuss the housing, community and economic development needs of the City and to consider the 2019-2020 CDBG and HOME funding recommendations before the Palmdale City Council on March 5, 2019 at 7:00 p.m.	Four public comments received	All public comments accepted.	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
33	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Notice of the 30-day public review and comment period for the draft 2019-2020 Action Plan published April 5, 2019 in the Antelope Valley Press in English and Spanish. The public notice invited residents and stakeholders to review the draft Action Plan and to provide written comments by May 7, 2019. The draft documents were available at the City of Palmdale Department of Neighborhood Services, Public Library, Administration Building and on the City website. Residents and stakeholders were also invited to a public hearing to provide oral comments before the Palmdale City Council on May 7, 2019 at 7:00 p.m.	No public comments received	No public comments received	http://www.cityofpalmdale.org/Your-City-Hall/Federal-and-State-Grants/CDBG-HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
34	Public Hearing	Non-targeted/broad community	Public hearing for the draft 2019-2020 Action Plan before the Palmdale City Council on May 7, 2019 at 7:00 p.m.	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
35	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	Notice of the 30-day public comment period for the substantial amendment to the 2019-2020 Action Plan published January 2, 2020 in the Antelope Valley Press, on the City's website and at City Hall, Community Programs and the Library in English and Spanish. The public notice invited residents and stakeholders to review the proposed substantial amendment and to provide written comments by February 4, 2020. Residents and stakeholders were also invited to a public hearing to provide oral comments before the Palmdale City Council on February 4, 2020 at 7:00pm	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
36	Public Hearing	Non-targeted/broad community	Public hearing for the Substantial Amendment to the 2019-2020 Action Plan before the Palmdale City Council on February 4, 2020 at 7:00 p.m.	No public comments received	No public comments received	Not applicable

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
37	Newspaper Ad/ Comment Period	Minorities Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	The City of Palmdale utilized a waiver under the CARES Act to conduct an abbreviated public comment period (five days) for this substantial amendment. Notice of the 5-day public review and comment period was published May 28, 2020 in the Antelope Valley Press in English and Spanish. The public notice invited residents and stakeholders to review the draft Action Plan and to provide written comments by June 2, 2020. The draft documents were available on the City website. Residents and stakeholders were also invited to a public hearing to provide oral comments before the Palmdale City Council on June 2, 2020 at 7:00 p.m.			https://www.cityofpalmdale.org/302/CDBG---HOME-Grants

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response / Attendance	Summary of Comments received	Summary of comments not accepted and reasons	URL (If applicable)
38	Public Hearing	Non-targeted/broad community	Public hearing for the draft 2019-2020 Action Plan before the Palmdale City Council on June 2, 2020 at 7:00 p.m.			Not applicable

Table 5 – Citizen Participation Outreach

AP-15 Expected Resources – 91.220(c)(1,2)

For the 2019-2020 program year the City will receive $1,608,313 of CDBG funds, $1,932,895 of CDBG-CV funds, and $554,832 of HOME funds from HUD. Together with prior year resources available, $4,846,040 is available for projects in this Action Plan.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Amount Available Year 5				Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	1,608,313	0	450,000	2,058,313	0	Final year of 2015-2019 Consolidated Plan.
CDBG-CV	Public-federal	Admin and Planning Economic Development Housing Public Improvements Public Services	1,932,895	0	0	1,932,895	0	Special allocations CDBG-CV1 and CDBG-CV3, as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, 2020.

Program	Source of Funds	Uses of Funds	Amount Available Year 5				Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership	554,832	0	300,000	854,832	0	Final year of 2015-2019 Consolidated Plan.

Table 6 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The City will leverage its CDBG and HOME funds with other resources to maximize the impact for the community. Potential federal resources to be leveraged include Low Income Housing Tax Credits, HUD Section 202 and 811 for the Elderly Program, HUD Veterans Affairs supportive Housing (HUD-VASH), Supportive Housing for the Elderly (Section 202), Supportive Housing for Persons with Disabilities (Section 811), Housing Opportunities for Persons with AIDS (HOPWA), Youthbuild, and Federal Low-Income Housing Tax Credit Program. Potential State resources include Low-Income Housing Tax Credits, Building Equity and Growth in Neighborhoods Program (BEGIN), CalHome, Multifamily Housing Program (MHP), Housing Related Parks Grant, CalHFA Single and Multi-Family Program, and Mental Health Service Act (MHSA) funds. Local resources include Los Angeles County CoC, Housing Authority of Los Angeles County (HACoLA), and Southern California Home Financing Authority (SCHFA) funds. Possible sources of private leveraging include Federal Home Loan Bank Affordable Housing Program (AHP), Community Reinvestment Act Programs, United Way Funding and private contributions.

HOME Participating Jurisdictions (PJ's) must match 25 percent of their HOME expenditures each year. In some years, the City may not have a 25 percent matching requirement due to satisfying the distress criteria established by the HOME Program regulations, including fiscal distress, severe fiscal distress, and Presidential disaster declarations. When a PJ meets one of the distress criteria, it is determined to be in fiscal distress and receives a 50 percent reduction of match. If a PJ satisfies both of the distress criteria, it is determined to be in severe fiscal distress and receives a 100 percent reduction of match. The City of Palmdale has received a 100 percent match reduction from HUD, and therefore, will not be required to match HOME expenditures during this program year. The City continues to record matching contributions in the City's HOME Match Log.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

In December 2011, the elimination of local Redevelopment Agencies by the State of California resulted in the loss of a crucial resource for the development and preservation of affordable housing. This negatively impacted affordable housing and residential investment. While there are mechanisms whereby certain affordable housing assets tied to the former Redevelopment Agencies may be utilized today, the available resources for affordable housing are scarce. Land or property necessary to address the needs identified in the Consolidated Plan would need to be acquired using HUD grant funds or other resources.

Discussion

The City expects to spend $1,608,313 of CDBG, $1,932,895 of CDBG-CV funds, and $854,832 of HOME funds on projects that enhance the availability, affordability and sustainability of affordable housing between July 2019 and June 2020. Based on prior project experience, we anticipate that these funds will leverage other public and private funding, including but not limited to:

- Low-Income Housing Tax Credits
- Project-based Section 8 certificates
- Project financing at favorable interest rates from local lenders
- Private contributions to local CHDOs
- Private market real estate investments
- Market rate housing that subsidizes affordable units on the same development site

Other major investments will include ADA Improvements and Infrastructure improvements for housing and community development purposes to promote a suitable living environment.

AP-20 Annual Goals and Objectives – 91.220(c)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Affordable Housing Development	2015	2019	Affordable Housing	Citywide	Expand the supply of affordable housing	HOME CHDO: $83,225 HOME: $376,812 CDBG: $250,000	In partnership with housing developers and/or a Community Housing Development Organizations (CHDO), the City will acquire, construct or rehabilitate housing units for affordable housing. Rental Units constructed: 12
2	Fair Housing Services	2015	2019	Affordable Housing	Citywide	Ensure equal access to housing opportunities	CDBG: $33,363	Other: 300 Other
3	Homelessness Prevention and Assistance	2015	2019	Homeless	Citywide	Prevent and eliminate homelessness	CDBG: $241,247	Public service activities other than Low/Moderate Income Housing Benefit: 8,000 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Public Facilities and Infrastructure Improvements	2015	2019	Non-Housing Community Development	Low- and Moderate-Income Areas	Improve public facilities and Infrastructure; ADA Compliance – Facility Improvements	CDBG: $1,045,405 (Includes Section 108 Debt Service)	Public Facility or Infrastructure Activities for Low/Moderate Income Persons (ADA Compliance): 6,160 people assisted 1 Building Demolished
5	Rental Assistance	2015	2019	Non-Housing Community Development	Low-and Moderate-Income Areas	Provide rental assistance to extremely-low income households, particularly seniors	HOME: $339,312	Provide Tenant Based Rental Assistance: 30 households assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Planning and Administration	2015	2019	Other	Citywide	Expand the supply of affordable housing Ensure equal access to housing opportunities Prevent and eliminate homelessness Improve public facilities and Infrastructure Preserve the supply of affordable housing	CDBG: $288,300 HOME: $55,483	Not applicable.
7	COVID-19 Response	2019	2019	Non-Housing Community Development	Citywide	COVID-19 Impact	CDBG-CV: $1,932,895	Micro and small business: 20 businesses assisted 50 households assisted 7,000 persons assisted

Table 7 – Goals Summary

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)

The number of beneficiaries of affordable housing development projects is to be determined. In the 2016 and prior Action Plans, funds were allocated to the Courson Arts Colony, where 81 low-income households will benefit.

Goal Descriptions

1	**Goal Name**	Affordable Housing Development
	Goal Description	In partnership with housing developers and/or a Community Housing Development Organizations (CHDO), the City will acquire, construct or rehabilitate housing units for affordable rental or for sale housing.
2	**Goal Name**	Fair Housing Services
	Goal Description	Fulfill the HUD regulatory mandate to affirmatively further fair housing choice through the provision of fair housing education, counseling, anti-discrimination and landlord-tenant mediation services.
3	**Goal Name**	Homelessness Prevention and Assistance
	Goal Description	Support a continuum of services in the Antelope Valley to prevent and eliminate homelessness including but not limited to emergency services, homeless prevention programs, case management and transitional housing.
4	**Goal Name**	Public Facilities and Infrastructure Improvements
	Goal Description	Improve City of Palmdale public facilities and infrastructure to benefit low- and moderate income people or those presumed under HUD regulations to be low- and moderate-income such as elderly people and disabled adults as well as residents of low- and moderate-income housing. This goal includes the installation of infrastructure in support of affordable housing, ADA Compliance – Facility Improvements, and includes Section 108 Debt Service from prior projects. This goal may also be used to acquire land and/ or buildings to be used for future public facilities.
5	**Goal Name**	Rental Assistance
	Goal Description	Provide rental assistance for extremely low income, rent burdened senior households.
6	**Goal Name**	Planning and Administration
	Goal Description	Provide for housing, transportation, environmental and other studies or plans necessary to ensure sustainable long-term growth that includes decent housing and a suitable living environment for low- and moderate-income residents. This goal includes CDBG and HOME Administration activities.
7	**Goal Name**	COVID-19 Response

	Goal Description	Provide housing, economic assistance, and public service response and support to households and businesses impacted by COVID-19 pandemic.

AP-35 Projects – 91.220(d)

Introduction

To address the high priority needs identified in the Strategic Plan, the City of Palmdale will invest CDBG, CDBG-CV, and HOME funds in projects that will support the development of new homeowner and rental housing units, provide fair housing services, provide services to residents with special needs, prevent homelessness, improve public facilities and infrastructure, create affordable homeownership opportunities and reserve affordable housing. Together, these projects will address the housing, community and economic development needs of Palmdale residents-particularly those residents residing in the low- and moderate-income areas.

2019-2020 Projects

	Project Name
1	Affordable Housing Development
2	Fair Housing Services
3	Homelessness Prevention and Assistance
4	ADA Compliance - Public Facilities and Infrastructure Improvements
5	Section 108 Loan Debt Services & Trustee Fees
6	Planning and Administration
7	Tenant Based Rental Assistance
8	Juniper Grove
9	Spot Slum and Blight Acquisition and Demolition
10	Housing Assistance (CV)
11	Economic Assistance (CV)
12	Public Services (CV)
13	Planning and Administration (CV)

Table 8 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Based on the Strategic Plan, the City is allocating 85 percent of its CDBG funds (excluding CDBG Section 108 Debt Service funds and CDBG administration) to activities that benefit low- and moderate-income individuals. 100% of the City's HOME funds (excluding HOME administration) for program year 2019-2020 are allocated to projects and activities that benefit low- and

moderate-income people. Due to the nature of the projects and activities to be undertaken, investments in all projects concerning Public Facilities and Infrastructure Improvements, benefit low- and moderate-income limited clientele or housing preservation, affordability and development are available citywide.

The primary obstacles to meeting the underserved needs of low- and moderate-income people include lack of funding from federal, state and other local sources, the high cost of housing that is not affordable to low-income people and the lack of availability of home improvement financing in the private lending industry. To address these obstacles, the City is investing CDBG and HOME funds through the 2019-2020 Action Plan in activities to affirmatively further fair housing choice, develop affordable housing units, improve public infrastructure, provide public services to low- and moderate-income people and provide assistance for activities that prevent homelessness.

AP-38 Project Summary

Project Summary Information

1	**Project Name**	Affordable Housing Development
	Target Area	Citywide
	Goals Supported	Affordable Housing Development
	Needs Addressed	Expand the supply of affordable housing
	Funding	HOME: $83,225
	Description	In partnership with a Community Housing Development Organization (CHDO) to be identified the City will fund the construction of new affordable rental units.
	Target Date	Activity to be Determined
	Estimate the number and type of families that will benefit from the proposed activities	Activity to be determined (estimated 7 Rental Units to be constructed)
	Location Description	Activity to be determined.
	Planned Activities	Activity to be determined.

2	**Project Name**	Fair Housing Services
	Target Area	Citywide
	Goals Supported	Fair Housing Services
	Needs Addressed	Ensure equal access to housing opportunities
	Funding	CDBG: $33,363
	Description	Fulfill the HUD regulatory mandate to affirmatively further fair housing choice through the provision of fair housing education, counseling, anti-discrimination and landlord-tenant mediation services.
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 300 people will benefit from the proposed activity.
	Location Description	Citywide
	Planned Activities	Fair Housing Services- Consultant to be determined through RFP (300 people) $33,363

3	**Project Name**	Homelessness Prevention and Assistance
	Target Area	Citywide
	Goals Supported	Homelessness Prevention and Assistance
	Needs Addressed	Prevent and eliminate homelessness
	Funding	CDBG: $241,247
	Description	Support a continuum of services in the Antelope Valley to prevent and eliminate homelessness including but not limited to emergency services, homeless prevention programs, case management and transitional housing.
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 8,000 people will benefit from the proposed activities.
	Location Description	Citywide
	Planned Activities	South Antelope Valley Emergency Services (8,000 people) $241,247

4	**Project Name**	ADA Compliance - Public Facilities and Infrastructure Improvements
	Target Area	Low- and Moderate-Income Areas
	Goals Supported	Public Facilities and Infrastructure Improvements
	Needs Addressed	Improve Public Facilities and Infrastructure
	Funding	CDBG: $618,433
	Description	Project provides for activities including: a) sidewalks, curbs, and gutters in the Civic Center to 60th Street East to East Avenue T, including Yellen Park Area. The project provides for the design and installation or replacement of damaged sidewalks, curbs, gutters, and drive approaches including the removal of existing trees, removal of tree stumps, and root systems and stump grinding necessary to facilitate the improvements. The project will also provide for the removal of existing curbs and the installation of curb ramps with truncated domes at existing locations in residential neighborhoods;
	Target Date	6/30/2020

	Estimate the number and type of families that will benefit from the proposed activities	Approximately 6,160 people will benefit from the ADA improvements.
	Location Description	Citywide
	Planned Activities	ADA Compliance – Public Facilities and Infrastructure Improvements, $568,433

5	**Project Name**	Section 108 Loan Debt Services & Trustee Fees
	Target Area	Citywide
	Goals Supported	Public Facilities and Infrastructure Improvements
	Needs Addressed	Not Applicable
	Funding	CDBG: $426,970
	Description	Annual debt service and trustee fees for Section 108 Loan Guarantee.
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	Not Applicable
	Location Description	Not Applicable
	Planned Activities	Section 108 Debt Service $426,970

6	**Project Name**	Planning and Administration
	Target Area	Citywide
	Goals Supported	Planning and Administration
	Needs Addressed	All
	Funding	CDBG: $288,300 HOME: $55,483
	Description	This project provides for the administration of the CDBG and HOME programs.
	Target Date	6/30/2020

	Estimate the number and type of families that will benefit from the proposed activities	Not Applicable
	Location Description	Not Applicable
	Planned Activities	CDBG Program Administration $288,300 HOME Program Administration $55,483

7	**Project Name**	Tenant Based Rental Assistance
	Target Area	Citywide
	Goals Supported	Rental Assistance
	Needs Addressed	Provide rental assistance to extremely-low income households, particularly seniors.
	Funding	HOME: $339,312
	Description	Assist extremely low income, rent burdened senior households maintain stable housing
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	30 Senior Households
	Location Description	Citywide
	Planned Activities	Tenant Based Rental Assistance, $339,312

8	**Project Name**	Juniper Grove
	Target Area	Low- and Moderate-Income Areas
	Goals Supported	Affordable Housing
	Needs Addressed	Expand the supply of affordable housing
	Funding	HOME: $376,812 CDBG: $250,000
	Description	In partnership with a developer the City will fund the acquisition (CDBG funds to assist in the acquisition of the property in support of site assemblage) and construction (HOME funds) of new affordable rental units.

	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	Juniper Grove Apartments will provide 99 new affordable rental units and 2 manager units. The City of Palmdale may provide HOME funds to support the construction of approximately 5 units.
	Location Description	Southeast Corner of R and Division, Palmdale
	Planned Activities	The City of Palmdale may provide CDBG funds assist in the acquisition of the property in support of site assemblage and HOME funds to support the construction of new affordable rental units.

9	**Project Name**	Spot Slum and Blight Acquisition and Demolition
	Target Area	Citywide
	Goals Supported	Affordable Housing, Public Facilities and Infrastructure Improvements
	Needs Addressed	Expand the supply of affordable housing, Improve public facilities and infrastructure
	Funding	CDBG: $200,000
	Description	The City of Palmdale will acquire and demolish a vacant and unsightly building.
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	1 Building Demolished
	Location Description	38580 9th Street East (Lodge Property), Palmdale, CA 93550
	Planned Activities	The City of Palmdale will acquire and demolish a vacant and unsightly building under the spot Slum/ Blight national objective. The acquired property will either be used for a new public facility or for the development of future affordable, multi-family housing.

10	**Project Name**	Housing Assistance (CV)
	Target Area	Citywide
	Goals Supported	COVID-19 Response
	Needs Addressed	COVID-19 Impact
	Funding	CDBG-CV: $848,095
	Description	The City of Palmdale will provide mortgage and rental assistance for periods up to 6 months for households who were adversely impacted by COVID-19.
	Target Date	9/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	50 households assisted
	Location Description	Services will be offered citywide.
	Planned Activities	Through this project, the City of Palmdale will provide short-term housing assistance to low- and moderate-income households adversely impacted by COVID-19. Mortgage Assistance: $548,095 Rental Assistance: $300,000

11	**Project Name**	Economic Assistance (CV)
	Target Area	Citywide
	Goals Supported	COVID-19 Response
	Needs Addressed	COVID-19 Impact
	Funding	CDBG-CV: $330,720;
	Description	The City of Palmdale will provide financial and/ or technical assistance to micro and small businesses who were adversely impacted by COVID-19.
	Target Date	9/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	20 businesses assisted
	Location Description	Services will be offered citywide.

	Planned Activities	Through this project, the City of Palmdale may provide small businesses financial assistance and/ or technical support to access available Federal and state loan and grant resources.

12	**Project Name**	Public Services (CV)
	Target Area	Citywide
	Goals Supported	COVID-19 Response
	Needs Addressed	COVID-19 Impact
	Funding	CDBG-CV: $367,500
	Description	The City of Palmdale will provide technical assistance to small and micro businesses who were adversely impacted by COVID-19; and support a continuum of services in the Antelope Valley to prevent and eliminate homelessness including but not limited to emergency services, homeless prevention programs, case management and transitional housing for households impacted by COVID-19.
	Target Date	9/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	7,000 persons assisted
	Location Description	Services will be offered citywide.
	Planned Activities	Through this project, the City will provide comprehensive technical assistance to businesses impacted by COVID-19 and provide increased assistance to prevent and eliminate homelessness caused by COVID-19.

13	**Project Name**	Planning and Administration (CV)
	Target Area	Citywide
	Goals Supported	COVID-19 Response
	Needs Addressed	COVID-19 Impact
	Funding	CDBG-CV: $386,580
	Description	CDBG-CV program administration.
	Target Date	9/30/2022

	Estimate the number and type of families that will benefit from the proposed activities	Not Applicable
	Location Description	Services will be offered citywide.
	Planned Activities	CDBG-CV program administration.

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Assistance will be directed to the low- and moderate- income areas are shown on the map included in section SP-10 of the Consolidated Plan. These areas are comprised of low- and moderate-income Census Tract Block Groups as defined by HUD. Residents of these areas have median incomes at or below 80 percent of the area median income (AMI) based on household size for the County of Los Angeles. A total of 108,030 residents live in these Census Tract Block Groups, of which 76,915 or 71 percent are members of low- and moderate-income households according to HUD low- and moderate-income summary data available at the Census Tract Block Group level. Based on available data and mapping in NA-10 of the Consolidated Plan, these areas are primarily Hispanic.

Geographic Distribution

Target Area	Percentage of Funds
Low- and Moderate-Income Areas	41

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

For the 2019-2020 program year the City will invest $2,058,313 of CDBG funds and $854,832 of HOME funds for a total of $2,913,145 that will benefit low- and moderate-income people and other community needs. Of this amount, 85 percent of all CDBG and HOME funds will benefit low- and moderate- income people. Of the $2,913,145 to be invested, three projects, ADA Compliance – Public Facilities and Infrastructure Improvements, Juniper Grove Acquisition (CDBG) and Juniper Grove (HOME), is located in the Low- and Moderate-Income Areas, representing 41 percent of the City's planned investments for the 2019-2020 program year.

Discussion

Based on the Strategic Plan, the City is allocating 85 percent of its CDBG funds (excluding Section 108 Debt Services & Trustee Fees and Administration) and HOME funds (excluding

Administration) for program year 2019-2020 to projects and activities that benefit low- and moderate-income people. CDBG-CV is considered a separate allocation and is not tracked as part of the 2019-2020 geographic distribution.

AP-55 Affordable Housing – 91.220(g)

Introduction

Three high priority affordable housing needs are identified in the 2015-2019 Consolidated Plan and three Strategic Plan goals are established to provide the framework necessary to invest CDBG and HOME funds to address the affordable housing needs of the City.

Expand the Supply of Affordable Housing

Based on evaluation of 2007-2011 ACS and CHAS data, there is a high need for housing units affordable for households earning less than 50 percent of AMI. Of the 14,345 households earning 0-50 percent of AMI in the City, 24,000 are cost burdened households—meaning households paying more than 30 percent of their income for housing. Additionally, 16,640 of the cost burdened households earning 0-50 percent of AMI are considered severely cost burdened households—meaning that they pay more than 50 percent of their income for housing. Of the 16,640 severely cost burdened households, 8,250 are renters. Of those severely cost burdened renter households, 6,750 households earn less than 30 percent of AMI and are considered the most at risk of becoming homeless.

Preserve the Supply of Affordable Housing

As the City's housing stock ages, a growing percentage of housing units may need rehabilitation to allow them to remain safe and habitable. The situation is of particular concern for low- and moderate-income homeowners who are generally not in a financial position to properly maintain their homes.

The age and condition of Palmdale’s housing stock is an important indicator of potential rehabilitation needs. Commonly, housing over 30 years of age needs some form of major rehabilitation, such as roof replacement, foundation work and plumbing systems. Housing over 15 years of age will generally exhibit deficiencies in terms of paint, weatherization, heating / air-conditioning systems, hot water heaters and finish plumbing fixtures.

According to CHAS data showing the year that housing units were built categorized by owner and renter tenure:

- 4,148 or 15 percent of the 27,446 owner-occupied housing units in Palmdale were built 34 or more years ago (built prior to 1980).

- 17,428 or 63 percent of the 27,446 owner-occupied housing units in Palmdale were built between 15 and 34 years ago (built between 1980 and 1999).
- 4,277 or 33 percent of the 13,019 renter-occupied housing units in Palmdale were built 34 or more years ago (built prior to 1980).
- 7,141 or 55 percent of the 13,019 renter-occupied housing units in Palmdale were built between 15 and 34 years ago (built between 1980 and 1999).

Preservation of the physical and functional integrity of existing housing units occupied by low- and moderate-income households is a cost-effective way to invest limited resources to retain existing housing units that are already affordable to low- and moderate-income households in the community. Addressing substandard housing conditions through housing preservation activities provide that all economic segments of the community have the means to ensure that their property meets local standards and that all Palmdale residents have the opportunity to live in decent housing.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	30
Special-Needs	0
Total	30

Table 10 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	30
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	30

Table 11 - One Year Goals for Affordable Housing by Support Type

Discussion

The City is in discussion with a housing developer to expand the supply of affordable housing and to invest CDBG and HOME funds. For the 2019-2020 Action Plan the City will invest HOME funds in the Tenant Based Rental Assistance Program (TBRA) to provide rental assistance to extremely low-income, severely rent-burdened senior households. The City will seek an applicant for CHDO funds for construction of new affordable multifamily units or for the acquisition and rehabilitation of rental units for affordable housing. Additionally, Habitat for Humanity is continuing work on a Single-Family Veterans Housing complex to include up to 56 units of housing for veterans using local housing funds and other private sources. In response to the COVID-19

pandemic, the City of Palmdale will provide up to 3 months of mortgage assistance to eligible low- and moderate-income households.

AP-60 Public Housing – 91.220(h)

Introduction

The City of Palmdale Housing Authority was formed in 1994 under State of California Housing Authority Law to actively improve existing neighborhoods and develop affordable housing opportunities using local, state and federal resources. The Palmdale Housing Authority does not administer Section 8 and does not own HUD Public Housing; however, the City is within the service area of the Housing Authority of the County of Los Angeles (HACoLA) for the purposes of Section 8 and Public Housing.

Actions planned during the next year to address the needs to public housing

HACoLA will continue to serve the needs of residents through public housing and Section 8 vouchers. Specifically, the U.S. Census Bureau projects that the elderly in California will have an overall increase of 112 percent from 1990 to 2020. Los Angeles County mirrors this trend. To address the need for the growing senior population, in August of 2013, HUD approved HACoLA's application to designate 13 public housing senior developments as housing for elderly families only (62 years or older).

Actions to encourage public housing residents to become more involved in management and participate in homeownership

HACoLA actively encourages residents to be involved in the organization through resident councils and active participation in housing authority decisions via surveys and other forms of engagement. HACoLA also maintains quarterly newsletters for Section 8 tenants, public housing residents, and Section 8 property owners.

HACoLA encourages residents to explore homeownership opportunities. HACoLA currently administers Family Self-Sufficiency (FSS) program for public conventional housing and Housing Choice Voucher program residents. The FSS program provides critical tools and supportive services to foster a resident's transition from financial and housing assistance to economic and housing self-sufficiency, most importantly homeownership.

To support this effort, HACoLA utilizes marketing materials to outreach and further promote the program's requirements and benefits to all public housing residents. For families that are eligible to participate, a Contract of Participation (COP) is prepared to govern the terms and conditions of their participation and an Individual Training Service Plan (ITSP) is created that outlines the following: supportive services to be provided, activities to be completed by the participant, and

agreed upon completion dates for the services and activities. The COP is valid for five years and may be extended to allow the family to meet their ITSP goals.

Once the COP is established and the family experiences an increase in tenant rent as a result of earned income, an escrow account in their name is established and increased earned income is deposited into this account. Escrow accounts are disbursed to the family once the family has graduated successfully from the program. Families are encouraged to utilize these funds towards educational and homeownership endeavors.

Additionally, HACoLA provides residents with information on CDC's homeownership programs.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

N/A, HACoLA is designated as a High Performing Public Housing Agency.

Discussion

HACoLA is well-positioned to continue providing Section 8 Housing Choice Vouchers in the City of Palmdale and throughout Los Angeles County.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City will invest CDBG funds during the 2019-2020 program year to address high priority needs identified in the 2015-2019 Consolidated Plan including preventing and eliminating homelessness.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Preventing and ending homelessness is a HUD priority addressed nationally through coordination of regional strategies carried out locally by government agencies and a wide variety of community based organizations and faith-based groups. Consistent with this approach, the City of Palmdale supports the efforts of The Los Angeles Homeless Service Authority (LAHSA), County Continuum of Care (CoC), and its member organizations that address homelessness throughout Los Angeles County. In alignment with this strategy, the City will use CDBG funds to support local service providers as well as City run programs to prevent homelessness and to expand the supply of affordable housing in Palmdale for low- and moderate-income residents.

In February, 2016, the Los Angeles County Board of Supervisors and the City of Los Angeles approved a new joint Homeless Initiative plan to address homelessness in the Los Angeles region (Homeless Initiative). The strategies were developed after 18 policy summits that brought together more than 100 community organizations, 25 County departments and 30 cities including the City of Palmdale. In March, 2017, voters approved Measure H, a 10 year, 0.25% sales tax increase. Through the Homeless Initiative, the City was one of 47 Cities to receive a planning grant in FY 2017-18. The planning grant developed the City's Homeless Plan, which identifies the local need and strategies to partner with local service providers to meet those needs. In this program year, the City will work with the CoC and the County to address the needs identified through collaboration and coordination of resources and services.

To better understand the nature and extent of homelessness, HUD requires communities across the country to conduct a comprehensive count of their homeless population. The City participates in the CoC's annual Point in Time Homeless Count that takes place during the last 10 days of January. The CoC also conducts informational outreach presentations concerning homelessness in Los Angeles County throughout the community on a quarterly basis. Additionally, to develop the local Homeless Plan, the City hosted four community forums and partnered with local organizations to conduct a survey from homeless individuals and families over the span of four weeks. The data collected was incorporated into the City's Homeless Plan and was presented to the City Council in June, 2018.

Addressing the emergency shelter and transitional housing needs of homeless persons

Through the Homeless Initiative, the County and CoC are working to strengthen and increase the availability of housing and services at all levels. The ultimate solution to ending homelessness is transitional to permanent housing closely aligned with supportive services that ensure housing stability can be maintained. However, because the demand for affordable housing far outpaces the region's supply, the CoC continues to rely on its emergency and transitional housing system in order to address the immediate needs of Los Angeles County's homeless population. At the same time, the only year-round emergency shelter in the Antelope Valley closed in August, 2017. As a result, the CoC is collaborating with a range of non-profit and community organizations to fill the gap, including providing funding for a local winter shelter. Additional funding has been infused in the community to provide families with emergency motel vouchers and provide households with rapid rehousing assistance.

Los Angeles County has implemented policy and program changes aimed at ensuring homeless persons in Los Angeles County are rapidly housed and offered an appropriate level of support services to meet their circumstances and keep them stably housed.

This increase in rapid rehousing and permanent supportive housing for the most vulnerable populations is attributed to Los Angeles County homeless service providers re-tooling their programs and shifting their focus to moving people quickly into permanent supportive housing throughout the County. Homelessness can be significantly reduced and the quality of life of our residents, especially those precariously housed or homeless can be improved.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

In support of CoC efforts, the City's 2015-2019 Consolidated Plan - Strategic Plan provides for the use of CDBG funds to support activities implemented by local nonprofit organizations that provide services to help prevent and eliminate homelessness, including families at risk of homelessness, victims of domestic violence and their families. The City will also use HOME funds to promote affordable housing development and affordable home ownership opportunities as two (2) of the main goals for the City.

Consistent with the County's strategies in place as of May 2015 when the 2015-2019 Consolidated Plan was adopted, the City's Consolidated Plan included the following strategies to reduce homelessness in Palmdale:

- Know who is homeless and what they need – Conduct a count of every person living on the streets, shelters, or other places not fit for human habitation to understand the scope of homelessness in each community;
- Create the housing and the services to help people thrive - Create affordable housing units through new construction or rehabilitation of existing buildings and provide supportive services in permanent supportive housing that are critical to housing retention;
- Shift to a Housing First System, a system through which homeless people are back in permanent housing in less than 30 days and there are few requirements for housing;
- Get involve and get others involved – Encourage others (individual or agency) to commit to partnering with other leaders to end chronic and veteran homelessness by 2016 and volunteer at local organizations.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

An individual or family is considered to be at-risk of becoming homeless if they experience extreme difficulty maintaining their housing and has no reasonable alternatives for obtaining subsequent housing. Homelessness often results from a complex set of circumstances that require people to choose between food, shelter and other basic needs. Examples of common circumstances that can cause homelessness include eviction, loss of income, insufficient income, disability, increase in the cost of housing, discharge from an institution, irreparable damage or deterioration to housing, and fleeing from family violence.

The “Approved Strategies to Combat Homelessness” published by L.A. County on February 9, 2016 (Homeless Initiative) are consistent with State and Federal initiatives for ending homelessness and consists of 47 strategies arranged by six guiding principles including A) Prevent Homelessness, B) Subsidize Housing, C) Increase Income, D) Provide Case Management and Services, E) Create a Coordinated System, and F) Increase Affordable/Homeless Housing. The Homeless Initiative represents a commitment by all stakeholders throughout the County to prevent and end homelessness. Through a Homeless Initiative planning grant, the City is developed a local Homeless Plan identifying local needs and strategies to partner with local service providers to meet those needs. The Plan was presented to the City Council in June, 2018.

Discussion

As part of this Action Plan, the City is investing $241,247 of CDBG funds in the City-sponsored South Antelope Valley Emergency Services program that will serve approximately 8,000 people with food, clothing and other essential services and referrals in an effort to prevent homelessness in Palmdale. Additionally, in 2019-2020 the City will implement the goals of the local Homeless Plan, which includes partnering with a local non-profit to provide Homeless Prevention and Rapid ReHousing Services utilizing Housing Asset Funds to prevent or rapidly rehouse individuals and families in Palmdale.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

A barrier to affordable housing is a public policy or nongovernmental condition that constrains the development or rehabilitation of affordable housing, such as land use controls, property taxes, state prevailing wage requirements, environmental protection, cost of land and availability of monetary resources. Barriers to affordable housing are distinguished from impediments to fair housing choice in the sense that barriers are lawful and impediments to fair housing choice are usually unlawful.

Based on information gathered during community meetings, the Consolidated Plan Needs Assessment Survey, the 2013-2021 Housing Element and market analysis, the primary barriers to affordable housing in Palmdale are housing affordability for those with income limits less than 50 percent of AMI and the lack of monetary resources necessary to develop and sustain affordable housing. The two barriers are related in the sense that demand for affordable housing exceeds the supply for those with income limits less than 50 percent of AMI and insufficient resources are available to increase the supply of affordable housing to meet demand.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

In the development of the 2013-2021 Housing Element, the City evaluated significant public policies affecting affordable housing development such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges and growth limitations. Based on this evaluation, the City determined that it has taken all necessary steps to ameliorate the negative effects of public policies that may have been a barrier to affordable housing. Moreover, the City is actively engaged with affordable housing developers concerning the siting of affordable housing and ensuring that the entitlement process runs smoothly from inception to completion.

Discussion:

To address housing affordability and the lack of monetary resources for affordable housing, the 2015-2019 Consolidated Plan - Strategic Plan calls for the investment of a significant portion of CDBG and HOME funds for the development of 160 new rental housing units, the creation of affordable homeownership opportunities and the rehabilitation and preservation of one existing affordable housing unit. Although the City no longer has access to Redevelopment Housing Set-Aside funds, CDBG, HOME and other local resources will be leveraged to attract private and other available public resources for affordable housing.

AP-85 Other Actions – 91.220(k)

Introduction:

In the implementation of the 2019-2020 Annual Action Plan, the City will invest CDBG and HOME resources to address obstacles to meet underserved needs, foster and maintain affordable housing, reduce lead-based paint hazards, reduce the number of poverty-level families, develop institutional structure and enhance coordination between public and private housing and social service agencies.

Actions planned to address obstacles to meeting underserved needs

The primary obstacles to meeting the underserved needs of low- and moderate-income people include lack of funding from federal, state and other local sources, the high cost of housing that is not affordable to low-income people and the lack of availability of home improvement financing in the private lending industry. To address these obstacles, the City is investing CDBG and HOME funds through the 2019-2020 Action Plan in projects that will provide public services to 8,000 low- and moderate-income people to prevent homelessness, rental assistance to 30 extremely low-income senior households, and projects that provide the infrastructure necessary to create affordable housing and provide public services. To address underserved needs, the City is allocating 100 percent of its CDBG and HOME funds (excluding Section 108 Debt Service and Administration) for program year 2019-2020 to projects that benefit low- and moderate-income people.

Actions planned to foster and maintain affordable housing

In the implementation of the 2019-2020 Annual Action Plan, the City will invest CDBG and HOME funds to foster affordable housing by partnering with housing developers in an effort to support the development of new rental housing units, including:

- Continue discussion with a developer for Multi-Family Rental New Construction; and
- Seek a CHDO applicant.

Actions planned to reduce lead-based paint hazards

The Residential Lead Based Paint Hazard Reduction Act of 1992 (Title X) emphasizes prevention of childhood lead poisoning through housing-based approaches. To reduce lead-based paint hazards, the City of Palmdale conducts lead-based paint testing and risk assessments for each residential property to be assisted that was built prior to January 1, 1978 and will incorporate safe work practices or abatement into the scope of work as required to reduce lead-based paint hazards in accordance with 24 CFR Part 35.

Actions planned to reduce the number of poverty-level families

The implementation of CDBG and HOME activities meeting the goals established in the 2015-2019 Consolidated Plan - Strategic Plan and this Annual Action Plan will help to reduce the number of poverty-level families by:

- Supporting activities that expand the supply of housing that is affordable to low- and moderate-income households;
- Supporting activities that ensure equal access to housing opportunities;
- Supporting a continuum of housing and public service programs to prevent and eliminate homelessness;
- Supporting activities that improve public facilities and infrastructure; and
- Supporting housing preservation programs that assure low income households have a safe, decent and appropriate place to live.

In addition to these local efforts, mainstream state and federal resources also contribute to reducing the number of individuals and families in poverty. Federal programs such as the Earned Income Tax Credit and Head Start provide pathways out of poverty for families who are ready to pursue employment and educational opportunities. Additionally in California, the primary programs that assist families in poverty are CalWORKS, CalFresh (formerly food stamps) and Medi-Cal. Together, these programs provide individuals and families with employment assistance, subsidy for food, medical care, childcare and cash payments to meet basic needs such as housing, nutrition and transportation. Other services are available to assist persons suffering from substance abuse, domestic violence and mental illness.

Actions planned to develop institutional structure

The institutional delivery system in Palmdale is high-functioning and collaborative—particularly the relationship between local government and the nonprofit sector comprised of a network of capable non-profit organizations that are delivering a full range of services to residents. Strong City departments anchor the administration of HUD grant programs and the housing, community and economic development activities that are implemented by the City. In order to support and enhance this existing institutional structure, the City of Palmdale will collaborate with affordable housing developers and nonprofit agencies receiving CDBG and HOME funds through the 2019-2020 Annual Action Plan to ensure that the needs of low- and moderate-income residents are met as envisioned within the 2015-2019 Consolidated Plan - Strategic Plan.

Actions planned to enhance coordination between public and private housing and social service agencies

To enhance coordination between public and private housing and social service agencies, the City will continue consulting with and inviting the participation of a wide variety of agencies and organizations involved in the delivery of housing and supportive services to low- and moderate-income residents in Palmdale—particularly the low-and moderate- income areas.

Discussion:

In the implementation of the 2019-2020 Annual Action Plan, the City will invest CDBG and HOME resources to address obstacles to meeting underserved needs, foster and maintain affordable housing, reduce lead-based paint hazards, reduce the number of poverty-level families, develop institutional structure and enhance coordination between public and private housing and social service agencies.

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction:

In the implementation of programs and activities under the 2019-2020 Annual Action Plan, the City of Palmdale will follow all HUD regulations concerning the use of program income, forms of investment, overall low- and moderate-income benefit for the CDBG program and recapture requirements for the HOME program.

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	**0**

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	85%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)

1. **A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

   The City does not use forms of investment other than what is included in § 92.205(b).

2. **A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

   The City's HOME-funded homebuyer programs incorporate a recapture provision in accordance with § 92.254 (a)(5)(ii). As a condition of funding, the homebuyer must enter into a HOME Participation Agreement with the City of Palmdale. The City's investment in the property is made as a forgivable loan in exchange for a 15-year affordability period as required under the HOME Program Regulations. The affordability period is enforced by a recorded affordability covenant against the property.

   Recapture of funds is required in the event of any of the following during the period of affordability:

   1. Sale of the property or transfer of any kind to non-income qualified homebuyers (excluding those related to the dissolution of marriage);
   2. When the residence ceases to be used as the primary residence, subleasing or renting of the property;
   3. Refinancing; and
   4. Failure to maintain the property in decent, safe, and sanitary condition.

   The funds subject to recapture include all funds advanced in connection with the City's homebuyer assistance, less forgiveness payments credited proportionally each year on the anniversary of the Note. HOME Funds shall be recaptured from net proceeds, which are defined as the sales price minus superior loan repayment (other than HOME assistance) and closing costs. The City will recapture the entire amount of HOME funds invested from net proceeds, less any forgiveness payments credited. In the event that the net proceeds resulting from a sale are not sufficient to provide for the full return of the Borrower's original down payment and Borrower's cost of capital improvements to the Property (subject to City verification and approval), then the Borrower shall be entitled to recover their original down payment amount and City approved capital improvement amounts before the recapture of the then outstanding balance of the HOME Loan. The recaptured HOME funds will be used to carry out HOME eligible activities.

3. **A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:**

   See above.

4. **Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

   The City does not intend to use HOME funds under the 2019-2020 Annual Action Plan to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

Discussion:

In the implementation of programs and activities under the 2019-2020 Annual Action Plan, the City of Palmdale will follow all HUD regulations concerning the use of CDBG and HOME funds.

CITY OF PALMDALE

2019/2020 ANNUAL ACTION PLAN
JULY 1, 2019 THROUGH JUNE 30, 2020

APPENDIX A
Citizen Participation and Consultation

- Notice – Advising Stakeholders of the availability of the 2018-2019 Action Plan for review and comment
- Publication – First Public Hearing – Annual Needs
- Publication – Notice of Funding Availability

CITY OF PALMDALE

2019/2020 ANNUAL ACTION PLAN
JULY 1, 2019 THROUGH JUNE 30, 2020

APPENDIX B
Grantee Unique Appendices

- Affordable Housing Units in Palmdale
- Homeless Facilities and Services in Los Angeles County
- CDBG Low- and Moderate-Income Area Map

CITY OF PALMDALE

2019/2020 ANNUAL ACTION PLAN
JULY 1, 2019 THROUGH JUNE 30, 2020

APPENDIX C
SF-424 and Action Plan Certifications

- SF-424: Community Development Block Grant
- SF-424D: Community Development Block Grant
- SF-424: HOME Investment Partnerships
- SF-424D: HOME Investment Partnerships
- 2019-2020 Action Plan Certifications

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**
ENGINEERING DIVISION

DISTRICT: **2**

SUBJECT: **PUBLIC HEARING AND ADOPT RESOLUTION NO. CC 2021-005, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ENGINEER'S REPORT FOR THE ANNEXATION OF ASSESSOR'S PARCEL NUMBER 3005-050-001 INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2020-193, EDWARDS FEDERAL CREDIT UNION, AND ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN SAID ASSESSMENT DISTRICT FOR FISCAL YEAR 2021/2022**

ISSUE

Accept the public testimony and adopt Resolution CC 2021-005, approving the annexation of Assessor's Parcel Number 3005-050-001 into the City of Palmdale Streetlight Maintenance Assessment District No. 1 as Annexation 2020-193 including the levy and collection of assessments for fiscal year 2021/2022

RECOMMENDATION

Accept the public testimony and adopt Resolution CC 2021-005, approving the annexation of Assessor's Parcel Number 3005-050-001 into the City of Palmdale Streetlight Maintenance Assessment District No. 1 as Annexation 2020-193 including the levy and collection of assessments for fiscal year 2021/2022

BACKGROUND

As a condition of approval for the project, Edwards Federal Credit Union, located at 39963 10th Street West, streetlight improvements are required. Edwards Federal Credit Union, the owner, is required to install all of the necessary streetlight improvements for the proposed Edwards Federal Credit Union site.

According to the "Landscaping and Lighting Act of 1972", Part 2 of Division 15 of the California Streets and Highways Code, the City may establish a streetlight maintenance assessment district or annex territory into an existing district to provide for the installation, continued maintenance, and servicing of the streetlight improvements. Placement of the streetlight improvements into a district will provide for

the continued maintenance of these improvements after the developer installs them and the City accepts them.

DISCUSSION

On December 15, 2020 the City Council acted to initiate the annexation of the Assessment District. On February 2, 2021 the City Council called for the preparation of an engineer's report, and set February 2, 2021 as the date for the public hearing. An assessment ballot has been mailed to the property owner of record of the parcel(s) to be assessed, in accordance with Article XIII D of the California Constitution. At the public hearing, if the ballot is returned affirmative, the City Council can approve the Assessment District annexation. If the ballot indicates opposition for the Assessment District annexation, the City Council cannot adopt the resolution.

Approval of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193 will provide for the continued maintenance, and servicing of streetlight improvements, in the Annexation area, after the developer installs them and the City accepts them.

FISCAL IMPACT

The total combined maximum assessment from the Annexation 2020-193 parcels for fiscal year 2021/2022 is $1,540. This revenue will be collected annually for the Street Light Maintenance Assessment District and expenditures for maintenance will be budgeted accordingly.

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:	Guillermo I. Padilla, City Engineer
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-005
2. Engineer's Report for City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, dated December 2020 for Fiscal Year 2021/2022

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-005

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ENGINEER'S REPORT, ORDERING THE ANNEXATION OF ASSESSOR'S PARCEL NUMBER 3005-050-001, EDWARDS FEDERAL CREDIT UNION, LOCATED AT 39963 10TH STREET WEST, INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2020-193, AND THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN SUCH ANNEXATION FOR FISCAL YEAR 2021/2022 AND CONFIRMING DIAGRAMS AND ASSESSMENTS PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE AND AS PROVIDED BY ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION

WHEREAS, the City Council by its Resolution No. CC 2020-111 initiated proceedings, and by its Resolution No. CC 2021-004 declared its intention to annex Assessor's Parcel Number 3005-050-001 into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2020-193 (the "Assessment District"), covering the territory located at 39963 10th Street West, for the proposed Edwards Federal Credit Union project, and to levy and collect assessments against lots and parcels of land within the Assessment District pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (the "Act"); to pay for the costs and expenses of maintaining and servicing streetlight structures and appurtenant facilities located within public places within the boundaries of the Assessment District; and

WHEREAS, the Engineer selected by the City Council has prepared and filed with the City Clerk and City Engineer, and the City Clerk has presented to the City Council, a Report in connection with the proposed Assessment District and the proposed levy and collection of assessments against lots and parcels of land within the Assessment District; and the City Council, did by previous resolution, approve such report (the "Report"); and

WHEREAS, the City Council desires to form the Assessment District and to levy and collect assessments against lots and parcels of land within the Assessment District for the fiscal year commencing July 1, 2021 and ending June 30, 2022; to pay for the costs and expenses of maintaining and servicing streetlight structures and appurtenant facilities located within public places within the boundaries of the Assessment District; and

WHEREAS, the City has conducted a mailed ballot election in connection with the levy of assessments within the Assessment District in accordance with Article XIII D

of the California Constitution, and has tabulated ballots in accordance with the City of Palmdale, procedures for the completion, return, and tabulation of assessment ballots.

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

SECTION 1. Following notice duly given, the City Council has: held a full and fair public hearing regarding its Resolution No. CC 2021-004; prepared the Report in connection with the proposed Assessment District for the levy and collection of assessments; and considered all oral and written statements, protests and communications made or filed by interested persons.

SECTION 2. The City Council hereby finds that a majority protest does not exist as defined in Section 4(e) of Article XIII D of the California Constitution with respect to the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, Edwards Federal Credit Union, located at 39963 10th Street West, Assessor Parcel Number 3005-050-001. All oral and written protests and objections to the Assessment District and the proposed levy and collection of assessments are hereby overruled by the City Council.

SECTION 3. Based upon its review of the Report, a copy of which has been presented to the City Council and which has been filed with the City Clerk and City Engineer, and other reports and information, the City Council hereby finds and determines with respect to the Assessment District included in the Report, that:

(i) the land within the Assessment District will be specially benefited by the maintenance and servicing of streetlight structures, and appurtenant facilities, located in public places within the boundaries of the Assessment District; and

(ii) the Assessment District includes all lands so specially benefited; and

(iii) the net amount to be assessed upon the lots and parcels within the Assessment District in accordance with the assessment for the fiscal year commencing July 1, 2021 and ending June 30, 2022 is apportioned by a formula and method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated special benefits to be received by each lot or parcel from the improvements; and

(iv) only special benefits are assessed, and no assessment is imposed on any parcel, which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

SECTION 4. The City Council hereby orders the proposed improvements to be made as set forth in the Report, which improvements are briefly described as follows: the operation, maintenance and servicing of local streetlight, traffic signal, and highway safety light structures in close proximity to certain lots and parcels which provide a direct special benefit to such lots or parcels ("Improvements and Services"). The Improvements and Services include, but are not limited to, the removal, repair, relocation, replacement or acquisition of light standards, poles, bulbs, fixtures and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and servicing of the street lighting and traffic signal improvements benefiting the parcels within the Assessment District.

SECTION 5. The City Council hereby confirms the diagram and assessments set forth in the Report. The maintenance and servicing of the streetlight structures and appurtenant facilities shall be performed pursuant to law. Commencing with fiscal year 2021/2022, the County Auditor of Los Angeles County shall enter on the County Assessment Roll opposite each lot or parcel of land the amount of the assessment, and such assessments shall then be collected at the same time and in the same manner as the County taxes are collected. After collection by the County, the net amount of the assessment after deduction of any compensation due the County for collection shall be paid to the City Finance Department. For fiscal year 2021/2022, the City's representative is hereby authorized and directed to collect such assessments.

SECTION 6. The assessments are in compliance with the provisions of the Act and Article XIII D of the California Constitution, and the City Council has complied with all laws pertaining to the levy of annual assessments pursuant to the Act and Article XIII D of the California Constitution.

SECTION 7. The assessments are levied for the purpose of paying the costs and expenses of the Improvements and Services described in Section 4, above, for fiscal year 2021/2022.

SECTION 8. The City Finance Department shall deposit all money representing assessments collected for the Assessment District to the credit of a special fund known as "Improvement Fund," City of Palmdale Streetlight Maintenance Assessment District No. 1, 2020-193, and such money shall be expended only for the maintenance and servicing of the streetlight structures, and appurtenant facilities as described in Section 4 above.

SECTION 9. The adoption of this resolution constitutes the levy of assessments for the fiscal year commencing July 1, 2021 and ending June 30, 2022.

SECTION 10. A certified copy of the diagram and assessments shall be filed in the office of the City Clerk and shall be open for public inspection.

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

PASSED, APPROVED and **ADOPTED** this 2nd day of February, 2021.

Approved as to form:

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Christopher L. Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 2nd day of February, 2021 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

CITY OF PALMDALE

STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1

ANNEXATION SLMD 2020-193

EDWARDS FEDERAL CREDIT UNION

ENGINEER'S REPORT

FISCAL YEAR 2021/2022

DECEMBER 2020

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 AND
ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:
SCIConsultingGroup
4745 MANGELS BOULEVARD
FAIRFIELD, CALIFORNIA 94534
PHONE 707.430.4300
FAX 707.430.4319
WWW.SCI-CG.COM

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CITY OF PALMDALE

CITY COUNCIL

Steven D. Hofbauer, Mayor
Richard J. Loa, Mayor Pro Tem/Councilmember District 2
Austin Bishop, Councilmember District 1
Laura Bettencourt, Councilmember District 3
Juan Carrillo, Councilmember District 4

CITY MANAGER

J.J. Murphy, ICMA-CM

DIRECTOR OF PUBLIC WORKS

Charles R. Heffernan, P.E.

CITY ATTORNEY

Christopher Beck

ENGINEER OF WORK

SCI Consulting Group
Lead Assessment Engineer, John Bliss, M.Eng., P.E.

TABLE OF CONTENTS

INTRODUCTION 1
BACKGROUND 1
ENGINEER'S REPORT 1
LEGISLATIVE ANALYSIS 2
PLANS AND SPECIFICATIONS 6
FISCAL YEAR 2021/2022 ESTIMATE OF COST AND BUDGET 8
DIRECT COSTS 9
OTHER COSTS 9
CITY CONTRIBUTION/GENERAL BENEFIT 10
ASSESSMENT DIAGRAM 11
METHOD OF ASSESSMENT 12
ASSESSMENT METHODOLOGY 12
DISCUSSION OF BENEFIT 12
BENEFIT FACTORS 13
GENERAL VERSUS SPECIAL BENEFIT 14
QUANTIFICATION OF GENERAL BENEFIT 15
ASSESSMENT METHODOLOGY 17
ASSESSMENT APPORTIONMENT 19
CERTIFICATES 21
ASSESSMENT STATEMENT 22
APPENDIX A – ASSESSMENT ROLL 24

LIST OF TABLES

TABLE 1 – LIGHT INVENTORY 7
TABLE 2 – BUDGET SUMMARY 8
TABLE 3 – CALCULATION OF GENERAL BENEFIT 16
TABLE 4 – LAND USE DEFINITIONS 17
TABLE 5 – LOCAL LIGHTING BENEFIT FACTORS 18
TABLE 6 – LOCAL TRAFFIC SIGNAL BENEFIT FACTORS 18
TABLE 7 – PERIPHERAL STREETLIGHTS/TRAFFIC SIGNALS BENEFIT FACTORS 19
TABLE 8 – ASSESSMENT APPORTIONMENT 20
TABLE 9 – SUMMARY OF COST ESTIMATES – FISCAL YEAR 2021/2022 22
TABLE 10 – ASSESSMENT ROLL FOR FISCAL YEAR 2021/2022 24

LIST OF FIGURES

FIGURE 1 – ASSESSMENT DIAGRAM 11

INTRODUCTION

BACKGROUND

The City of Palmdale (the "City") provides maintenance and servicing of certain publicly owned street and traffic lights throughout the City. In order to fund the maintenance and operation (the "Services") of these projects and improvements (the "Improvements"), the City has formed five Streetlight Maintenance Assessment Districts, including subsequent annexations, covering an area of approximately 26,000 acres and about 41,000 parcels. These assessment districts have been formed and the levies have been made pursuant to Part 2 of Division 15 of the *California Streets and Highways Code*, commonly known as the Landscape and Lighting Act of 1972 (the "Act"), and Article XIIID of the California Constitution (the "Article").

In September 2020, the property owner, Edwards Federal Credit Union (and Level 5, the developer), requested the formation of a streetlight maintenance assessment district associated with the frontage improvements of a future 14,118 square foot commercial building (Credit Union and offices) to be built on Assessor Parcel Number 3005-050-001. This property is located at 39963 10th Street West in Palmdale. After consultation with City staff, the decision was made to create a new streetlight assessment district for this project.

The Palmdale Streetlight Maintenance Assessment District No. 1 ("District"), Annexation 2020-193 (the "Assessment District" or "Annexation"), is proposed to include funding for the maintenance and operation of street lights, traffic lights, and related improvements ("Improvements and Services") that benefit the Edwards Federal Credit Union property that forms the Assessment District. The property proposed to be included in the Assessment District consists of 14,118 square foot commercial building consisting of a Credit Union and offices to be built on 1.61 acres within the City of Palmdale.

The developer proposes to construct frontage improvements along the south side of Avenue O-8 and east side of 10th Street West. This Assessment District annexation, described in this Engineer's Report, results from agreements or conditions of approval between the City of Palmdale and the property owner, Edwards Federal Credit Union, whereby the City and the property owner agreed on the maintenance and operation of the additional street lights to enhance the safety, utility, and access of the property within the Assessment District.

ENGINEER'S REPORT

This Engineer's Report ("Report") was prepared to establish the budget for the services that would be funded by the proposed 2021/2022 assessment, to determine the benefits received from the maintenance and operation of the additional street lights within the Assessment District, and to define the method of assessment apportionment to lots and parcels. This Report and the proposed assessments have been prepared pursuant to the Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code and Article XIIID of the California Constitution.

Following submittal of this Report to the City of Palmdale City Council ("Council") for preliminary approval, the Council may, by its Resolution No. CC 2021-004, call for an assessment ballot proceeding, and public hearing on the proposed establishment of assessments for the Improvements.

If the Council approves Resolution No. CC 2021-004, a notice of assessment and assessment ballot will be mailed to the property owner within the Assessment District at least 45 days prior to the date of the public hearing. Such notice would include a description of the proposed assessments, as well as an explanation of the method of voting on the assessments. Each notice would also include a ballot on which the property owner could mark his or her approval or disapproval of the proposed assessments, and a postage prepaid return envelope.

After the ballot is mailed to the property owner in the Assessment District, a minimum 45-day time period must be provided for the return of the assessment ballot. However, the property owner may waive their right to the 45-day ballot period in order to expedite annexations to the District, by so signing the ballot in agreement to this effect. Following the ballot period, a public hearing must be held for the purpose of allowing public testimony regarding the proposed assessments. This hearing is scheduled for February 2, 2021 at 7:00 p.m. At this hearing, the public will have the opportunity to speak on this issue and the returned ballots will be tabulated.

If it is determined at the public hearing that the assessment ballots submitted in opposition to the proposed assessments do not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted), the Council may take action to authorize the Annexation 2020-193 to the Streetlight Maintenance Assessment District No. 1, and approve the levy of the assessments for Fiscal Year 2021/2022. If the assessments are so confirmed and approved, the levies would be submitted to the County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2021/2022 or, in the case of property owned by a public agency, would be manually billed for Fiscal Year 2021/2022.

Charges for Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, shall be levied for fiscal year 2021/2022 upon formation of the Assessment District as provided herein.

LEGISLATIVE ANALYSIS

PROPOSITION 218

The Right to Vote on Taxes Act was approved by the voters of California on November 6, 1996, and is now Article XIIIC and XIIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property. This Assessment District will be balloted and approved by property owners in accordance with Proposition 218.

SILICON VALLEY TAXPAYERS ASSOC., INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. vs. Santa Clara County Open Space Authority (*SVTA*). This ruling is the most significant court case in further legally clarifying the substantive assessment requirements of Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special benefits to property, not general benefits.
- The services and/or improvements funded by assessments must be clearly defined.
- Assessment districts must be drawn to contain all parcels that receive a special benefit from a proposed public improvement.
- Assessments paid in the assessment district must be proportional to the special benefit received by each such parcel from the improvements and services funded by the assessment.

This Engineer's Report and the process used to establish these proposed assessments for fiscal year 2021/2022 are consistent with the *SVTA* decision and with the requirements of Article XIIIC and XIIID of the California Constitution based on the following factors:

1. The Assessment District is narrowly drawn to include only the properties that receive special benefit from the specific Improvements and Services. Thus, zones of benefit are not required, and the assessment revenue derived from real property in each Assessment District is extended only on the Services in the Assessment District.

2. The Improvements which are constructed and/or maintained with assessment proceeds in the Assessment District are located in close proximity to the real property subject to the assessment. The Improvements and Services provide illumination to streets and sidewalks enabling improved access to the owners, residents, and guests of such assessed property. The proximity of the Improvements to the assessed parcels and the improved access and increased safety provided to the residents of the assessed parcels by the Improvements, provides a special benefit to the parcels being assessed pursuant to the factors outlined by the Supreme Court in that decision.

3. Due to their proximity to the assessed parcels, the Improvements and Services financed with assessment revenues in the Assessment District benefit the properties in the Assessment District in a manner different in kind from the benefit that other parcels of real property in the City derive from such Improvements and Services, and the benefits conferred on such property in the Assessment District are more extensive than a general increase in property values.

4. The assessments paid in the Assessment District are proportional to the special benefit that each parcel within the Assessment District receives from the Services because:

a. The specific lighting Improvements and maintenance Services and utility costs thereof in the Assessment District and the costs thereof are specified in this Report; and

b. The cost of the Services in the Assessment District is allocated among different types of property located within the Assessment District, and equally among those properties which have similar characteristics, such as single-family residential parcels, multi-family residential parcels, commercial parcels, or industrial parcels.

DAHMS V. DOWNTOWN POMONA PROPERTY

On June 8, 2009, the 4th Court of Appeal amended its original opinion upholding a benefit assessment for property in the downtown area of the City of Pomona ("*Dahms*"). On July 22, 2009, the California Supreme Court denied review. On this date, *Dahms* became good law and binding precedent for assessments. In *Dahms* the Court upheld an assessment that was 100% special benefit (i.e. 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the assessment district. The Court also upheld discounts and exemptions from the assessment for certain properties.

BONANDER V. TOWN OF TIBURON

On December 31, 2009, the 1st District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon ("*Bonander*"). The Court invalidated the assessments on the grounds that the assessments had been apportioned to assessed property based in part on relative costs within sub-areas of the assessment district instead of proportional special benefits.

BEUTZ V. COUNTY OF RIVERSIDE

On May 26, 2010 the 4th District Court of Appeal issued a decision on the Steven Beutz v. County of Riverside ("*Beutz*") appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

GOLDEN HILL NEIGHBORHOOD ASSOCIATION V. CITY OF SAN DIEGO

On September 22, 2011, the San Diego Court of Appeal issued a decision on the Golden Hill Neighborhood Association v. City of San Diego appeal. This decision overturned an assessment for street and landscaping maintenance in the Greater Golden Hill neighborhood of San Diego, California ("*Greater Golden Hill")*. The court described two primary reasons for its decision. First, like in *Beutz*, the court found the general benefits associated with services were not explicitly calculated, quantified and separated from the special benefits. Second, the court found that the City had failed to record the basis for the assessment on its own parcels.

COMPLIANCE WITH CURRENT LAW

This Engineer's Report is consistent with the requirements of Article XIIIC and XIIID of the California Constitution and with the *SVTA* decision because the Improvements to be funded are clearly defined; the Improvements are directly available to and will directly benefit property in the Assessment District; and the Improvements and Services provide a direct advantage to property in the Assessment District that would not be received in absence of the Assessments.

This Engineer's Report is consistent with *Beutz*, *Dahms* and *Greater Golden Hill* because the Improvements and Services will directly benefit property in the Assessment District and the general benefits have been excluded from the Assessments. The Engineer's Report is consistent with *Bonander* because the Assessments have been apportioned based on the overall cost of the Improvements and Services and proportional special benefit to each property.

PLANS AND SPECIFICATIONS

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

> *The maintenance and servicing of local streetlight, traffic signal, and highway safety light structures in close proximity to certain lots and parcels which provide a direct special benefit to such lots or parcels.*

The Improvements and Services include, but are not limited to, the removal, repair, relocation, replacement or acquisition of light standards, poles, bulbs, fixtures and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and servicing of the street lighting and traffic signal improvements benefiting the parcels within the Assessment District.

The Act defines "service" or "servicing" as:

> *"Electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements."*

Plans and specifications for the Improvements and Services will be filed with the City Engineer of the City of Palmdale and are incorporated herein by reference. In addition, the specific location of both local and peripheral streetlight and traffic signal Improvements within the City can be found on the Streetlight Inventory Maps, maintained by the City and on file in the office of the Director of Public Works where they are available for inspection. The City also maintains a lamp location list that is a tabulated listing of every street in all the assessment districts and annexations by alphabetical order. Included in the items listed for each lamp are the exact location by street address number and lamp size. Also included within the City streetlight system are traffic signals and highway safety lights (lights mounted on traffic signal poles).

The Improvements and Services include the operation and maintenance of City owned streetlights within the right of way of the local public streets located within the boundaries of the Assessment District. These lights all abut or are within close proximity to the parcels within the Assessment District identified as receiving local lighting benefit in the Method of Assessment, and as such, provide special benefit to these parcels.

The maintenance of the streetlighting system will be performed jointly by the City of Palmdale and Southern California Edison (SCE). It is anticipated that City of Palmdale will own and maintain the streetlights, and SCE will maintain the underground utilities.

The proposed Improvements are listed in the following table:

TABLE 1 – LIGHT INVENTORY

Street Lights:		1	
No. of Lamps		Lamp Type	
1	-	11,000	lumens (101 watts) LED lamps
Traffic Signals (Local):		N/A	
Peripheral Improvements: Traffic Signals			

These quantities are subject to change and are based on preliminary information. For final quantities and locations please refer to the approved streetlight plans on file in the office of the City Engineer.

FISCAL YEAR 2021/2022 ESTIMATE OF COST AND BUDGET

A summary budget for fiscal year 2021/2022 for the Improvements and Services is provided below. The full Itemized Budget for the Assessment Districts is voluminous and is not bound in this report but by reference is incorporated and made a part of this report. The Itemized Budget is on file in the Department of Public Works, where it is available for public inspection.

TABLE 2 – BUDGET SUMMARY

CITY OF PALMDALE
STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT No. 1
ANNEXATION 2020-193 - Edwards Federal Credit Union
Cost Estimates FY 2021/2022

Budget Item		Costs
Direct Costs		
Labor/Materials	$234.28	
Streetlight Maintenance/Utility Costs	$546.66	
Total Direct Costs		$780.94
Other Costs	$195.23	
Total Other Costs		$195.23
Total Estimated Expenditures		$976.17
Net Amount to Assess		$976.17
Budget Allocation to Property		
Local Street Lights		
Total Acres	1.61	
Total Parcels	1	
Total EDUs *	6.44	
Annual Assessment Rate per EDU	$ 108.69	
		$699.94
Local Traffic Signals		
Total Acres	1.61	
Total Parcels	1	
Total EDUs *	4.03	
Annual Assessment Rate per EDU	$31.05	
		$124.99
Peripheral Streetlights/Traffic Signals		
Total Acres	1.61	
Total Parcels	1	
Total EDUs *	9.74	
Annual Assessment Rate per EDU	$15.53	
		$151.24
Total Maximum 2021/2022 Annual Assessment		$976.17

* See Table 8 on page 20 for EDU (Equivalent Dwelling Unit) calculations.

DIRECT COSTS

The following cost descriptions apply to the budget:

LABOR, MATERIALS, EDISON COSTS

Labor, Material, and equipment includes all labor, material, and equipment including electricity required to properly maintain and service the Improvements and appurtenant facilities within the Assessment District. All Improvements within the Assessment District will be maintained and serviced on a regular basis.

RENOVATION, INSTALLATION, ACQUISITION

Repairs that are unforeseen and not normally included in the yearly maintenance cost. This may include repair of damage due to vandalism and traffic accidents. Planned upgrades of the Improvements that provide a direct benefit to the Assessment District could also be included in renovation costs. The installation or construction of public lighting facilities, or the acquisition of any existing improvements are also included.

UTILITY COSTS/ELECTRICITY

The furnishing of electricity required for the operation of the street lighting, applicable to service for the lighting of streets and highways, where the City owns the streetlights, and the City and Southern California Edison (SCE) jointly perform the maintenance of the lighting equipment and associated system and facilities.

OTHER COSTS

PERSONNEL

The cost of City staff for providing street lighting maintenance, the coordination and oversight for maintenance and servicing by City staff or by Southern California Edison, responding to public concerns, and levying and collecting assessments. This includes reimbursement for time spent by Finance and Accounting departments, City Attorney, City Manager, and Public Works staff.

CONSULTANTS

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

PROFESSIONAL FEES

The costs of contracting with professionals to provide any additional administrative or engineering services specific to the annexation, such as the cost to prepare and mail notices of the public meeting and hearing, or preparation of assessment diagrams.

COUNTY ADMINISTRATION FEES

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

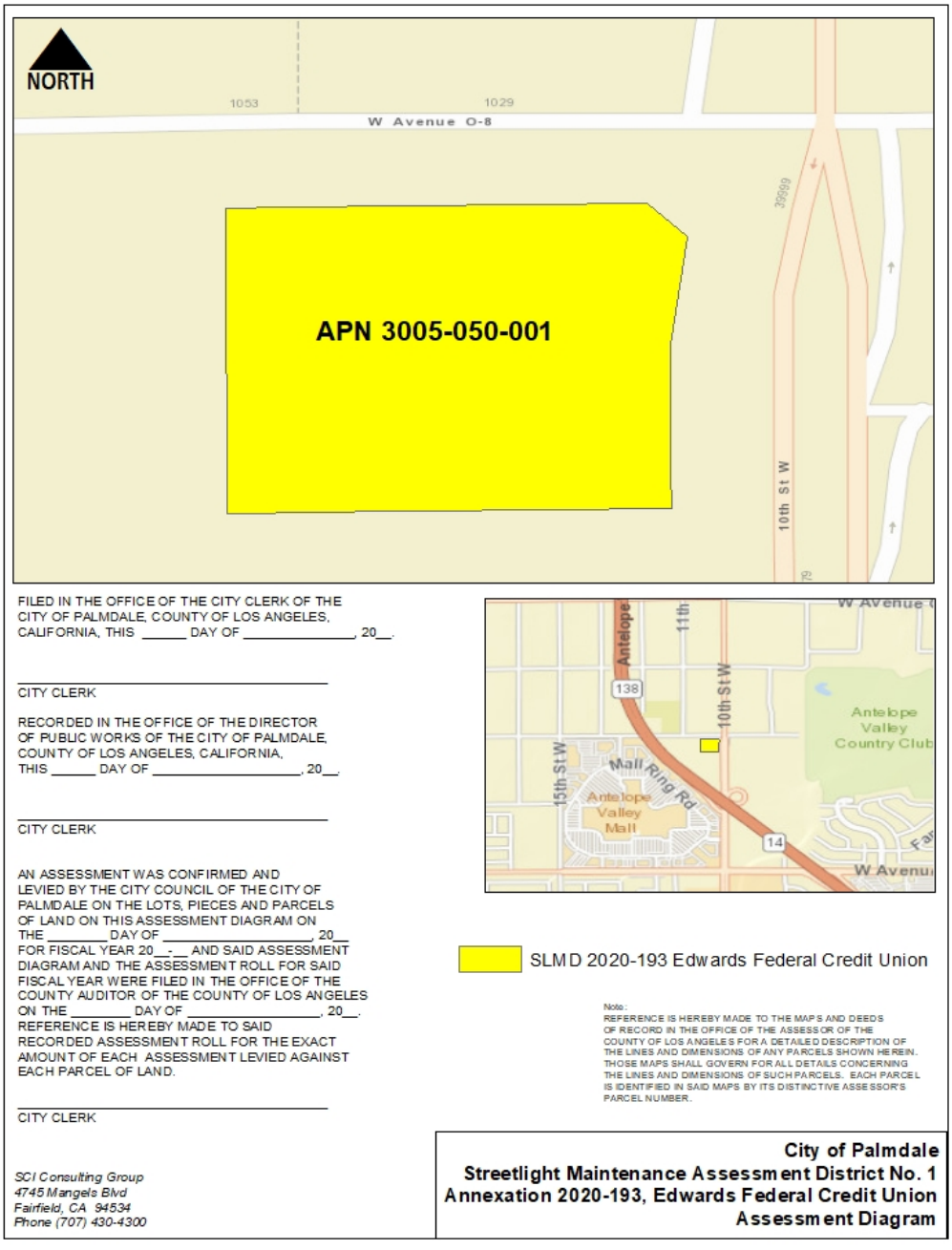
CITY CONTRIBUTION/GENERAL BENEFIT

Any funds added to the Districts' and Annexations' accounts by the City from the City's General Fund Account or other revenue source.

ASSESSMENT DIAGRAM

The boundaries of the City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, is shown on the Assessment Diagram below.

FIGURE 1 – ASSESSMENT DIAGRAM



METHOD OF ASSESSMENT

ASSESSMENT METHODOLOGY

This section of the Engineer's Report includes an explanation of the benefits to be derived from the Improvements and Services throughout the Assessment District and the Assessment methodology used to apportion the total Assessment to properties within the Assessment District.

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

DISCUSSION OF BENEFIT

The Assessments can only be levied based on the special benefit to property. This special benefit is received by a property over and above any general benefit. The assessments are levied upon those parcels within an identified Assessment District where the Improvements and Services provided are specific to those parcels. Moreover, such a benefit is not based on any one property owner's use of the Improvements and Services or a property owner's specific demographic status. With reference to the requirements for Assessments, Section 22573 of the Act states:

> *"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

Proposition 218, as codified in Article XIIID of the California Constitution, has confirmed that Assessments must be based on the special benefit to property:

> *No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.*

The following benefit categories summarize the types of special benefit to residential, commercial, industrial, and other lots and parcels resulting from the Services. These categories of special benefit are derived in part from the statues passed by the California Legislature and other studies which describe the types of special benefit received by the

property from the installation, maintenance and servicing of improvements such as those proposed by the City of Palmdale and the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193. These types of special benefit are summarized as follows:

- Proximity to Improvements within the Assessment District.
- Improved safety and security lighting for property.
- Improved ingress and egress to property for vehicular traffic and pedestrians.
- Creation of individual lots for development or approval of building permits that in the absence of the assessments would not have been created or approved.

The recent Silicon Valley Taxpayers Association, Inc. vs. Santa Clara County Open Space Authority (*SVTA*) decision provides enhanced clarity to the definition of special benefits to property based on the proximity of the Improvements and Services.

The *SVTA* decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel, and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The *SVTA* decision also provides specific guidance that improvements that are proximate to property are a direct advantage and special benefit to property:

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

Proximity, in addition to the other special benefits listed above, further strengthens the basis of this assessment.

BENEFIT FACTORS

The special benefits from the Improvements and Services are further detailed below:

PROXIMITY TO IMPROVEMENTS WITHIN THE ASSESSMENT DISTRICT

Only the specific properties within close proximity to the Improvements and Services are included in the Assessment District. Therefore, property in the Assessment District enjoys unique and valuable proximity to the Improvements that the public at large and property outside the Assessment District do not share.

In absence of the assessments, the Improvements and Services would not be provided and would be degraded or inoperable due to insufficient funding for maintenance, upkeep and repair. Therefore, the assessments provide Improvements and Services that are over and above what otherwise would be provided. Improvements and Services that are over and above what otherwise would be provided do not by themselves translate into special benefits but, when combined with the unique proximity enjoyed by parcels in the Assessment District, they provide a direct advantage and special benefit to property in the Assessment District.

IMPROVED SAFETY AND SECURITY LIGHTING FOR PROPERTY

Parcels within the Assessment District are located close to, and in some cases directly next to, streetlights that provide illumination of the streets and sidewalks adjacent to the properties in the Assessment District. This illumination increases safety by allowing pedestrians and drivers of vehicles to see better during hours of dusk and darkness. The illumination also serves to deter criminal activity during hours of dusk and darkness. This is a direct advantage and special benefit to the property in the Assessment District.

IMPROVED INGRESS AND EGRESS TO PROPERTY FOR VEHICULAR TRAFFIC AND PEDESTRIANS

The Improvements and Services provide illumination to streets and sidewalks in and immediately adjacent to the Assessment District. This illumination allows improved ingress and egress to the parcels within the Assessment District and reduces the potential for accidents and property damage. This is a direct advantage and special benefit to the property in the Assessment District.

CREATION OF INDIVIDUAL LOTS FOR DEVELOPMENT OR APPROVAL OF BUILDING PERMITS THAT IN ABSENCE OF THE ASSESSMENTS WOULD NOT HAVE BEEN CREATED OR APPROVED

The developer or the owner of the property at the time of development agreed to the assessments. As parcels were sold, new owners were informed of the assessments through the title reports, and in some cases, through Department of Real Estate "White Paper" reports that the parcels were subject to assessment. Purchase of property was also an "agreement" to pay the assessment. Moreover, in absence of the assessments, the lots within the Assessment Districts would not have been created or building permits would not have been approved. These lots, and the Improvements they support, are a special benefit to the property owners.

GENERAL VERSUS SPECIAL BENEFIT

The proceeds from Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, are used to fund Improvements and increased levels of maintenance to the public facilities that serve and benefit the properties in the Assessment District. In absence of the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, such Improvements would not be properly maintained. Therefore, the Assessment District's purpose is to ensure that the necessary and beneficial public facilities for property in the Assessment District are properly maintained and repaired over time. The assessments will ensure that street lighting and associated improvements within and adjacent to the Assessment District are functional, well maintained and safe. These public resources directly benefit the property in the Assessment District and will confer distinct and special benefits to the properties within the Assessment District. Moreover, in absence of the assessments, a condition of development would not be met and future construction in the Assessment District could be denied. The creation of individual lots, if any, and the approval for construction in the Assessment District, is the overriding clear and distinct special benefit conferred exclusively on property in the Assessment District and not enjoyed by other properties outside the Assessment District. Therefore, the assessments solely provide

special benefit to property in the Assessment District over and above the general benefits conferred to the public at large or properties outside the Assessment District.

Although the Improvements maintained by the Services may be available to the general public at large, the Improvements and Services are specifically designed, located and created to provide additional and improved resources for property inside the Assessment District, and not the public at large. Other properties that are outside the Assessment District do not enjoy the unique proximity and other special benefit factors described previously. These Improvements and Services are of special benefit to properties located within the Assessment District because they provide a direct advantage to properties in the Assessment District that would not be provided in absence of the Assessments. Any general benefits to surrounding properties outside of the Assessment District, if any there were, are collateral and conferred concomitantly.

QUANTIFICATION OF GENERAL BENEFIT

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

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

In the 2009 Dahms case, the court upheld an assessment that was 100% special benefit on the rationale that the services funded by the assessments were directly provided within the assessment district. It is also important to note that the improvements and services funded by the assessments in Pomona are similar to the improvements and services funded by the Assessments described in this Engineer's Report, and the Court found these improvements and services to be 100% special benefit. Also similar to the assessments in Pomona, the Assessments described in this Engineer's Report fund Improvements and Services directly provided within the Assessment District, and every benefiting property in the Assessment District enjoys proximity and access to the Improvements. Therefore, Dahms establishes a basis for minimal or zero general benefits from the Assessments.

STEP 1 – CALCULATE GENERAL BENEFIT

The General Benefits from this assessment may be quantified as illustrated in the following table.

TABLE 3 – CALCULATION OF GENERAL BENEFIT

Benefit Factor	Relative Weight	General Benefit Contribution	Relative General Benefit
Improved safety and security lighting for property	5	25%	1.25
Improved ingress and egress to property for vehicular traffic & pedestrians	5	25%	1.25
Creation of individual lots for development or approval of building permits	90	0%	0
	100		2.5
	Total Calculated General Benefit =		2.5%

As a result, the City of Palmdale will contribute at least 2.5% of the total budget from sources other than the assessment. This contribution offsets any general benefits from the Assessment Services.

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

This general benefit contribution is the sum of the following components:

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

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

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

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

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

ASSESSMENT METHODOLOGY

The second step in apportioning assessments is to determine the relative special benefit for each property. The Assessment Districts and Annexations assessments are based on land use to ensure properties are assessed in proportion to the benefits received. The land uses defined below are descriptive of all potential parcels. This process involves determining the relative benefit received by each property in relation to a single-family home, or, in other words, on the basis of Equivalent Dwelling Units (EDUs). This EDU methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this Engineer's Report, all properties are designated an EDU value, which is each property's relative benefit in relation to a single-family home on one parcel. In this case, the "benchmark" property is the single-family detached dwelling which is one Equivalent Dwelling Unit or one EDU.

TABLE 4 – LAND USE DEFINITIONS

Land Use Code	Land Use Description
RES	Single family residential parcels that benefit from local lighting
CONDO	Condominium or town home parcels that benefit from local lighting
APT	Multiple family residential parcels that benefit from local lighting
MH	Mobile homes that benefit from local lighting
NONRES	Non-residential parcels that benefit from local lighting
NONRES / LIGHT INDUSTRIAL	Non-residential / light industrial parcels that benefit from local lighting
VACANT	Parcels without a building or similar structure that benefit from local lighting
EXEMPT	Parcels exempt by law from the assessment, or those parcels that do not benefit from the Districts and Annexations

LOCAL LIGHTING APPORTIONMENT

The special benefit from the maintenance, operation, and servicing of local streetlights within the Assessment District only accrues to those parcels within the Assessment District located in areas where such lighting is provided. Parcels within the Assessment District, regardless of location, are considered to benefit from such improvements installed within the Assessment District. These benefit factors were defined earlier in the Benefit Factors section. The Benefit Factor is apportioned to properties in the Assessment District based on the relative property size or units as available from the City of Palmdale Planning Department. The following Table - Local Lighting Benefit Factors, shows the breakdown of the benefit points assigned to each land use for those properties located in areas with streetlights. Assessments for local street lighting will be determined using the following Table and the current EDU rate to maintain streetlights within each individual Assessment District and Annexation.

TABLE 5 – LOCAL LIGHTING BENEFIT FACTORS

Land Use Description	Safety Benefit	Availability Benefit	Total Equivalent Dwelling Units (EDUs)
Single Family Residential (SFR)	0.75/unit	0.25/parcel	1.00 EDU/parcel
Condominium	0.55/unit	0.25/parcel	0.80 EDU/parcel
Multi-family up to 20 units	0.54/unit	0.25/parcel	0.54 EDU/unit + 0.25 EDU/parcel
Multi-family more than 20 units	0.45/unit + 1.80/parcel	0.25/parcel	0.45 EDU/unit + 2.05 EDU/parcel
Mobile Home up to 20 units	0.33/unit	0.25/parcel	0.33 EDU/unit + 0.25 EDU/parcel
Mobile Home more than 20 units	0.20 /unit + 2.60/parcel	0.25/parcel	0.20 EDU/unit + 2.85 EDU/parcel
Non-residential	2.50/acre	1.50/acre	4.00 EDU/net acre
Non-residential/Light industrial	0.60/acre	0.40/acre	1.00 EDU/net acre
Vacant	0.25/parcel	0.25/parcel	0.50 EDU/parcel

An EDU (Equivalent Dwelling Unit) is used as a way to relate dissimilar land uses such as commercial and residential. As an example, one acre of commercial is approximately equal to 4 residential parcels.

LOCAL TRAFFIC SIGNAL APPORTIONMENT

The special benefit from the maintenance, operation, and servicing of local traffic signals, including safety lights mounted on the traffic signals within the Assessment District, is similar to the local streetlights. Therefore, the Benefit Factor is apportioned to properties in the Assessment District based on the relative property size or units as available from the City of Palmdale Planning Department. The following Table - Local Traffic Signal Benefit Factors, shows the breakdown of the benefit points assigned to each land use for those properties located in areas with local traffic signals. Assessments for local traffic signals will be determined using the following Table and the current EDU rate to maintain traffic signals within each individual Assessment District and Annexation.

TABLE 6 – LOCAL TRAFFIC SIGNAL BENEFIT FACTORS

Land Use Description	Total Equivalent Dwelling Units (EDUs)
Single Family Residential (SFR)	0.75 EDU/Parcel
Condominium	0.68 EDU/Parcel
Multiple Family	0.45 EDU/Unit + 0.25 EDU/Parcel
Mobile Home	0.20 EDU/Unit + 0.25 EDU/Parcel
Non-residential	2.50 EDU/Acre
Non-residential/Light Industrial	0.60 EDU/Acre
Vacant	0.25 EDU/Parcel

PERIPHERAL STREETLIGHTS/TRAFFIC SIGNALS APPORTIONMENT

Parcels in the Assessment District receive special benefit from the installation, maintenance, operation, and servicing of safety lighting and streetlights, and traffic signals on peripheral streets located outside of the District. The peripheral lighting, traffic signals, safety lighting and capital improvements (arterial lighting) are provided throughout the City and properties in the District may easily access these improvements. In contrast to the local lighting, peripheral lighting benefits properties primarily because the properties are provided safe peripheral street access. Therefore, peripheral lighting benefits will be apportioned to parcels in the District based on the relative property size or units as available from the City of Palmdale Planning Department.

Vacant properties also benefit from peripheral lighting because of the convenience associated with emergency vehicle access and other traffic that must use the arterial streets to service the vacant properties in the District. Therefore, vacant parcels are assigned a per parcel benefit point. Vacant parcels are assigned benefit points based on the core benefit attributable to every assessable parcel in the District from peripheral lighting of 0.25 benefit points per parcel.

The following Table -- Peripheral Streetlights/Traffic Signals Benefit Factors, shows the breakdown of the benefit points assigned to each land use for assessable property in the Assessment District.

TABLE 7 – PERIPHERAL STREETLIGHTS/TRAFFIC SIGNALS BENEFIT FACTORS

Land Use Description	Total Benefit Points
Single Family Residential (SFR)	1.00 EDU/Parcel
Condominium	0.85 EDU/Parcel
Multiple Family	0.95 EDU/Parcel
Mobile Home	0.40 EDU/unit
Non-residential	1.00 EDU/7,200 square feet (parcel size)
Non-residential/Light Industrial	0.40 EDU/7,200 square feet (parcel size)
Vacant	0.25 EDU/Parcel

ASSESSMENT APPORTIONMENT

The proposed Improvements and Services, and the assessments for Streetlight Maintenance Assessment District No. 1, SLMD No. 2020-193, provide direct and special benefit to properties in the Assessment District. In the Streetlight Maintenance Assessment District No. 1, the parcel to be annexed, are a non-residential development project. The new Annexation consists of one parcel with 1.61 acres. As such, parcels receive similar benefit from the Services in proportion to the parcel's size. Therefore, the Engineer has determined that the appropriate method of apportionment of the benefits derived by all parcels is on a per acre basis. In order to maintain consistency with lighting maintenance assessment

districts previously established in the City of Palmdale, the assessment apportionment is as follows:

TABLE 8 – ASSESSMENT APPORTIONMENT

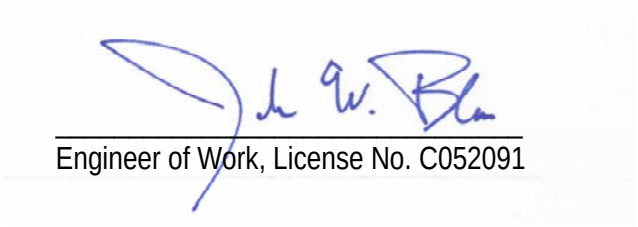
Property Type	Equivalent Dwelling Units (EDUs) Calculation		
Non-residential	Acres X	EDUs per Acre	= Total EDUs
Local Lighting	1.61	4.00	6.44
Local Traffic Signals	1.61	2.50	4.03
Peripheral Streetlights/Traffic Signals	1.61	6.05	9.74

All improved properties or properties proposed for development are assigned an EDU factor based on the total parcel size. The proposed assessments are listed on the Assessment Roll at the end of this report.

CERTIFICATES

FINAL RECORDING CERTIFICATIONS

1. The undersigned respectfully submits the enclosed Engineer's Report and does hereby certify that this Engineer's Report, and the Assessment and Assessment Diagram herein, have been prepared by me in accordance with the order of the City Council of the City of Palmdale.



_____
Engineer of Work, License No. C052091

2. I, Shanae S. Smith, as City Clerk, do hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, were filed and recorded with me on _____, 20__.

_____
Shanae S. Smith, City Clerk
City of Palmdale
State of California

3. I, Shanae S. Smith, as City Clerk, do hereby certify that the Assessment in this Engineer's Report, together with the Assessment Diagram attached thereto, were approved and confirmed by the City Council of the City of Palmdale on February 2, 2021, by Resolution No. CC 2021-005.

_____
Shanae S. Smith, City Clerk
City of Palmdale
State of California

ASSESSMENT STATEMENT

WHEREAS, the undersigned Engineer of Work has prepared and filed a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the Improvements upon all assessable parcels within the Assessment District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Acts and the order of the City Council of the City of Palmdale, hereby make the following assessment to cover the portion of the estimated cost of said Improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amounts to be paid for said Improvements and the expense incidental thereto, to be paid by the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, for the fiscal year 2021/2022, are generally as follows:

TABLE 9 – SUMMARY OF COST ESTIMATES – FISCAL YEAR 2021/2022

CITY OF PALMDALE
Streetlight Maintenance Assessment District No. 1
ANNEXATION 2020-193 - Edwards Federal Credit Union
Summary Cost Estimates FY 2021/2022

Direct Costs				$780.94
Other Costs				$195.23
Total Costs / Budget to Assessment				$976.17
Total Budget				$976.17
	Street Lights	Traffic Lights	Peripheral Lights	
Total EDUs	6.44	4.03	9.74	
Rate per EDU	$108.69	$31.05	$15.53	$155.27

As required by the Acts, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Streetlight Maintenance Assessment District No. 1, Annexation 2020-193. The distinctive number of each parcel or lot of land in said Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, is its Assessor Parcel Number appearing on the Assessment Roll.

And I do hereby assess and apportion said net amount of the cost and expenses of said Improvements and Services, including the costs and expenses incident thereto, upon the parcels and lots of land within said Streetlight Maintenance Assessment District No. 1,

Annexation 2020-193, in accordance with the special benefits to be received by each parcel or lot from the Improvements and Services, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessments are made upon the parcels or lots of land within the Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, in proportion to the special benefits to be received by the parcels or lots of land from said Improvements and Services.

The assessments are subject to an annual increase tied to the Consumer Price Index All Urban Consumers for the Los Angeles-Long Beach-Anaheim Area (CPI), or to the Southern California Edison and California Public Utilities Commission (CPUC) approved rates for each light fixture used in the City's Streetlight Maintenance District. The Engineer shall compute the percentage difference between the CPUC or the CPI for February of each year and the CPUC or CPI for the previous February and shall then increase the existing assessment by an amount not to exceed such percentage for the following fiscal year. If the CPI or CPUC increase is not applied to the assessment rate in a given year, the assessment rate may be raised in subsequent years by an amount corresponding to the unused, cumulative increase in CPI or CPUC.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Los Angeles for the fiscal year 2021/2022. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2021/2022 for each parcel or lot of land within the said Streetlight Maintenance Assessment District No. 1, Annexation 2020-193.

Dated: December 30, 2020



Engineer of Work

By _____

John W. Bliss, License No. C052091

APPENDIX A – ASSESSMENT ROLL

An Assessment Roll (a listing of all parcels assessed within the City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2020-193, and the amount of the assessment) has been filed with the Director of Public Works, and is, by reference, made part of this report and will be available for public inspection during normal office hours.

Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records, and these records are by reference made part of this report. These records shall govern for all details concerning the description of the lots or parcels.

TABLE 10 – ASSESSMENT ROLL FOR FISCAL YEAR 2021/2022

Streetlight Maintenance Assessment District No. 1 Annexation SLMD 2020-193 - Edwards Federal Credit Union FISCAL YEAR 2021/2022			
Owner's Name	Assessor Parcel Number	FY 2021/2022 Maximum Assessment	FY 2021/2022 Proposed Annual Assessment
Edwards Federal Credit Union	3005-050-001	$976.17	$699.94
FY 2021/2022 Total Assessment		$976.17	$699.94

NOTE:
For the upcoming year, the proposed assessment will be updated to include the annual rate increase based upon the Consumer Price Index for All Urban Consumers for the Los Angeles-Orange-Riverside County Areas (CPI) updated as of February of each year, and this assessment will be placed in the newly created parcel. Each year thereafter, the rates will continue to increase based on this CPI.

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **ALL**

SUBJECT: **ADOPT ORDINANCE NO. 1552 APPROVING ZONING ORDINANCE AMENDMENT 20-004 AMENDING VARIOUS SECTIONS OF TITLE 17 OF THE PALMDALE MUNICIPAL CODE TO IMPROVE THE ORGANIZATION, CONSISTENCY AND FLOW OF THE DOCUMENT AND FIND THAT THE PROJECT IS NOT SUBJECT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

ISSUE

Should the City Council adopt ORDINANCE NO. 1552 approving Zoning Ordinance Amendment (ZOA) 20-004 amending various sections of Title 17 of the Palmdale Municipal Code to improve the organization, consistency and flow of the document and find that the project is not subject to the California Environmental Quality Act (CEQA).

RECOMMENDATION

Staff recommends that the City Council adopt ORDINANCE NO. 1552 approving ZOA 20-004 amending various sections of Title 17 of the Palmdale Municipal Code to improve the organization, consistency and flow of the document and find that the project is not subject to the California Environmental Quality Act (CEQA).

BACKGROUND

On October 8, 2020, the Planning Commission unanimously recommended that the City Council approve the subject ZOA which is intended to improve the organization, consistency, and flow of Title 17 (Zoning Code).

On December 15, 2020, the City Council reviewed the draft ordinance and directed staff to modify language related to security doors due to concerns regarding the location of these types of security devices. As such, rather than prohibiting security shutters on the exterior of a building, the language was modified to allow mounting of shutters subject to the discretion of the Planning Director.

Currently, portions of the Zoning Code are difficult for the development community, City staff and the general public to navigate and comprehend. Although the Zoning Code has

been amended many times throughout the years, it has not been comprehensively updated since 1994.

The City of Palmdale began the process of updating the General Plan in early 2019. After its anticipated adoption in early 2022, a comprehensive update of the Zoning Code will be completed. Due to the extended timeline for this comprehensive update, City staff has been soliciting feedback from the development community and general public regarding areas of concern and how to spur potential desirable development.

DISCUSSION

This ZOA is necessary prior to the comprehensive update to achieve the following goals:

- Include additional uses within the comprehensive Land Use Matrix, for example:
    - Escape Rooms;
    - Rock Climbing Gymnasiums;
    - Spinning Classes; and,
    - Paintball Courses.
- Clarify and eliminate ambiguity to make the Zoning Code more business and community friendly by making the following clarifications:
    - The size of a standard two car garage was listed as 20 feet by 22 feet in one section of the Zoning Code but 20 feet by 20 feet in another section;
    - Palmdale Municipal Code (PMC) Section 17.88.110 regarding Signs in Residential Zones did not include regulations for the R-4 (High Density Residential) zone; and,
    - The MX (Mixed-Use) zone was previously included in the Land Use Matrix for commercial uses but inadvertently left off the matrix for residential uses.
- Modernize terminology and requirements to reflect current practices:
    - Equating the retail sale of automobile parts and accessories with similar retail uses rather than automotive uses;
    - Clarifying that exemption from submittal of a Major Modification triggers submittal of a Minor Modification; and,
    - Clarifying the appeals process for applications reviewed by the Hearing Officer;
    - Creating requirements for security roll up/down shutters;
    - Restricting the height of retaining and perimeter walls when there is a grade difference;
    - Clarifying required parking for drive through restaurants; and,

- Amending setbacks along arterials and collector streets.

FISCAL IMPACT

None.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

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

Prepared by:	Carlene Saxton, Director of Economic and Community Development
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. ORDINANCE NO. 1552

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1552

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING VARIOUS SECTIONS OF TITLE 17 OF THE PALMDALE MUNICIPAL CODE TO IMPROVE THE ORGANIZATION, CONSISTENCY AND FLOW OF THE DOCUMENT (ZOA 20-004)

A. RECITALS

WHEREAS, the City of Palmdale is proposing to adopt Zoning Ordinance Amendment (ZOA) 20-004 described herein (hereinafter "ZOA");

WHEREAS, the ZOA proposes to modify Palmdale Municipal Code (PMC) Title 17 to clarify ambiguity, improve organization, consistency, and flow, and to add new uses previously not contemplated by the Zoning Code;

WHEREAS, on October 8, 2020, the Planning Commission reviewed the proposed project and recommended approval of the ZOA by the City Council;

WHEREAS, on December 15, 2020, the City Council reviewed and continued the proposed project and directed staff to modify language related to the placement and approval of security shutters; and,

WHEREAS, on February 2, 2021, the City Council of the City of Palmdale conducted a duly noticed public hearing on the ZOA 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 February 2, 2021.

B. ORDINANCE

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

SECTION 1. The City Council hereby specifically finds that all of the facts set forth above are true and correct.

SECTION 2. Based upon substantial evidence presented to the City Council during the February 2, 2021, public hearing, including public testimony and written and oral staff report, the City Council specifically finds as follows:

(a) The proposed ZOA conforms with the goals, objectives, and policies of the General Plan.

The proposed ZOA conforms with the goals, objectives, and policies of the General Plan as demonstrated by the following General Plan policies:

Land Use Element Policy L2.2.4: Expedite and simplify permit processing to the extent feasible and provide individualized assistance to persons requesting help with City procedures and permit processes. The proposed changes will modernize terminology, provide clarity, eliminate ambiguity, streamline, and in general, create a more user-friendly Zoning Code for applicants, staff, and City officials.

Policy L2.1.3: Adopt strategies to provide opportunities for a wide range of business needs, including start up, expansion, and relocation. The proposed revisions to the Zoning Code are intended to provide opportunities for a wide range of business needs by simplifying and facilitating the land use entitlement process with clear direction from the PMC.

(b) The proposed ZOA is necessary to implement the General Plan and to provide for public safety, convenience, and/or general welfare.

This amendment is intended to streamline use of the code, clarify, and eliminate ambiguity, and ensure internal consistency. Furthermore, the amendment will improve the convenience of users of the Zoning Code, including applicants, staff, and City officials, by creating a more streamlined, and internally consistent document. In addition, amending various sections of the code will assist applicants in the implementation of the goals, policies, and objectives of the General Plan.

(c) The proposed ZOA conforms with the intent of the Zoning Code and is consistent with all other related provisions thereof.

The proposed changes are intended to clarify and eliminate ambiguity and ensure internal consistency. The amendment adheres to both the guiding principles and spirit of the original document. The intent of the Zoning Code is to *"promote the public health, safety, and general welfare and to preserve and enhance the quality of life within the City by establishing regulations to ensure that an appropriate mix of land uses is developed in an orderly manner."* The ZOA will result in an appropriate mix of uses by allowing uses otherwise excluded by the code. Furthermore, orderly development is facilitated because new uses are being given consideration and permitted appropriately in zones with uses of similar intensity.

(d) The proposed ZOA is reasonable and beneficial at this time.

Zoning Ordinance Amendments occur over time in order to improve the quality of life, provide convenience, and to remain current with local government best practices. As sections of the Zoning Code have been independently amended over time, the document now contains issues with consistency and flow, which make it difficult for the development community to find what they are looking for and to understand what they find. ZOA 20-004 addresses these issues by revising portions of the Zoning Code to create a more user-friendly document that is internally consistent and consistent with the General Plan.

SECTION 3. The City Council hereby finds as follows with respect to the environmental documentation prepared for the ZOA:

(a) ZOA 20-004 is exempt from the requirements of the California Environmental Quality Act (CEQA) and the City's CEQA Guidelines. The project qualifies under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Pursuant to CEQA Guidelines Section 15061(B)(3), where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed ZOA involves streamlining use of the code, clarifying, and eliminating ambiguity, and ensuring internal consistency. Given that the request does not include any development, it does not result in a physical change that could cause an impact to the environment. Any future development application will be reviewed for CEQA compliance under a separate entitlement and the appropriate environmental document will be prepared to address project-specific impacts. Therefore, the ZOA will not have a significant effect on the environment.

(b) The custodian of records for the environmental determination and all other materials which constitute the record of proceedings upon which the City Councils' decision is based, is the Planning Manager of the City of Palmdale. Those 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 4. Based on the findings and conclusions set forth in paragraphs 1, 2, and 3 above, the City Council hereby approves ZOA 20-004 amending the PMC to incorporate the proposed changes as shown in EXHIBIT I to this Ordinance.

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 or 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. The City Clerk shall certify to the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 2nd day of February 2021.

_____
Steven D. Hofbauer
Mayor

Approved as to form:

_____
Christopher L. Beck
City Attorney

ATTEST:

_____
Shanae Smith
City Clerk

I, Shanae Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 2nd day of February 2021, effective on the 3rd day of March, 2021, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____

_____
Shanae Smith, City Clerk

EXHIBIT I

CHAPTER 17.20 GENERAL REVIEW PROCEDURES

Section 17.20.110.A.1
The Planning Commission shall consider appeals regarding land use decisions made by the Hearing Officer or Planning Director.

CHAPTER 17.21 SITE PLAN REVIEW

Section 17.21.020.C
The projects listed below shall be subject to review and approval of a Minor Modification application pursuant to the requirements specified within Section 17.26.040. The following uses have been determined to be exempt from Site Plan Review requirements:

CHAPTER 17.26 MISCELLANEOUS ADMINISTRATIVE APPROVALS

Section 17.26.040.C

9. Projects subject to review pursuant to section 17.21.020.C

~~9.~~ 10. Other requests similar to the above minor modifications, as determined by the Planning Director.

Section 17.26.030.D.4
Meets all applicable Zoning Ordinance requirements including, but not limited to, minimum structure design, ~~construction~~ development standards and setbacks, or has been deemed to be legally non-conforming with respect to these standards; and

Section 17.26.040.D.4
The proposed structure or addition meets all applicable Zoning Ordinance requirements including, but not limited to, minimum structure design, ~~construction~~ development standards and setbacks; and

CHAPTER 17.51 LIGHT COMMERCIAL (ZONE C-1)

Section 17.51.090 Standards of Development

I. Security roll up/down shutters

1. Security roll up/down shutters mounted on the exterior of a building shall be allowed subject to review and approval by the Planning Manager. Internally mounted security shutters shall be designed to ensure no more than 25% of the window area is obstructed and visibility into the building is maintained.

Section 17.51.090.C.1

a. Arterials: A minimum building setback of ~~thirty (30)~~ 20 feet, which shall be landscaped, shall be provided ~~including a minimum of twenty feet (20') of landscaping~~ along all designated arterials. Arterials are defined by the General Plan Circulation Element and indicated on the City's Circulation Plan Map.

b. Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~ which shall be landscaped, shall be provided along local and collector streets, both public and private. Except where a commercial use is separated from a residential use or district by a local or collector street, then the minimum building setback from such street shall be ~~twenty (~~20'~~)~~ feet and shall be landscaped. ~~include a minimum landscape setback of fifteen (15') feet.~~

CHAPTER 17.52 OFFICE COMMERCIAL (ZONE C-2)

Section 17.52.090 Standards of Development

II. Security roll up/down shutters

1. Security roll up/down shutters mounted on the exterior of a building shall be allowed subject to review and approval by the Planning Manager. Internally mounted security shutters shall be designed to ensure no more than 25% of the window area is obstructed and visibility into the building is maintained.

Section 17.52.090.C.1

a. Arterials: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty feet (20') of landscaping~~ which shall be landscaped, shall be provided along all designated arterials. Arterials are defined by the General Plan Circulation Element and indicated on the City's Circulation Plan Map.

b. Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping shall be provided~~ which shall be landscaped, shall be provided along local and collector streets, both public and private. Except where a commercial use is separated from a residential use or district by a local or collector street, then the minimum building setback from such street shall be ~~twenty (~~20'~~)~~ feet and shall be landscaped. ~~include a minimum landscape setback of fifteen (15') feet.~~

CHAPTER 17.53 GENERAL COMMERCIAL (ZONE C-3)

Section 17.53.090 Standards of Development

I. Security roll up/down shutters

1. Security roll up/down shutters mounted on the exterior of a building shall be allowed subject to review and approval by the Planning Manager. Internally mounted security shutters shall be designed to ensure no more than 25% of the window area is obstructed and visibility into the building is maintained.

Section 17.53.090.C.1

1. Arterials: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty feet (20') of landscaping~~ which shall be landscaped, shall be provided along all designated arterials. Arterials are defined by the General Plan Circulation Element and indicated on the City's Circulation Plan Map.

~~2.~~ Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~ which shall be landscaped, shall be provided along local and collector streets, both public and private. Except where a commercial use is separated from a residential use or district by a local or collector street, then the minimum building setback from such street shall be ~~twenty (~~20~~')~~ feet and shall be landscaped. ~~include a minimum landscape setback of fifteen (15') feet.~~

CHAPTER 17.54 COMMERCIAL CENTER (ZONE C-4)

Section 17.54.100 Standards of Development

I. Security roll up/down shutters

1. Security roll up/down shutters mounted on the exterior of a building shall be allowed subject to review and approval by the Planning Manager. Internally mounted security shutters shall be designed to ensure no more than 25% of the window area is obstructed and visibility into the building is maintained.

Section 17.54.100.C.1

a. Arterials: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty feet (20') of landscaping~~ which shall be landscaped, shall be provided along all designated arterials. Arterials are defined by the General Plan Circulation Element and indicated on the City's Circulation Plan Map.

b. Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~ which shall be landscaped, shall be provided along local and collector streets, both public and private. Except where a commercial use is separated from a residential use or district by a local or collector street, then the minimum building setback from such street shall be ~~twenty (~~20~~')~~ feet and shall be landscaped. ~~include a minimum landscape setback of fifteen (15') feet.~~

CHAPTER 17.55 SERVICE COMMERCIAL ZONE (C-5)

Section 17.55.090 Standards of Development

I. Security roll up/down shutters

1. Security roll up/down shutters mounted on the exterior of a building shall be allowed subject to review and approval by the Planning Manager. Internally mounted security shutters shall be designed to ensure no more than 25% of the window area is obstructed and visibility into the building is maintained.

Section 17.55.090.C.1

a. Arterials: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty feet (20') of landscaping~~ which shall be landscaped, shall be provided along all designated arterials. Arterials are defined by the General Plan Circulation Element and indicated on the City's Circulation Plan Map.

b. Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~ which shall be landscaped, shall be provided along local and collector streets, both public and private. Except where a commercial use is separated from a residential use or district by a local or collector street, then the minimum building setback from such street shall be ~~twenty (~~20~~')~~ feet and shall be landscaped. ~~include a minimum landscape setback of fifteen (15') feet.~~

CHAPTER 17.61 LIGHT INDUSTRIAL (ZONE M-1)

Section 17.61.090.C.1

c. Arterial streets: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty (20) feet of landscaping,~~ which shall be landscaped, shall be provided along arterial streets as indicated in the General Plan Circulation Element, except as provided in subsection (C)(1)(d) of this Section.

d. Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping,~~ which shall be landscaped, shall be provided along local and collector streets, both public and private, except as provided in paragraph d. below. ~~Where a sidewalk is not required, the landscaping requirement may be reduced by five (5) feet~~.

e. Adjacent to residential: Where an industrial use is proposed to be separated from a residentially used or designated property by a local or collector street, the minimum building setback from each street shall be ~~thirty (30)~~ 20 feet and shall be landscaped ~~shall include a minimum landscaped setback of twenty (20) feet,~~ except as provided in paragraph d. below. ~~Where a sidewalk is not required, the landscaping requirement may be reduced by five (5) feet~~.

CHAPTER 17.62 GENERAL INDUSTRIAL (ZONE M-2)

Section 17.62.090.C.1

a. Arterial streets: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty (20) feet of landscaping~~ which shall be landscaped, shall be provided along arterial streets as indicated in the General Plan Circulation Element, except as provided in subsection (C)(1)(d) of this Section.

~~b.~~ Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~ which shall be landscaped, shall be provided along local and collector streets, both public and private, except as provided in paragraph d. below. ~~Where a sidewalk is not required, the landscaping requirement may be reduced by five (5) feet.~~

c. Adjacent to residential: Where an industrial use is proposed to be separated from a residentially used or designated property by a local or collector street, the minimum building setback from each street shall be ~~thirty (30)~~ 20 feet ~~and shall include a minimum landscaped setback of twenty (20) feet~~ which shall be landscaped, except as provided in subsection (C)(1)(d) of this Section. ~~Where~~

~~a sidewalk is not required, the landscaping requirement may be reduced by five (5) feet.~~

CHAPTER 17.63 AIRPORT INDUSTRIAL (ZONE M-3)

Section 17.63.090.C.1

a. Arterial streets: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty (20) feet of landscaping~~ which shall be landscaped, shall be provided along arterial streets as indicated in the General Plan Circulation Element, except as provided in subsection (C)(1)(d) of this Section.

b. Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~ which shall be landscaped, shall be provided along local and collector streets, both public and private, except as provided in subsection (C)(1)(d) of this Section. ~~Where a sidewalk is not required, the landscaping requirement may be reduced by five (5) feet.~~

c. Adjacent to residential: Where an industrial use is proposed to be separated from a residentially used or designated property by a local or collector street, the minimum building setback from each street shall be ~~thirty (30)~~ 20 feet and shall ~~include a minimum landscaped setback of twenty (20) feet~~ be landscaped, except as provided in paragraph d. below. ~~Where a sidewalk is not required, the landscaping requirement may be reduced by five (5) feet.~~

CHAPTER 17.64 PLANNED INDUSTRIAL (ZONE M-4)

Section 17.64.100.C.1

a. Arterial streets: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty (20) feet of landscaping~~ which shall be landscaped, shall be provided along arterial streets as indicated in the General Plan Circulation Element, except as provided in subsection (C)(1)(d) of this Section.

b. Local and collector streets: A minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~ which shall be landscaped, shall be provided along local and collector streets, both public and private, except as provided in subsection (C)(1)(d) of this Section. Where a sidewalk is not required, the landscaping requirement may be reduced by five ~~(5)~~ feet.

c. Adjacent to residential: Where an industrial use is proposed to be separated from a residentially used or designated property by a local or collector street, the minimum building setback from each street shall be ~~thirty (30)~~ 20 feet and

shall ~~include a minimum landscaped setback of twenty (20) feet~~ be landscaped, except as provided in subsection (C)(1)(d) of this Section. Where a sidewalk is not required, the landscaping requirement may be reduced by five ~~(5)~~ feet.

CHAPTER 17.73 MIXED USE OVERLAY (MX) ZONE

Section 17.73.090 Standards of Development

E. Security roll up/down shutters

1. Security roll up/down shutters mounted on the exterior of a building shall be allowed subject to review and approval by the Planning Manager. Internally mounted security shutters shall be designed to ensure no more than 25% of the window area is obstructed and visibility into the building is maintained.

CHAPTER 17.82 YARDS AND LOCATION OF BUILDINGS

Section 17.82.010.A.1

Arterials: A minimum building setback of ~~thirty (30)~~ 20 feet, ~~including a minimum of twenty feet (20') of landscaping~~ which shall be landscaped, shall be provided along all designated arterials. Arterials are defined by the General Plan Circulation Element and indicated on the City's Circulation Plan Map.

Section 17.82.010.A.2

Local and collector streets: Except as otherwise required in PMC 17.83.030(A)(1), a minimum building setback of ~~twenty (20)~~ 10 feet, ~~including a minimum of ten (10) feet of landscaping~~, which shall be landscaped, shall be provided along local and collector streets, both public and private.

CHAPTER 17.83 TRANSITION BETWEEN LAND USES AND ZONES

Section 17.83.030.A.~~a~~1 Front yard and street side yard setbacks

a. Where a commercial or institutional use is separated from a residential use or district by a local or collector street, the minimum building setback from such street shall be ~~twenty (~~20~~')~~ feet and shall be landscaped ~~include a minimum landscape setback of fifteen (15') feet~~.

CHAPTER 17.85 TRASH AND RECYCLING STORAGE

Section 17.85.010.B.4

Trash enclosures shall be designed to meet or exceed the minimum capacity requirements of the development as determined by the Building and Safety Department. The minimum interior dimensions shall be 15 feet in width by 11 feet in depth. Enclosure size and configuration may be determined during development review for users with specialized requirements. (Zoning Ordinance Amendment 97-5, adopted by City Council July 9, 1997.)

CHAPTER 17.86 LANDSCAPING, LIGHTING, SCREENING AND WALLS

Section 17.86.040.C.1.g

When there is a difference in grade between two adjacent parcels, the maximum overall wall height shall not exceed eight feet as measured from the lower side of the wall. Tiering of walls shall be permitted as long as the horizontal distance between the walls is a minimum of three feet which must be landscaped.

Section 17.86.040C.2

Residential Sports Courts (Zoning Ordinance Amendment 02-03, adopted by City Council July 9, 2003; Zoning Ordinance Amendment 12-002, adopted by City Council December 5, 2012.)

Residential sports court fencing in the A-1, R-1, R-2 or R-3 zones shall comply with the standards set forth in PMC ~~17.91.080~~ 17.91.090. Tennis court fencing in all other zones shall not exceed the height of fifteen (15) feet and shall observe the setback of accessory structures within the zone. However, not less than a five (5) foot setback shall be provided to any property line. (Zoning Ordinance Amendment 95-6 adopted by City Council April 10, 1996.) (Zoning Ordinance Amendment 02-03, adopted by City Council July 9, 2003; Zoning Ordinance Amendment 12-002, adopted by City Council December 5, 2012.)

CHAPTER 17.87 OFF-STREET PARKING

Section 17.87.030 Number of Parking Spaces Required

Restaurants Drive-Through	One space per 100 square feet of dining-room floor area, with a minimum of 10 spaces. Where there is no on-site consumption of food or beverages, one space per 250 square feet of gross floor area.

Single-family residential	Fully enclosed two car garage with a free and clear interior dimension of 20 feet in width ~~wide~~ by ~~20~~ 22 feet ~~long~~ in depth.

Section 17.87.050.B.8

Garages and carports. The minimum interior dimension for a single car garage or carport shall be ~~ten (~~10~~)~~ feet ~~wide~~ in width by ~~twenty (~~20~~)~~ feet ~~deep~~ in depth. The minimum interior dimension for a two ~~(~~2~~)~~ car garage or carport shall be ~~twenty (~~20~~)~~ feet ~~wide~~ in width by ~~twenty (20)~~ 22 feet ~~deep~~ in depth. Additional spaces in garages having more than two parking spaces shall have minimum dimensions of nine ~~(~~9~~)~~ feet in width by ~~eighteen (~~18~~)~~ feet in depth.

CHAPTER 17.88 SIGNS

Section 17.88.110 Signs in Residential Zones.

In addition to temporary signs identified in PMC 17.88.070, the following signs are permitted in the R-1, R-2, R-3, R-4 and A-1 zones and for any residential use in the MX overlay zone subject to approval of a sign permit:

EXHIBIT I

Chapter 17.76
LAND USE MATRIX

CUP = Conditional Use Permit

Table A

SPR = Site Plan Review Approval

AA = Administrative Approval by the Director

Allowed Uses and Permit Requirements for Agricultural and Residential Zoning Districts

P = Permitted

Permit Required by District

- = Not Permitted

Land Use	*A-1*	*R-1*	*R-2*	*R-3*	*R-4*	*MX*	*Specific Use Regulations*
RESIDENTIAL							
Accessory dwelling units on individual parcels containing one (1) single-family dwelling unit	AA	AA	AA	AA	AA	AA	17.41.090(G), 17.91.030
Agricultural workers' living quarters for persons employed and deriving the major portion of their income from employment on the premises	SPR	-	-	-	-	-	
Boarding houses and Rooming houses	-	-	-	CUP	CUP	-	
Conversion of apartment complexes from rental to individual ownership (i.e., condominium or co-op), pursuant to the applicable provisions of the City's Subdivision Ordinance	-	-	CUP	CUP	CUP	CUP	
Dormitories	-	-	-	CUP	CUP	CUP	
Guest ranches	CUP	-	-	-	-	-	
Manufactured home parks and subdivisions	-	-	-	CUP	-	-	
Modification of front yard landscaping consistent with the provisions of PMC 17.41.090(H) and 17.86.010 for any existing single-family residence constructed prior to the adoption of Ordinance No. 1362 on October 15, 2008, and any property that has a recorded declaration of substandard property with regard to landscaping	-	P	-	-	-	-	17.41.090(H), 17.86.010

Land Use	*A-1*	*R-1*	*R-2*	*R-3*	*R-4*	*MX*	*Specific Use Regulations*
Multiple family residential uses consisting of five (5) or more residential dwelling units on one (1) lot or project area, including but not limited to apartments, condominiums, and townhouses	-	-	SPR	SPR	SPR	SPR	
Multiple family residential uses consisting of four (4) or fewer residential dwelling units on one (1) lot or project area, including but not limited to apartments, condominiums, and townhouses	-	-	AA	AA	AA	AA	
Single-family detached dwellings on lots of a minimum seven thousand (7,000) square feet in area, except that single-family dwellings may be permitted on existing lots of record	-	AA	AA	-	-	-	17.41.090
Single-family dwellings on lots of a minimum of one (1) net acre in area, except that single-family dwellings may be permitted on existing lots of record	AA	-	-	-	-	-	17.41.090
Sober living homes	-	AA	AA	-	-	-	17.91.130
Transitional housing and supportive housing located within four (4) or fewer residential dwelling units, subject to the requirements of Government Code Section 65651	-	AA	AA	AA	-	-	
Transitional housing and supportive housing located within five (5) or more residential dwelling units, subject to the requirements of Government Code Section 65651	-	-	SPR	SPR	SPR	SPR	
COMMERCIAL							
Country clubs	CUP	CUP	CUP	CUP	-	CUP	
Bed and breakfast establishments	-	CUP	CUP	CUP	CUP	CUP	
Cottage food operations	AA	AA	AA	AA	AA	AA	17.91.020
Day care facilities, commercial, including preschools and nursery schools	CUP	-	CUP	CUP	CUP	CUP	
Day care facilities, large family	AA	AA	AA	AA	AA	AA	17.26.090
Fireworks stands	-	-	AA	AA	AA	AA	17.27.030(B)(1)
Golf courses and driving ranges	CUP	-	-	-	-	-	17.94.020

Land Use	*A-1*	*R-1*	*R-2*	*R-3*	*R-4*	*MX*	*Specific Use Regulations*
Golf courses and related facilities, except miniature golf and standalone driving ranges	-	CUP	CUP	CUP	-	-	17.94.020
Home occupation permits	AA	AA	AA	AA	AA	AA	17.26.060
Riding academies and commercial stables	CUP	-	-	-	-	-	
PUBLIC, QUASI-PUBLIC AND INSTITUTIONAL							
Alcohol and drug treatment facilities	-	-	-	CUP	CUP	CUP	17.91.140
Convalescent facilities	-	-	-	CUP	CUP	CUP	
Large Residential Care Facilities, also known as Assisted Living Facilities	-	-	SPR	SPR	SPR	SPR	17.91.110
Museums, cultural heritage areas, nature exhibits with trails and similar uses	CUP	-	-	-	-	-	
Schools from kindergarten through grade twelve (12), excluding trade or commercial schools	CUP	CUP	CUP	CUP	CUP	CUP	
Veterinary clinics	CUP	-	-	-	-	-	17.92.040
PARKS AND OPEN SPACE							
Camps, youth	CUP	-	-	-	-	-	
Parks and playgrounds (excluding lighted play fields)	-	SPR	SPR	SPR	SPR	SPR	
Playgrounds and playfields, lighted	CUP	CUP	CUP	CUP	CUP	CUP	
Residential sports courts	AA	AA	AA	AA	-	-	17.91.090
Riding, hiking and bicycle trails and appurtenant facilities	P	P	P	P	P	P	
Tennis courts or play courts, public or private, lighted	-	-	CUP	-	-	-	17.91.090

RESIDENTIAL CONSTRUCTION AND SALES							
In-tract model home complex	AA	AA	AA	AA	-	-	17.27.030(B)(5)
Off-site model home sales	-	SPR	SPR	CUP	-	-	17.27.030(C)(1)
Storage, temporary, of materials and equipment used in construction of public or private improvements; provided, that all such items are stored on the construction site and pose no traffic hazard or other adverse impact on surrounding properties	P	P	P	P	P	P	
Temporary office modules on active construction sites	AA	AA	AA	AA	AA	AA	17.27.030(B)(4)
Trailer coaches, motorhomes or manufactured homes on active construction sites	AA	AA	AA	AA	AA	AA	17.27.030(B)(3)
UTILITIES							
Electric distribution substations, electric transmission substations and electric generating facilities	CUP	SPR	SPR	SPR	SPR	SPR	17.95.010
Minor communication facility	AA	AA	AA	AA	AA	AA	17.95.040
Road construction and maintenance yards	CUP	-	-	-	-	-	
Small residential wind generator systems (SRWGS)	AA	-	-	-	-	-	17.99.030
Small-scale solar energy systems as an accessory use on a parcel containing a permitted principal use	P	P	P	P	-	-	
Temporary and permanent facilities for detention, retention and conveyance of stormwater runoff	P	P	P	P	P	P	
Utility facilities, building and equipment, including but not limited to water, natural gas, and sewage facilities, but excluding sewage pump stations or treatment plants and major communication facilities	CUP	SPR	SPR	SPR	SPR	SPR	17.95.040
Electric Vehicle Charging Station	P	P	P	P	P	P	

OTHER							
Additional permitted animals in excess of the allowed number	AA	-	-	-	-	-	17.26.080, 17.89.030
Cemeteries, excluding mortuaries	CUP	-	-	-	-	-	
Clubs (fraternal) and lodges	CUP	-	-	-	-	CUP	
Convents, monasteries and retreat centers	CUP	CUP	-	-	-	-	
Exotic animals	AA	-	-	-	-	-	17.26.070, 17.89.030
Field, tree, bush, berry and row crops, including nursery stock; provided, that no sludge and/or biosolid material shall be applied to any land as a soil amendment	P	-	-	-	-	-	
Keeping of permitted animals as an accessory use; provided, that the ratio of such animals to the total land area of all such parcels does not exceed the ratios specified for animals as an accessory use as specified within PMC 17.89.030; that any animal enclosures meet the required setbacks as specified within PMC 17.89.030; and that all such animals are predominantly kept or maintained for the private use of members of the family residing in the primary residence	P	P	P	P	P	P	17.89.030
Kennels, catteries or other commercial boarding facility for small animals	CUP	-	-	-	-	-	17.92.030
Religious assembly uses	CUP	CUP	CUP	CUP	CUP	CUP	17.94.010
Solid fill projects	CUP	-	-	-	-	-	
Special events	AA	AA	AA	AA	AA	AA	17.27.030(A)
Temporary uses	-	AA	-	-	-	-	17.27.030
Transit-related facilities, including train boarding areas (such as for Metrolink) and park-and-ride lots	CUP	-	-	-	-	P	

Table B

Allowed Uses and Permit Requirements for Commercial, Industrial and Special Zoning Districts

SPR = Site Plan Review Approval

AA = Administrative Approval by the Director

P = Permitted

- = Not Permitted

* Any uses listed as allowed within the zones to which this overlay is attached shall also be allowed within the MX Overlay Zone per the applicable approval type.

Permit Required by District

Land Use	*C-1*	*C-2*	*C-3*	*C-4*	*C-5*	*M-1*	*M-2*	*M-3*	*M-4*	*PF*	*QR*	*MX*	*OR*	*C-D*	*Specific Use Regulations*
AUTOMOTIVE SERVICES															
Automobile Sales (Used)	-	-	-	-	SPR	-	-	-	-	-	-	*	-	-	
Parking Structures	-	SPR	-	-	-	-	-	SPR	-	-	-	*	-	-	
EDUCATIONAL AND ORGANIZATIONAL SERVICES															
Studios for ~~the performing arts,~~ martial arts, boxing, Krav-Maga, self-defense, dance classes, Mixed-Martial Arts, ~~or~~ gymnastics, yoga, Pilates, Cross-Fit, Spinning.	SPR	-	SPR	-	-	SPR	-	-	-	-	-	*	-	SPR	

ENTERTAINMENT AND RECREATION															
~~Dance Hall~~ Banquet Hall	-	-	CUP	-	-	-	-	-	-	-	-	*	-	-	
Escape Room	CUP	CUP	CUP	CUP	-	CUP	-	-	-	-	-	*	-	-	
Health clubs, fitness centers, ~~and~~ gymnasiums, rock-climbing, and trampoline gymnasiums	CUP	CUP	CUP	CUP	CUP	CUP	CUP	-	CUP	-	-	*	-	CUP	
Paintball Course (Indoor)	CUP	CUP	CUP	CUP	CUP	CUP	CUP	-	CUP	-	-	*	-	CUP	
Paintball Course (Outdoor)							CUP			CUP	CUP				
FACILITIES AND SERVICES RELATED TO AIRPORT OPERATIONS, TRANSPORTATION, FREIGHT AND STORAGE SERVICES															
Truck stops, including eating and sleeping facilities	-	-	-	CUP	CUP	CUP	CUP	-	-	-	-	*	-	-	
FOOD SERVICES															
Microbrewery, brewpub or winery	-	-	CUP	CUP	CUP	CUP	CUP	-	CUP	-	-	*	-	-	17.92.070
Microbrewery, brewpub or winery with incidental food service	-	-	CUP	CUP	CUP	CUP	CUP	-	CUP	-	-	*	-	-	
Restaurant with incidental brewery	CUP	CUP	CUP	CUP	CUP	-	-	-	-	-	-	*	-	CUP	

PERSONAL SERVICES															
Tattoo parlors	-	-	CUP	-	-	-	-	-	-	-	-	*	-	-	
PUBLIC, QUASI-PUBLIC AND INSTITUTIONAL USES															
Utility-scale solar power generating facilities	-	-	-	-	-	SPR	SPR	-	SPR	SPR	SPR	*	-	-	17.99.020
RETAIL															
Automotive parts and supplies, new (~~new~~ wholesale or retail ~~only~~)	SPR	-	SPR	SPR	SPR	CUP	-	-	-	-	-	*	-	SPR	
Automotive parts and supplies, ~~new or~~ used (wholesale or retail)	-	-	-	-	SPR	CUP	-	-	-	-	-	*	-	-	
PUBLIC, QUASI-PUBLIC AND INSTITUTIONAL USES															
Electric Vehicle Charging Station	P	P	P	P	P	P	P	P	P	P	P	P	P	P	

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY ATTORNEY'S OFFICE**

DISTRICT: **1**

SUBJECT: **PUBLIC HEARING AND ADOPT RESOLUTION NOS. CC 2021-009 AND CC 2021-10 OF THE CITY COUNCIL OF THE CITY OF PALMDALE REGARDING THE PROPOSED RESOLUTION OF NECESSITY FOR THE ACQUISITION OF TITLE OF PROPERTY INTERESTS FOR THE EAST AVENUE Q-2 IMPROVEMENT PROJECT**

ISSUE

Adopt the Resolutions of Necessity, declaring certain real property necessary for the improvement of East Avenue Q-2, west of 15th Street East?

RECOMMENDATION

Staff recommends that the City Council:

1. open and conduct a hearing on the adoption of the proposed Resolutions of Necessity; and
2. receive from the staff the evidence stated and referred to herein; and
3. take testimony from the property owners or their representatives if they ask to be heard on issues A, B, C, and D set forth herein; and
4. consider all the evidence; and
5. Adopt the Resolutions of Necessity and authorize and direct that eminent domain proceedings be filed to acquire the herein mentioned property interests.

ALTERNATIVES

The subject properties are consistent with the selection criteria listed herein. The subject properties are integral to constructing the required improvements as part of the East Avenue Q-2 Improvement Project, and the associated 104-bed memory care/assisted living facility to be known as Regency Palms and a 10-lot residential subdivision (collectively the "Development Project") approved for development along Orchid View Place and East Avenue Q-2. East Avenue Q-2 only exists currently as a dirt street.

BACKGROUND

The City Council has before it a request from staff to consider adoption of two (2) Resolutions of Necessity regarding the acquisition of property for the East Avenue Q-2 Improvement Project ("Project"), more particularly described in Exhibit A attached hereto. The owners set forth in Exhibit A have been given written notice of this hearing pursuant to statute.

The environmental impacts of the acquisitions described in the proposed Resolutions of Necessity were considered in connection with the adoption of the environmental document for the Development Project. At a public hearing on June 9, 2016, the Palmdale Planning Commission approved a Mitigated Negative Declaration for the Project. The proposed acquisition is in furtherance of the Project.

DISCUSSION

In order to adopt a Resolution of Necessity, the City Council must find and determine that:

A. The public interest and necessity require the project;

B. The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;

C. The property is necessary for the proposed project; and

D. The offer required by Section 7267.2 of the Government Code has been made to the owners of record.

These hearings relate only to issues A, B, C, and D above, as they may apply to the subject properties. Any other issues, including value, are not proper subjects for these hearings.

Staff recommends the following:

A. The Public Interest and Necessity Require the Project.

The East Avenue Q-2 Project ("Project") will improve the existing dirt street to a two-lane public street with curbs and sidewalks.

The acquisition is required in the interest of public safety, including pedestrians, in order for proper public access to be provided for the Development Project and existing homes on the existing dirt road.

B. The Project is Planned and Located in the Manner That Will be Most Compatible With the Greatest Public Good and the Least Private Injury.

The Project will provide improved traffic and pedestrian safety, increased traffic capacity, and an improved visual environment.

No existing structures will be impacted. The real property to be acquired consists of two substandard lots that are in the middle of the existing dirt street. The two parcels are very small, consisting of only 3,877 square feet (Havivi) and 1,935 square feet (Clark), respectively. The two lots appear to be remnant parcels from prior subdivisions in the area.

C. The Property is Necessary for the Project.

The subject properties are necessary in order to improve East Avenue Q-2 to current standards, including curbs and sidewalks. There is not sufficient right of way available to build the Project, without these acquisitions.

D. The Offer Required by Government Code Section 7267.2 Has Been Made to the Owners of Record.

The offers to purchase the subject properties required by Government Code Section 7267.2 have been sent by the City to the owners of record of the subject properties. The offers have not resulted in negotiated agreements of sale, or cannot otherwise be consummated. Regarding the Clark property, no contact has been possible with the property owners. The record owners of the Clark property appear to be deceased, and it has not been possible to locate their heirs. Contact has been made with Mr. Havivi, but he has not cooperated to agree to a negotiated settlement.

FISCAL IMPACT

The costs of acquisition of the property interests are the responsibility of the developer of the Development Project. The developer has already deposited sufficient funds with the City to pay for acquisition costs, including legal fees and property acquisition amounts. The deposited funds are located in Account No. 101-261002.

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:	Noel Doran, Assistant City Attorney
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Exhibit A – Legal Descriptions
Proposed Resolution No. CC 2021-009
Proposed Resolution No. CC 2021-010

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2020-009

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING CERTAIN PROPERTY RIGHTS IN FEE SIMPLE NECESSARY FOR THE CONSTRUCTION OF THE EAST AVENUE Q-2 IMPROVEMENT PROJECT (CLARK, APN 3015-012-036)

WHEREAS, The City of Palmdale wishes to acquire 1,935 square feet in fee simple, consisting of entire parcel of real property described herein below (APN 3015-012-036) for public use by the exercise of the power of eminent domain. The acquisition of such easement rights is required to complete the construction of improvements approved in connection with the Avenue Q-2 Improvement Project (the "Project"). A general description of the Project is contained in the Staff Report dated February 2, 2021, and incorporated by reference; and

WHEREAS, Pursuant to Chapter 4, Title 7, Part 3 of the Code of Civil Procedure, written notice of the intent to consider the adoption of this resolution of necessity was sent on January 15, 2021 to the owners of record of the said property pursuant to Code Civ. Proc., § 1245.235. A written request to appear was not received from the property owner; and

WHEREAS, Due consideration of all oral and documentary evidence introduced has been given; and

WHEREAS, A Mitigated Negative Declaration for the Project was approved by the Planning Commission on June 9, 2016, by Resolution Nos. PC-2016-011 and PC-2016-012. The proposed acquisition is in furtherance of the Project.

NOW THEREFORE, BY A VOTE OF TWO-THIRDS OR MORE OF ITS MEMBERS, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

1. The findings and declarations contained in this resolution are based upon the record with respect to the Project before the Planning Commission at its

hearing on June 9, 2016 and the City Council at its hearing on February 2, 2021, and the testimony, records and documents produced at the hearings, all of which are incorporated by this reference.

2. The real property to be acquired consists of 1,935 square feet in fee simple, consisting of an entire parcel of real property more specifically described in Exhibit A attached hereto and made a part hereof.

3. The said property rights to be acquired for the Project pursuant to the authority granted in California Constitution Article I Section 19; California Government Code Sections 37350, 37350.5, 40401 and 40404; Title 7, Part 3 of the Code of Civil Procedure; and other provisions of law.

4. The public interest and necessity require the Project.

5. The Project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.

6. The real property interests described herein are necessary for the Project.

7. The offer required by Section 7267.2 of the Government Code has not been made to the owners of record, because the owner could not be located with reasonable diligence.

8. Special counsel, Price, Postel & Parma LLP are hereby AUTHORIZED AND EMPOWERED:

A. To acquire in the City of Palmdale's name, by condemnation, the said property interests in accordance with the provisions of the eminent domain law, the Code of Civil Procedure and the Constitution of California; and
B. To prepare and prosecute in the City of Palmdale's name such proceedings in the proper court as are necessary for such acquisition; and
C. To deposit the probable amount of compensation, based on an appraisal, and to apply to said court for an order permitting the City of Palmdale to take immediate possession and use said property for said public uses and purposes.

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

PASSED, APPROVED and **ADOPTED** this second day of February, 2021.

Approved as to form:

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Christopher L. Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the _____ day of _____, 20___ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

Will and Claire Clark

APN 3015-012-036

EXHIBITS A and B

A.P.N.: 3015-012-036
JOB#: 170981
PAGE 1 OF 1
9/21/18

EXHIBIT "A"

Being the east 64.5 feet of the west 193.5 feet of the south 30 feet of the north 728.70 feet of Lot 3 as shown on Tract Map 7682 recorded in Book 120, Pages 74-75 of Maps, Official Records of Los Angeles County, California, lying within the Northeast Quarter (NE 1/4) of the Northwest Quarter (NW 1/4) of Section 25, Township 6 North, Range 12 West, San Bernardino Meridian further described as follows:

Commencing at the North One-Quarter corner of said Section 25, being the centerline intersection of Avenue Q and 15th Street; Thence along the centerline of 15th Street, South 00°46'19" East a distance of 718.73 feet; Thence departing said centerline, South 89°38'00" West a distance of 350.09 feet to the **Point of Beginning**; Thence South 00°46'19" East a distance of 30.00 feet; Thence South 89°38'00" West a distance of 64.50 feet; Thence North 00°46'19" West a distance of 30.00 feet; Thence North 89°38'00" East a distance of 64.50 feet to the **Point of Beginning.**

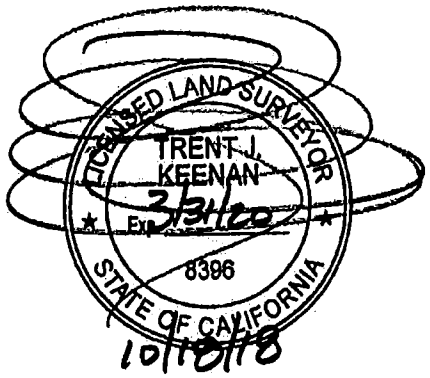
Containing 1,935 square feet, more or less.

"Graphically depicted on the Exhibit "B" attached hereto and made a part of."

Basis of Bearings:

North 89°38'00" East, being the bearing of the north line of the Northeast Quarter (NE 1/4) of the Northwest Quarter (NW 1/4) of Section 25, Township 6 North, Range 12 West, San Bernardino Meridian, Los Angeles County, California, as shown on Parcel Map No. 65305 recorded in Book 360 at Pages 20-21 of Parcel Maps, Official Records of Los Angeles County, California.

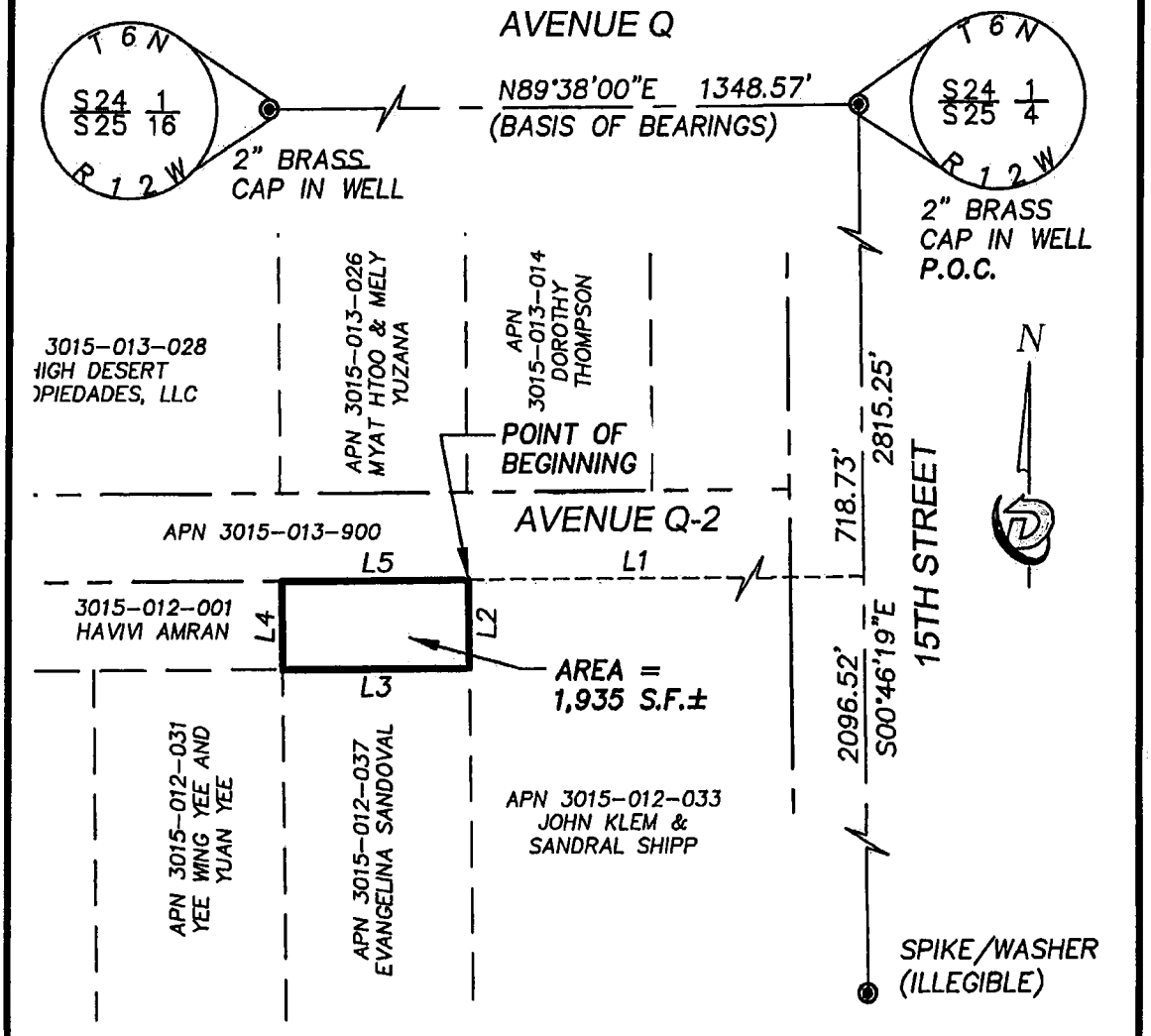
PREPARED BY:
Trent J. Keenan, PLS
California License No. 8396



Diamondback Land Surveying

◊ 6140 Brent Thurman Way, Suite 230 ◊
◊ Las Vegas, Nevada 89148 ◊
◊ Office: (702) 823-3257 ◊ Fax: (702) 933-9030 ◊
◊ www.diamondbacklandsurveying.com ◊

EXHIBIT "B" TO ACCOMPANY LEGAL DESCRIPTION



SCALE 1" = 60'

0 30 60 120

JOB NUMBER: 170981_EXH-4	
DRAWN BY: NRR	DATE: 9/21/18
CHECKED BY: RDC	DATE: 9/21/18
PAGE 1 OF 2	

Diamondback Land Surveying
6140 BRENT THURMAN WAY, SUITE 230
LAS VEGAS, NEVADA 89148
(o) 702.823.DBLS (f) 702.933.9030
ARIZONA-CALIFORNIA-NEVADA-UTAH-WASHINGTON

EXHIBIT "B" TO ACCOMPANY LEGAL DESCRIPTION

Line Table		
Line #	Direction	Length
L1	S89°38'00"W	350.09'
L2	S0°46'19"E	30.00'
L3	S89°38'00"W	64.50'
L4	N0°46'19"W	30.00'
L5	N89°38'00"E	64.50'

JOB NUMBER: 170981_EXH-4	
DRAWN BY: NRR	DATE: 9/21/18
CHECKED BY: RDC	DATE: 9/21/18
PAGE 2 OF 2	

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LAS VEGAS, NEVADA 89148
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ARIZONA-CALIFORNIA-NEVADA-UTAH-WASHINGTON

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2020-010

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING CERTAIN PROPERTY RIGHTS IN FEE SIMPLE NECESSARY FOR THE CONSTRUCTION OF THE EAST AVENUE Q-2 IMPROVEMENT PROJECT (HAVIVI, APN 3015-012-001)

WHEREAS, The City of Palmdale wishes to acquire 3,877 square feet in fee simple, consisting of entire parcel of real property described herein below (APN 3015-012-001) for public use by the exercise of the power of eminent domain. The acquisition of such easement rights is required to complete the construction of improvements approved in connection with the Avenue Q-2 Improvement Project (the "Project"). A general description of the Project is contained in the Staff Report dated February 2, 2021, and incorporated by reference; and

WHEREAS, Pursuant to Chapter 4, Title 7, Part 3 of the Code of Civil Procedure, written notice of the intent to consider the adoption of this resolution of necessity was sent on January 15, 2021 to the owners of record of the said property pursuant to Code Civ. Proc., § 1245.235. A written request to appear was not received from the property owner; and

WHEREAS, Due consideration of all oral and documentary evidence introduced has been given; and

WHEREAS, A Mitigated Negative Declaration for the Project was approved by the Planning Commission on June 9, 2016, by Resolution Nos. PC-2016-011 and PC-2016-012. The proposed acquisition is in furtherance of the Project.

NOW THEREFORE, BY A VOTE OF TWO-THIRDS OR MORE OF ITS MEMBERS, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

1. The findings and declarations contained in this resolution are based upon the record with respect to the Project before the Planning Commission at its

hearing on June 9, 2016 and the City Council at its hearing on February 2, 2021, and the testimony, records and documents produced at the hearings, all of which are incorporated by this reference.

2. The real property to be acquired consists of 3,877 square feet in fee simple, consisting of an entire parcel of real property more specifically described in Exhibit A attached hereto and made a part hereof.

3. The said property rights to be acquired for the Project pursuant to the authority granted in California Constitution Article I Section 19; California Government Code Sections 37350, 37350.5, 40401 and 40404; Title 7, Part 3 of the Code of Civil Procedure; and other provisions of law.

4. The public interest and necessity require the Project.

5. The Project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.

6. The real property interests described herein are necessary for the Project.

7. The offer required by Section 7267.2 of the Government Code has been made to the owners of record.

8. Special counsel, Price, Postel & Parma LLP are hereby AUTHORIZED AND EMPOWERED:

A. To acquire in the City of Palmdale's name, by condemnation, the said property interests in accordance with the provisions of the eminent domain law, the Code of Civil Procedure and the Constitution of California;
B. To prepare and prosecute in the City of Palmdale's name such proceedings in the proper court as are necessary for such acquisition; and
C. To deposit the probable amount of compensation, based on an appraisal, and to apply to said court for an order permitting the City of Palmdale to take immediate possession and use said property for said public uses and purposes.

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

PASSED, APPROVED and **ADOPTED** this second day of February, 2021.

Approved as to form:

Steven D. Hofbauer, Mayor

ATTEST:

Christopher L. Beck
City Attorney

Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the _____ day of _____, 20___ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

Amran Havivi

APN 3015-012-001

EXHIBITS A and B

A.P.N.: 3015-012-001
JOB#: 170981
PAGE 1 OF 1
9/21/18

EXHIBIT "A"

Being the south 30 feet of the north 728.7 feet of the west 129 feet of Lot 3 as shown on Tract Map 7682 recorded in Book 120, Pages 74-75 of Maps, Official Records of Los Angeles County, California, lying within the Northeast Quarter (NE 1/4) of the Northwest Quarter (NW 1/4) of Section 25, Township 6 North, Range 12 West, San Bernardino Meridian further described as follows:

Commencing at the North One-Quarter corner of said Section 25, being the centerline intersection of Avenue Q and 15th Street; Thence along the centerline of 15th Street, South 00°46'19" East a distance of 718.73 feet; Thence departing said centerline, South 89°38'00" West a distance of 414.59 feet to the **Point of Beginning**; Thence South 00°46'19" East a distance of 30.00 feet; Thence South 89°38'00" West a distance of 129.26 feet to the east boundary of Lot 2 as shown in Book 360 at Pages 20-21 of Parcel Maps, Official Records, Los Angeles County, California; Thence along said east boundary, North 00°41'02" West a distance of 30.00 feet; Thence departing said east boundary, North 89°38'00" East a distance of 129.21 feet to the **Point of Beginning**.

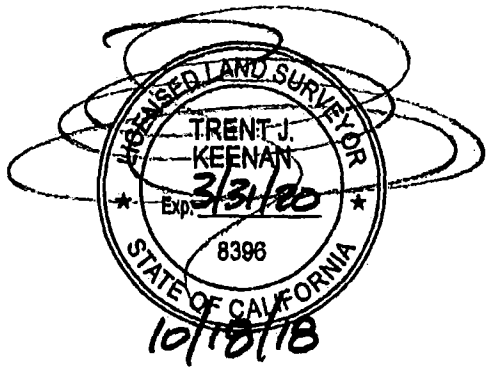
Containing 3,877 square feet, more or less.

"Graphically depicted on the Exhibit "B" attached hereto and made a part of."

Basis of Bearings:

North 89°38'00" East, being the bearing of the north line of the Northeast Quarter (NE 1/4) of the Northwest Quarter (NW 1/4) of Section 25, Township 6 North, Range 12 West, San Bernardino Meridian, Los Angeles County, California, as shown on Parcel Map No. 65305 recorded in Book 360 at Pages 20-21 of Parcel Maps, Official Records of Los Angeles County, California.

PREPARED BY:
Trent J. Keenan, PLS
California License No. 8396



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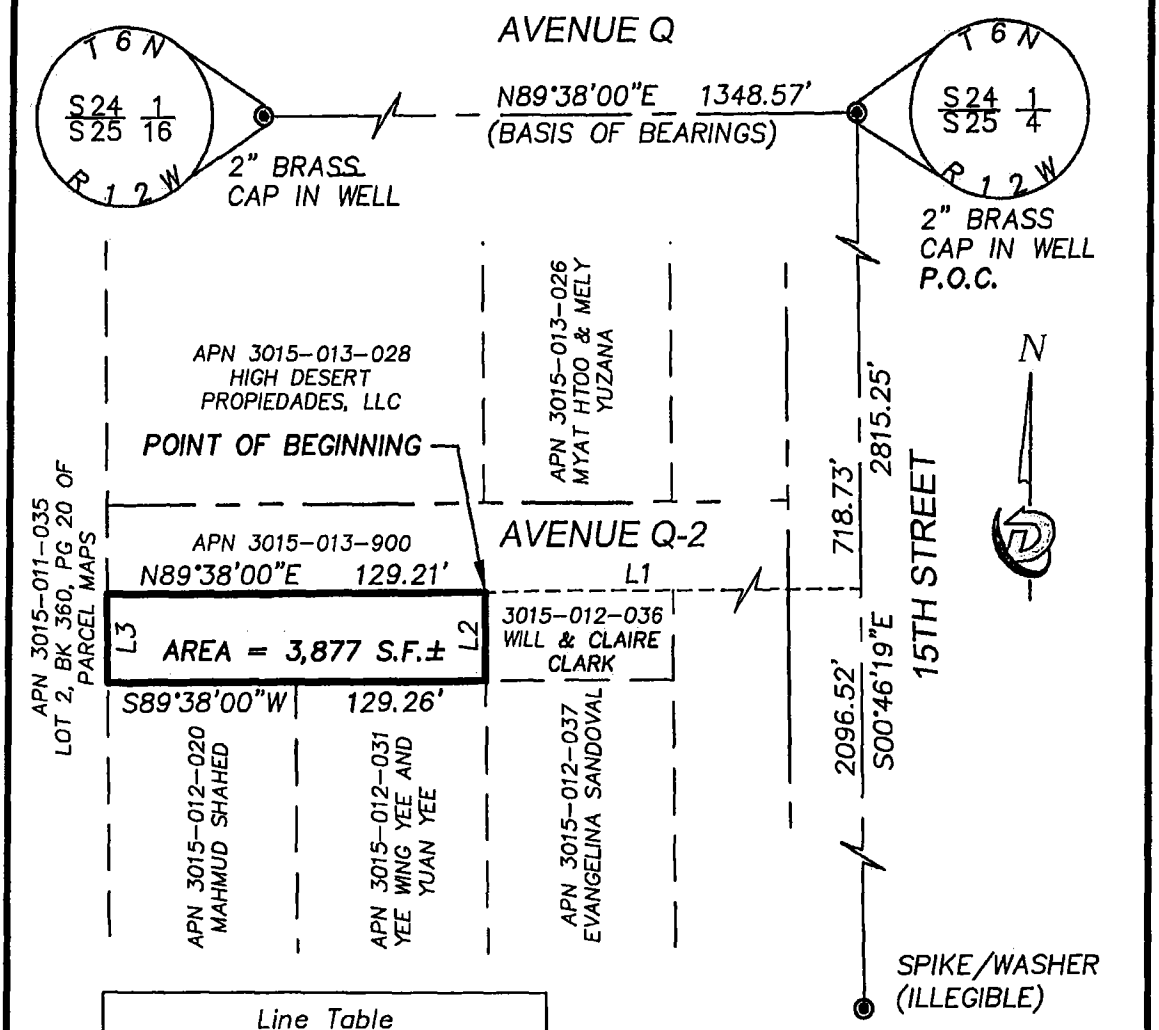
◊ www.diamondbacklandsurveying.com ◊

EXHIBIT "B" TO ACCOMPANY LEGAL DESCRIPTION



Line Table		
Line #	Direction	Length
L1	S89°38'00"W	414.59'
L2	S0°46'19"E	30.00'
L3	N0°41'02"W	30.00'

SCALE 1" = 60'

0 30 60 120

JOB NUMBER: 170981_EXH-3

DRAWN BY: NRR | DATE: 9/21/18

CHECKED BY: RDC | DATE: 9/21/18

PAGE 1 OF 1

Diamondback Land Surveying

6140 BRENT THURMAN WAY, SUITE 230
LAS VEGAS, NEVADA 89148
(o) 702.823.DBLS (f) 702.933.9030
ARIZONA–CALIFORNIA–NEVADA–UTAH–WASHINGTON

City Council Staff Report

DATE: **FEBRUARY 2, 2020**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **REVIEW AND APPROVE FY 2021 MID-YEAR BUDGET ADJUSTMENTS.**

ISSUE

Review and approve the FY 2021 mid-year budget adjustments.

RECOMMENDATION

Staff recommends that the City Council review and approve the FY 2021 mid-year budget adjustments.

BACKGROUND

Each year, the City is required to adopt a balanced budget for the operations of the City. The budget serves as the city's financial plan for the fiscal year beginning July 1 through June 30. It defines the City's priorities for the provision of services to the community.

On June 16, 2020, the City Council approved the FY 2021 Annual Operating and Maintenance Budget and Capital Improvement Program. Since budget adoption, financial and operational needs not accommodated by the current budget have been identified and need to be incorporated into the FY 2021 Budget. This is necessary to better reflect program costs for the benefit of the community. Additionally, completion of the City's Comprehensive Annual Financial Report ending June 20, 2020 provides a better financial outlook for the upcoming year so that adjustments can be made where necessary to comply with financial policies.

Carryforwards of encumbrances and unspent funds are included from the previous fiscal year for review and approval as well. Encumbrances are funds that assigned to a Purchase Order and the purchase or services have not been completed in the current fiscal year therefore need to be carried forward for use in the next fiscal year. Unspent budget funds are carried forward by approval of the City Manager when projects or purchases are delayed for reasons beyond the City's control.

DISCUSSION

The Citywide FY 2021 Annual Operating, Maintenance and Capital Budget is:

	FY 2021 Adopted	FY 2021 Adjusted	Difference
Revenues/Transfers In	$ 227,513,860	$ 358,995,750	$ 131,481,890
Expenditures/Transfers Out	228,838,157	421,620,475	192,782,319
Surplus/(Deficit)	$ (1,324,297)	$ (67,624,725)	$ (61,300,429)

The table above represents all funds which include reimbursable grants for restricted purposes.

Revenues are projected to increase by $131.4 million due to:

- $93.3 million in grants reimbursed by Transportation funds such as Gas Tax and Metro funds (Prop A, Prop C, Measure R, and Measure M)
- $6.5 million in property and sales tax
- $19.4 million in transfers to establish reserves
- $5.3 million in other revenue such as permits, development related charges and reimbursements.

Expenditures are projected to increase by $192.7 million due to projects and transfers to establish reserves which will be discussed in report by fund.

While overall the year is projected to end in a deficit, the City remains in a positive financial position by fund.

General Fund

The FY 2021 Annual Operating and Maintenance Budget for the General Fund is:

	FY 2021 Adopted	FY 2021 Adjusted	Difference
Revenues/Transfers In	$ 71,731,680	$ 74,919,203	$ 3,187,523
Expenditures/Transfers Out	78,588,417	115,709,430	37,121,013
Surplus/(Deficit)	$ (6,856,737)	$ (40,790,227)	$ (33,933,490)

Revenues are projected to increase by $3.2 million due to:

- $1.6 million property taxes because property values have increased.
- $3.3 million in sales tax because of positive growth and significant increases in online sales.

- $1 million decrease in Transient Occupancy Tax because of travel restrictions and stay-at-home orders issued by the State and Los Angeles County Department of Public Health.
- $750,000 decrease in charges for services due to stay-at-home orders that have restricted the ability to hold special events and recreational classes for the community.

Expenditures are projected to increase by $37.1 million due to:

- $24.5 million in transfers to establish the following reserves for continued financial stability:

Fund	Amount	Explanation
Capital Improvement Fund	$10,000,000	$5 million for land acquisition, $5 facility
Fleet Fund	$1,000,000	Equipment Replacement Program
Information Technology Fund	$2,500,000	Purchase of Land Permit Software
Public Art Fund	$1,000,000	Establish the program
Pension Trust for UAL	$2,000,000	Payment stability with CalPERS
Water Park Fund	$3,000,000	To fund capital improvements
Park Development Fund	$5,000,000	Yellen Park Construction

- $150,000 in litigation costs for major lawsuits.
- $100,000 overnight security patrol around the City Hall campus.
- $125,000 financial software upgrades to streamline document retention.
- $150,000 redistricting requirement.
- $60,000 Communications Strategic Plan
- $50,000 for an Interim Building Official.
- $50,000 for a consultant to establish a Tourism Improvement District
- $50,000 for Joshua Tree Mitigation
- $50,000 General Plan Update: 798
- $75,000 for consultant to assist with strategies to monetize city-owned street lights.
- $70,000 for grant consultants.
- $250,000 for COVID-19 related operating expenses (cleaning requirements and supplies)
- $1.9 million to balance other grant funds with deficits.
- $500,00 for airport development
- $2.9 million in carryover requests (encumbrances & unspent funds)

- 14 new position requests (the City has been very conservative in the addition of positions over the last 10 years. Services to the community continue to increase, however positions have not. In 2008, there were over 300 full-time employees, today there are 222 full-time employees while the City continues to grow and expand programs and services to the community:

City Attorney's Office	
1. Assistant City Attorney – the workload in the office continues to increase with lawsuits and contract.	$ 201,021
2. Deputy City Attorney – the workload in the office continues to increase with lawsuits and contract.	142,865
3. Paralegal – the workload in the office continues to increase with lawsuits and contract.	111,945
City Manager's Office	
4. Executive Assistant – Additional administrative support to both the City Council and administration is necessary for the management of calendars and coverage during absences of the current Administrative Assistant.	92,072
5. Administrative Assistant (part-time to full-time) – the Human Resources Division oversees the benefits, hiring, and training of over 350 full-time and part-time employees. With a staff of 3.5 FTE, this full time position will assist in providing support to the employees.	50,502
6. Purchasing/Risk Manager – Finance has 2 buyers to procure goods and services for the entire City. This position will help provide oversight and assistance in the process as well as serve as the Risk Manager and help manage contracts in the City.	134,073
Administrative Services	
7. Office Assistant II – the City Clerk's office administrative support team is all part-time. This request is to make a part-time employee full-time for stability and reliability in the Division.	37,781
8. Safety/Emergency Services Coordinator - title change only	0
Economic & Community Development	
9. Economic Development Coordinator – this position is necessary to aide in the coordination of transaction related to land sale and processing small business loan grants and events with all the Chamber of Commerce.	87,704
10. Principal Planner – development activity in the City continues to increase. There are currently 3 Planners and 1 Planning Manager. In order to meet customer service expectations, another high level Planner is necessary.	142,865
Public Works	
11. Deputy Director of Public Works – Public Works is the largest Department in the City. This position will aide in succession planning for continuity in the event of retirements.	201,021

12. Traffic Engineer – Traffic Engineering Division is severely short staffed. Another engineer is necessary to meet customer service expectations in the development process.	173,660
13. Planning Aide – With the execution of the SiFi Agreement for fiber optics throughout the City, this position will be imperative in processing permits in a timely manner as indicated in the agreement.	87,704
Neighborhood Services	
14. Code Enforcement Officer – there are only 4 full-time Code Enforcement Officers for the entire City. Each one is handling over 1,000 cases and more assistance is necessary to maintain compliance with the Municipal Code.	92,072
Park and Recreation	
15. Theater Operation Coordinator – there are 2 part-time employees who oversee the Playhouse operations. This full-time permanent position is requested to ensure reliability and succession in the event the part-time employees resign or retire.	72,135
Total	**1,627,417**
Mid-Year Impact	**$ 625,000**

Measure AV

Collection of Measure AV,(¾ % sales tax) will begin April 1, 2021. Staff projects approximately $3 million in revenue between April 1 to June 30. Staff's recommendation for those funds include:

Description	Amount
City-wide Security	$1,500,000
Mental Health Programs	75,000
Community Center	1,000,000
Youth Sports Programs	50,000
Veterans Resource Center	65,000
Local Hazard Mitigation Plan Update	50,000
Total	**2,740,000**

In the absence of an Oversight Committee at this time, staff followed the intent of Measure AV for essential services including street repair, addressing homelessness, emergency response, public safety, maintaining local businesses, protecting water sources, and programs for seniors, veterans, mental health, and the community. However, these amounts and projects may change at the desire of both the City Council and the Oversight Committee.

Special Revenue/Other Funds

Special Revenue and other funds consists of transportation funds, grants, and other forms of restricted funding. Use of the money in certain funds are governed by memorandums of understanding, contracts or law. Required audits are conducted each year to ensure compliance with the granting agency.

FY 2021 Annual Budget for Special Revenue/Other funds is:

	FY 2021 Adopted	FY 2021 Adjusted	Difference
Revenues/Transfers In	$ 155,782,180	$ 284,076,547	$ 128,294,367
Expenditures/Transfers Out	150,249,740	305,911,045	155,661,305
Surplus/(Deficit)	$ 5,532,440	$ 21,834,499	$ 27,366,939

Revenues are projected to increase by $128.3 million due to:

- $72.7 million in Transportation grant funds expected to be received as reimbursements in the fiscal year.
- $23.2 million in Federal, State and Misc Grant funds expected to be reimbursed for projects in the fiscal year.
- $24.5 million in transfers from General Fund to establish reserves.
- $3 million estimated revenues from Measure AV for April-June 2021.

Expenditures are projected to increase by $155.6 million due to:

- $164.3 million in carryover requests (encumbrances & unspent funds)
    - $153.5 million of the carryover requests are related to CIP projects.
    - $8 million carryover requests for Housing Authority projects including Homes for Families, Courson development and Transit Village.
- Increases in expenditures in Special Revenue/Other funds are offset by a reduction in anticipated expenditures of $8.6 million for Transportation funds, as projects timelines are revised.

Transportation Funds

One of the largest sources of revenue used by the City to pay for the maintenance, repair, and improvement of streets and facilities is transportation funding. These are sales tax revenues collected by the State or County and allocated to the City based on percent of population. The below tables shows FY 2021 Transportation fund expenditures.

Transportation Funds	FY 2021 Adopted	FY 2021 Adjusted	Amount Change	% Chg
GAS TAX FUND	5,557,840	14,837,818	9,279,978	167%
PROP A FUND	1,686,760	3,503,964	1,817,204	108%
PROP C FUND	4,386,950	15,811,876	11,424,926	260%
LOCAL ART 3	-	575,790	575,790	100%
LOCAL ART 8	2,170,420	7,258,660	5,088,240	234%
MEASURE R FUND	517,000	55,070,544	54,553,544	10552%
MEASURE M FUND	387,000	10,722,246	10,335,246	2671%
Grand Total	**14,705,970**	**107,780,897**	**93,074,927**	**633%**

The City uses these funds specifically to fund street repair maintenance and improvement activities such as traffic engineering, geographical information system software and staffing, bus stop and transportation center maintenance (partnership with Antelope Valley Transit Authority, AVTA) and public works staffing. Depending on the source of funding, balances may build up in order to complete a large project.

Capital Improvement Program

The following projects have been requested for funding:

Project Description	Adopted Budget	Adjustment	Proposed Total
LOCAL HAZARD MITIGATION GRANT UPDATE	-	50,000	50,000
AIRPORT IMPROVEMENTS	185,252	500,000	685,252
PTC SECURITY UPGRADE	150,000	125,000	275,000
SAVES/OASIS GENERATORS	192,870	75,000	267,870
PALMDALE FILM STAGE BUILDING	-	300,000	300,000
VETERANS RESOURCE CENTER	-	65,000	65,000
PAVEMENT MANAGEMENT PROGRAM	117,261	132,739	250,000
HIGH SPEED RAIL	-	95,000	95,000
CITY WIDE SECURITY	-	1,500,000	1,500,000
GEN PLAN UPD FEASIBILITY STUDY	1,480,197	42,000	1,522,197
SR14 LANDSCAPE MASTER PLAN	-	250,000	250,000
LAND ACQUISITION	-	5,000,000	5,000,000
FUTURE COMMUNITY CENTER	-	1,000,000	1,000,000
PLMD BLVD/47TH ST ROUNDABOUT LANDSCAPE	-	300,000	300,000
SR14 RVB OFFRAMP LANDSCAPE IMP	-	600,000	600,000
SAM YELLEN PARK	351,540	5,000,000	5,351,540
DRY TOWN WP-REFURBISHMENT	264,890	626,000	890,890
MCADAM PARK RESTROOM UPGRADE	260,906	293,000	553,906
MCADAM PARK IMPROVEMENTS	-	250,000	250,000
PUMP TRUCK SANITARY WASH RACK	516,639	250,000	766,639

Please keep in mind that these projects are funded from a variety of sources. The attached schedules provide a comprehensive listing of all approved capital projects.

FISCAL IMPACT

Overall, budget adjustments still present a balanced budget for FY 2021. Quarterly reports will allow for further adjustments throughout the year when necessary. With all changes, the budget maintains compliance with all Financial Policies including the 20% General Fund Reserve Requirement.

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, Sr. Financial Analyst
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Mid-Year Budget Schedules

CITY OF PALMDALE
MID-YEAR BUDGET - ESTIMATED FUND BALANCE
FISCAL YEAR 2021

Fund	Fund Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
101	General Fund	47,795,298	74,919,203	115,709,430	7,005,071
150	Public Liab Self Ins Fund	-	1,641,650	1,566,650	75,000
151	Medical Self Insurance Fund	781,946	2,827,650	3,460,900	148,696
153	Information Technology	-	8,139,710	4,639,710	3,500,000
154	Fleet Maintenance	-	3,464,990	1,214,990	2,250,000
155	Capital Improvement Fund	-	11,000,000	5,400,000	5,600,000
156	Public Art Fund	-	1,000,000	-	1,000,000
157	Measure AV	-	3,000,000	2,740,000	260,000
200	Peg Fund	-	358,100	70,320	287,780
201	Gas Tax Fund	14,400,785	3,856,363	14,837,818	3,419,330
202	Public Safety Fund	188,033	280,500	280,000	188,533
203	Prop A Fund	7,215,953	2,874,941	3,503,964	6,586,930
204	Prop C Fund	12,678,748	2,384,804	4,636,950	10,426,602
204 Grant	Prop C Grant Funds	-	12,758,006	11,174,926	1,583,080
205	Air Quality Improvement Fund	37,395	316,000	310,000	43,395
206	Local Transp Fund Art 3	57,905	518,375	575,790	490
207	Local Transp Fund Art 8	2,052,982	5,205,685	7,258,660	7
208	Measure R Fund	7,224,050	1,794,853	4,249,144	4,769,759
208 Grant	Measure R Grant Funds	-	54,174,546	50,821,400	3,353,146
209	Measure M Fund	4,487,860	2,015,833	1,989,746	4,513,947
209 Grant	Measure M Grant Funds	-	8,732,500	8,732,500	-
210	Road Maint & Rehab Acct Fund	347,346	2,821,059	2,908,160	260,245
211	Measure A La County Parks	-	1,544,580	756,910	787,670
220	Park Development Fund	2,600,555	5,580,150	9,448,546	(1,267,841)
221	Traffic Impact Fund	2,868,142	505,000	1,554,918	1,818,224
222	Amargosa Drainage Fund	(19,162)	215,000	426,015	(230,177)
223	Anaverde Drainage Fund	(8,720,720)	225,000	444,273	(8,939,993)
224	Portal Ridge Drainage Fund	(44,737)	45,499	504,713	(503,951)
225	Pearland Drainage Fund	9,907,991	164,040	297,582	9,774,449
226	Littlerock Drainage Fund	67,252	500	56,000	11,752
227	Fire Facilities Impact Fund	6,640,345	486,450	10,000	7,116,795
228	Sewer Upgrade Fund	768,078	-	704,500	63,578
229	Public Facilities Fund	594,744	217,690	443,330	369,104
230	Big Rock Drainage Fund	68,516	500	126,000	(56,984)
240	Federal Funds Fund	(1,461,938)	9,749,430	7,145,514	1,141,978
241	State Grants Fund	(139,588)	10,313,404	9,482,914	690,902
242	Misc Grant/Developer Contrib	2,220,887	3,532,980	3,379,747	2,374,120
243	Federal Home Program	7,577,050	1,044,300	1,721,115	6,900,235
244	Federal Jobs Programs	(16,287)	69,790	53,400	103
250	Park Assessments Fund	2,951,186	2,801,500	2,261,500	3,491,186
251	Landscape Maintenance Fund	12,516,292	6,156,840	7,815,952	10,857,180
252	Street Lighting Assmnt Distr	2,007,379	1,082,320	2,561,348	528,351
253	Drainage Benefit Assessment	1,013,948	129,100	52,280	1,090,768
254	Sewer Maint Assessment Dist	26,676,560	6,039,510	10,372,919	22,343,151
255	Street Light County District	12,496,683	3,153,560	6,293,666	9,356,577
256	Street Light Dist #2 Anaverde	669,865	156,970	288,816	538,019
257	Street Light Dist #3 Ritter	233,643	61,700	95,120	200,223
260	Solid Waste	-	377,650	328,430	49,220
270	Library Fund	(18,699)	18,699	-	-
280	Cdbg Fund	2,157,982	3,492,920	5,033,637	617,265
281	Saves Grant Fund	(115,211)	194,200	40,763	38,226
291	Housing Authority Fund	156,698	129,360	84,510	201,548
292	Housing Facilities Fund	(6,646,103)	7,315,340	7,666,830	(6,997,593)
293	Housing Asset Fund	52,050,534	5,173,480	10,079,550	47,144,464
300	Water Park	(296,744)	4,360,000	2,042,530	2,020,726
350	Palmdale CCA	(511,005)	-	698,060	(1,209,065)
460	Successor Agency	9,679,946	69,508,840	72,606,540	6,582,246
480	Ad88-1 10Th St West Improv	270,013	381,760	336,000	315,773
481	Ad90-2 7Th St West Improvement	326,239	400,000	200,000	526,239
482	Cfd 2003-1 Improvement Fund	13,074	-	-	13,074
483	Cfd91-1 Sierra Gateway Improv	153,350	-	-	153,350

CITY OF PALMDALE
MID-YEAR BUDGET - ESTIMATED FUND BALANCE
FISCAL YEAR 2021

Fund	Fund Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
484	Cfd93-1 Ritter Ranch Impr Fund	2,588,937	-	-	2,588,937
523	Debt Svc-Pwr Pl Land $19.9 Cop	1,530,860	1,499,280	1,489,950	1,540,190
524	Debt Svc-Revenue Bonds	1,068,806	10,000	-	1,078,806
525	Debt Svc-Pfa	39	2,440,490	2,440,340	189
580	Opeb Fiduciary Trust Funds	5,033,479	374,000	395,000	5,012,479
730	Ad88-1 10Th St West Redemption	76,159	5,000	-	81,159
732	Ad90-2 7Th St West Redemption	120,443	3,000	-	123,443
733	Ad87-1 Rancho Vista Rdmpt Fund	131,732	2,000	-	133,732
734	Cfd03-1 Anaverde Redemption	1,825,311	1,489,340	1,487,410	1,827,241
735	Cfd 2005-1 Redemption Fund	1,970,007	1,379,610	1,176,710	2,172,907
736	Cfd91-1 Sierra Gateway Redempt	(23,533)	164,540	137,600	3,407
737	Ad91-2 52Nd St West Redemption	(23,546)	23,950	-	404
738	Cfd93-1 Ritter Ranch Rdmpt Fnd	302,787	1,929,540	2,051,610	180,717
739	Ad 2006-01 Godde Hill Rdmp Fd	261,314	151,110	150,910	261,514
740	Cfd16-1 Joshua Ranch Wtr Rdmp	1,571,388	811,060	795,960	1,586,488
	Total	**252,399,242**	**358,995,750**	**421,620,475**	**189,774,516**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
REVENUES - ALL FUNDS
ACTUALS AS OF NOV 30, 2020

	Category	FY 2021 Adopted	YTD	FY 2021 Proposed	Amount Change	% Chg
60	PROPERTY TAXES [1]	80,984,630	11,162,760	82,619,089	1,634,459	2%
61	SALES & USE TAXES [2]	29,027,660	8,408,787	33,858,770	4,831,110	17%
62	OTHER TAXES	6,895,240	2,168,283	6,431,422	(463,818)	-7%
63	TRANSIENT OCC TAX [3]	4,110,240	1,515,399	3,110,240	(1,000,000)	-24%
64	FRANCHISE FEES	6,063,760	1,589,652	6,063,760	-	0%
65	SUBVENTIONS & GRANTS [4]	11,398,600	7,968,559	104,702,976	93,304,376	819%
66	DEVELOPER CONTRIB	25,500	13,950	25,500	-	0%
67	COUNTY CONTRIB [5]	635,830	126,787	1,684,580	1,048,750	165%
68	STATE CONTRIBUTIONS	2,000	-	2,000	-	0%
69	OTHER AGENCY CONTRIB [6]	55,000	3,506,219	3,551,480	3,496,480	6357%
71	USE OF PROPERTY [8]	13,748,190	9,586,050	13,548,880	(199,310)	-1%
72	FAIR VALUE OF INVEST	10,000	-	10,000	-	0%
75	PARK DEVELOPMENT FEE [7]	150,000	570,148	570,150	420,150	280%
76	DRAINAGE FEES [7]	140,000	324,278	327,539	187,539	134%
78	TRAFFIC IMPACT FEES	500,000	427,992	500,000	-	0%
79	FACILITY IMPACT FEE [7]	300,000	693,645	693,640	393,640	131%
80	LICENSES AND PERMITS	2,582,590	1,466,726	2,582,590	-	0%
81	CHRGS FOR SERVICES [8]	5,418,530	1,401,817	3,854,185	(1,564,345)	-29%
82	DEV CHRGS FOR SVCS	1,244,460	745,850	1,244,460	-	0%
83	FINES & FORFEITURES	722,550	145,022	722,550	-	0%
84	SPECIAL ASSESSMENTS	24,229,620	202,870	24,229,620	-	0%
90	OTHER - REVENUE [9]	3,808,090	1,644,779	6,304,540	2,496,450	66%
95	GN/LS-SALE OF ASSET	-	48,022	48,020	48,020	100%
98	TRANSFERS IN [10]	35,461,370	6,346,356	62,309,759	26,848,389	76%
Grand Total		**227,513,860**	**60,063,948**	**358,995,750**	**131,481,890**	**58%**

[1] Estimates provided by HdL
[2] Estimates provided by HdL
[3] Reduced by $1M to align with trends
[4] Revenues expected to be reimbursed by Transportation funds for Grant projects in this FY
[5] Increased for Measure A Allocation expected to be receieved this FY for Park Development Projects
[6] Actual revenue received from AVEK - reimbursement of portion of Amargosa project for Coop agrmt.
[7] Adjusted for actuals received in this FY
[8] Reduction for Parks & Recreation
[9] Increase for ROPS allocation for Housing Authority
[10] Reserves

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
REVENUES - GENERAL FUND
ACTUALS AS OF NOV 30, 2020

	Category	FY 2021 Adopted	YTD	FY 2021 Proposed	Amount Change	% Chg
60	PROPERTY TAXES [1]	23,611,500	8,917,836	25,245,959	1,634,459	7%
61	SALES & USE TAXES [2]	18,524,680	5,898,196	21,878,339	3,353,659	18%
63	TRANSIENT OCC TAX [3]	4,110,240	1,515,399	3,110,240	(1,000,000)	-24%
64	FRANCHISE FEES	5,705,660	1,528,946	5,705,660	-	0%
65	SUBVENTIONS & GRANTS	1,000	-	1,000	-	0%
71	USE OF PROPERTY [4]	3,304,300	518,196	3,179,990	(124,310)	-4%
80	LICENSES AND PERMITS	2,487,220	1,436,248	2,487,220	-	0%
81	CHRGS FOR SERVICES [4]	3,343,830	841,873	2,593,255	(750,575)	-22%
82	DEV CHRGS FOR SVCS	1,244,460	745,850	1,244,460	-	0%
83	FINES & FORFEITURES	416,350	101,391	416,350	-	0%
90	OTHER - REVENUE	451,880	76,122	451,880	-	0%
98	TRANSFERS IN	8,530,560	3,288,326	8,604,850	74,290	1%
Grand Total		**71,731,680**	**24,868,382**	**74,919,203**	**3,187,523**	**4%**

[1] Estimates provided by HdL
[2] Estimates provided by HdL
[3] Reduced by $1M to align with trends
[4] Reduction for Parks & Recreation

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
1. City Council							
CITY COUNCIL	**10**	SALARIES	119,400	56,643	119,400	-	0%
	11	BENEFITS	112,700	55,056	112,700	-	0%
	15	ORG DEVELOPMENT	25,000	1,280	25,000	-	0%
	20	OPERATING EXP	2,000	1,442	2,000	-	0%
	23	CAPITAL OUTLAY	1,000	142	1,000	-	0%
	59	TRANSFERS OUT	31,690	-	64,260	32,570	103%
CITY COUNCIL Total			**291,790**	**114,563**	**324,360**	**32,570**	**11%**
1. City Council Total			**291,790**	**114,563**	**324,360**	**32,570**	**11%**
2. City Attorney							
CITY ATTORNEY	**10**	SALARIES	608,530	453,793	608,530	-	0%
	11	BENEFITS	306,750	135,078	306,750	-	0%
	15	ORG DEVELOPMENT	22,500	6,940	22,500	-	0%
	20	OPERATING EXP	3,500	1,934	3,500	-	0%
	21	CONTRACT SERVICES	636,750	429,617	796,750	160,000	25%
	22	SOFTWARE	30,000	8,164	20,000	(10,000)	-33%
	25	UTILITIES	100	279	1,100	1,000	1000%
	59	TRANSFERS OUT	44,370	-	89,970	45,600	103%
CITY ATTORNEY Total			**1,652,500**	**1,035,805**	**1,849,100**	**196,600**	**12%**
RISK MANAGEMENT	**15**	ORG DEVELOPMENT	1,100	535	1,100	-	0%
	20	OPERATING EXP	1,286,550	1,211,290	1,311,550	25,000	2%
	21	CONTRACT SERVICES	304,000	65,164	254,000	(50,000)	-16%
RISK MANAGEMENT Total			**1,591,650**	**1,276,988**	**1,566,650**	**(25,000)**	**-2%**
2. City Attorney Total			**3,244,150**	**2,312,793**	**3,415,750**	**171,600**	**5%**
3. City Manager							
CITY MANAGER	**10**	SALARIES	756,670	436,239	756,670	-	0%
	11	BENEFITS	360,220	188,966	364,220	4,000	1%
	15	ORG DEVELOPMENT	22,500	9,629	43,700	21,200	94%
	20	OPERATING EXP	5,500	2,399	6,000	500	9%
	21	CONTRACT SERVICES	1,000	600	41,000	40,000	4000%
	23	CAPITAL OUTLAY	1,200	320	1,600	400	33%
	25	UTILITIES	1,600	1,010	2,400	800	50%
	59	TRANSFERS OUT	45,470	-	85,300	39,830	88%
CITY MANAGER Total			**1,194,160**	**639,163**	**1,300,890**	**106,730**	**9%**
FINANCE	**10**	SALARIES	1,038,070	471,865	1,404,609	366,539	35%
	11	BENEFITS	406,950	242,964	406,950	-	0%
	15	ORG DEVELOPMENT	73,420	5,785	96,020	22,600	31%
	20	OPERATING EXP	42,950	6,915	643,952	601,002	1399%
	21	CONTRACT SERVICES	637,600	37,845	731,700	94,100	15%
	22	SOFTWARE	1,200	-	101,200	100,000	8333%
	23	CAPITAL OUTLAY	5,500	405	10,070	4,570	83%
	25	UTILITIES	950	-	950	-	0%
	50	DEBT SERVICE	106,780	9,423	106,780	-	0%
	59	TRANSFERS OUT	16,973,640	3,174,792	17,825,880	852,240	5%
	95	GN/LS-SALE OF ASSET	-	(8)	-	-	#DIV/0!
	98	TRANSFERS IN	-	-	(748,010)	(748,010)	#DIV/0!
FINANCE Total			**19,287,060**	**3,949,987**	**20,580,101**	**1,293,041**	**7%**
GENERAL CITY	**10**	SALARIES	(2,280,360)	-	-	2,280,360	-100%
	11	BENEFITS	(965,830)	-	75,000	1,040,830	-108%
	15	ORG DEVELOPMENT	65,220	150,653	115,220	50,000	77%
	20	OPERATING EXP	2,209,940	114,704	2,559,940	350,000	16%
	21	CONTRACT SERVICES	663,300	158,133	709,300	46,000	7%
	23	CAPITAL OUTLAY	-	137	500	500	#DIV/0!
	25	UTILITIES	154,400	58,452	154,400	-	0%
	50	DEBT SERVICE	9,984,880	4,175,405	10,712,250	727,370	7%
	59	TRANSFERS OUT	1,711,650	-	1,711,650	-	0%
		TRANSFERS OUT-RESERVES	5,250,000	-	31,579,610	26,329,610	502%
GENERAL CITY Total			**16,793,200**	**4,657,483**	**47,617,870**	**30,824,670**	**184%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
HUMAN RESOURCES	**10**	SALARIES	335,270	182,988	335,270	-	0%
	11	BENEFITS	161,490	84,967	161,490	-	0%
	15	ORG DEVELOPMENT	24,450	9,337	24,450	-	0%
	20	OPERATING EXP	2,418,500	889,303	2,418,500	-	0%
	21	CONTRACT SERVICES	1,234,500	617,492	1,339,500	105,000	9%
	22	SOFTWARE	13,000	12,014	13,000	-	0%
	23	CAPITAL OUTLAY	1,500	-	3,000	1,500	100%
	25	UTILITIES	130	-	130	-	0%
	59	TRANSFERS OUT	44,370	-	89,970	45,600	103%
HUMAN RESOURCES Total			**4,233,210**	**1,796,100**	**4,385,310**	**152,100**	**4%**
INFORMATION TECHNOLOGY	**10**	SALARIES	712,700	333,517	868,090	155,390	22%
	11	BENEFITS	367,770	191,387	430,260	62,490	17%
	15	ORG DEVELOPMENT	-	-	2,500	2,500	#DIV/0!
	20	OPERATING EXP	4,000	24,620	5,500	1,500	38%
	21	CONTRACT SERVICES	10,000	8,384	20,150	10,150	102%
	22	SOFTWARE	1,097,750	568,650	1,143,750	46,000	4%
	23	CAPITAL OUTLAY	33,000	53,777	36,290	3,290	10%
	25	UTILITIES	7,900	2,899	10,400	2,500	32%
	40	CAPITAL	115,000	50,242	2,435,800	2,320,800	2018%
INFORMATION TECHNOLOGY Total			**2,348,120**	**1,233,477**	**4,952,740**	**2,604,620**	**111%**
3. City Manager Total			**43,855,750**	**12,276,210**	**78,836,911**	**34,981,161**	**80%**
4. Administrative Services							
CITY CLERK	**10**	SALARIES	449,890	275,428	449,890	-	0%
	11	BENEFITS	188,510	101,132	188,510	-	0%
	15	ORG DEVELOPMENT	6,010	1,273	7,510	1,500	25%
	20	OPERATING EXP	14,110	3,024	16,610	2,500	18%
	21	CONTRACT SERVICES	537,190	1,946	662,190	125,000	23%
	22	SOFTWARE	71,080	29,655	71,080	-	0%
	23	CAPITAL OUTLAY	500	-	500	-	0%
	25	UTILITIES	7,500	1,922	7,500	-	0%
	59	TRANSFERS OUT	69,720	-	141,380	71,660	103%
CITY CLERK Total			**1,344,510**	**414,379**	**1,545,170**	**200,660**	**15%**
COMMUNICATIONS	**10**	SALARIES	535,250	261,989	535,250	-	0%
	11	BENEFITS	265,330	132,907	265,330	-	0%
	15	ORG DEVELOPMENT	8,690	275	8,690	-	0%
	20	OPERATING EXP	2,640	590	2,640	-	0%
	21	CONTRACT SERVICES	210,500	187,569	320,500	110,000	52%
	22	SOFTWARE	-	668	5,000	5,000	#DIV/0!
	23	CAPITAL OUTLAY	4,120	(8)	4,120	-	0%
	25	UTILITIES	1,400	722	1,400	-	0%
	59	TRANSFERS OUT	31,690	-	64,260	32,570	103%
COMMUNICATIONS Total			**1,059,620**	**584,711**	**1,207,190**	**147,570**	**14%**
COMMUNITY PROGRAMS	**10**	SALARIES	440,890	366,867	477,888	36,998	8%
	11	BENEFITS	184,990	115,753	198,681	13,691	7%
	15	ORG DEVELOPMENT	10,750	108	11,680	930	9%
	20	OPERATING EXP	53,350	258,691	1,231,561	1,178,211	2208%
	21	CONTRACT SERVICES	133,790	75,669	233,530	99,740	75%
	22	SOFTWARE	1,620	756	1,620	-	0%
	23	CAPITAL OUTLAY	4,100	55	4,100	-	0%
	25	UTILITIES	600	10,487	23,600	23,000	3833%
	26	PROGRAM EXP	656,650	55,252	1,806,752	1,150,102	175%
	40	CAPITAL	250,000	8,697	466,524	216,524	87%
	50	DEBT SERVICE	363,350	342,882	363,350	-	0%
COMMUNITY PROGRAMS Total			**2,100,090**	**1,235,216**	**4,819,287**	**2,719,197**	**129%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
EMERGENCY MANAGEMENT	**10**	SALARIES	105,610	21,995	105,610	-	0%
	11	BENEFITS	58,830	10,976	58,830	-	0%
	15	ORG DEVELOPMENT	5,000	16	5,000	-	0%
	20	OPERATING EXP	10,450	8,437	10,450	-	0%
	21	CONTRACT SERVICES	5,000	-	5,000	-	0%
	23	CAPITAL OUTLAY	4,000	15	4,000	-	0%
	25	UTILITIES	1,400	579	5,300	3,900	279%
	59	TRANSFERS OUT	31,690	-	64,260	32,570	103%
EMERGENCY MANAGEMENT Total			**221,980**	**42,018**	**258,450**	**36,470**	**16%**
4. Administrative Services Total			**4,726,200**	**2,276,324**	**7,830,097**	**3,103,897**	**66%**
5. Economic & Community Development							
ADMIN - ECONOMIC DEVELOPMENT	**10**	SALARIES	423,440	150,817	423,440	-	0%
	11	BENEFITS	196,250	78,382	196,250	-	0%
	15	ORG DEVELOPMENT	9,600	219	9,600	-	0%
	20	OPERATING EXP	10,000	1,189	10,000	-	0%
	25	UTILITIES	6,000	695	6,000	-	0%
ADMIN - ECONOMIC DEVELOPMENT Total			**645,290**	**231,302**	**645,290**	**-**	**0%**
BUILDING AND SAFETY	**10**	SALARIES	1,092,540	559,328	1,092,540	-	0%
	11	BENEFITS	643,960	318,048	643,960	-	0%
	15	ORG DEVELOPMENT	23,050	1,458	23,050	-	0%
	20	OPERATING EXP	1,750	116	1,750	-	0%
	21	CONTRACT SERVICES	275,500	34,849	325,500	50,000	18%
	23	CAPITAL OUTLAY	600	17	600	-	0%
	25	UTILITIES	7,320	2,200	7,320	-	0%
	59	TRANSFERS OUT	186,150	-	322,730	136,580	73%
BUILDING AND SAFETY Total			**2,230,870**	**916,016**	**2,417,450**	**186,580**	**8%**
ECONOMIC DEVELOPMENT	**10**	SALARIES	102,780	125,703	102,780	-	0%
	11	BENEFITS	116,250	64,794	116,250	-	0%
	15	ORG DEVELOPMENT	48,600	7,916	48,600	-	0%
	20	OPERATING EXP	829,650	1,165,061	1,335,913	506,263	61%
	21	CONTRACT SERVICES	241,300	57,134	313,076	71,776	30%
	23	CAPITAL OUTLAY	1,500	-	1,500	-	0%
	25	UTILITIES	600	288	880	280	47%
	59	TRANSFERS OUT	107,750	-	218,490	110,740	103%
ECONOMIC DEVELOPMENT Total			**1,448,430**	**1,420,896**	**2,137,490**	**689,060**	**48%**
PLANNING	**10**	SALARIES	564,020	327,039	564,020	-	0%
	11	BENEFITS	363,720	162,315	363,720	-	0%
	15	ORG DEVELOPMENT	9,890	323	9,890	-	0%
	20	OPERATING EXP	15,300	1,691	15,300	-	0%
	21	CONTRACT SERVICES	20,000	27,809	35,720	15,720	79%
	23	CAPITAL OUTLAY	3,000	-	3,000	-	0%
	59	TRANSFERS OUT	95,070	-	192,790	97,720	103%
PLANNING Total			**1,071,000**	**519,177**	**1,184,440**	**113,440**	**11%**
5. Economic & Community Development Total			**5,395,590**	**3,087,391**	**6,384,670**	**989,080**	**18%**
6. Neighborhood Services							
AFFORDABLE HOUSING	**10**	SALARIES	502,830	214,858	502,830	-	0%
	11	BENEFITS	273,070	96,011	273,070	-	0%
	15	ORG DEVELOPMENT	25,750	518	25,750	-	0%
	20	OPERATING EXP	418,480	181,494	571,690	153,210	37%
	21	CONTRACT SERVICES	3,823,220	1,566,891	4,395,033	571,813	15%
	23	CAPITAL OUTLAY	29,000	3,171	33,150	4,150	14%
	25	UTILITIES	1,249,520	25,517	1,252,060	2,540	0%
	26	PROGRAM EXP	1,038,470	123,613	8,349,570	7,311,100	704%
	40	CAPITAL	1,071,900	108,236	1,827,932	756,032	71%
	50	DEBT SERVICE	1,762,460	486,426	1,775,760	13,300	1%
AFFORDABLE HOUSING Total			**10,194,700**	**2,806,734**	**19,006,845**	**8,812,145**	**86%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
COMMUNITY COMPLIANCE	**10**	SALARIES	1,511,290	608,717	1,494,090	(17,200)	-1%
	21	CONTRACT SERVICES	182,030	74,190	208,590	26,560	15%
	22	SOFTWARE	6,800	2,354	6,800	-	0%
	23	CAPITAL OUTLAY	14,500	4,267	14,500	-	0%
	24	COUNTY CONTRACTS	19,290	5,710	19,290	-	0%
	25	UTILITIES	12,300	3,638	12,300	-	0%
	40	CAPITAL	12,500	15,031	27,540	15,040	120%
	59	TRANSFERS OUT	202,390	-	253,080	50,690	25%
COMMUNITY COMPLIANCE Total			**2,453,380**	**924,646**	**2,519,110**	**65,730**	**3%**
PUBLIC SAFETY	**10**	SALARIES	455,240	308,037	455,940	700	0%
	11	BENEFITS	257,010	163,132	256,710	(300)	0%
	15	ORG DEVELOPMENT	1,600	-	1,600	-	0%
	20	OPERATING EXP	22,420	1,624	18,920	(3,500)	-16%
	21	CONTRACT SERVICES	513,750	4,555	684,720	170,970	33%
	22	SOFTWARE	31,500	15,750	31,500	-	0%
	23	CAPITAL OUTLAY	6,200	-	3,700	(2,500)	-40%
	24	COUNTY CONTRACTS	28,842,370	9,547,096	28,542,370	(300,000)	-1%
	25	UTILITIES	22,000	8,025	21,000	(1,000)	-5%
	59	TRANSFERS OUT	247,190	-	501,240	254,050	103%
PUBLIC SAFETY Total			**30,399,280**	**10,048,219**	**30,517,700**	**118,420**	**0%**
6. Neighborhood Services Total			**43,047,360**	**13,781,864**	**52,043,655**	**8,996,295**	**21%**
7. Public Works							
CAPITAL IMPROVEMENT PROJECTS	**10**	SALARIES	-	296,090	-	-	#DIV/0!
	11	BENEFITS	-	151,343	-	-	#DIV/0!
	40	CAPITAL	16,932,107	12,246,613	159,138,321	142,206,214	840%
CAPITAL IMPROVEMENT PROJECTS Total			**16,932,107**	**12,694,045**	**159,138,321**	**142,206,214**	**840%**
ENGINEERING	**10**	SALARIES	1,718,500	815,079	1,563,110	(155,390)	-9%
	11	BENEFITS	847,420	398,651	787,930	(59,490)	-7%
	15	ORG DEVELOPMENT	37,815	1,210	29,815	(8,000)	-21%
	20	OPERATING EXP	827,855	239,813	834,379	6,524	1%
	21	CONTRACT SERVICES	595,980	141,788	533,110	(62,870)	-11%
	22	SOFTWARE	214,810	17,271	198,810	(16,000)	-7%
	23	CAPITAL OUTLAY	31,530	8,470	31,530	-	0%
	25	UTILITIES	1,667,610	326,046	1,667,790	180	0%
	40	CAPITAL	94,670	-	94,670	-	0%
	50	DEBT SERVICE	1,010,450	881,246	1,010,450	-	0%
	59	TRANSFERS OUT	1,767,610	-	1,796,030	28,420	2%
ENGINEERING Total			**8,814,250**	**2,829,574**	**8,547,624**	**(266,626)**	**-3%**
ENVIRONMENTAL	**10**	SALARIES	293,790	132,216	293,790	-	0%
	11	BENEFITS	138,620	59,570	138,620	-	0%
	15	ORG DEVELOPMENT	5,000	-	5,000	-	0%
	20	OPERATING EXP	5,890	123	5,890	-	0%
	21	CONTRACT SERVICES	542,840	109,409	913,040	370,200	68%
	22	SOFTWARE	5,670	-	5,670	-	0%
	23	CAPITAL OUTLAY	1,000	-	1,000	-	0%
ENVIRONMENTAL Total			**992,810**	**301,318**	**1,363,010**	**370,200**	**37%**
MAINTENANCE	**10**	SALARIES	5,799,300	2,980,803	5,799,300	-	0%
	11	BENEFITS	3,401,090	1,759,771	3,401,090	-	0%
	15	ORG DEVELOPMENT	84,000	8,394	68,000	(16,000)	-19%
	20	OPERATING EXP	2,440,570	629,868	2,495,170	54,600	2%
	21	CONTRACT SERVICES	7,198,200	2,398,923	7,138,500	(59,700)	-1%
	22	SOFTWARE	68,500	30,941	68,500	-	0%
	23	CAPITAL OUTLAY	47,500	22,101	51,500	4,000	8%
	25	UTILITIES	2,742,500	1,191,234	2,634,700	(107,800)	-4%
	40	CAPITAL	506,000	676,318	1,400,453	894,453	177%
	50	DEBT SERVICE	26,430	23,418	26,430	-	0%
	59	TRANSFERS OUT	3,363,380	-	4,267,600	904,220	27%
MAINTENANCE Total			**25,677,470**	**9,721,772**	**27,351,243**	**1,673,773**	**7%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
PUBLIC WORKS - ADMINISTRATION	**10**	SALARIES	179,738	244,092	179,738	-	0%
	11	BENEFITS	135,152	122,744	136,152	1,000	1%
	15	ORG DEVELOPMENT	16,970	4,646	17,120	150	1%
	20	OPERATING EXP	11,000	1,886	11,150	150	1%
	21	CONTRACT SERVICES	121,720	41,801	191,720	70,000	58%
	22	SOFTWARE	1,000	-	1,000	-	0%
	23	CAPITAL OUTLAY	1,500	24	1,500	-	0%
	25	UTILITIES	3,020	1,661	3,020	-	0%
	40	CAPITAL	-	-	310,000	310,000	#DIV/0!
	50	DEBT SERVICE	10,280	9,109	10,280	-	0%
	59	TRANSFERS OUT	21,180	-	29,270	8,090	38%
PUBLIC WORKS - ADMINISTRATION Total			**501,560**	**425,963**	**890,950**	**389,390**	**78%**
7. Public Works Total			**52,918,197**	**25,972,672**	**197,291,147**	**144,372,951**	**273%**
8. Parks & Recreation							
EVENTS & CULTURE	**10**	SALARIES	800,820	294,286	800,820	-	0%
	11	BENEFITS	196,040	111,658	196,040	-	0%
	15	ORG DEVELOPMENT	2,550	-	2,550	-	0%
	20	OPERATING EXP	136,160	24,021	120,260	(15,900)	-12%
	21	CONTRACT SERVICES	665,500	58,083	390,300	(275,200)	-41%
	22	SOFTWARE	1,800	744	1,800	-	0%
	23	CAPITAL OUTLAY	7,500	-	11,000	3,500	47%
	25	UTILITIES	44,200	12,952	44,200	-	0%
	40	CAPITAL	-	-	44,000	44,000	#DIV/0!
EVENTS & CULTURE Total			**1,854,570**	**501,743**	**1,610,970**	**(243,600)**	**-13%**
LIBRARY	**10**	SALARIES	28,390	2,535	28,390	-	0%
	11	BENEFITS	780	80	780	-	0%
	15	ORG DEVELOPMENT	500	-	500	-	0%
	20	OPERATING EXP	273,740	128,638	278,740	5,000	2%
	21	CONTRACT SERVICES	991,570	407,574	991,570	-	0%
	23	CAPITAL OUTLAY	10,000	-	17,200	7,200	72%
	25	UTILITIES	51,400	17,536	56,600	5,200	10%
	59	TRANSFERS OUT	76,070	-	154,240	78,170	103%
LIBRARY Total			**1,432,450**	**556,362**	**1,528,020**	**95,570**	**7%**
PARKS & FACILITIES	**10**	SALARIES	1,704,630	494,440	1,704,630	-	0%
	11	BENEFITS	410,030	200,285	410,030	-	0%
	15	ORG DEVELOPMENT	12,220	3,664	20,720	8,500	70%
	20	OPERATING EXP	248,520	115,316	216,775	(31,745)	-13%
	21	CONTRACT SERVICES	272,840	35,795	248,340	(24,500)	-9%
	23	CAPITAL OUTLAY	22,000	1,238	47,000	25,000	114%
	25	UTILITIES	305,740	107,100	305,740	-	0%
	59	TRANSFERS OUT	380,300	-	771,140	390,840	103%
PARKS & FACILITIES Total			**3,356,280**	**957,839**	**3,724,375**	**368,095**	**11%**
RECREATION SERVICES	**10**	SALARIES	1,721,550	907,238	1,721,550	-	0%
	11	BENEFITS	251,100	230,114	251,100	-	0%
	15	ORG DEVELOPMENT	6,600	810	7,600	1,000	15%
	20	OPERATING EXP	175,200	22,817	129,460	(45,740)	-26%
	21	CONTRACT SERVICES	250,800	10,667	155,000	(95,800)	-38%
	23	CAPITAL OUTLAY	19,450	6,565	25,750	6,300	32%
	25	UTILITIES	55,400	19,127	55,400	-	0%
	40	CAPITAL	-	-	45,000	45,000	#DIV/0!
	59	TRANSFERS OUT	37,110	-	41,050	3,940	11%
RECREATION SERVICES Total			**2,517,210**	**1,197,337**	**2,431,910**	**(85,300)**	**-3%**
8. Parks & Recreation Total			**9,160,510**	**3,213,281**	**9,295,275**	**134,765**	**1%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
9. City Manager AD / CFD							
ASSESSMENT DIST / CFD	**21**	CONTRACT SERVICES	1,197,110	82,929	1,197,110	-	0%
	50	DEBT SERVICE	4,422,360	-	4,422,360	-	0%
	59	TRANSFERS OUT	180,730	133,289	180,730	-	0%
ASSESSMENT DIST / CFD Total			**5,800,200**	**216,218**	**5,800,200**	**-**	**0%**
9. City Manager AD / CFD Total			**5,800,200**	**216,218**	**5,800,200**	**-**	**0%**
9a. City Manager/Successor Agency							
SUCCESSOR AGENCY	**10**	SALARIES	690	338	690	-	0%
	11	BENEFITS	460	250	460	-	0%
	20	OPERATING EXP	33,200	8	33,200	-	0%
	21	CONTRACT SERVICES	1,179,030	40,219	1,179,030	-	0%
	25	UTILITIES	226,150	7,015	226,150	-	0%
	26	PROGRAM EXP	365,000	-	365,000	-	0%
	30	INTER-GOV SHARING	47,720,680	-	47,720,680	-	0%
	50	DEBT SERVICE	10,547,920	1,407,333	10,547,920	-	0%
	59	TRANSFERS OUT	325,280	-	325,280	-	0%
SUCCESSOR AGENCY Total			**60,398,410**	**1,455,163**	**60,398,410**	**-**	**0%**
9a. City Manager/Successor Agency Total			**60,398,410**	**1,455,163**	**60,398,410**	**-**	**0%**
Grand Total			**228,838,157**	**64,706,479**	**421,620,475**	**192,782,319**	**84%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
1. City Council							
CITY COUNCIL	**10**	SALARIES	119,400	56,643	119,400	-	0%
	11	BENEFITS	112,700	55,056	112,700	-	0%
	15	ORG DEVELOPMENT	25,000	1,280	25,000	-	0%
	20	OPERATING EXP	2,000	1,442	2,000	-	0%
	23	CAPITAL OUTLAY	1,000	142	1,000	-	0%
	59	TRANSFERS OUT	31,690	-	64,260	32,570	103%
CITY COUNCIL Total			**291,790**	**114,563**	**324,360**	**32,570**	**11%**
1. City Council Total			**291,790**	**114,563**	**324,360**	**32,570**	**11%**
2. City Attorney							
CITY ATTORNEY	**10**	SALARIES	608,530	453,793	608,530	-	0%
	11	BENEFITS	306,750	135,078	306,750	-	0%
	15	ORG DEVELOPMENT	22,500	6,940	22,500	-	0%
	20	OPERATING EXP	3,500	1,934	3,500	-	0%
	21	CONTRACT SERVICES	636,750	429,617	796,750	160,000	25%
	22	SOFTWARE	30,000	8,164	20,000	(10,000)	-33%
	25	UTILITIES	100	279	1,100	1,000	1000%
	59	TRANSFERS OUT	44,370	-	89,970	45,600	103%
CITY ATTORNEY Total			**1,652,500**	**1,035,805**	**1,849,100**	**196,600**	**12%**
2. City Attorney Total			**1,652,500**	**1,035,805**	**1,849,100**	**196,600**	**12%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
3. City Manager							
CITY MANAGER	**10**	SALARIES	756,670	436,239	756,670	-	0%
	11	BENEFITS	360,220	188,966	364,220	4,000	1%
	15	ORG DEVELOPMENT	22,500	9,629	43,700	21,200	94%
	20	OPERATING EXP	5,500	2,399	6,000	500	9%
	21	CONTRACT SERVICES	1,000	600	41,000	40,000	4000%
	23	CAPITAL OUTLAY	1,200	320	1,600	400	33%
	25	UTILITIES	1,600	1,010	2,400	800	50%
	59	TRANSFERS OUT	45,470	-	85,300	39,830	88%
CITY MANAGER Total			**1,194,160**	**639,163**	**1,300,890**	**106,730**	**9%**
FINANCE	**10**	SALARIES	1,038,070	471,865	1,038,070	-	0%
	11	BENEFITS	406,950	242,964	406,950	-	0%
	15	ORG DEVELOPMENT	73,420	5,785	96,020	22,600	31%
	20	OPERATING EXP	42,950	6,915	41,680	(1,270)	-3%
	21	CONTRACT SERVICES	637,600	35,875	731,700	94,100	15%
	22	SOFTWARE	1,200	-	101,200	100,000	8333%
	23	CAPITAL OUTLAY	5,500	405	10,070	4,570	83%
	25	UTILITIES	950	-	950	-	0%
	59	TRANSFERS OUT	101,410	71,860	205,640	104,230	103%
	95	GN/LS-SALE OF ASSET	-	(8)	-	-	#DIV/0!
FINANCE Total			**2,308,050**	**835,661**	**2,632,280**	**324,230**	**14%**
GENERAL CITY	**10**	SALARIES	(2,280,360)	-	-	2,280,360	-100%
	11	BENEFITS	(965,830)	-	75,000	1,040,830	-108%
	15	ORG DEVELOPMENT	65,220	150,653	115,220	50,000	77%
	20	OPERATING EXP	1,814,940	114,704	2,164,940	350,000	19%
	21	CONTRACT SERVICES	612,000	138,889	658,000	46,000	8%
	23	CAPITAL OUTLAY	-	137	500	500	#DIV/0!
	25	UTILITIES	154,400	58,452	154,400	-	0%
	50	DEBT SERVICE	6,054,590	4,175,405	6,781,960	727,370	12%
	59	TRANSFERS OUT	1,641,650	-	1,641,650	-	0%
		TRANSFERS OUT-RESERVES	5,250,000	-	31,579,610	26,329,610	502%
GENERAL CITY Total			**12,346,610**	**4,638,240**	**43,171,280**	**30,824,670**	**250%**
HUMAN RESOURCES	**10**	SALARIES	335,270	182,988	335,270	-	0%
	11	BENEFITS	161,490	84,967	161,490	-	0%
	15	ORG DEVELOPMENT	24,450	9,337	24,450	-	0%
	20	OPERATING EXP	45,000	7,190	45,000	-	0%
	21	CONTRACT SERVICES	147,100	22,073	252,100	105,000	71%
	22	SOFTWARE	13,000	12,014	13,000	-	0%
	23	CAPITAL OUTLAY	1,500	-	3,000	1,500	100%
	25	UTILITIES	130	-	130	-	0%
	59	TRANSFERS OUT	44,370	-	89,970	45,600	103%
HUMAN RESOURCES Total			**772,310**	**318,569**	**924,410**	**152,100**	**20%**
3. City Manager Total			**16,621,130**	**6,431,632**	**48,028,860**	**31,407,730**	**189%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
4. Administrative Services							
CITY CLERK	**10**	SALARIES	449,890	275,428	449,890	-	0%
	11	BENEFITS	188,510	101,132	188,510	-	0%
	15	ORG DEVELOPMENT	6,010	1,273	7,510	1,500	25%
	20	OPERATING EXP	14,110	3,024	16,610	2,500	18%
	21	CONTRACT SERVICES	537,190	1,946	662,190	125,000	23%
	22	SOFTWARE	51,600	29,655	71,080	19,480	38%
	23	CAPITAL OUTLAY	500	-	500	-	0%
	25	UTILITIES	7,500	1,922	7,500	-	0%
	59	TRANSFERS OUT	69,720	-	141,380	71,660	103%
CITY CLERK Total			**1,325,030**	**414,379**	**1,545,170**	**220,140**	**17%**
COMMUNICATIONS	**10**	SALARIES	535,250	261,989	535,250	-	0%
	11	BENEFITS	265,330	132,907	265,330	-	0%
	15	ORG DEVELOPMENT	7,790	275	7,790	-	0%
	20	OPERATING EXP	2,340	590	2,340	-	0%
	21	CONTRACT SERVICES	210,500	187,569	320,500	110,000	52%
	22	SOFTWARE	-	668	-	-	#DIV/0!
	25	UTILITIES	1,400	722	1,400	-	0%
	59	TRANSFERS OUT	31,690	-	64,260	32,570	103%
COMMUNICATIONS Total			**1,054,300**	**584,719**	**1,196,870**	**142,570**	**14%**
COMMUNITY PROGRAMS	**10**	SALARIES	184,590	110,824	184,590	-	0%
	11	BENEFITS	83,510	46,134	83,510	-	0%
	15	ORG DEVELOPMENT	1,210	-	1,210	-	0%
	20	OPERATING EXP	8,710	1,480	8,710	-	0%
	21	CONTRACT SERVICES	11,000	192	11,000	-	0%
	22	SOFTWARE	1,020	756	1,020	-	0%
COMMUNITY PROGRAMS Total			**290,040**	**159,385**	**290,040**	**-**	**0%**
EMERGENCY MANAGEMENT	**10**	SALARIES	105,610	21,995	105,610	-	0%
	11	BENEFITS	58,830	10,976	58,830	-	0%
	15	ORG DEVELOPMENT	5,000	16	5,000	-	0%
	20	OPERATING EXP	10,450	8,437	10,450	-	0%
	21	CONTRACT SERVICES	5,000	-	5,000	-	0%
	23	CAPITAL OUTLAY	4,000	15	4,000	-	0%
	25	UTILITIES	1,400	579	5,300	3,900	279%
	59	TRANSFERS OUT	31,690	-	64,260	32,570	103%
EMERGENCY MANAGEMENT Total			**221,980**	**42,018**	**258,450**	**36,470**	**16%**
4. Administrative Services Total			**2,891,350**	**1,200,502**	**3,290,530**	**399,180**	**14%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
5. Economic & Community Development							
ADMIN - ECONOMIC DEVELOPMENT	**10**	SALARIES	423,440	150,817	423,440	-	0%
	11	BENEFITS	196,250	78,382	196,250	-	0%
	15	ORG DEVELOPMENT	9,600	219	9,600	-	0%
	20	OPERATING EXP	10,000	1,189	10,000	-	0%
	25	UTILITIES	6,000	695	6,000	-	0%
ADMIN - ECONOMIC DEVELOPMENT Total			**645,290**	**231,302**	**645,290**	**-**	**0%**
BUILDING AND SAFETY	**10**	SALARIES	1,092,540	559,328	1,092,540	-	0%
	11	BENEFITS	643,960	318,048	643,960	-	0%
	15	ORG DEVELOPMENT	23,050	1,458	23,050	-	0%
	20	OPERATING EXP	1,750	116	1,750	-	0%
	21	CONTRACT SERVICES	275,500	34,849	325,500	50,000	18%
	23	CAPITAL OUTLAY	600	17	600	-	0%
	25	UTILITIES	7,320	2,200	7,320	-	0%
	59	TRANSFERS OUT	186,150	-	322,730	136,580	73%
BUILDING AND SAFETY Total			**2,230,870**	**916,016**	**2,417,450**	**186,580**	**8%**
ECONOMIC DEVELOPMENT	**10**	SALARIES	102,780	125,703	102,780	-	0%
	11	BENEFITS	116,250	64,794	116,250	-	0%
	15	ORG DEVELOPMENT	48,600	7,916	48,600	-	0%
	20	OPERATING EXP	829,650	1,165,061	1,335,913	506,263	61%
	21	CONTRACT SERVICES	241,300	57,134	313,076	71,776	30%
	23	CAPITAL OUTLAY	1,500	-	1,500	-	0%
	25	UTILITIES	600	288	880	280	47%
	59	TRANSFERS OUT	107,750	-	218,490	110,740	103%
ECONOMIC DEVELOPMENT Total			**1,448,430**	**1,420,896**	**2,137,490**	**689,060**	**48%**
PLANNING	**10**	SALARIES	564,020	327,039	564,020	-	0%
	11	BENEFITS	363,720	162,315	363,720	-	0%
	15	ORG DEVELOPMENT	9,890	323	9,890	-	0%
	20	OPERATING EXP	15,300	1,691	15,300	-	0%
	21	CONTRACT SERVICES	20,000	27,809	35,720	15,720	79%
	23	CAPITAL OUTLAY	3,000	-	3,000	-	0%
	59	TRANSFERS OUT	95,070	-	192,790	97,720	103%
PLANNING Total			**1,071,000**	**519,177**	**1,184,440**	**113,440**	**11%**
5. Economic & Community Development Total			**5,395,590**	**3,087,391**	**6,384,670**	**989,080**	**18%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
6. Neighborhood Services							
AFFORDABLE HOUSING	**10**	SALARIES	21,130	1,350	21,130	-	0%
	11	BENEFITS	11,510	650	11,510	-	0%
	15	ORG DEVELOPMENT	3,150	-	3,150	-	0%
	20	OPERATING EXP	1,100	-	1,100	-	0%
AFFORDABLE HOUSING Total			**36,890**	**2,000**	**36,890**	**-**	**0%**
COMMUNITY COMPLIANCE	**10**	SALARIES	1,105,600	432,140	1,088,400	(17,200)	-2%
	11	BENEFITS	368,570	173,137	359,210	(9,360)	-3%
	15	ORG DEVELOPMENT	1,000	-	1,000	-	0%
	20	OPERATING EXP	44,780	9,482	44,780	-	0%
	21	CONTRACT SERVICES	174,630	74,142	201,190	26,560	15%
	22	SOFTWARE	6,800	2,354	6,800	-	0%
	23	CAPITAL OUTLAY	14,500	4,267	14,500	-	0%
	25	UTILITIES	12,300	3,638	12,300	-	0%
	40	CAPITAL	-	15,031	15,040	15,040	#DIV/0!
	59	TRANSFERS OUT	202,390	-	253,080	50,690	25%
COMMUNITY COMPLIANCE Total			**1,930,570**	**714,192**	**1,996,300**	**65,730**	**3%**
PUBLIC SAFETY	**10**	SALARIES	455,240	307,732	455,940	700	0%
	11	BENEFITS	257,010	162,993	256,710	(300)	0%
	15	ORG DEVELOPMENT	1,600	-	1,600	-	0%
	20	OPERATING EXP	22,420	1,624	18,920	(3,500)	-16%
	21	CONTRACT SERVICES	513,750	2,275	517,750	4,000	1%
	22	SOFTWARE	31,500	15,750	31,500	-	0%
	23	CAPITAL OUTLAY	6,200	-	3,700	(2,500)	-40%
	24	COUNTY CONTRACTS	28,842,370	9,547,096	28,542,370	(300,000)	-1%
	25	UTILITIES	22,000	8,025	21,000	(1,000)	-5%
	59	TRANSFERS OUT	247,190	-	501,240	254,050	103%
PUBLIC SAFETY Total			**30,399,280**	**10,045,496**	**30,350,730**	**(48,550)**	**0%**
PUBLIC SECURITY OFFICERS	**10**	SALARIES	-	2,120	-	-	#DIV/0!
	11	BENEFITS	-	144	-	-	#DIV/0!
PUBLIC SECURITY OFFICERS Total			**-**	**2,265**	**-**	**-**	**#DIV/0!**
6. Neighborhood Services Total			**32,366,740**	**10,763,952**	**32,383,920**	**17,180**	**0%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
7. Public Works							
CAPITAL IMPROVEMENT PROJECTS Total			**1,170,197**	**396,112**	**4,855,608**	**3,685,411**	**315%**
ENGINEERING	**10**	SALARIES	549,550	269,024	549,550	-	0%
	11	BENEFITS	280,050	146,722	280,050	-	0%
	15	ORG DEVELOPMENT	7,000	679	4,000	(3,000)	-43%
	20	OPERATING EXP	7,200	385	4,700	(2,500)	-35%
	21	CONTRACT SERVICES	94,430	43,273	94,710	280	0%
	22	SOFTWARE	14,000	-	14,000	-	0%
	23	CAPITAL OUTLAY	3,000	-	3,000	-	0%
	25	UTILITIES	1,960	637	1,960	-	0%
	50	DEBT SERVICE	19,540	17,311	19,540	-	0%
	59	TRANSFERS OUT	47,620	-	76,040	28,420	60%
ENGINEERING Total			**1,024,350**	**478,030**	**1,047,550**	**23,200**	**2%**
ENVIRONMENTAL	**10**	SALARIES	31,870	10,739	31,870	-	0%
	11	BENEFITS	14,530	6,282	14,530	-	0%
	20	OPERATING EXP	-	(143)	-	-	#DIV/0!
	21	CONTRACT SERVICES	241,000	20,678	315,200	74,200	31%
ENVIRONMENTAL Total			**287,400**	**37,556**	**361,600**	**74,200**	**26%**
MAINTENANCE	**10**	SALARIES	1,630,100	916,598	1,630,100	-	0%
	11	BENEFITS	961,980	520,402	961,980	-	0%
	15	ORG DEVELOPMENT	16,000	1,827	15,000	(1,000)	-6%
	20	OPERATING EXP	682,250	166,354	709,850	27,600	4%
	21	CONTRACT SERVICES	3,504,300	1,214,403	3,602,200	97,900	3%
	23	CAPITAL OUTLAY	24,000	14,361	24,000	-	0%
	25	UTILITIES	1,474,600	643,384	1,361,800	(112,800)	-8%
	40	CAPITAL	138,000	11,408	149,408	11,408	8%
	50	DEBT SERVICE	26,430	23,418	26,430	-	0%
	59	TRANSFERS OUT	233,170	-	281,270	48,100	21%
MAINTENANCE Total			**8,690,830**	**3,512,155**	**8,762,038**	**71,208**	**1%**
PUBLIC WORKS - ADMINISTRATION	**10**	SALARIES	179,738	244,092	179,738	-	0%
	11	BENEFITS	135,152	122,744	136,152	1,000	1%
	15	ORG DEVELOPMENT	16,970	4,646	17,120	150	1%
	20	OPERATING EXP	11,000	1,886	11,150	150	1%
	21	CONTRACT SERVICES	121,720	41,801	191,720	70,000	58%
	22	SOFTWARE	1,000	-	1,000	-	0%
	23	CAPITAL OUTLAY	1,500	24	1,500	-	0%
	25	UTILITIES	3,020	1,661	3,020	-	0%
	50	DEBT SERVICE	10,280	9,109	10,280	-	0%
	59	TRANSFERS OUT	21,180	-	29,270	8,090	38%
PUBLIC WORKS - ADMINISTRATION Total			**501,560**	**425,963**	**580,950**	**79,390**	**16%**
7. Public Works Total			**11,674,337**	**4,849,817**	**15,607,745**	**3,933,409**	**34%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

Department / Division		Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
8. Parks & Recreation							
EVENTS & CULTURE	**10**	SALARIES	800,820	294,286	800,820	-	0%
	11	BENEFITS	196,040	111,658	196,040	-	0%
	15	ORG DEVELOPMENT	2,550	-	2,550	-	0%
	20	OPERATING EXP	136,160	24,021	120,260	(15,900)	-12%
	21	CONTRACT SERVICES	665,500	58,083	390,300	(275,200)	-41%
	22	SOFTWARE	1,800	744	1,800	-	0%
	23	CAPITAL OUTLAY	7,500	-	11,000	3,500	47%
	25	UTILITIES	44,200	12,952	44,200	-	0%
	40	CAPITAL	-	-	44,000	44,000	#DIV/0!
EVENTS & CULTURE Total			**1,854,570**	**501,743**	**1,610,970**	**(243,600)**	**-13%**
LIBRARY	**10**	SALARIES	28,390	2,067	28,390	-	0%
	11	BENEFITS	780	65	780	-	0%
	15	ORG DEVELOPMENT	500	-	500	-	0%
	20	OPERATING EXP	240,240	93,154	240,240	-	0%
	21	CONTRACT SERVICES	991,570	407,421	991,570	-	0%
	23	CAPITAL OUTLAY	10,000	-	17,200	7,200	72%
	25	UTILITIES	51,400	17,536	56,600	5,200	10%
	59	TRANSFERS OUT	76,070	-	154,240	78,170	103%
LIBRARY Total			**1,398,950**	**520,242**	**1,489,520**	**90,570**	**6%**
PARKS & FACILITIES	**10**	SALARIES	954,980	375,623	954,980	-	0%
	11	BENEFITS	302,840	143,382	302,840	-	0%
	15	ORG DEVELOPMENT	4,620	3,366	13,620	9,000	195%
	20	OPERATING EXP	73,420	42,800	64,675	(8,745)	-12%
	21	CONTRACT SERVICES	86,980	29,781	79,480	(7,500)	-9%
	23	CAPITAL OUTLAY	7,250	1,407	7,250	-	0%
	25	UTILITIES	113,860	41,967	113,860	-	0%
	59	TRANSFERS OUT	380,300	-	771,140	390,840	103%
PARKS & FACILITIES Total			**1,924,250**	**638,325**	**2,307,845**	**383,595**	**20%**
RECREATION SERVICES	**10**	SALARIES	1,721,550	907,238	1,721,550	-	0%
	11	BENEFITS	251,100	230,114	251,100	-	0%
	15	ORG DEVELOPMENT	6,600	810	7,600	1,000	15%
	20	OPERATING EXP	175,200	22,817	129,460	(45,740)	-26%
	21	CONTRACT SERVICES	250,800	10,667	155,000	(95,800)	-38%
	23	CAPITAL OUTLAY	19,450	6,565	25,750	6,300	32%
	25	UTILITIES	55,400	19,127	55,400	-	0%
	40	CAPITAL	-	-	45,000	45,000	#DIV/0!
	59	TRANSFERS OUT	37,110	-	41,050	3,940	11%
RECREATION SERVICES Total			**2,517,210**	**1,197,337**	**2,431,910**	**(85,300)**	**-3%**
8. Parks & Recreation Total			**7,694,980**	**2,857,649**	**7,840,245**	**145,265**	**2%**
Grand Total			**78,588,417**	**30,341,310**	**115,709,430**	**37,121,013**	**47%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY CATEGORY
ACTUALS AS OF NOV 30, 2020

	Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
10	SALARIES	19,721,468	11,325,061	22,388,865	2,667,397	14%
11	BENEFITS	9,119,652	5,377,411	10,172,513	1,052,861	12%
15	ORG DEVELOPMENT	549,785	214,989	634,165	84,380	15%
20	OPERATING EXP	11,553,515	5,046,817	14,341,091	2,787,576	24%
21	CONTRACT SERVICES	22,445,020	6,675,032	24,013,979	1,568,959	7%
22	SOFTWARE	1,544,730	686,966	1,669,730	125,000	8%
23	CAPITAL OUTLAY	250,200	100,696	308,110	57,910	23%
24	COUNTY CONTRACTS	28,861,660	9,552,807	28,561,660	(300,000)	-1%
25	UTILITIES	6,569,740	1,799,383	6,500,340	(69,400)	-1%
26	PROGRAM EXP	2,060,120	178,865	10,521,322	8,461,202	411%
30	INTER-GOV SHARING	47,720,680	-	47,720,680	-	0%
40	CAPITAL	18,982,177	13,105,137	165,790,240	146,808,063	773%
50	DEBT SERVICE	28,234,910	7,335,242	28,975,580	740,670	3%
59	TRANSFERS OUT	25,974,500	3,308,081	29,190,600	3,216,100	12%
	TRANSFERS OUT-RESERVES	5,250,000	-	31,579,610	26,329,610	502%
95	GN/LS-SALE OF ASSET	-	(8)	-	-	#DIV/0!
98	TRANSFERS IN	-	-	(748,010)	(748,010)	#DIV/0!
Grand Total		**228,838,157**	**64,706,479**	**421,620,475**	**192,782,319**	**84%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT/DIVISION
ACTUALS AS OF NOV 30, 2020

	Category	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
10	SALARIES	11,514,668	7,223,928	13,778,528	2,263,860	20%
11	BENEFITS	5,078,202	3,252,900	6,114,372	1,036,170	20%
15	ORG DEVELOPMENT	404,230	206,432	505,680	101,450	25%
20	OPERATING EXP	4,199,970	1,678,551	5,009,328	809,358	19%
21	CONTRACT SERVICES	9,979,620	2,839,076	10,691,656	712,036	7%
22	SOFTWARE	151,920	70,104	261,400	109,480	72%
23	CAPITAL OUTLAY	112,200	27,660	133,670	21,470	19%
24	COUNTY CONTRACTS	28,842,370	9,547,096	28,542,370	(300,000)	-1%
25	UTILITIES	1,960,140	815,074	1,857,520	(102,620)	-5%
40	CAPITAL	1,308,197	383,395	5,109,056	3,800,859	291%
50	DEBT SERVICE	6,110,840	4,225,242	6,838,210	727,370	12%
59	TRANSFERS OUT	3,676,060	71,860	5,288,030	1,611,970	44%
	TRANSFERS OUT-RESERVES	5,250,000	-	31,579,610	26,329,610	502%
95	GN/LS-SALE OF ASSET	-	(8)	-	-	#DIV/0!
Grand Total		**78,588,417**	**30,341,310**	**115,709,430**	**37,121,013**	**47%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-ALL FUNDS-BY DEPARTMENT
ACTUALS AS OF NOV 30, 2020

	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
1. City Council	291,790	114,563	324,360	32,570	11%
2. City Attorney	3,244,150	2,312,793	3,415,750	171,600	5%
3. City Manager	43,855,750	12,276,210	78,836,911	34,981,161	80%
4. Administrative Services	4,726,200	2,276,324	7,830,097	3,103,897	66%
5. Economic & Community Development	5,395,590	3,087,391	6,384,670	989,080	18%
6. Neighborhood Services	43,047,360	13,781,864	52,043,655	8,996,295	21%
7. Public Works	52,918,197	25,972,672	197,291,147	144,372,951	273%
8. Parks & Recreation	9,160,510	3,213,281	9,295,275	134,765	1%
9. City Manager AD / CFD	5,800,200	216,218	5,800,200	-	0%
9a. City Manager/Successor Agency	60,398,410	1,455,163	60,398,410	-	0%
Grand Total	**228,838,157**	**64,706,479**	**421,620,475**	**192,782,319**	**84%**

CITY OF PALMDALE
2021 MID-YEAR BUDGET ADJUSTMENTS
EXPENDITURES-GENERAL FUND-BY DEPARTMENT
ACTUALS AS OF NOV 30, 2020

	FY 2021 Adopted	YTD	2021 Proposed	Amount Change	% Chg
1. City Council	291,790	114,563	324,360	32,570	11%
2. City Attorney	1,652,500	1,035,805	1,849,100	196,600	12%
3. City Manager	16,621,130	6,431,632	48,028,860	31,407,730	189%
4. Administrative Services	2,891,350	1,200,502	3,290,530	399,180	14%
5. Economic & Community Development	5,395,590	3,087,391	6,384,670	989,080	18%
6. Neighborhood Services	32,366,740	10,763,952	32,383,920	17,180	0%
7. Public Works	11,674,337	4,849,817	15,607,745	3,933,409	34%
8. Parks & Recreation	7,694,980	2,857,649	7,840,245	145,265	2%
Grand Total	**78,588,417**	**30,341,310**	**115,709,430**	**37,121,013**	**47%**

CITY OF PALMDALE
FIVE YEAR GENERAL FUND PROJECTION

				YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
		FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adjusted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
1	**BEGINNING AVAILABLE BALANCE**	38,223,320	30,882,480	47,795,298	19,843,708	19,374,642	15,663,074	10,252,500
2	REVENUES/TRANSFERS IN							
3	Property Tax	23,470,316	24,958,224	25,245,959	23,965,700	22,767,400	23,222,700	23,687,200
4	Sales And Use Tax	21,798,640	21,587,441	21,878,339	22,206,514	22,539,612	22,877,706	23,220,872
5	Transient Occupancy Tax	4,653,290	3,697,656	3,110,240	4,233,500	4,360,500	4,491,300	4,626,000
6	Franchise Fees	5,536,659	6,949,550	5,705,660	5,762,700	5,820,300	5,878,500	5,937,300
7	Use Of Property	3,448,656	2,274,478	3,179,990	3,443,800	3,512,700	3,583,000	3,654,700
8	License And Permits	2,515,085	3,395,602	2,487,220	2,463,600	2,525,200	2,588,300	2,653,000
9	Charges For Services	1,942,972	3,246,690	2,593,255	3,462,800	3,549,400	3,638,100	3,729,100
10	Development Charges For Services	1,508,610	1,906,786	1,244,460	1,276,600	1,314,900	1,354,300	1,394,900
11	Fines And Forfeitures	628,189	501,989	416,350	367,000	374,300	381,800	389,400
12	Other Revenue	1,785,625	484,567	452,880	482,600	487,400	492,300	497,200
13	Transfer In	6,206,258	3,523,400	8,604,850	8,458,600	9,458,600	10,458,600	10,958,600
14	Measure AV	-	-	-	-	2,500,000	6,000,000	13,000,000
15	**Total Revenues**	**73,494,299**	**72,526,383**	**74,919,203**	**76,123,414**	**79,210,312**	**84,966,606**	**93,748,272**
16	EXPENDITURES/TRANSFERS OUT							
17	Salaries	15,907,626	17,161,081	13,778,528	14,191,884	14,617,640	15,056,170	15,507,855
18	Benefits	6,915,149	7,571,666	6,114,372	6,297,803	6,486,737	6,681,339	6,881,780
19	Organizational Development	377,725	384,954	505,680	414,200	414,200	414,200	414,200
20	Operating (materials, supplies)	3,459,861	5,015,660	5,009,328	5,239,200	5,250,000	5,250,000	5,250,000
21	Contract Services	8,539,640	12,247,056	10,691,656	8,901,900	9,000,000	9,250,000	9,250,000
22	Capital Outlay	4,079,867	3,511,016	5,504,126	1,000,000	500,000	250,000	250,000
23	County Contracts - Law Enforcement	25,030,216	23,033,277	24,622,260	26,293,000	27,739,100	29,264,800	30,874,400
24	County Contracts - Liability	-	2,566,590	2,840,110	2,996,300	3,161,100	3,335,000	3,518,400
25	County Contracts - Animal Control	886,010	900,000	1,080,000	1,139,400	1,202,100	1,268,200	1,338,000
26	Utilities	2,206,316	2,153,447	1,857,520	2,075,800	2,138,100	2,202,200	2,268,300
27	Debt Service	6,033,665	7,394,271	6,838,210	6,244,580	6,244,580	6,244,580	6,244,580
28	Transfers Out	(9,223,260)	(12,856,219)	5,288,030	3,786,300	3,750,000	3,750,000	3,750,000
29	Transfer Out to Reserves	10,158,182	-	31,579,610	2,000,000	2,000,000	1,000,000	1,000,000
30	**Total Expenditures**	**74,370,997**	**69,082,799**	**115,709,430**	**80,580,367**	**82,503,558**	**83,966,489**	**86,547,514**
31	Surplus/(Deficit) (Revenue - Expenditures)	(876,698)	3,443,584	(40,790,227)	(4,456,953)	(3,293,246)	1,000,117	7,200,757
32	**ENDING AVAILABLE BALANCE**	**37,346,622**	**34,326,064**	**7,005,071**	**15,386,755**	**16,081,396**	**16,663,191**	**17,453,257**
33	20% Reserve Policy Requirement		17,612,630	16,825,964	15,716,073	16,100,712	16,593,298	17,109,503

CITY OF PALMDALE
FY 2021 MID-YEAR BUDGET
CAPITAL IMPROVEMENT EXPENDITURES BY PROJECT

	Project No.	Project Name	Adopted Budget	Proposed Adjustment	Total Budget
1	B0004	ADA COMPLIANCE	344,325	-	344,325
2	B0013	ADA COMP-AVE Q 12/10TH-12TH E	950,675	-	950,675
3	B0014	ADA COMPLIANCE-YELLEN SIDEWALK	70,595	-	70,595
4	D0001	AMARGOSA DRAINAGE	10,000	-	10,000
5	D0002	ANAVERDE DRAINAGE	50,000	-	50,000
6	D0003	PORTAL RIDGE DRAINAGE	50,000	-	50,000
7	D0004	PEARLAND DRAINAGE	50,000	-	50,000
8	D0008	AMARGOSA CRK UPPER RECHG PROJ	1,741,111	-	1,741,111
9	F0008	LOCAL HAZARD MITIGATION GRANT UPDATE	-	50,000	50,000
10	F0010	CITY FACILITIES	516,206	-	516,206
11	F0019	PARK & RIDE LOT REPAIRS	127,350	-	127,350
12	F0028	PTC WAYFINDING SIGNAGE	68,950	-	68,950
13	F0034	LED LIGHTING RETROFIT	1,771	-	1,771
14	F0046	COUNCIL CHAMBERS IMPROVEMENTS	58,020	-	58,020
15	F0052	PLAYHOUSE HVAC UPGRADE	453,938	-	453,938
16	F0054	AIRPORT IMPROVEMENTS	185,252	500,000	685,252
17	F0054	AIRPORT IMPROVEMENTS	428,040	-	428,040
18	F0056	CIVIC CENTER WAYFINDING	25,870	-	25,870
19	F0057	CULTURAL CENTER LIGHTING IMPR	45,000	-	45,000
20	F0057	LIGHT IMPROVEMENT	109,310	-	109,310
21	F0058	VOIP TELEPHONE AND CABLING	571,240	-	571,240
22	F0060	PTC TRANSIT INFRSTR IMPR	2,000,000	-	2,000,000
23	F0061	PTC SECURITY UPGRADE	150,000	125,000	275,000
24	F0062	SAVES/OASIS GENERATORS	192,870	75,000	267,870
25	F006X	PALMDALE FILM STAGE BUILDING	-	300,000	300,000
26	F00XX	VETERANS RESOURCE CENTER	-	65,000	65,000
27	F00XX	CITY HALL SECURITY	-	1,500,000	1,500,000
28	G0007	PAVEMENT MANAGEMENT PROGRAM	117,261	132,739	250,000
29	G0020	HSR STATION PLANNING	61,360	-	61,360
30	G0026	PUBLIC WORKS SOFTWARE UPGRADE	471,765	-	471,765
31	G0028	HIGH SPEED RAIL ADM REIMB AGMT	112,724	-	112,724
32	G0028	HIGH SPEED RAIL	-	95,000	95,000
33	G0029	SUNGARD SOFTWARE IMPLEMENT	262,547	-	262,547
34	G0030	GEN PLAN UPD FEASIBILITY STUDY	682,197	840,000	1,522,197
35	G0032	AVE Q 20TH ST E STREET & BIKE	250,000	-	250,000
36	G00XX	SR14 LANDSCAPE MASTER PLAN	-	250,000	250,000
37	G00XX	LAND ACQUISITION	-	5,000,000	5,000,000
38	G00XX	FUTURE COMMUNITY CENTER	-	1,000,000	1,000,000
39	L0012	AVE S LMD LANDSCAPE ENHANCEMNT	250,000	-	250,000
40	L0012	ST GRT-AVE S LMD LANDSCAPE ENH	500,000	-	500,000
41	L0013	LMD DESIGN AND RENOVATION	966,835	-	966,835
42	L00XX	PLMD BLVD/47TH ST ROUNDABOUT LANDSCAPE	-	300,000	300,000
43	L00XX	SR14 RVB OFFRAMP LANDSCAPE IMP	-	600,000	600,000
44	P0005	J DAVIES HERTG AIRPARK PLANT42	10,000	-	10,000
45	P0009	SAM YELLEN PARK	351,540	5,000,000	5,351,540
46	P0027	DRY TOWN WP-REFURBISHMENT	264,890	626,000	890,890
47	P0030	MASSARI RENOVATIONS	538,175	-	538,175
48	P0042	COMMUNITY PUBLIC ART PROJECTS	46,060	-	46,060
49	P0044	PELONA VISTA IMPROVEMENTS	54,050	-	54,050
50	P0049	MCADAM PARK RESTROOM UPGRADE	260,906	293,000	553,906

	Project No.	Project Name	Adopted Budget	Proposed Adjustment	Total Budget
51	P0050	SPORTS FIELD MAINT RENOVATION	12,114	-	12,114
52	P0052	MARIE KERR PARK N RIDE	230,120	-	230,120
53	P0053	PLAYHOUSE DRESSING ROOM	4,760	-	4,760
54	P0054	RANCHO VISTA PARK	3,216,170	-	3,216,170
55	P0055	ARNIE QUINONES PARK	24,803	-	24,803
56	P0056	OASIS PARK IMPROVEMENTS	42,400	-	42,400
57	P0059	PARK IMPROVEMENTS	316,319	-	316,319
58	P0061	MARIE KERR PARK LIGHTING	145,495	-	145,495
59	P00XX	MCADAM PARK IMPROVEMENTS	-	250,000	250,000
60	S0016	COURSON CONNECTION INFRA	84,434	-	84,434
61	S0016	COURSON CONNECTION INFRASTRUC	27,650	-	27,650
62	S0025	STREET RESURFACING PROGRAM	10,228,604	-	10,228,604
63	S0040	RANCHO VISTA GRADE SEP PH II	955,990	-	955,990
64	S0044	NO CO FORUM ITS EXPANSION	446,050	-	446,050
65	S0044	NO CO FORUMITS EXPANSION	2,458,385	-	2,458,385
66	S0049	SR 138 PALMDALE BLVD 5TH/10TH	21,462,210	(14,533,890)	6,928,320
67	S0050	SR 138/10TH ST W INTERCHANGE	10,073,282	-	10,073,282
68	S0051	SR 138/PLMDL BLVD SB 14 RAMP	26,570,281	(10,683,721)	15,886,560
69	S0052	SR 138(SR 14) WDEN RVB TO BLVD	7,124,486	-	7,124,486
70	S0055	SR 138 AVE N OVERCROSSING	17,702,240	(5,000,000)	12,702,240
71	S0057	PEARBLOSSOM RECONSTRUCTION	8,941,800	1,393,000	10,334,800
72	S0058	AVE R COMPLETE STRT & SAFE RTS	8,734,190	-	8,734,190
73	S0060	RVB WIDENING-GAP CLOSURE	6,448,989	-	6,448,989
74	S0061	AVENUE R ITS SIGNAL SYNC	3,351,123	-	3,351,123
75	S0062	COUNTY PAVEMENT PROJ CONTRIB	350,000	-	350,000
76	S0062	COUNTY PAVEMENT PROJECT	774,000	-	774,000
77	S0063	STREETLIGHT ACQUISITION & IMPR	3,560,305	-	3,560,305
78	S0064	HSIP MBGR SAFETY UPGRADE	244,512	(148,637)	95,875
79	S0065	HSIP LADDER X-WALKS & SIGNAGE	128,556	(13,570)	114,986
80	S0066	HSIP ROUNDABOUT @ S-8 & 40TH E	3,301,184	-	3,301,184
81	S0067	CIVIC CENTER COMPLETE STREETS	2,417,600	-	2,417,600
82	S0068	STR RESURF-TECH DR 10TH-SIERRA	444,418	-	444,418
83	S0069	PTC PARCEL MERGE	22,000	-	22,000
84	S0072	RV AND SIERRA AT GRADE SEP	2,403,850	-	2,403,850
85	S0075	RV BLVD SH RR SAFETY CROSSING	4,000,000	-	4,000,000
86	S0077	20TH STREET WEST BRIDGE	742,140	-	742,140
87	T0006	TRAFFIC SIGNAL LEFT PHASING	143,500	-	143,500
88	T0027	15 E/SR 138 INTRSCTN IMPRVMT	862,277	-	862,277
89	T0028	AVENUE M & 4TH ST EAST	195,460	-	195,460
90	T0031	AVE R 45TH ST E TRAFFIC SIGNAL	762,778	-	762,778
91	T0032	RVB & DIVISION ST TRAFFIC	900,000	-	900,000
92	T0033	Traffic Signal - Auto Ctr & 5t	536,000	-	536,000
93	U0001	SEWER UPGRD-45TH E/AVE R TO S	704,500	-	704,500
94	U0001	SEWER UPGRDE 45E/AVE R TO S	2,700,000	-	2,700,000
95	U0002	LIFT STATION ELIM SEWER REPAIR	2,006,209	-	2,006,209
96	U0003	CITY WIDE SEWER REPAIRS	802,000	-	802,000
97	U0005	PUMP TRUCK SANITARY WASH RACK	516,639	250,000	766,639
		Total	**170,520,653**	**(11,735,079)**	**158,785,574**

CITY OF PALMDALE
FY 2021 MID-YEAR BUDGET
CAPITAL IMPROVEMENT EXPENDITURES BY PROJECT

	Project Number	Project Name	Adopted Budget	Proposed Adjustment	Total Proposed Budget
1	F0008	LOCAL HAZARD MITIGATION GRANT UPDATE	-	50,000	50,000
2	F0054	AIRPORT IMPROVEMENTS	185,252	500,000	685,252
3	F0061	PTC SECURITY UPGRADE	150,000	125,000	275,000
4	F0062	SAVES/OASIS GENERATORS	192,870	75,000	267,870
5	F006X	PALMDALE FILM STAGE BUILDING	-	300,000	300,000
6	F00XX	VETERANS RESOURCE CENTER	-	65,000	65,000
7	F00XX	CITY HALL SECURITY	-	1,500,000	1,500,000
8	G0007	PAVEMENT MANAGEMENT PROGRAM	117,261	132,739	250,000
9	G0028	HIGH SPEED RAIL	-	95,000	95,000
10	G0030	GEN PLAN UPD FEASIBILITY STUDY	1,480,197	42,000	1,522,197
11	G00XX	SR14 LANDSCAPE MASTER PLAN	-	250,000	250,000
12	G00XX	LAND ACQUISITION	-	5,000,000	5,000,000
13	G00XX	FUTURE COMMUNITY CENTER	-	1,000,000	1,000,000
14	L00XX	PLMD BLVD/47TH ST ROUNDABOUT LANDSCAPE	-	300,000	300,000
15	L00XX	SR14 RVB OFFRAMP LANDSCAPE IMP	-	600,000	600,000
16	P0009	SAM YELLEN PARK	351,540	5,000,000	5,351,540
18	P0027	DRY TOWN WP-REFURBISHMENT	264,890	626,000	890,890
19	P0049	MCADAM PARK RESTROOM UPGRADE	260,906	293,000	553,906
20	P00XX	MCADAM PARK IMPROVEMENTS	-	250,000	250,000
21	S0049	SR 138 PALMDALE BLVD 5TH/10TH	21,462,210	(14,533,890)	6,928,320
22	S0051	SR 138/PLMDL BLVD SB 14 RAMP	26,570,281	(10,683,721)	15,886,560
23	S0055	SR 138 AVE N OVERCROSSING	17,702,240	(5,000,000)	12,702,240
24	S0057	PEARBLOSSOM RECONSTRUCTION	8,941,800	1,393,000	10,334,800
25	S0064	HSIP MBGR SAFETY UPGRADE	244,512	(148,637)	95,875
26	S0065	HSIP LADDER X-WALKS & SIGNAGE	128,556	(13,570)	114,986
27	U0005	PUMP TRUCK SANITARY WASH RACK	516,639	250,000	766,639
		Total	**78,569,154**	**(12,533,079)**	**66,036,075**

CITY OF PALMDALE
FY 2021 MID-YEAR BUDGET
PERSONNEL REQUESTS

	City Attorney		
1	Assistant City Attorney	The workload in the office continues to increase with lawsuits and contract.	201,021
2	Deputy City Attorney	The workload in the office continues to increase with lawsuits and contract.	142,865
3	Paralegal	The workload in the office continues to increase with lawsuits and contract.	111,945
	City Manager		
4	Executive Assistant	Additional administrative support to both the City Council and administration is necessary for the management of calendars and coverage during absences of the current Administrative Assistant.	92,072
5	Purchasing/Risk Manager	Finance has 2 buyers to procure goods and services for the entire City. This position will help provide oversight and assistance in the process as well as serve as the Risk Manager and help manage contracts in the City.	134,073
6	Administrative Assistant [1]	(Part-time to Full-time) – the Human Resources Division oversees the benefits, hiring, and training of over 350 full-time and part-time employees. With a staff of 3.5 FTE, this full time position will assist in providing support to the employees.	50,502
	Administrative Services		
7	Office Assistant II [1]	The City Clerk's office administrative support team is all part-time. This request is to make a part-time employee full-time for stability and reliability in the Division.	37,781
8	Safety/Emergency Svcs Coordinator [2]	Title change only.	-
	Economic & Community Development		
9	Economic Development Coordinator	This position is necessary to aide in the coordination of transaction related to land sale and processing small business loan grants and events with all the Chamber of Commerce.	87,704
10	Principal Planner	Development activity in the City continues to increase. There are currently 3 Planners and 1 Planning Manager. In order to meet customer service expectations, another high level Planner is necessary.	142,865
	Neighborhood Services		
11	Code Enforcement Officer	There are only 4 full-time Code Enforcement Officers for the entire City. Each one is handling over 1,000 cases and more assistance is necessary to maintain compliance with the Municipal Code.	92,072
	Public Works		
12	Traffic Engineer	Traffic Engineering Division is severely short staffed. Another engineer is necessary to meet customer service expectations in the development process.	173,660
13	(Environmental) Planning Aide	With the execution of the SiFi Agreement for fiber optics throughout the City, this position will be imperative in processing permits in a timely manner as indicated in the agreement.	87,704
14	Deputy Director of Public Works	Public Works is the largest Department in the City. This position will aide in succession planning for continuity in the event of retirements.	201,021
	Parks & Recreation		
15	Theater Operation Coordinator	There are 2 part-time employees who oversee the Playhouse operations. This full-time permanent position is requested to ensure reliability and succession in the event the part-time employees resign or retire.	72,135
		Total	**1,627,417**
		Mid-Year Impact	**625,000**

[1] Position is proposed to be converted from PT to FT, therefore impact represents incremental increase for FY 2021

[2] Title change only. Already included in the Adopted budget is an Emergency Services Coordinator. Title to be changed to Safety & Emergency Svcs Officer

* Amounts above represent full year cost per position
**Amounts are included in Budget Summary schedules

CITY OF PALMDALE
FY 2021 MID-YEAR BUDGET
CAPITAL OUTLAY REQUESTS

FY 20-21 Projects	Priority	Amount	Funding Type	Justification/ Information
PUBLIC WORKS				
3/4 Ton Pickup Truck	1	$40,000	Fleet - Cost Allocation	New vehicle needed to replace 20 year old truck. (E2-32) vehicle is in Poor condition and in need of repairs for long term service. this vehicle qualifies for replacement under current City replacement policy
3/4 Ton Utility Body Truck	1	$35,000	Fleet - Cost Allocation	Replace existing vehicle E1-42 pick-up with a 3/4 ton utility body truck to be used by the Maintenance Specialist in the Tree/Drainage Section of Street Maintenance.
Sweeper	1	$310,000	AVAQMD	Current vehicle is a 2005 model year. Due to age and excessive years of usage, there is consistent and costly repair costs. Also, it is difficult, sometimes impossible, to find parts for the current sweeper. In 2021, the current sweeper's exhaust emissions will be non-compliant for the State of California which means it [current sweeper] cannot be utilized on California Highways due to the CARB(California Air Resource Board).
4x4 Diesel Crew Cab Box Light Truck	1	$41,500	Fleet - Cost Allocation	Public Works Supervising Inspector, needed for contruction and landscaping inspections for new commercial, residential and capital projects
TOTAL		**$426,500**		
INFORMATION TECHNOLOGY				
Permitting Software	1	$2,000,000	IT - Cost Allocation	This is in place of the previous TrackIt software that was never implemented.
Timekeeping/HR Software	1	$250,000	IT - Cost Allocation	In need to Timekeeping software to replace Timeclocks

City Council Staff Report

DATE: **FEBRUARY 2, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE**
HUMAN RESOURCES DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE THE THIRD AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH JOHN J. MURPHY, CITY MANAGER**

ISSUE

Approve the Third Amendment to the Employment Agreement with John J. Murphy, City Manager.

RECOMMENDATION

Staff recommends that the City Council Approve the Third Amendment to the Employment Agreement with John J. Murphy, City Manager.

BACKGROUND

At the January 12, 2021 Council meeting, the City Council approved Mr. Murphy's contract with the exception to adding a provision to require a supermajority to terminate (4 of 5) employment of the City Manager, pending City Council approval to amending the Palmdale Municipal Code Section 2.04.100 Removal. City Council directed staff to look into an alternative option.

DISCUSSION

The City Council directed staff to provide alternative methods to ensure the stability and security of the City Manager position other than changing the municipal code. After research of other cities in Southern California, staff proposed a City provided mortgage to the City Manager for a residence in the area as a way to benefit both the City and the employee. The Amendment states:

"City is committed to the longevity and stability of Employee's tenure with Palmdale. Should Employee purchase a residence and property ("Property") within the Antelope Valley, City agrees to make available to Employee a one-time housing loan ("City Loan"). City Loan shall be limited to purchase property within the Antelope Valley and shall be Employee's primary residence."

The specific details shall be outlined in a Home Loan Agreement to be executed by the Mayor prior to funding the purchase.

FISCAL IMPACT

There is sufficient funding available to provide a mortgage to the City Manager. The City Manager shall be required to pay the principal plus interest back to the City. Therefore there is no fiscal impact associated with this action.

STRATEGIC PLAN

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

C. Invest in staff and other human resource strategies to attract and retain a highly qualified, diverse and creative workforce.

Prepared by:	Patricia Nevarez, H.R. Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	Marie Ricci, Assistant City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Amendment

THIRD AMENDMENT TO THE EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALMDALE AND JOHN J. MURPHY, CITY MANAGER

Dated February 2, 2021

Pursuant to Section 19 D of the "Employment Agreement between the City of Palmdale and John J. Murphy, City Manager (A-6843)", (hereinafter the "Agreement"), the Agreement may only be changed in writing signed by the parties thereto.

In accordance with the above stated Section 19 D, the parties agree to the following changes, additions and or deletions:

1. Add in as Section 14, "**City Provide Mortgage**. City is committed to the longevity and stability of Employee's tenure with Palmdale. Should Employee purchase a residence and property ("Property") within the Antelope Valley, City agrees to make available to Employee a one-time housing loan ("City Loan"). City Loan shall be limited to purchase property within the Antelope Valley and shall be Employee's primary residence.

    a) Said loan shall be evidenced by a Promissory Note made by Employee payable to the City and secured by a First Deed of Trust on the Property. The principal amount of the loan shall bear interest at an interest rate equal to the average return received by the City in the Local Agency Investment Fund plus an agreed upon percentage or other structured terms that are agreeable to both parties.

    b) Employee shall pay principal and interest for the loan amount which shall be amortized and payable in equal bi-weekly installments through an automatic payroll deduction with the entire balance due in thirty (30) years. Employee shall be responsible to pay all applicable taxes, insurance and homeowners fees and be responsible at his expense to maintain the Property in good and habitable conditions at all times.

    c) The loan may be prepaid earlier without penalty. The Promissory Note shall be due and payable in full: (i) within twelve (12) months of Employee's termination by the City pursuant to Section 14 herein; or Employee's death; or the date on which the City delivers notice of non-renewal of this Agreement to Employee or (ii) within six (6) months of the effective date of Employee's termination if such termination is the result of cause; or the date on which the City determines, in its reasonable discretion, that the Property is no longer Employee's primary residence for any reason other than his death.

d) The approval of the City to the house purchase and financing shall be more particularly set forth in a separate Home Loan Agreement. A Home Loan Agreement shall be fully executed prior to the release of any funds by the City and may be executed by the Mayor.

e) In the event of the Employee's death, survivor rights will be conveyed to Employee's surviving spouse with full interest conversion at market rate to be paid upon sale of home or within six months of death, whichever occurs first."

2. Renumerate all following sections.

3. All other terms and conditions remain in full force and effect.

This "Third Amendment to the Employment Agreement between the City of Palmdale and John J. Murphy, City Manager (A-6843)", shall become effective on February 2, 2021.

In Witness Whereof, each of the parties has caused this "Third Amendment to the Employment Agreement between the City of Palmdale and John J. Murphy, City Manager (A-6843)", to be duly executed as set forth below.

ATTEST:	**CITY OF PALMDALE:**
_____	_____
Shanae Smith City Clerk	Steven D. Hofbauer Mayor
APPROVED AS TO FORM:	**EMPLOYEE**
_____	_____
Christopher Beck City Attorney	John J. Murphy, ICMA-CM City Manager

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: January 28, 2021

During the period January 7 through 28, 2021, I attended the following meetings and events:

January 8: LA County Health Department's COVID Update with Elected Officials

January 12: Palmdale City Council Meeting

January 14: High Desert Corridor JPA Board Meeting – Materials available at: https://cms.sbcounty.gov/Portals/50/HDC%20Jan%2014%202021%20Board%20Agenda%20Packet%20REVISED.pdf?ver=2021-01-12-084554-150

January 15: LA County Health Department's COVID Update with Elected Officials

January 18: Metro Freight Working Group Meeting with California Transportation Secretary Kim

January 21: City of Palmdale Audit Committee

January 22: LA County Health Department's COVID Update with Elected Officials

January 25: NCTC Board Meeting – Agenda and Materials available at: https://img1.wsimg.com/blobby/go/e210a891-7114-4803-84a5-f21343eb31ca/downloads/NCTC%20JPA%20January%2025%202021%20Board%20Agenda%20and%20Repo.pdf?ver=1611627537495

January 26: AVTA Board Meeting – Agenda and Materials available at: https://www.avta.com/userfiles/files/012621-agenda.pdf

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: January 28, 2021

During the period January 7 through 28, 2021, I attended the following meetings and events:

January 12: Palmdale City Council Meeting

January 14: High Desert Corridor JPA Board Meeting – Materials available at: https://cms.sbcounty.gov/Portals/50/HDC%20Jan%2014%202021%20Board%20Agenda%20Packet%20REVISED.pdf?ver=2021-01-12-084554-150

January 16: Cleanup Event at Amargosa Creek

January 19: AVAQMD Meeting – Agenda and Materials available at: https://avaqmd.ca.gov/files/66ec5a046/AVAQMD+Agenda+Packet+01.19.2021.pdf

January 25: NCTC Board Meeting – Agenda and Materials available at: https://img1.wsimg.com/blobby/go/e210a891-7114-4803-84a5-f21343eb31ca/downloads/NCTC%20JPA%20January%2025%202021%20Board%20Agenda%20and%20Repo.pdf?ver=1611627537495

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Juan Carrillo, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: January 28, 2021

During the period January 7 through 29, 2021, I attended the following meetings and events:

January 8: LA County Health Department's COVID Update with Elected Officials

January 9: SALVA Food Distribution

January 11: Wildfire/COVID Statewide Coordination Call

January 12: Palmdale City Council Meeting

January 14: League of California Cities' Housing, Community and Economic Development (HCED) Policy Committee – Materials are available at: https://www.cacities.org/Resources-Documents/Policy-Advocacy-Section/Policy-Development/Policy-Committees/Housing,-Community-and-Economic-Development/Agendas-and-Highlights/HCED-Agenda-1-14-21

January 14: High Desert Corridor JPA Board Meeting – Materials available at: https://cms.sbcounty.gov/Portals/50/HDC%20Jan%2014%202021%20Board%20Agenda%20Packet%20REVISED.pdf?ver=2021-01-12-084554-150

January 14: Wildfire/COVID Statewide Coordination Call

January 15: LA County Health Department's COVID Update with Elected Officials

January 18: Metro Freight Working Group Meeting with California Transportation Secretary Kim

January 21: City of Palmdale Audit Committee Meeting

January 22: LA County Health Department's COVID Update with Elected Officials

January 23: SALVA Food Distribution

January 25: NCTC Board Meeting – Agenda and Materials available at: https://img1.wsimg.com/blobby/go/e210a891-7114-4803-84a5-f21343eb31ca/downloads/NCTC%20JPA%20January%2025%202021%20Board%20Agenda%20and%20Repo.pdf?ver=1611627537495

January 29: League of California Cities' Housing, Community and Economic Development (HCED) Policy Committee (Continued from January 14)